

**TOWN OF AMHERST, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

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TOWN OF AMHERST, VIRGINIA

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TOWN COUNCIL

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Rachel Carton  
Kenneth S. Watts  
Kenneth G. Bunch

D. Dwayne Tuggle, Mayor

Janice N. Wheaton  
Sarah B. Ogden

GENERAL TOWN GOVERNMENT

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Town Manager  
Town Treasurer/Office Manager

Sara E. Carter  
Tracie L. Wright

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FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

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Independent Auditors' Report

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To the Honorable Members of the Town Council  
Town of Amherst  
Amherst, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Amherst, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

***Auditors' 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, and each major fund of Town of Amherst, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 19 to the financial statements, in 2019, the Town adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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, budgetary comparison information and schedules related to pension and OPEB funding on pages 4-12, 63-64 and 65-72 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Amherst, Virginia's basic financial statements. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, on our consideration of Town of Amherst, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Town of Amherst, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Amherst, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
January 24, 2020





# TOWN OF AMHERST

P.O. Box 280 184 S. Main Street Amherst, VA 24521  
Phone (434)946-7885 Fax (434)946-2097

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Mayor, Town Council and the Residents and Business Operators of the Town of Amherst

Re: FY19 Audit - Management's Discussion and Analysis

Ladies and Gentlemen:

Governmental Accounting Standards Board Statement No. 34, as amended by GASB 37, requires governments to prepare a general summary of operating results and changes in financial condition through management discussion and analysis similar to those prepared by publicly traded companies as supplementary information to a Comprehensive Annual Financial Report (CAFR).

Goals of this MD&A letter are to:

- introduce the Town's basic financial statements
- provide an analytical overview of the Town's financial activities for the audited year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Town's operations; and
- advise whether the Town is better or worse off than it was in the prior year.

Accordingly, this narrative overview and analysis of the financial activities of the Town of Amherst is offered for the fiscal year that ended on June 30, 2019. We encourage the Town's residents and business operators and any other interested individual to read the information presented here in conjunction with additional information furnished in the Town of Amherst's audited financial statements that follow this communication.

### Community Profile

The Town of Amherst developed around the courthouse and railroad depot and was incorporated in 1910. Four Amherst County schools, Sweet Briar College and a branch of the Central Virginia Community College are located in or near the Town as well as virtually all county offices including the library and museum. Amherst is the commercial center for northern Amherst County and many of the Town's residents are employed by Sweet Briar College; manufacturers of paper, plastic bags, air handling machinery and wood stoves; and a variety of businesses as well as schools and agencies in Lynchburg.

The Town of Amherst is located along U.S. Route 29 between Lynchburg and Charlottesville, Virginia and is the county seat of Amherst County. Amherst has a population of 2,231 per the 2010 Census and a land area of 4.92 square miles.

The Town of Amherst has a five-member Town Council and an independent mayor. The General Assembly session of 2018 saw a change in the process for election of Council and the Mayor. For the 2018 election, the Mayor and the top two vote recipients for Council shall serve four year terms. Thereafter, all elections shall be for four year terms. The Town Council sets the policies for the operation of the Town's government and appoints the Town Manager and Police Chief.

### Service Programs

FY19 was a good year with respect to the successful delivery of the following Town-sponsored services:

- *Public Safety* - Amherst fully funds a police department and streetlights throughout the Town and provides partial funding for volunteer fire operations. The Town committed to purchasing an independent police department building and bought a building for that purpose in FY 19, to be renovated in FY 20. Amherst is a safe community and crime does not seem to be a problem within the Town's corporate limits.
- *Utility Services* - Amherst operates municipal water purification and distribution, sewer collection and pollution removal, and refuse collection services. No Town residence or business went without potable water in FY19. The environment was protected by the safe and efficient operation of Amherst's sewer plant. Sanitation was maintained by the collection and proper disposal of municipal solid waste. A renovation to the sedimentation basins at the water treatment plant that began in FY 19 to be completed in FY 20 demonstrates the Town's continuing commitment to reinvesting in its facilities. Additional improvements and renovations for both water and wastewater are planned and programmed for upcoming years.
- *Economic Development* - Amherst continues its efforts to increase the local tax base, to provide more and better jobs for residents, and to diversify the local economy with its sponsorship of the L. Barnes Brockman, Sr. Business and Industrial Park and work to improve and promote the downtown and Ambriar commercial districts.
- *Community Development* - Amherst sponsors land use planning and regulation programs and continues to make capital investments in its utility infrastructure to guide, direct and support new development. The Town purchased land on Scott's Hill Road in FY 19 to develop as the Town's first park.
- *Community Center* - The Town Hall serves as the community's information center as well as a clearinghouse for an array of programs not directly managed by the federal, state, or county governments or local organizations if for no other reason than there is simply no other entity that provides such services.

A variety of other service programs are available from numerous federal, state, regional or county-level operations.

### Strengths

A major reason for Amherst's ongoing success is the people involved in its operation. Qualified individuals are selected and appointed to the Town's service through a variety of processes. These include the election of public service-oriented Town Councilors, appointment of qualified and interested citizens to boards and committees, hiring of able employees, careful selection of consultants, working with experienced contractors, and cultivation of relationships with numerous price, service and quality-conscience vendors. Most have been willing to help the Town of Amherst "change with the times."

Another strength is the diversity of the local economy. Sources of employment for Amherst's residents include Sweet Briar College, various manufacturing concerns, the local government/courthouse industry, health care, and a variety of retail and service establishments. Amherst is fortunate in that it is not dependent on a single industry or employer.

Amherst had an adequate overall cash reserve on hand as of June 30, 2019 relative to its minimum cash reserve/cash balance earmarking policy. Much of the cash that has accumulated is due to approved water and sewer rate increases that will be needed to fund major water treatment plant, water distribution, sewer collection and sewer treatment plant projects. FY 20 and succeeding years will likely have significant project expenses in both of the utility areas, as major projects are in planning stages.

### Problem Areas

General Fund revenue sources remain relatively static. Water, Sewer and Refuse Collection Fund revenues have stabilized from their decline over the past several years due to rate increases. Utility rate increases to fund infrastructure replacement and keep pace with inflation have been approved and should fund necessary improvements.

### Opportunities

Along with the problems and negative issues facing Amherst comes opportunities.

Amherst enjoys a relatively stable local economy and solid utility infrastructure. The Town has an excellent water source and a relatively new sewer plant that is one of the best in the region. Amherst has adequate cash reserves and real estate valued at over \$2,000,000 "for sale" in Brockman Park.

Several extraterritorial property owners have formally requested to be included within the Town's corporate limits since the 1994 annexation but the Town has not been able to justify such a process due to other workload commitments. However, discussions with large out-of-town property owners as to how the Town might be able to supply water and/or sewer service, as well as the potential application of Town planning programs, to their developments may lead to a boundary adjustment effort in the future.

### Projects and Initiatives

Major projects recently completed, underway or anticipated over the next few years include:

- *Brockman Park* - Many lots are vacant but are ready for commercial and industrial development since all necessary road and water, sewer, electrical and internet utility infrastructure has been installed in the development.
- *Wastewater Collection System* - The sewer collection system, with many manholes and miles of sewer "mains", is becoming old and deteriorated. This leads to failure in the form of pipe collapse or blockage. The Town will be spending significant levels of effort and funds to remediate these problems in the coming years. A major grant/loan financing package that will fund rehabilitation of approximately half of the Town's 20-mile sanitary sewer system has been approved.
- *Growth Management* - The Town continues its work in planning the growth of the community. The Town has worked through updates and improvements to the Comprehensive Plan and revisions to the Zoning and Subdivision Ordinance. Discussion on ways to revitalize the Town's central business district may result in altered zoning regulations, general marketing or other promotion, physical improvements to private and public structures and lands, and/or promotion of downtown events is ongoing.
- *South Main Street Development Area* - The Town's comprehensive plan indicates the redevelopment and development of the South Main Street area, from the library to Ambriar Shopping Center, as a local business zone. The Town has recently rezoned much of the area and installed sidewalk there in support of this initiative. Recent planning processes have established the Town's plan to support the development of the Ambriar area and work toward better integration of land use, transportation infrastructure and utility systems. The Town plans to encourage the development and promotion of the downtown area, and it is apparent that this initiative will receive heightened attention from the Town in the coming years.

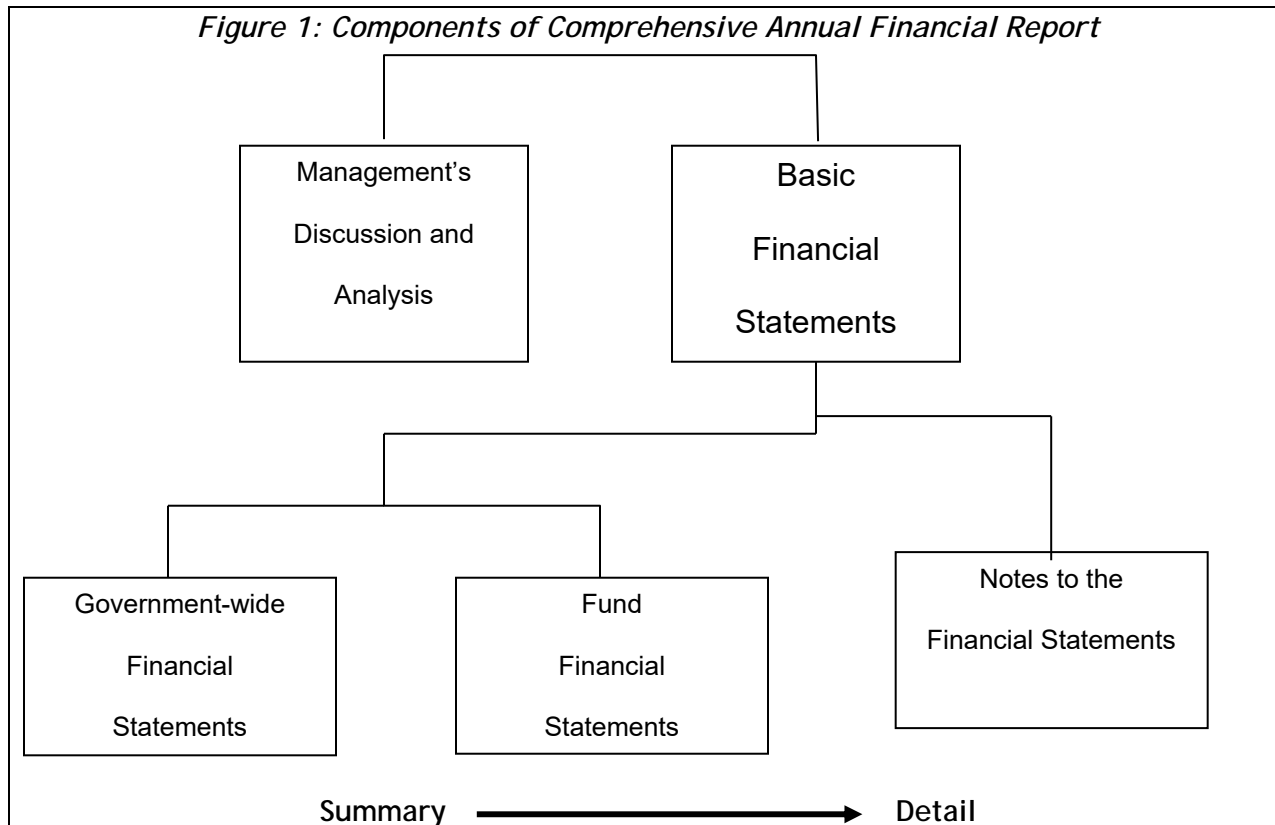
### Financial Statements and Their Relationship to One Another

The Town accounted for its programs through four operating funds in FY19. The first is the General Fund within which the accounting for governmental services and all personnel expenses by department is maintained. The Town has three proprietary, sometimes called enterprise or business-type, funds in its Water Fund, Sewer Fund and Refuse Collection Fund. The purpose of these funds is to segregate the sources and uses of funds that are directly related to the respective water, sewer and refuse collection services. The enterprise funds can be viewed as Town subsidiaries operating under the "holding company" of the Town government. In addition to these, the Town maintains a Capital Improvement Plan to articulate sources and uses of funds for planned future major outlays.

The Comprehensive Annual Financial Report (CAFR) contains a series of standard financial statements for each fund and for several groupings of funds that explain the Town's fiscal condition and operation in a standardized, accounting-language way. These statements include:

- *Balance Sheets* - The balance sheet for each fund or group of funds shows assets (things that the Town has in its possession), liabilities (what the Town owes other parties) and net worth (also called "fund equity" or "retained earnings"). This statement is a snapshot of the Town's fiscal position taken as of the close of business on June 30, 2019.
- *Cash Flow Statements* - Cash flow statements explain sources of cash (where operating monies came from) against uses of cash (expenses or outlays). This is an accounting for monies that passed through the Town's coffers from July 1, 2018 to June 30, 2019.
- *Income Statements* - An income statement is also known as a "Statement of Revenues, Expenditures, and Changes in Fund Balance". The income statements based largely on cash flow statements but are adjusted to reflect depreciation charges, amounts "due to" or "due from" when the actual cash receipts or disbursements will occur in other fiscal years, and other adjustments to make the income statement an "accrual" document. The difference between revenue (sources of funds) and expenses (uses of funds), all adjusted per accrual accounting rules, is net income ("Change in Net Position").
- *Notes to the Financial Statements* - The notes provide additional and detailed information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Balance sheets and income statements for all funds are presented based on full accrual accounting. However, the statements for the General Fund are also shown on a "modified accrual" (cash basis with some adjustments) basis. Adjustments to cash based accounting include accounts payable but not paid as of June 30, accounts receivable but not received, depreciation on equipment, utilities and property owned by the Town and similar adjustments needed to provide citizens with a true picture of the Town's financial health.



### Fiscal Highlights

The Town adopts an annual budget via a process involving input from the citizens of the Town, initial proposals drawn up by the staff and management, and the decisions of the Town Council about which services to provide and how to raise funds to pay for them. It also authorizes the Town to obtain funds from identified sources to finance its activities. The budget vs. actual statement provided demonstrates how well the Town has “met” the approved budget and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same general format, language, and classifications as the formal budget ordinance document. The statement shows the final budget with all amendments; the actual resources, changes to appropriations, and ending balances; and the difference or variance between the final budget and the actual resources and charges. Readers should note that the budget is prepared on a modified cash flow basis; the audited “actual” figures are presented on an accrual basis. As a result, budgeted and audited figures will rarely match each other due to the addition of accounts payable, accounts receivable and depreciation figures being the primary reasons for differing figures.

### Comparison of Current Financial Position to Prior Year with Analysis

- The assets of the Town of Amherst exceeded its liabilities (net position) at the close of the fiscal year by \$10,214,892. \$280,479 of that figure is contributed to the IDA Component Unit, due to the changes of how the Town is budgeting and accounting for funds. This change does not represent a fund balance loss, only a transfer.
- The Town’s General Fund total fund balance decreased by \$210,215. This is due to the fact that in prior years the IDA funds had been accounted for in the General Fund Balance. At the start of FY19 the Town transitioned to the Uniform Financial Reporting guidelines and separated the IDA funds into its own Component Unit. The balance in the IDA “account” that was transferred is \$280,479.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Water Fund net position decreased by \$154,455. The “net” figure includes depreciation/amortization adjustment of \$428,344.
- The Sewer Fund net position increased by \$31,082. Due primarily to revenues exceeding expenditures. The “net” figure includes depreciation charges of \$251,119.
- The Refuse Collection Fund net position increased by \$24,896.
- The amount of cash on hand increased from \$3,795,178 on June 30, 2018 to \$4,476,004 on June 30, 2019 for a net increase of \$680,826.

*Figure 2: The Town's Net Position*

	Governmental Activities 2019	Business-Type Activities 2019	Total 2019
Current and other assets	\$1,797,872	\$3,373,810	\$5,171,682
Long-term assets	\$1,814,445	\$10,597,848	\$12,412,293
<b>Total assets</b>	<b>\$3,612,317</b>	<b>\$13,971,658</b>	<b>\$17,583,975</b>
Deferred outflows - pension	\$135,354	\$72,426	\$207,780
Current liabilities	\$38,412	\$451,654	\$490,066
Long-term liabilities	\$629,506	\$6,591,720	\$7,221,226
<b>Total Liabilities</b>	<b>\$667,918</b>	<b>\$7,043,374</b>	<b>\$7,711,292</b>
Deferred inflows - pension	\$105,653	\$40,397	\$146,050
Net capital assets	\$1,814,444	\$4,254,037	\$6,068,481
Unrestricted net assets	\$1,141,893	\$2,706,276	\$3,848,169
<b>Total net position</b>	<b>\$2,974,100</b>	<b>\$6,960,313</b>	<b>\$9,916,650</b>

**Capital Asset and Debt Administration**

A summary of utility construction and machinery added to the asset/depreciation lists in FY 19 is below. There were no major asset deletions due to demolitions, write-downs or other reasons.

<u>Water Fund</u>	-	-	<u>Sewer Fund</u>	
West Court Street Waterline	\$295,391		Sliplining	\$54,000
Water Sedimentation Basin	\$103,451			\$0.00

The Town’s legal debt limit is \$17,824,260. Subtracting current long-term debt (i.e. all but payments due during FY19) totaling \$6,343,811, the Town has an unused loan capacity of \$11,480,449. The Town refinanced two loans in FY18, combining both loans into one loan with a lower interest rate. The two loans paid off were a wastewater loan, financed through USDA, which had funded improvements to the wastewater treatment plant, and a private loan that funded one of the Town’s two water tanks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

*Figure 3: Outstanding Indebtedness*

Purpose of Loan	Bond Date	Original Amount	Balance 6/30/19	Annualized Payment	Interest Rate	Estimated Payoff Date
Sterling Refi Loan	June-18	\$3,933,409	\$3,654,447	\$ 397,510	3.350%	June-30
Rt. 60W Water Line	Nov-12	\$ 539,152	\$ 462,886	\$ 29,044	3.000%	Jul-43
Main Street Waterline	Dec-17	\$2,640,300	<u>\$2,226,479</u>	<u>\$122,952</u>	2.250%	Jan-47
			<u>\$6,343,812</u>	<u>\$ 549,506</u>		

On October 2, 2001 the Town Council of the Town of Amherst and the Amherst County Board of Supervisors adopted resolutions which effected an arrangement whereby all revenues associated with Brockman Park - including county taxes, town taxes, land sales, and grants - would be routed to the Town until the Town's original \$3,000,000 investment in the project, which will primarily benefit the county, is "paid down." As of June 30, 2019, the remaining value in the "Brockman Park Recoupment Fund" was \$2,210,511.

**Change in Financial Condition**

We offer the following as a snapshot of last year's General Fund budget activity:

*Figure 4: Comparison of General Fund Budget to Actual*

	<u>Budget</u>	<u>Actual</u>	
Revenue			
Per Statement	\$ 1,180,243	\$ 1,367,682	116%
Expense			
General Govt.	\$ 331,114	\$ 291,687	88%
Public Safety	\$ 616,523	\$ 571,393	93%
Comm. Development & Parks & Rec.	<u>\$ 311,824</u>	<u>\$ 300,566</u>	96%
Land/Buildings/Other	<u>\$ 226,823</u>	<u>\$ 228,027</u>	101%
Public Works	<u>\$ 173,561</u>	<u>\$ 158,461</u>	91%
Per Statement	\$ 1,659,845	\$ 1,560,134	114%
Net Income (Loss)		\$ (210,215)	

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The actual general fund revenues and expenses as compared to those budgeted were generally as expected with these major positive variances:

Major Revenue Variances

Meals & beverage tax	22,526
Interest on Investments	88,905
Cap Stock Tax on Banks	20,619
	\$ 50,001

Major Expense Variances

Town Manager	13,982
Town Attorney/Auditor	16,251
Finance	(1,696)
IT Services	9,876
Police	45,130
Maintenance	13,843
<u>Transfer to IDA</u>	(248,179)
	\$(150,793)

		<u>% of Budget</u>
Total Major Variances	\$ 100,792	7%
Total Change in Fund Balance	(210,215)	-15%
Other Variances	\$ (311,007)	-22%

Note: The General Fund Budget is \$1,411,666

Explaining the performance of the Water and Sewer Funds is a little more complicated due to depreciation charges and construction funding.

The Water Fund shows income "before contributions and transfers" of \$ (154,455)

<u>Included</u>	<u>Not Included</u>
\$428,344 Depreciation	\$175,736 Payment of loan principal

The Sewer Fund shows income "before contributions and transfers" of \$ 31,082.

<u>Included</u>	<u>Not Included</u>
\$251,119 Depreciation	\$189,695 Payment of loan principal

**Infrastructure Assets**

From an accrual, auditor-prepared financial statement basis, we believe the FY19 Comprehensive Annual Financial Report depicts a good year. On the other hand, the Town is still suffering from low water and sewer consumption as measured by gallons of service sold. The Town needs to stay focused on maintaining its basic infrastructure. For example, if the Town has about 60 miles of water and sewer pipe, and if a pipe has a life expectancy of about 60 years (both very general figures), the Town's construction program should include replacing at least a mile of pipe per year just to stay current. Note that the Town did not replace or refurbish any of its wastewater treatment plant, pump station or tank infrastructure during FY19. In short, the remaining useful life of each of these key fixed assets as well as all of the pipes, manholes and fire hydrants that were not improved decreased by a full year in FY19. The Town needs continue the infrastructure replacement effort on an ongoing basis to avoid facing



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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major expenses when treatment facilities, pipes and control equipment begins to fail and needs to be renovated or replaced. Current plans are for a major renovation of the water treatment plant in FY 20-21 and refocusing improvements to the distribution system in succeeding years. The wastewater system has a planned USDA funded project that will make improvements at the wastewater treatment plant, as well as replace or renovate lines, also in FY 20-21.

### Summary

Working to improve the Town's ever-aging water and sewer infrastructure and maintaining a competent and motivated workforce continue to be the Town's most significant challenges.

Except for these factors, the effects of which are difficult to quantify from a multi-year fiscal perspective, it is my opinion that the Town has made responsible financial choices in regards to reinvestment in Town facilities and maintaining a healthy fund balance in each area and the Town is better off as of June 30, 2019 than it was on June 30, 2018. Furthermore, the general state of the Town of Amherst's finances is good if compared to many other local governments, and this situation will continue to improve with new development and higher water and sewer usage. The prospects for our community continue to be excellent.

### Requests for Information

This Management Discussion and Analysis letter is intended to provide an overview of the Town of Amherst's finances for those with an interest in this area. Please let us know if you have any questions or concerns about any item contained in this letter or in the audit report.

Sincerely,

Tracie Wright  
Office Manager

Sara Carter  
Town Manager

Town of Amherst, Virginia  
Statement of Net Position  
June 30, 2019

	Primary Government			Component Unit IDA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,598,218	\$ 2,833,949	\$ 4,432,167	\$ 280,479
Cash and cash equivalents, restricted	14,343	124,153	138,496	-
Receivables:				
Taxes receivable	1,341	-	1,341	-
Accounts receivable	80,691	313,004	393,695	-
Due from other governmental units	32,899	-	32,899	-
Inventories	-	93,394	93,394	-
Prepaid items	70,381	9,310	79,691	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	1,217,364	25,084	1,242,448	-
Buildings and improvements	495,827	-	495,827	-
Plant	-	2,643,297	2,643,297	-
Machinery and equipment	101,253	13,391	114,644	-
Infrastructure	-	7,124,048	7,124,048	-
Construction in progress	-	792,028	792,028	-
Total assets	<u>\$ 3,612,317</u>	<u>\$ 13,971,658</u>	<u>\$ 17,583,975</u>	<u>\$ 280,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 131,749	\$ 68,372	\$ 200,121	\$ -
OPEB related items	3,605	4,054	7,659	-
Total deferred outflows of resources	<u>\$ 135,354</u>	<u>\$ 72,426</u>	<u>\$ 207,780</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 82,765	\$ 82,765	\$ -
Accrued liabilities	34,952	-	34,952	-
Long-term liabilities:				
Due within one year	3,460	368,889	372,349	-
Due in more than one year	629,506	6,591,720	7,221,226	-
Total liabilities	<u>\$ 667,918</u>	<u>\$ 7,043,374</u>	<u>\$ 7,711,292</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 102,829	\$ 37,221	\$ 140,050	\$ -
OPEB related items	2,824	3,176	6,000	-
Total deferred inflows of resources	<u>\$ 105,653</u>	<u>\$ 40,397</u>	<u>\$ 146,050</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,814,444	\$ 4,254,037	\$ 6,068,481	\$ -
Restricted for forfeited assets	14,343	-	14,343	-
Unrestricted	1,145,313	2,706,276	3,851,589	280,479
Total net position	<u>\$ 2,974,100</u>	<u>\$ 6,960,313</u>	<u>\$ 9,934,413</u>	<u>\$ 280,479</u>

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

Town of Amherst, Virginia  
Statement of Activities  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 149,368	\$ 9,404	\$ -	\$ -
Public safety	75,956	28,887	84,371	-
Public works	223,476	-	50,000	-
Parks, recreation, and cultural	10,000	-	-	-
Community development	300,566	-	-	-
Total governmental activities	<u>\$ 759,366</u>	<u>\$ 38,291</u>	<u>\$ 134,371</u>	<u>\$ -</u>
Business-type activities:				
Water	\$ 1,515,266	\$ 1,353,311	\$ -	\$ 7,500
Sewer	1,053,446	1,084,528	-	-
Garbage	86,835	111,731	-	-
Total business-type activities	<u>\$ 2,655,547</u>	<u>\$ 2,549,570</u>	<u>\$ -</u>	<u>\$ 7,500</u>
Total primary government	<u>\$ 3,414,913</u>	<u>\$ 2,587,861</u>	<u>\$ 134,371</u>	<u>\$ 7,500</u>
<b>COMPONENT UNIT:</b>				
Industrial Development Authority	\$ 5,736	\$ 284,870	\$ -	\$ -

Other local taxes:  
 Local sales and use tax  
 Business license tax  
 Restaurant food tax  
 Other local taxes  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Grants and contributions not restricted to specific programs  
 Total general revenues  
 Change in net position  
 Net position - beginning  
 Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	IDA
\$ (139,964)		\$ (139,964)	
37,302		37,302	
(173,476)		(173,476)	
(10,000)		(10,000)	
(300,566)		(300,566)	
<u>\$ (586,704)</u>		<u>\$ (586,704)</u>	<u>\$ -</u>
	\$ (154,455)	\$ (154,455)	
	31,082	31,082	
	24,896	24,896	
	<u>\$ (98,477)</u>	<u>\$ (98,477)</u>	<u>\$ -</u>
<u>\$ (586,704)</u>	<u>\$ (98,477)</u>	<u>\$ (685,181)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,134</u>
\$ 106,902	\$ -	\$ 106,902	\$ -
127,245	-	127,245	-
517,526	-	517,526	-
190,104	-	190,104	-
120,013	-	120,013	-
19,711	-	19,711	1,345
111,514	-	111,514	-
<u>\$ 1,193,015</u>	<u>\$ -</u>	<u>\$ 1,193,015</u>	<u>\$ 1,345</u>
\$ 606,311	\$ (98,477)	\$ 507,834	\$ 280,479
2,367,789	7,058,790	9,426,579	-
<u>\$ 2,974,100</u>	<u>\$ 6,960,313</u>	<u>\$ 9,934,413</u>	<u>\$ 280,479</u>

Town of Amherst, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2019

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,594,798	\$ 3,420	\$ 1,598,218
Cash and cash equivalents, restricted	-	14,343	14,343
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,341	-	1,341
Accounts receivable	80,691	-	80,691
Due from other governmental units	32,899	-	32,899
Prepaid items	70,381	-	70,381
Total assets	<u>\$ 1,780,110</u>	<u>\$ 17,763</u>	<u>\$ 1,797,873</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 34,952	\$ -	\$ 34,952
Total liabilities	<u>\$ 34,952</u>	<u>\$ -</u>	<u>\$ 34,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,341	\$ -	\$ 1,341
Total deferred inflows of resources	<u>\$ 1,341</u>	<u>\$ -</u>	<u>\$ 1,341</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 70,381	\$ -	\$ 70,381
Restricted	-	14,343	14,343
Assigned	-	3,420	3,420
Unassigned	1,673,436	-	1,673,436
Total fund balances	<u>\$ 1,743,817</u>	<u>\$ 17,763</u>	<u>\$ 1,761,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,780,110</u>	<u>\$ 17,763</u>	<u>\$ 1,797,873</u>

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

Town of Amherst, Virginia  
 Reconciliation of the Balance Sheet of the Governmental Funds  
 to the Statement of Net Position  
 June 30, 2019

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,761,580
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,814,444
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. Unavailable revenue - property taxes		1,341
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. Pension related items	\$	131,749
OPEB related items		3,605
		135,354
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment: Compensated absences	\$	(34,601)
Net pension liability		(317,906)
Net OPEB liabilities		(280,459)
		(632,966)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Pension related items	\$	(102,829)
OPEB related items		(2,824)
		(105,653)
Net position of governmental activities		\$ 2,974,100

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

Town of Amherst, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 2,005	\$ -	\$ 2,005
Other local taxes	941,777	-	941,777
Permits, privilege fees, and regulatory licenses	9,404	-	9,404
Fines and forfeitures	28,887	-	28,887
Revenue from the use of money and property	120,013	-	120,013
Miscellaneous	19,711	-	19,711
Intergovernmental:			
Commonwealth	228,122	17,763	245,885
Total revenues	<u>\$ 1,349,919</u>	<u>\$ 17,763</u>	<u>\$ 1,367,682</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 291,687	\$ -	\$ 291,687
Public safety	571,393	-	571,393
Public works	158,461	-	158,461
Parks, recreation, and cultural	10,000	-	10,000
Community development	300,566	-	300,566
Nondepartmental	228,027	-	228,027
Total expenditures	<u>\$ 1,560,134</u>	<u>\$ -</u>	<u>\$ 1,560,134</u>
Net change in fund balances	\$ (210,215)	\$ 17,763	\$ (192,452)
Fund balances - beginning	1,954,032	-	1,954,032
Fund balances - ending	<u>\$ 1,743,817</u>	<u>\$ 17,763</u>	<u>\$ 1,761,580</u>

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

Town of Amherst, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of the Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2019

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$ (192,452)

Governmental funds report capital outlays as expenditures. However, in the statement of activities those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 226,773	
Depreciation expense	<u>(77,147)</u>	149,626

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(21)
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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. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ 2,473	
Change in pension related items	310,146	
Change in OPEB related items	<u>336,539</u>	649,158

Change in net position of governmental activities		<u><u>\$ 606,311</u></u>
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The notes to financial statements are an integral part of this statement.



Town of Amherst, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	Enterprise Funds			
	Water	Sewer	Garbage	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,723,988	\$ 1,063,572	\$ 46,389	\$ 2,833,949
Cash and cash equivalents, restricted	124,153	-	-	124,153
Accounts receivables, net of allowance for uncollectibles	152,359	146,218	14,427	313,004
Prepaid items	4,978	4,248	84	9,310
Inventories	75,823	17,571	-	93,394
Total current assets	<u>\$ 2,081,301</u>	<u>\$ 1,231,609</u>	<u>\$ 60,900</u>	<u>\$ 3,373,810</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 18,100	\$ 6,984	\$ -	\$ 25,084
Plant	864,007	1,779,290	-	2,643,297
Machinery and equipment	4,770	8,621	-	13,391
Infrastructure	6,219,910	904,138	-	7,124,048
Construction in progress	104,173	687,855	-	792,028
Net capital assets	<u>\$ 7,210,960</u>	<u>\$ 3,386,888</u>	<u>\$ -</u>	<u>\$ 10,597,848</u>
Total noncurrent assets	<u>\$ 7,210,960</u>	<u>\$ 3,386,888</u>	<u>\$ -</u>	<u>\$ 10,597,848</u>
Total assets	<u>\$ 9,292,261</u>	<u>\$ 4,618,497</u>	<u>\$ 60,900</u>	<u>\$ 13,971,658</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 47,006	\$ 21,366	\$ -	\$ 68,372
OPEB related items	2,254	1,800	-	4,054
Total deferred outflows of resources	<u>\$ 49,260</u>	<u>\$ 23,166</u>	<u>\$ -</u>	<u>\$ 72,426</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 78,519	\$ 4,246	\$ -	\$ 82,765
Notes payable - current portion	88,537	-	-	88,537
Bonds payable - current portion	89,343	190,212	-	279,555
Compensated absences - current portion	303	494	-	797
Total current liabilities	<u>\$ 256,702</u>	<u>\$ 194,952</u>	<u>\$ -</u>	<u>\$ 451,654</u>
Noncurrent liabilities:				
Notes payable - net of current portion	\$ 2,600,828	\$ -	\$ -	\$ 2,600,828
Bonds payable - net of current portion	1,080,080	2,294,811	-	3,374,891
Compensated absences - net of current portion	2,726	4,450	-	7,176
Net pension liability	201,748	91,703	-	293,451
Net OPEB liability	175,353	140,021	-	315,374
Total noncurrent liabilities	<u>\$ 4,060,735</u>	<u>\$ 2,530,985</u>	<u>\$ -</u>	<u>\$ 6,591,720</u>
Total liabilities	<u>\$ 4,317,437</u>	<u>\$ 2,725,937</u>	<u>\$ -</u>	<u>\$ 7,043,374</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 25,590	\$ 11,631	\$ -	\$ 37,221
OPEB related items	1,766	1,410	-	3,176
Total deferred inflows of resources	<u>\$ 27,356</u>	<u>\$ 13,041</u>	<u>\$ -</u>	<u>\$ 40,397</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 3,352,172	\$ 901,865	\$ -	\$ 4,254,037
Unrestricted	1,644,556	1,000,820	60,900	2,706,276
Total net position	<u>\$ 4,996,728</u>	<u>\$ 1,902,685</u>	<u>\$ 60,900</u>	<u>\$ 6,960,313</u>

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

Town of Amherst, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 1,329,266	\$ -	\$ -	\$ 1,329,266
Sewer	-	1,062,702	-	1,062,702
Refuse collection	-	-	110,348	110,348
Penalties	14,957	10,050	1,383	26,390
Total operating revenues	<u>\$ 1,344,223</u>	<u>\$ 1,072,752</u>	<u>\$ 111,731</u>	<u>\$ 2,528,706</u>
<b>OPERATING EXPENSES</b>				
Personnel services	\$ 314,462	\$ 253,567	\$ 6,536	\$ 574,565
Fringe benefits	479,531	330,987	2,365	812,883
Contractual services	45,417	45,164	77,934	168,515
Other supplies and expenses	144,026	92,020	-	236,046
Depreciation	428,344	251,119	-	679,463
Total operating expenses	<u>\$ 1,411,780</u>	<u>\$ 972,857</u>	<u>\$ 86,835</u>	<u>\$ 2,471,472</u>
Operating income (loss)	<u>\$ (67,557)</u>	<u>\$ 99,895</u>	<u>\$ 24,896</u>	<u>\$ 57,234</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Connection and reconnection fees	\$ 9,088	\$ 11,776	\$ -	\$ 20,864
VRA grant	7,500	-	-	7,500
Interest expense	(103,486)	(80,589)	-	(184,075)
Total nonoperating revenues (expenses)	<u>\$ (86,898)</u>	<u>\$ (68,813)</u>	<u>\$ -</u>	<u>\$ (155,711)</u>
Change in net position	<u>\$ (154,455)</u>	<u>\$ 31,082</u>	<u>\$ 24,896</u>	<u>\$ (98,477)</u>
Total net position - beginning	5,151,183	1,871,603	36,004	7,058,790
Total net position - ending	<u>\$ 4,996,728</u>	<u>\$ 1,902,685</u>	<u>\$ 60,900</u>	<u>\$ 6,960,313</u>

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

Town of Amherst, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,324,487	\$ 1,028,235	\$ 105,928	\$ 2,458,650
Payments for operating expenses	(130,898)	(136,200)	(84,973)	(352,071)
Payments to and for employees	(435,767)	(358,011)	(8,901)	(802,679)
Net cash provided by (used for) operating activities	<u>\$ 757,822</u>	<u>\$ 534,024</u>	<u>\$ 12,054</u>	<u>\$ 1,303,900</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	\$ (125,981)	\$ (29,450)	\$ -	\$ (155,431)
Principal payments on long-term debt	(174,126)	(191,305)	-	(365,431)
Connection and reconnection fees	9,088	11,776	-	20,864
Intergovernmental grants	7,500	-	-	7,500
Interest payments	(103,486)	(80,589)	-	(184,075)
Net cash provided by (used for) capital and related financing activities	<u>\$ (387,005)</u>	<u>\$ (289,568)</u>	<u>\$ -</u>	<u>\$ (676,573)</u>
Net increase (decrease) in cash and cash equivalents	\$ 370,817	\$ 244,456	\$ 12,054	\$ 627,327
Cash and cash equivalents - beginning	1,477,324	819,116	34,335	2,330,775
Cash and cash equivalents - ending	<u>\$ 1,848,141</u>	<u>\$ 1,063,572</u>	<u>\$ 46,389</u>	<u>\$ 2,958,102</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (67,557)	\$ 99,895	\$ 24,896	\$ 57,234
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	428,344	251,119	-	679,463
(Increase) decrease in accounts receivable	(19,736)	(44,517)	(5,803)	(70,056)
(Increase) decrease in prepaid items	(4,978)	(4,248)	(84)	(9,310)
(Increase) decrease in inventories	4,255	986	-	5,241
(Increase) decrease in deferred outflows of resources	(49,260)	(23,166)	-	(72,426)
Increase (decrease) in accounts payable	59,268	4,246	(6,955)	56,559
Increase (decrease) in deferred inflows of resources	27,356	13,041	-	40,397
Increase (decrease) in net pension liability	201,748	91,703	-	293,451
Increase (decrease) in net OPEB liability	175,353	140,021	-	315,374
Increase (decrease) in compensated absences	3,029	4,944	-	7,973
Total adjustments	<u>\$ 825,379</u>	<u>\$ 434,129</u>	<u>\$ (12,842)</u>	<u>\$ 1,246,666</u>
Net cash provided by (used for) operating activities	<u>\$ 757,822</u>	<u>\$ 534,024</u>	<u>\$ 12,054</u>	<u>\$ 1,303,900</u>

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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***Note 1—Summary of Significant Accounting Policies:***

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Town of Amherst, Virginia (the "Town") is governed by an elected Town Council. The Town Council is responsible for appointing the Town Manager and Treasurer. Effective July 1, 2015, under the revised Town charter, the Town Council is responsible for appointing the Town Manager and the Police Chief. The Town Manager appoints the Treasurer.

The financial statements of Town of Amherst, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the Town's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

***Note 1—Summary of Significant Accounting Policies:***

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

**A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present Town of Amherst (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

**B. Individual Component Unit Disclosures**

*Blended Component Units.* The Town has no blended component units at June 30, 2019.

*Discretely Presented Component Units.* The Town of Amherst Industrial Development Authority (IDA) is responsible for promoting industry and developing trade within the Town. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the Town and therefore, it is included in the Town's financial statements as a discrete presentation for the year ended June 30, 2019. The Authority does not issue a separate financial report.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

***Note 1—Summary of Significant Accounting Policies: (Continued)***

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**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

***Note 1—Summary of Significant Accounting Policies: (Continued)***

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**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following governmental funds.

**a. General Fund**

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.

**b. Special Revenue Funds**

Special Revenue Funds account for and report the proceeds for specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or certified projects. The only special revenue fund is the Forfeited Asset Fund, which is considered a major fund.

**2. Proprietary Funds**

Proprietary Funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

**a. Enterprise Funds**

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. Enterprise funds consist of the Water, Sewer, and Garbage Funds.

**D. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the Town.

**E. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

**F. Prepaid Items**

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**G. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$0 at June 30, 2019.

**Real and Personal Property Tax Data:**

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

**H. Inventory**

Inventory in proprietary fund types consists of materials and supplies held for consumption. The inventory is carried at the lower of cost or market.

**I. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.



**Note 1—Summary of Significant Accounting Policies: (Continued)**

**J. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was incurred during fiscal year 2019.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings and Improvements	40
Machinery and equipment	5-15
Plant	15-40
Infrastructure	25

**K. Compensated Absences**

Vested or accumulated vacation and compensatory leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and compensatory leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**L. Use of Estimates**

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

***Note 1—Summary of Significant Accounting Policies: (Continued)***

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**M. Net Position**

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**N. Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**O. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Medical and Dental Pay-As-You Go**

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the Town's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the Town OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**R. Fund Balance**

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- 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; positive amounts are only reported in the general fund. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

**R. Fund Balance (Continued)**

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 70,381	\$ -	\$ 70,381
Restricted for:			
Forefeited assets	-	14,343	14,343
Assigned:			
Asset forfeiture	-	3,420	3,420
Unassigned fund balance	1,673,436	-	1,673,436
Total fund balances	<u>\$ 1,743,817</u>	<u>\$ 17,763</u>	<u>\$ 1,761,580</u>

**Note 2—Stewardship, Compliance, and Accounting:**

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2019, as adopted, appropriated and legally amended.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 2—Stewardship, Compliance, and Accounting: (Continued)**

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2019.

**Note 3—Deposits and Investments:**

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The Town’s investment policy that governs the reserve accounts requires that all securities purchased for the Town be held by the Town or by the Town’s designated custodian.

Credit Risk of Debt Securities

The Town’s rated debt investments as of June 30, 2019 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

Town’s Rated Debt Investments’ Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Local Government Investment Pool	\$ 504,829	\$ -
Virginia Investment Pool	-	2,633,338
Total	\$ 504,829	\$ 2,633,338

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 3—Deposits and Investments: (Continued)**

Interest Rate Risk

Investment Type	Investment Maturities (in years)		
	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 504,829	\$ 504,829	\$ -
Virginia Investment Pool	2,633,338	-	2,633,338
Total	<u>\$ 3,138,167</u>	<u>\$ 504,829</u>	<u>\$ 2,633,338</u>

External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the Town to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

**Note 4—Due from Other Governments:**

At June 30, 2019, the Town has receivables from other governments as follows:

	Governmental Activities
Commonwealth of Virginia:	
Local sales tax	\$ 18,528
Communications tax	13,847
Auto rental tax	524
Total due from other governments	<u>\$ 32,899</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,141,203	\$ 76,161	\$ -	\$ 1,217,364
Total capital assets not subject to depreciation	<u>\$ 1,141,203</u>	<u>\$ 76,161</u>	<u>\$ -</u>	<u>\$ 1,217,364</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 397,886	\$ 150,612	\$ -	\$ 548,498
Machinery and equipment	816,722	-	-	816,722
Total capital assets subject to depreciation	<u>\$ 1,214,608</u>	<u>\$ 150,612</u>	<u>\$ -</u>	<u>\$ 1,365,220</u>
Accumulated depreciation:				
Buildings and improvements	\$ 38,959	\$ 13,712	\$ -	\$ 52,671
Machinery and equipment	652,034	63,435	-	715,469
Total accumulated depreciation	<u>\$ 690,993</u>	<u>\$ 77,147</u>	<u>\$ -</u>	<u>\$ 768,140</u>
Total capital assets subject to depreciation, net	<u>\$ 523,615</u>	<u>\$ 73,465</u>	<u>\$ -</u>	<u>\$ 597,080</u>
Governmental activities capital assets, net	<u><u>\$ 1,664,818</u></u>	<u><u>\$ 149,626</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,814,444</u></u>

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 5—Capital Assets: (Continued)**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 25,084	\$ -	\$ -	\$ 25,084
Construction in progress	1,020,798	148,481	377,251	792,028
Total capital assets not subject to depreciation	<u>\$ 1,045,882</u>	<u>\$ 148,481</u>	<u>\$ 377,251</u>	<u>\$ 817,112</u>
Capital assets subject to depreciation:				
Plant	\$ 8,617,929	\$ -	\$ -	\$ 8,617,929
Machinery and equipment	117,807	6,950	-	124,757
Infrastructure	9,635,830	377,251	-	10,013,081
Total capital assets subject to depreciation	<u>\$ 18,371,566</u>	<u>\$ 384,201</u>	<u>\$ -</u>	<u>\$ 18,755,767</u>
Accumulated depreciation:				
Plant	\$ 5,703,555	\$ 271,077	\$ -	\$ 5,974,632
Machinery and equipment	107,365	4,001	-	111,366
Infrastructure	2,484,648	404,385	-	2,889,033
Total accumulated depreciation	<u>\$ 8,295,568</u>	<u>\$ 679,463</u>	<u>\$ -</u>	<u>\$ 8,975,031</u>
Total capital assets subject to depreciation, net	<u>\$ 10,075,998</u>	<u>\$ (295,262)</u>	<u>\$ -</u>	<u>\$ 9,780,736</u>
Business-type activities capital assets, net	<u>\$ 11,121,880</u>	<u>\$ (146,781)</u>	<u>\$ 377,251</u>	<u>\$ 10,597,848</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 25,538
Public safety	32,611
Public works	18,998
Total depreciation expense - governmental activities	<u>\$ 77,147</u>
Business-type activities:	
Water fund	\$ 428,344
Sewer fund	251,119
Total depreciation expense - business-type activities	<u>\$ 679,463</u>
Total depreciation expense - primary government	<u>\$ 756,610</u>



TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 6—Long-term Obligations:**

The following is a summary of changes in long-term obligations for the fiscal year-ended June 30, 2019:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Net pension liability	\$ 709,993	\$ 229,243	\$ 621,330	\$ 317,906	\$ -
Net OPEB liabilities	613,467	248,880	581,888	280,459	-
Compensated absences	37,074	1,234	3,707	34,601	3,460
<b>Total Governmental Activities</b>	<b>\$ 1,360,534</b>	<b>\$ 479,357</b>	<b>\$ 1,206,925</b>	<b>\$ 632,966</b>	<b>\$ 3,460</b>
<b>Business-type Activities:</b>					
Direct borrowings	\$ 2,775,833	\$ -	\$ 86,468	\$ 2,689,365	\$ 88,537
General obligation bonds	3,933,409	-	278,963	3,654,446	279,555
Net pension liability	-	552,406	258,955	293,451	-
Net OPEB liabilities	-	604,572	289,198	315,374	-
Compensated absences	-	7,973	-	7,973	797
<b>Total Business-type Activities</b>	<b>\$ 6,709,242</b>	<b>\$ 1,164,951</b>	<b>\$ 913,584</b>	<b>\$ 6,960,609</b>	<b>\$ 368,889</b>
<b>Total Primary Government</b>	<b>\$ 8,069,776</b>	<b>\$ 1,644,308</b>	<b>\$ 2,120,509</b>	<b>\$ 7,593,575</b>	<b>\$ 372,349</b>

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 6—Long-term Obligations: (Continued)**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Business-type Activities			
	Direct Borrowings		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 88,537	\$ 63,459	\$ 279,555	\$ 117,955
2021	90,656	61,339	289,051	108,459
2022	92,827	59,169	298,871	98,639
2023	95,050	56,945	309,024	88,486
2024	97,328	54,667	319,521	77,989
2025	99,661	52,335	330,376	67,134
2026	102,050	49,946	341,599	55,911
2027	104,498	47,498	353,203	44,307
2028	107,006	44,990	365,202	32,308
2029	109,574	42,422	377,608	19,902
2030	112,205	39,791	390,436	7,074
2031	114,901	37,095	-	-
2032	117,661	34,335	-	-
2033	120,489	31,506	-	-
2034	123,387	28,609	-	-
2035	126,354	25,641	-	-
2036	129,394	22,602	-	-
2037	132,509	19,486	-	-
2038	135,699	16,296	-	-
2039	138,968	13,027	-	-
2040	142,317	9,678	-	-
2041	141,115	6,248	-	-
2042	119,861	3,091	-	-
2043	47,318	533	-	-
<b>Total</b>	<b>\$ 2,689,365</b>	<b>\$ 820,708</b>	<b>\$ 3,654,446</b>	<b>\$ 718,164</b>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 6—Long-term Obligations: (Continued)**

Details of Long-term Obligations:

	<u>Total Amount</u>
<u>Governmental Activities:</u>	
Net pension liability	\$ 317,906
Net OPEB liabilities	280,459
Compensated absences	34,601
Total Long-term Obligations, Governmental Activities	<u>\$ 632,966</u>
<u>Business-type Activities:</u>	
<u>Direct borrowings:</u>	
\$565,935 note payable issued November 1, 2012, due in semi-annual installments of \$14,522 through June 2041 with interest due semi-annually at 3.00%.	\$ 462,886
\$2,640,300 note payable issued February 4, 2016, due in semi-annual installments of \$61,476 through June 2045 with interest due semi-annually at 2.25%.	2,226,479
Total Notes Payable	<u>\$ 2,689,365</u>
<u>General Obligation Bonds:</u>	
\$3,933,409 general obligation bond issued June 26, 2018, due in varying monthly installments through June 2030 with interest due monthly at 3.345%.	<u>\$ 3,654,446</u>
Net pension liability	293,451
Net OPEB liabilities	315,374
Compensated absences	<u>\$ 7,973</u>
Total Long-term Obligations, Business-type Activities	<u>\$ 6,960,609</u>
Total Long-term Obligations, Primary Government	<u><u>\$ 7,593,575</u></u>

***Note 7—Deferred/Unavailable Revenue:***

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Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,341 at June 30, 2019.

***Note 8—Litigation:***

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At June 30, 2019, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

***Note 9—Risk Management:***

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The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee dishonesty. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Town is not self-insured.

The Town has insurance coverage with VML Insurance Programs. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion that the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

***Note 10—Defined Contribution Retirement Plan:***

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The Town has a salary reduction 457(b) plan covering substantially all employees, which allows employees to defer a percentage of their income for retirement. The Town does not provide any contribution to the plan.

***Note 11—Commitments and Contingencies:***

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The Town has a potential contingency due to the possibility of water and sewer pipe replacement in the near future. The Town Council is unable to estimate the cost of this replacement, therefore, no liability has been established on the government-wide financial statements.

***Note 12—Surety Bonds:***

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The Town maintains a surety bond on all Town employees in the amount of \$100,000 each with the Virginia Municipal League Insurance Program.

**Note 13—Lease Income:**

The Town leases land to a corporation, which is used by the corporation for the purpose of operating telecommunications equipment. The commencement date of the lease was March 7, 1997, with addendums on March 17, 2000 and December 29, 2009. The initial lease term was for ten years, with six automatic five year renewal terms. The lease agreement provides for monthly rent to be adjusted when the lease is renewed. Current monthly rent income under the agreement is \$783.63 per month. Annual lease income for the year ended June 30, 2019 was \$9,404.

Minimum annual lease payment expected to be received by the Town under the lease are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>
2020	\$ 9,404
2021	9,404
2022	<u>5,485</u>
Total	<u>\$ 24,293</u>

**Note 14—Pension Plan:**

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

**Benefit Structures**

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

**Note 14—Pension Plan: (Continued)**

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**Benefit Structures (Continued)**

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Average Final Compensation and Service Retirement Multiplier**

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits**

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

**Note 14—Pension Plan: (Continued)****Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	3
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>4</u>
Total inactive members	10
Active members	<u>18</u>
Total covered employees	<u><u>42</u></u>

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

The Town's contractually required employer contribution rate for the year ended June 30, 2019 was 16.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$142,442 and \$137,564 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

**Note 14—Pension Plan: (Continued)**

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**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

**All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.



**Note 14—Pension Plan: (Continued)****Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

## Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

## All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Note 14—Pension Plan: (Continued)**

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

**All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

**Note 14—Pension Plan: (Continued)****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

## Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

## All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**Note 14—Pension Plan: (Continued)****Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Note 14—Pension Plan: (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town and was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 4,410,212	\$ 3,700,219	\$ 709,993
Changes for the year:			
Service cost	\$ 138,111	\$ -	\$ 138,111
Interest	300,137	-	300,137
Differences between expected and actual experience	(89,274)	-	(89,274)
Contributions - employer	-	137,564	(137,564)
Contributions - employee	-	40,006	(40,006)
Net investment income	-	272,643	(272,643)
Benefit payments, including refunds			
Refunds of employee contributions	(245,085)	(245,085)	-
Administrative expenses	-	(2,361)	2,361
Other changes	-	(242)	242
Net changes	\$ 103,889	\$ 202,525	\$ (98,636)
Balances at June 30, 2018	\$ 4,514,101	\$ 3,902,744	\$ 611,357

**Note 14—Pension Plan: Continued****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's Net Pension Liability (Asset)	\$ 1,141,676	\$ 611,357	\$ 166,311

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

For the year ended June 30, 2019, the Town recognized pension expense of \$94,750. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,679	\$ 96,196
Change of assumptions	-	13,575
Net difference between projected and actual earnings on pension plan investments	-	30,279
Employer contributions subsequent to the measurement date	142,442	-
Total	<u>\$ 200,121</u>	<u>\$ 140,050</u>

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**Note 14—Pension Plan: (Continued)****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$142,442 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (asset) in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2020	\$ 2,928
2021	(28,525)
2022	(53,556)
2023	(3,218)
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan):****Plan Description**

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

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**Plan Description (Continued)**

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

**Eligible Employees**

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

**Benefit Amounts**

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

**Contributions**

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$4,659 and \$4,249 for the years ended June 30, 2019 and June 30, 2018, respectively.



**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB**

At June 30, 2019, the entity reported a liability of \$65,000 its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00430% as compared to 0.00443% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of (\$2,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change of assumptions	-	3,000
Employer contributions subsequent to the measurement date	<u>4,659</u>	<u>-</u>
Total	<u>\$ 7,659</u>	<u>\$ 6,000</u>

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)**

\$4,659 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (1,000)
2021	(1,000)
2022	(1,000)
2023	-
2024	-
Thereafter	-

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Largest Ten Locality Employers - General Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
		<hr/>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)****NET GLI OPEB Liability (Continued)**

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Note 15—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Town's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 85,000	\$ 65,000	\$ 49,000

**Group Life Insurance Program Fiduciary Net Position**

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan):**

**Plan Description**

In addition to the pension benefits described in Note 14, the Town administers a single-employer defined benefit healthcare plan, The Town of Amherst Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

**Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)**

**Benefits Provided**

Postemployment benefits that are provided to eligible Town retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Town who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

**Plan Membership**

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	Primary Government
Total active employees with coverage	18
Total retirees and spouses with coverage	4
Total	22

**Contributions**

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2019 was \$161,385.

**Total OPEB Liability**

The Town’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2018; 2.50% per year as of June 30, 2019
Salary Increases	The salary increase rate was 2.00% per annum
Discount Rate	4.66%

Mortality rates for the Town were based on the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.



TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)**

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year tax exempt municipal bond yield.

**Changes in Total OPEB Liability**

	Primary Government Total OPEB Liability
Balances at June 30, 2018	\$ 547,467
Changes for the year:	
Service cost	271,142
Interest	73,984
Changes of assumptions	175,618
Difference between expected and actual experience	(375,993)
Benefit payments	(161,385)
Net changes	\$ (16,634)
Balances at June 30, 2019	\$ 530,833

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%) or one percentage point higher (5.66%) than the current discount rate:

	Rate		
	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
Primary Government: Total OPEB liability	\$ 582,697	\$ 530,833	\$ 486,728

**Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government:			
Total OPEB liability	\$ 478,046	\$ 530,833	\$ 593,814

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

For the year ended June 30, 2019, the Town recognized OPEB expense in the amount of \$144,751. At June 30, 2019, the Town reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

**Note 17—Summary of Other Postemployment Benefit Plans:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
Town	\$ 7,659	\$ 6,000	\$ 65,000	\$ (2,000)
Town Stand-Alone Plan (Note 16)	-	-	530,833	144,751
Totals	\$ 7,659	\$ 6,000	\$ 595,833	\$ 142,751

**Note 18—Line of Duty Act (LODA) (OPEB Benefits):**

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

**Note 18—Line of Duty Act (LODA) (OPEB Benefits): (Continued)**

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The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to VML. VML assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2019 was \$3,902.

**Note 19—Adoption of Accounting Principles:**

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The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

**Note 20—Upcoming Pronouncements:**

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Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Town of Amherst, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 2,005	\$ 2,005
Other local taxes	891,200	891,200	941,777	50,577
Permits, privilege fees, and regulatory licenses	9,400	9,400	9,404	4
Fines and forfeitures	15,000	15,000	28,887	13,887
Revenue from use of money and property	23,000	23,000	120,013	97,013
Miscellaneous	7,900	59,100	19,711	(39,389)
Intergovernmental:				
Commonwealth	182,543	182,543	228,122	45,579
Total revenues	\$ 1,129,043	\$ 1,180,243	\$ 1,349,919	\$ 169,676
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 356,478	\$ 331,114	\$ 291,687	\$ 39,427
Public safety	585,359	616,523	571,393	45,130
Public works	173,561	173,561	158,461	15,100
Parks, recreation, and cultural	7,500	7,500	10,000	(2,500)
Community development	6,145	304,324	300,566	3,758
Nondepartmental	-	226,823	228,027	(1,204)
Total expenditures	\$ 1,129,043	\$ 1,659,845	\$ 1,560,134	\$ 99,711
Net change in fund balances	\$ -	\$ (479,602)	\$ (210,215)	\$ 269,387
Fund balances - beginning	-	479,602	1,954,032	1,474,430
Fund balances - ending	\$ -	\$ -	\$ 1,743,817	\$ 1,743,817

Town of Amherst, Virginia  
 Forfeited Assets Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 17,763	\$ 17,763
Total revenues	\$ -	\$ -	\$ 17,763	\$ 17,763
Net change in fund balances	\$ -	\$ -	\$ 17,763	\$ 17,763
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 17,763	\$ 17,763

Town of Amherst, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Measurement Dates of June 30, 2015 through June 30, 2018

	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 138,111	\$ 132,722	\$ 119,138	\$ 93,912
Interest	300,137	293,785	271,142	264,117
Changes of assumptions	-	(28,329)	-	-
Differences between expected and actual experience	(89,274)	(64,526)	173,815	(5,469)
Benefit payments, including refunds of employee contributions	(245,085)	(240,743)	(240,510)	(263,893)
<b>Net change in total pension liability</b>	<b>\$ 103,889</b>	<b>\$ 92,909</b>	<b>\$ 323,585</b>	<b>\$ 88,667</b>
<b>Total pension liability - beginning</b>	<b>4,410,212</b>	<b>4,317,303</b>	<b>3,993,718</b>	<b>3,905,051</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 4,514,101</b>	<b>\$ 4,410,212</b>	<b>\$ 4,317,303</b>	<b>\$ 3,993,718</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 137,564	\$ 132,392	\$ 106,869	\$ 102,001
Contributions - employee	40,006	38,399	37,381	35,685
Net investment income	272,643	407,279	57,637	151,465
Benefit payments, including refunds of employee contributions	(245,085)	(240,743)	(240,510)	(263,893)
Administrative expense	(2,361)	(2,374)	(2,144)	(2,170)
Other	(242)	(362)	(25)	(31)
<b>Net change in plan fiduciary net position</b>	<b>\$ 202,525</b>	<b>\$ 334,591</b>	<b>\$ (40,792)</b>	<b>\$ 23,057</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,700,219</b>	<b>3,365,628</b>	<b>3,406,420</b>	<b>3,383,363</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,902,744</b>	<b>\$ 3,700,219</b>	<b>\$ 3,365,628</b>	<b>\$ 3,406,420</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 611,357</b>	<b>\$ 709,993</b>	<b>\$ 951,675</b>	<b>\$ 587,298</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.46%</b>	<b>83.90%</b>	<b>77.96%</b>	<b>85.29%</b>
<b>Covered payroll</b>	<b>\$ 817,162</b>	<b>\$ 785,624</b>	<b>\$ 759,989</b>	<b>\$ 725,562</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>74.81%</b>	<b>90.37%</b>	<b>125.22%</b>	<b>80.94%</b>

Schedule is intended to show information for 10 years. Information prior to the 2015 valuation is not available. However, additional years will be included as they become available.

Town of Amherst, Virginia  
 Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2010 through June 30, 2019

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 142,442	\$ 142,442	\$ -	\$ 895,967	15.90%
2018	137,564	137,564	-	817,162	16.83%
2017	132,392	132,392	-	785,624	16.85%
2016	107,462	107,462	-	759,989	14.14%
2015	102,595	102,595	-	725,562	14.14%
2014	111,778	111,778	-	728,195	15.35%
2013	107,254	107,254	-	698,721	15.35%
2012	73,779	73,779	-	668,898	11.03%
2011	72,573	72,573	-	657,962	11.03%
2010	50,405	50,405	-	669,388	7.53%

Current year contributions are from Town records and prior year contributions are from the VRS actuarial valuation performed each year.

Town of Amherst, Virginia  
Notes to Required Supplementary Information - Pension Plan  
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%



Town of Amherst, Virginia  
 Schedule of Town's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2018	0.00430%	65,000 \$	817,162	7.95%	51.22%
2017	0.00443%	66,000	816,306	8.09%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Town of Amherst, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance Program  
 For the Years Ended June 30, 2010 through June 30, 2019

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 4,659	\$ 4,659	\$ -	\$ 895,967	0.52%
2018	4,249	4,249	-	817,162	0.52%
2017	4,245	4,245	-	816,306	0.52%
2016	3,677	3,677	-	765,940	0.48%
2015	3,483	3,483	-	725,562	0.48%
2014	3,495	3,495	-	728,195	0.48%
2013	3,354	3,354	-	698,721	0.48%
2012	1,873	1,873	-	668,898	0.28%
2011	1,842	1,842	-	657,962	0.28%
2010	1,369	1,369	-	506,881	0.27%

Town of Amherst, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2019

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Town of Amherst, Virginia  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 For the Years Ended June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 271,142	\$ 271,142
Interest	73,984	19,925
Changes in assumptions	175,618	201,099
Differences between expected and actual experience	(375,993)	209,810
Benefit payments	<u>(161,385)</u>	<u>(161,385)</u>
Net change in total OPEB liability	\$ (16,634)	\$ 540,591
Total OPEB liability - beginning	<u>547,467</u>	<u>6,876</u>
Total OPEB liability - ending	<u><u>\$ 530,833</u></u>	<u><u>\$ 547,467</u></u>
Covered payroll	N/A	N/A
Town's total OPEB liability as a percentage of covered payroll	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Town of Amherst, Virginia  
 Notes to Required Supplementary Information - Town OPEB  
 For the Year Ended June 30, 2019

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Valuation Date: 6/30/2018  
 Measurement Date: 6/30/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.66%
Healthcare Trend Rate	The healthcare trend rate assumption ranges between 4.6% and 4.7% for medical, 7.6% and 4.7% for pharmacy, 3.5% and 3.0% for dental, and 3.0% for vision over the course of 10 years.
Salary Increase Rates	The salary increase rate was 2.00% per annum
Retirement Age	The average age of retirement is 55
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

Town of Amherst, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2019

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 280,479
Total assets	<u>\$ 280,479</u>

**NET POSITION**

Unrestricted	\$ 280,479
Total net position	<u>\$ 280,479</u>

Town of Amherst, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2019

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## OPERATING REVENUES

## Charges for services:

Bond fees	\$ 36,691
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Contributions from local governments	248,179
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Miscellaneous	1,345
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Total operating revenues	\$ 286,215
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## OPERATING EXPENSES

Personnel services	\$ 2,615
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Fringe benefits	119
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Other charges	3,002
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Total operating expenses	\$ 5,736
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Change in net position	\$ 280,479
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Total net position - beginning	-
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Total net position - ending	\$ 280,479
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Town of Amherst, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2019

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 286,215
Payments to employees	(2,734)
Payments for operating activities	(3,002)
Net cash provided by (used for) operating activities	<u>\$ 280,479</u>
Net increase (decrease) in cash and cash equivalents	\$ 280,479
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ 280,479</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 280,479
Net cash provided by (used for) operating activities	<u><u>\$ 280,479</u></u>



Town of Amherst, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Fund  
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 574	\$ 574
Interest	-	-	1,431	1,431
Total general property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,005</u>	<u>\$ 2,005</u>
Other local taxes:				
Local sales and use taxes	\$ 100,000	\$ 100,000	\$ 106,902	\$ 6,902
Consumers' utility taxes	26,000	26,000	26,321	321
Consumption tax	18,000	18,000	19,353	1,353
Business license taxes	122,300	122,300	127,245	4,945
Motor vehicle licenses	46,000	46,000	40,739	(5,261)
Bank stock taxes	75,000	75,000	95,619	20,619
Hotel and motel room taxes	7,900	7,900	8,072	172
Restaurant food taxes	496,000	496,000	517,526	21,526
Total other local taxes	<u>\$ 891,200</u>	<u>\$ 891,200</u>	<u>\$ 941,777</u>	<u>\$ 50,577</u>
Permits, privilege fees, and regulatory licenses:				
Communications lease	\$ 9,400	\$ 9,400	\$ 9,404	\$ 4
Fines and forfeitures:				
Court fines and forfeitures	\$ 15,000	\$ 15,000	\$ 28,887	\$ 13,887
Revenue from use of money and property:				
Revenue from use of money	\$ 23,000	\$ 23,000	\$ 120,013	\$ 97,013
Miscellaneous:				
Miscellaneous	\$ 7,900	\$ 59,100	\$ 19,711	\$ (39,389)
Total revenue from local sources	<u>\$ 946,500</u>	<u>\$ 997,700</u>	<u>\$ 1,121,797</u>	<u>\$ 124,097</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 150	\$ 150
Rolling stock tax	2,500	2,500	4,965	2,465
Auto rental tax	2,000	2,000	2,187	187
Communications tax	96,000	96,000	86,756	(9,244)
Personal property tax relief funds	17,455	17,455	17,456	1
Total noncategorical aid	<u>\$ 117,955</u>	<u>\$ 117,955</u>	<u>\$ 111,514</u>	<u>\$ (6,441)</u>

Town of Amherst, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Fund  
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
Law enforcement grant	\$ 54,588	\$ 54,588	\$ 56,608	\$ 2,020
Fire programs	10,000	10,000	10,000	-
VRA grant	-	-	50,000	50,000
Total other categorical aid	<u>\$ 64,588</u>	<u>\$ 64,588</u>	<u>\$ 116,608</u>	<u>\$ 52,020</u>
Total categorical aid	<u>\$ 64,588</u>	<u>\$ 64,588</u>	<u>\$ 116,608</u>	<u>\$ 52,020</u>
Total revenue from the Commonwealth	<u>\$ 182,543</u>	<u>\$ 182,543</u>	<u>\$ 228,122</u>	<u>\$ 45,579</u>
Total General Fund	<u>\$ 1,129,043</u>	<u>\$ 1,180,243</u>	<u>\$ 1,349,919</u>	<u>\$ 169,676</u>
Special Revenue Fund:				
Forfeited Assets Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid:				
Asset forfeiture funds	\$ -	\$ -	\$ 17,763	\$ 17,763
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,763</u>	<u>\$ 17,763</u>
Total Forfeited Assets Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,763</u>	<u>\$ 17,763</u>
Total Primary Government	<u>\$ 1,129,043</u>	<u>\$ 1,180,243</u>	<u>\$ 1,367,682</u>	<u>\$ 187,439</u>

Town of Amherst, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2019

Schedule 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
<b>General government administration:</b>				
<b>Legislative:</b>				
Town Council	\$ 14,272	\$ 14,272	\$ 13,259	\$ 1,013
<b>General and financial administration:</b>				
Town Manager	\$ 181,601	\$ 153,437	\$ 139,455	\$ 13,982
Legal services	40,000	40,000	22,749	17,251
Independent auditor	16,000	16,000	17,000	(1,000)
Finance department	83,145	85,945	87,640	(1,695)
Information technology	21,460	21,460	11,584	9,876
Total general and financial administration	<u>\$ 342,206</u>	<u>\$ 316,842</u>	<u>\$ 278,428</u>	<u>\$ 38,414</u>
Total general government administration	<u>\$ 356,478</u>	<u>\$ 331,114</u>	<u>\$ 291,687</u>	<u>\$ 39,427</u>
<b>Public safety:</b>				
<b>Law enforcement and traffic control:</b>				
Police	\$ 554,859	\$ 586,023	\$ 540,893	\$ 45,130
Total law enforcement and traffic control	<u>\$ 554,859</u>	<u>\$ 586,023</u>	<u>\$ 540,893</u>	<u>\$ 45,130</u>
<b>Fire and rescue services:</b>				
Fire department	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Rescue	10,500	10,500	10,500	-
Total fire and rescue services	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ -</u>
Total public safety	<u>\$ 585,359</u>	<u>\$ 616,523</u>	<u>\$ 571,393</u>	<u>\$ 45,130</u>
<b>Public works:</b>				
<b>Maintenance of highways, streets, bridges and sidewalks:</b>				
Streetlights	\$ 26,225	\$ 26,225	\$ 24,968	\$ 1,257
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 26,225</u>	<u>\$ 26,225</u>	<u>\$ 24,968</u>	<u>\$ 1,257</u>
<b>Maintenance of general buildings and grounds:</b>				
General properties	\$ 147,336	\$ 147,336	\$ 133,493	\$ 13,843
Total maintenance of general buildings and grounds	<u>\$ 147,336</u>	<u>\$ 147,336</u>	<u>\$ 133,493</u>	<u>\$ 13,843</u>
Total public works	<u>\$ 173,561</u>	<u>\$ 173,561</u>	<u>\$ 158,461</u>	<u>\$ 15,100</u>
<b>Parks, recreation, and cultural:</b>				
<b>Cultural enrichment:</b>				
Second stage	\$ 2,500	\$ 2,500	\$ 5,000	\$ (2,500)
Village garden club	2,500	2,500	2,500	-
Museum	2,500	2,500	2,500	-
Total cultural enrichment	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 10,000</u>	<u>\$ (2,500)</u>
Total parks, recreation, and cultural	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 10,000</u>	<u>\$ (2,500)</u>

Town of Amherst, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Fund  
 For the Year Ended June 30, 2019

Schedule 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 2,145	\$ 52,145	\$ 50,887	\$ 1,258
Chamber of commerce	2,500	2,500	-	2,500
Neighbors helping neighbors	1,500	1,500	1,500	-
Town of Amherst IDA	-	248,179	248,179	-
Total planning and community development	<u>\$ 6,145</u>	<u>\$ 304,324</u>	<u>\$ 300,566</u>	<u>\$ 3,758</u>
Total community development	<u>\$ 6,145</u>	<u>\$ 304,324</u>	<u>\$ 300,566</u>	<u>\$ 3,758</u>
Nondepartmental:				
Revenue refunds	\$ -	\$ -	\$ 1,254	\$ (1,254)
Purchase of land and buildings	-	226,823	226,773	50
Total nondepartmental	<u>\$ -</u>	<u>\$ 226,823</u>	<u>\$ 228,027</u>	<u>\$ (1,204)</u>
Total General Fund	<u>\$ 1,129,043</u>	<u>\$ 1,659,845</u>	<u>\$ 1,560,134</u>	<u>\$ 99,711</u>

Table 1

Town of Amherst, Virginia  
Government-wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Enterprise Funds	Total
2018-19	\$ 149,368	\$ 75,956	\$ 223,476	\$ 10,000	\$ 300,566	\$ 2,655,547	\$ 3,414,913
2017-18	893,550	702,226	920,562	-	-	1,411,655	3,927,993

Note: This table is designed to show ten years of data. However, information prior to 2017-18 is unavailable.

Table 2

Town of Amherst, Virginia  
Government-wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Other Local Taxes	Unrestricted Revenues from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2018-19	\$ 2,587,861	\$ 134,371	\$ 7,500	\$ 941,777	\$ 120,013	\$ 19,711	\$ 111,514	\$ 3,922,747	
2017-18	2,643,706	68,259	142,500	766,721	39,875	59,798	114,245	3,835,104	

Note: This table is designed to show ten years of data. However, information prior to 2017-18 is unavailable.

Table 3

Town of Amherst, Virginia  
 General Governmental Expenditures by Function  
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Non- departmental	Total
2018-19	\$ 291,687	\$ 571,393	\$ 158,461	\$ 10,000	\$ 300,566	\$ 228,027	\$ 1,560,134
2017-18	680,604	531,877	666,582	-	-	-	1,879,063

Note: This table is designed to show ten years of data. However, information prior to 2017-18 is unavailable.

Table 4

Town of Amherst, Virginia  
General Governmental Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Miscellaneous	Inter- governmental	Total
2018-19	\$ 2,005	\$ 941,777	\$ 9,404	\$ 28,887	\$ 120,013	\$ 19,711	\$ 245,885	\$ 1,367,682
2017-18	5,526	766,721	9,404	22,093	39,875	59,798	182,504	1,085,921

Note: This table is designed to show ten years of data. However, information prior to 2017-18 is unavailable.



Table 5

Town of Amherst, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
2019	\$ 178,242,600	\$ 15,044,248	\$ 8,673,831	\$ 201,960,679
2018	177,761,100	15,236,340	8,691,251	201,688,691
2017	177,422,200	15,423,985	7,934,880	200,781,065
2016	174,966,200	14,756,704	7,995,189	197,718,093
2015	175,294,600	14,518,455	7,610,219	197,423,274
2014	177,762,200	14,311,685	7,715,526	199,789,411
2013	178,088,400	14,492,793	7,095,686	199,676,879
2012	177,532,100	14,056,760	6,787,165	198,376,025
2011	177,532,100	12,747,503	6,438,670	196,718,273
2010	177,161,700	12,828,564	6,815,354	196,805,618

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Town of Amherst, Virginia  
Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Payable from Enterprise Revenue				
2018-19	2,231	\$ 201,960,679	\$ 3,654,446	\$ 3,654,446	\$	-	0.00%	\$ -
2017-18	2,231	201,688,691	3,933,409	3,933,409		-	0.00%	-

Note: This table is designed to show ten years of data. However, information prior to 2018 is unavailable.

(1) Weldon Cooper Center for Public Service, 2000 and 2010 Census counts.

(2) From Table 5

(3) Includes all long-term general obligation bonded debt of the Governmental Activities and Business-type Activities.  
Excludes revenue bonds, capital leases, compensated absences and notes payable.





Independent Auditors' 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*

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To the Honorable Members of the Town Council  
Town of Amherst  
Amherst, Virginia

We have audited, in accordance with the 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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Amherst Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Amherst, Virginia's basic financial statements and have issued our report thereon dated January 24, 2020.

#### Internal Control over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
January 24, 2020