



**Town of
Amherst, Virginia**

**Comprehensive Annual
Financial Report**

For the year ended June 30, 2015

Davidson, Doyle & Hilton, LLP
916 Main Street
Lynchburg, VA 24504

Town of Amherst, Virginia





Town of Amherst, Virginia
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TOWN OF AMHERST

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November 5, 2015

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

Re: FY15 Audit - Management's Discussion and Analysis

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, 2015. I 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

Amherst developed around the courthouse and railroad depot and incorporated in 1910. Four Amherst County schools are located in or near the Town as well as virtually all county offices including the library and museum. A branch of the Central Virginia Community College is also located in the Town. Although Amherst is the commercial center for northern Amherst County, 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, 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, all elected on a 2-year concurrent cycle. The Town Council sets the policies for the operation of the Town's government and appoints the Town Manager and Police Chief.

Service Programs

FY15 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 and rescue operations. 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 FY15. 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.
- *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. These activities will help steer the community through the growth expected to occur as a result of the October 2005 opening of the Madison Heights Bypass, an interstate-quality/limited access highway that connects Amherst and the City of Lynchburg. However, the national economic situation has had the effect of delaying this anticipated growth.
- *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. Note that Amherst does not sponsor programs such as hospitals, zoos, airports, or civic centers and probably never will.

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.

Relative to the total of the Town’s annual operating expenses, Amherst had an adequate overall cash reserve on hand as of June 30, 2015 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 borrowing for major water and sewer pipe replacement projects.

Problem Areas

The Town's General Fund revenue sources remain relatively static. Water and Sewer 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 for the next few fiscal years following a consultant's study to determine rates required to adequately fund the Town's construction program.

Opportunities

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

The community is working to influence growth so that the good things growth and development bring can be enjoyed while the bad things are limited or contained. 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. The third employer to be located there should be moved in by the end of FY16.
- *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 line collapse or blockage. The Town will be spending significant levels of effort and funds to find, prioritize and remediate these problems in the coming years. A major grant/loan financing package that will fund rehabilitation of a large portion of the sanitary sewer pipe and manhole network has been approved.
- *Growth Management* – The Town continues its work in planning the growth of the community. This involves not only working through updates and improvements to the Comprehensive Plan and Zoning and Subdivision Ordinance but with capital investments to guide development. A major concern is the direct impact that the Madison Heights Bypass will eventually have on the three Amherst interchanges. 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. Amherst is working to create an Urban Development Area zone.

- *S. Main Street Development Area* – The Town’s comprehensive plan indicates the redevelopment and development of the S. 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. An example of the changes underway there are the large new clinic that Centra Health plans to build behind Ambriar Shopping Center.

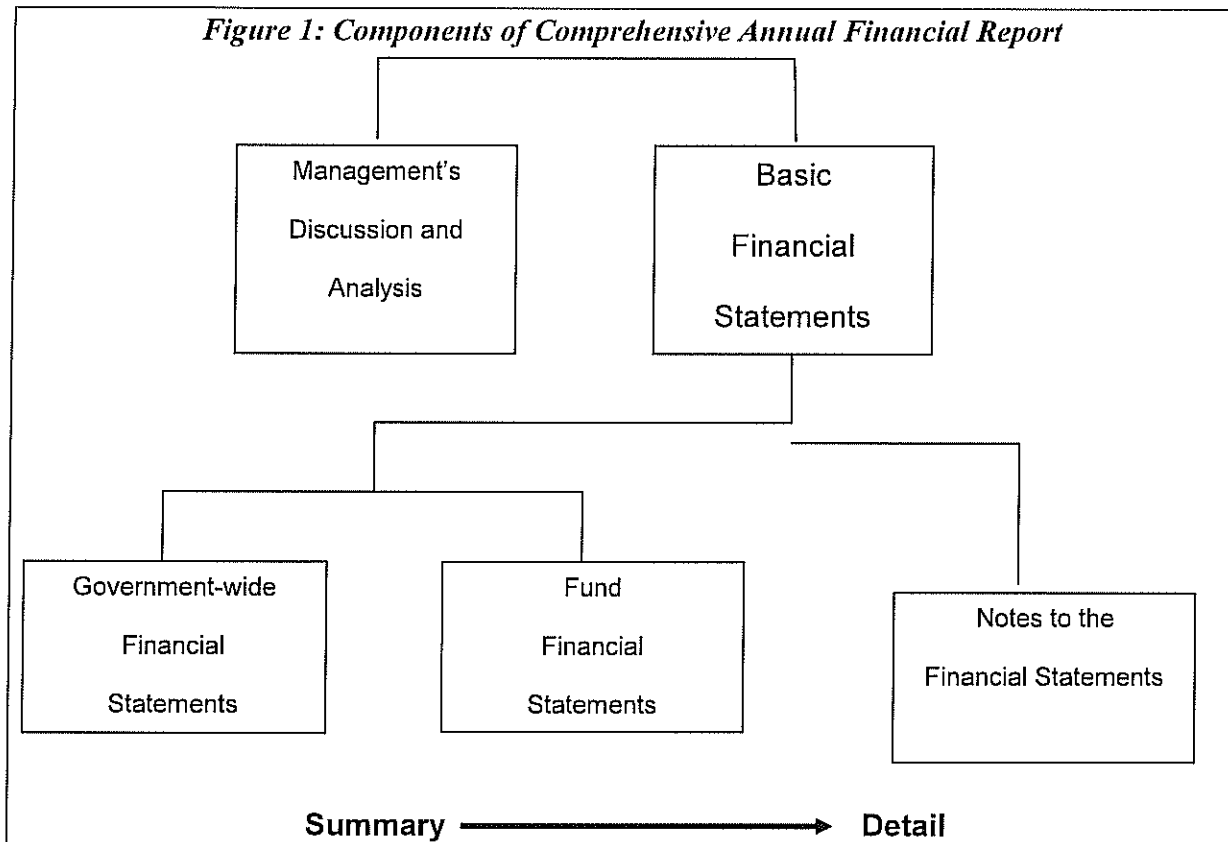
Financial Statements and Their Relationship to One Another

The Town account for its programs through three operating funds in FY15. The first is the General Fund within which the accounting for governmental services and all personnel expenses by department is maintained. The Town has two proprietary, sometimes called enterprise or business-type, funds in its Water Fund and Sewer Fund. The purpose of these funds is to segregate the sources and uses of funds that are directly related to the respective water and sewer utility 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 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, 2015.
- *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, 2014 to June 30, 2015.
- *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.

A feature of the CAFR that can be quite confusing is the basis. 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.



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.

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 \$8,541,246.
- The Town’s General Fund total fund balance increased by \$216,742, due primarily to the revenues exceeding the budgeted amounts and limited use of contingency monies. However, a net restatement charge to show the unfunded pension liability, where none has been booked heretofore, booked a negative \$672,115.

- The Water Fund net position increased by \$231,001, due primarily due to the increase in utility rates for the Main Street waterline project which has not started and expenses being lower than expected in many lines. The “net” figure includes depreciation/amortization charges of \$298,567.
- The Sewer Fund net position decreased by \$15,352. The “net” figure includes depreciation charges of \$249,149.
- The amount of cash on hand increased from \$1,993,727 on June 30, 2014 to \$2,353,347 on June 30, 2015 for a net increase of \$359,620.

Figure 2: The Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 977,180	\$ 759,327	\$ 1,766,917	\$ 1,660,278	\$ 2,744,097	\$ 2,419,605
Long-term assets	\$ 1,856,178	\$ 1,888,639	\$ 9,611,084	\$ 9,863,072	\$ 11,467,262	\$ 11,751,711
Total assets	\$ 2,833,358	\$ 2,647,966	\$ 11,378,001	\$ 11,523,350	\$ 14,211,359	\$ 14,171,316
Deferred outflows - pension	\$ 101,145				\$ 101,145	
Current liabilities	\$ 82,869	\$ 75,929	\$ 224,050	\$ 390,750	\$ 306,919	\$ 466,679
Long-term liabilities	\$ 551,472	\$ 23,856	\$ 4,705,513	\$ 4,899,811	\$ 5,256,985	\$ 4,923,667
Total Liabilities	\$ 634,341	\$ 99,785	\$ 4,929,563	\$ 5,290,561	\$ 5,563,904	\$ 5,390,346
Deferred inflows - pension	\$ 207,354				\$ 207,354	
Net capital assets	\$ 1,856,178	\$ 1,888,639	\$ 4,691,319	\$ 4,754,393	\$ 6,547,497	\$ 6,643,032
Unrestricted net assets	\$ 236,630	\$ 659,542	\$ 1,757,119	\$ 1,478,396	\$ 1,993,749	\$ 2,137,938
Total net assets	\$ 2,092,808	\$ 2,548,181	\$ 6,448,438	\$ 6,232,789	\$ 8,541,246	\$ 8,780,970

Capital Asset and Debt Administration

A summary of utility construction and machinery added to the asset/depreciation lists in FY 15 is below. There were no major asset deletions due to demolitions, write-downs or other reasons. The Town was actively working on the Briarherst sewer line replacement and the Main Street water line replacement projects as of the end of FY 15.

Water Fund

Water Plant Chemical Feed System	\$ 197,164
ACHS-Briar Patch Fire Line	\$ 13,252
Main Street Waterline Replacement	\$ 22,800
	<u>\$ 233,216</u>

Sewer Fund

Sewer Line Rehab/PER	\$ 8,750
Ambriar/Briarherst Sewer	\$ 23,978
Sewer Jet Machine	\$ 29,784
	<u>\$ 62,512</u>

The Town’s legal debt limit is \$17,529,460. Subtracting current long-term debt (i.e. all but payments due during FY 15) totaling \$4,705,513, the Town has an unused loan capacity of \$12,823,947. All of the Town’s long-term debts are guaranteed by “general obligation”.

Figure 3: Outstanding Indebtedness

Purpose of Loan	Bond Date	Original Amount	Balance 6/30/15	Annualized Payment	Interest Rate	Estimated
						Payoff Date
WTP/UH Water Tank	Oct-10	\$ 2,188,523	\$ 1,632,082	\$ 185,205	3.280%	Oct-25
Sewer Plant	Sep-05	\$ 3,121,000	\$ 2,748,105	\$ 159,552	4.125%	Aug-45
Rt. 60W Water Line	Nov-12	\$ 539,152	\$ 519,620	\$ 29,044	3.000%	Jul-44
			\$ 4,899,807	\$ 373,801		

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, 2015, the remaining value in the "Brockman Park Recoupment Fund" was \$2,307,902. To encourage economic development at Brockman Park, in FY16 the Town is looking at extending an agreement with an industrial building design-build-finance company that will market and promote sites in the development.

Change in Financial Condition

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

Figure 4: Comparison of General Fund Budget to Actual

	Budget	Actual	
Revenue			
Per Statement	\$ 1,823,023	\$ 2,083,621	114%
Expense			
Administration	\$ 844,317	\$ 853,348	101%
Police	\$ 391,672	\$ 365,703	93%
Utilities	\$ 587,034	\$ 571,057	97%
Per Statement	\$ 1,823,023	\$ 1,790,108	98%
Net Income (Loss)		\$ 293,513	

Given the continued economic slowdown, the actual general fund revenues and expenses as compared to those budgeted were generally as expected with these major positive variances:

Meals & Beverage taxes	\$ 32,962
Bank stock taxes	29,211
Land sales	23,250
Contingency reserve (expense)	101,139
Brockman Park marketing (expense)	24,704
Capitalized labor (expense)	28,018
Total Positive Variance	\$ 239,284

Explaining the performance of the Water and Sewer Funds is a little more complicated due to depreciation charges and construction funding. Furthermore, those figures are eclipsed by the aging infrastructure issue.

The Water Fund shows an operating income of \$231,001.

<u>Included</u>	<u>Not Included</u>
\$297,347 Depreciation	\$214,249 Loan payments
	\$13,252 Transfer in for ACHS-Briar Patch project

The Sewer Fund shows an operating loss of \$15,352.

<u>Included</u>	<u>Not Included</u>
\$249,149 Depreciation	\$159,552 Loan payments

Infrastructure Assets

From an accrual, auditor-prepared financial statement basis, I believe the FY15 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 FY15. 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 FY15. This is clearly not a favorable situation and the bill will eventually become due.

Summary

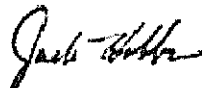
Working to improve the Town's ever-aging water and sewer infrastructure and maintaining a competent and motivated workforce continue to be the Town's most significant challenges.

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 come out of the recession as well as can be expected and is better off as of June 30, 2015 than it was on June 30, 2014. Furthermore, the general state of the Town of Amherst's finances is good if compared to many other local governments, and this situation will be resolved with the recovery of the economy 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 me know if you have any questions or concerns about any item contained in this letter or in the audit report.

Sincerely,



Jack Hobbs
Town Manager



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Amherst as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Amherst's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Specifications for Audit 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Amherst as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Amherst's basic financial statements. The introductory section, statistical section, Schedule of Town's Share of Net Pension Liability, and Schedule of Town Contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, statistical section, Schedule of Town's Share of Net Pension Liability, and Schedule of Town Contributions have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, on our consideration of the Town of Amherst'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Amherst's internal control over financial reporting and compliance.


Lynchburg, Virginia
October 7, 2015





Town of Amherst, Virginia
Statement of Net Position
Full Accrual Basis
June 30, 2015

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 614,123	\$ 545,008	\$ 1,159,131
Investments	309,137	900,000	1,209,137
Net Taxes Receivable	26,106	-	26,106
Net Other Accounts Receivable	13,221	-	13,221
Net Enterprise Accounts Receivable	-	192,572	192,572
Grant Receivable	-	22,800	22,800
Prepaid Expenses	11,393	-	11,393
Inventory	-	106,537	106,537
Other Current Assets	3,200	-	3,200
<i>Total Current Assets</i>	<u>977,180</u>	<u>1,766,917</u>	<u>2,744,097</u>
Net Fixed Assets	1,856,178	9,591,126	11,447,304
Net Loan Costs	-	19,958	19,958
<i>Total Long-Term Assets</i>	<u>1,856,178</u>	<u>9,611,084</u>	<u>11,467,262</u>
Total assets	<u>2,833,358</u>	<u>11,378,001</u>	<u>14,211,359</u>
Deferred Outflows of Resources			
Deferred outflows - pension	101,145	-	101,145
<i>Total deferred outflows of resources</i>	<u>101,145</u>	<u>-</u>	<u>101,145</u>
Liabilities			
Accounts Payable	44,178	24,181	68,359
Accrued Liabilities	9,998	5,575	15,573
Uncompensated absences	28,693	-	28,693
Current Portion of Notes Payable	-	194,294	194,294
<i>Total current liabilities</i>	<u>82,869</u>	<u>224,050</u>	<u>306,919</u>
OPEB liability	29,784	-	29,784
Net pension liability	521,688	-	521,688
Long-Term Portion of Notes Payable	-	4,705,513	4,705,513
<i>Total long-term liabilities</i>	<u>551,472</u>	<u>4,705,513</u>	<u>5,256,985</u>
Total liabilities	<u>634,341</u>	<u>4,929,563</u>	<u>5,563,904</u>
Deferred Inflows of Resources			
Deferred inflows - pension	207,354	-	207,354
<i>Total deferred inflows of resources</i>	<u>207,354</u>	<u>-</u>	<u>207,354</u>
Net Position			
Invested in Capital Assets, net of related debt	1,856,178	4,691,319	6,547,497
Unrestricted	236,630	1,757,119	1,993,749
Total net position	<u>\$ 2,092,808</u>	<u>\$ 6,448,438</u>	<u>\$ 8,541,246</u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Activities
Full Accrual Basis
For the year ending June 30, 2015

Net (Expense) Revenue
and Changes in Net Position

Program Expenses	Program Revenues			Primary Government		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government:						
Governmental activities:						
General government administration	\$ 875,047	\$ 1,061,421	\$ -	\$ -	\$ 186,374	\$ 186,374
Public Safety	352,527	-	65,884	-	(286,643)	(286,643)
Public Works	549,527	-	-	-	(549,527)	(549,527)
Total Government Activities	\$ 1,777,101	\$ 1,061,421	\$ 65,884	\$ -	\$ (649,796)	\$ (649,796)
Business type activities						
Water & Sewer	1,850,012	2,052,409	-	-	-	202,397
Total Primary Government	\$ 3,627,113	\$ 3,113,830	\$ 65,884	\$ -	\$ (649,796)	\$ 202,397
General revenues:						
General property taxes					7,807	7,807
Other local taxes					802,629	802,629
Unrestricted revenues from use of money and property					16,208	16,208
Permits and Privilege Fees					8,790	8,790
Fines and Forfeitures					25,456	25,456
Intergovernmental revenues					18,900	18,900
Transfers					(13,252)	18,900
Total General Revenues and Transfers					866,538	879,790
Change in net position					\$ 216,742	\$ 432,391
Restatement for GASB No. 68					(672,115)	(672,115)
Net position-beginning					2,548,181	8,780,970
Net position-ending					\$ 2,092,808	\$ 8,541,246

See accompanying notes to the financial statements



Town of Amherst, Virginia
Balance Sheet
Governmental Funds
Modified Accrual Basis
June 30, 2015

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 599,202
Investments	309,137
Net Taxes Receivable	26,107
Net Other Accounts Receivable	13,221
Prepaid Expenses	11,393
<i>Total Current Assets</i>	<u>959,060</u>
<i>Total Assets</i>	\$ <u><u>959,060</u></u>
<u>Liabilities</u>	
Accounts Payable	44,178
Accrued Liabilities	6,798
Deferred Revenue	26,107
<i>Total Current Liabilities</i>	<u>77,083</u>
<i>Total Liabilities</i>	<u><u>77,083</u></u>
<u>Fund Balance</u>	
Fund Balance - Nonspendable	11,393
Fund Balance - Unassigned	870,584
<i>Total Fund Balance</i>	<u>881,977</u>
<i>Total Liabilities and Fund Balance</i>	\$ <u><u>959,060</u></u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

Revenues

General Property Taxes

Personal Property Taxes	\$ 4,990
Penalties	7,869
<i>Total General Property Taxes</i>	<u>12,859</u>

Other Local Taxes

Meals	307,962
Lodging	6,855
Consumer Utility Taxes	146,859
Local Sales and Use Taxes	92,566
Business License Taxes	115,425
Motor Vehicle Licenses	43,751
Bank Stock Taxes	89,211
<i>Total Other Local Taxes</i>	<u>802,629</u>

Permits and Privilege Fees

Communications Lease	8,790
<i>Total Permits and Privilege Fees</i>	<u>8,790</u>

Fines and Forfeitures

Fines	25,274
Seized Property	182
<i>Total Fines and Forfeitures</i>	<u>25,456</u>

Revenue from Use of Money and Property

Interest Earned	78,444
<i>Total Revenue from Use of Money and Property</i>	<u>78,444</u>

Miscellaneous Revenue

Trash Curbside	88,814
Miscellaneous	40,569
Administrative Fees from Enterprise Funds	770,034
Police Security Revenue	2,079
Surety Bond Proceeds	145,913
Proceeds from Sale of Land	23,250
<i>Total Miscellaneous Revenues</i>	<u>1,070,659</u>

Intergovernmental Revenues

Non-Categorical Aid From the Commonwealth

Economic Development Recoupment Fee	16,136
Rolling Stock	2,764

Categorical Aid From the Commonwealth

Virginia State Police Grant	52,884
Fire Grant	11,000
VML Safety Program Grant	2,000
<i>Total Intergovernmental Revenues</i>	<u>84,784</u>

Total Revenues \$ 2,083,621

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

Expenditures

General Government Administration

Legislative

Total Mayor and Town Council	\$ 6,350
<i>Total Legislative</i>	<u>6,350</u>

Non-Legislative General Government

General Government Salaries	185,278
Employment Expenses	60,205
Employee Assistance Program	850
Temporary Employee Salaries	5,681
Town Attorney	26,136
Office Supplies	19,625
Office Equipment	10,916
Miscellaneous	7,658
Contingency Reserve	25,512
Capital Expenditures	66,831
Property & Landscape Maintenance	23,011
Electric - Streetlights	29,736
Heat and Electricity	6,849
Telephone	13,626
Grants	26,750
Utility Service Allowance	2,356
Building Maintenance	6,961
Decorations	11,713
Insurance	50,196
Marketing	3,110
Publications and Membership	3,684
Planning & Development	1,045
Trash Contract Collection	81,682
Travel and Training	1,179
Audit & Accounting Services	8,350
Engineering Services	6,000
Fire Department	11,000
Bad Debt Expense	5,145
Surety Bond Expense	145,913
<i>Total Non-Legislative General Government</i>	<u>846,998</u>

Total General Government Administration \$ 853,348

Public Safety Expenditures

Law Enforcement and Traffic Control

Public Safety Salaries	\$ 230,696
Employment Expenses	76,073
Equipment and Uniforms	22,281
Travel and Training	5,320
Vehicles - Fuel	10,486
Vehicles - Maintenance	8,145
Miscellaneous	7,020
Rent	708
Supplies	3,318
Attorney fees	1,656
<i>Total Public Safety Expenditures</i>	<u>\$ 365,703</u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

Expenditures (continued)

<u>Public Works Expenditures</u>	
<i>Utilities</i>	
Salaries	\$ 402,607
Employment Expenses	148,186
Benefits-Contra Capital Projects	(28,018)
Heat and Electricity	3,540
Vehicles - Repair	3,922
Uniforms	3,209
Building Maintenance	988
Equipment Maintenance	14,252
Training and Education	5,973
Miscellaneous	4,306
Vehicles - Fuel	12,092
<i>Total Public Works Expenditures</i>	<u>571,057</u>
<i>Total Expenditures</i>	<u>1,790,108</u>
<i>Excess of revenues over expenditures</i>	<u>293,513</u>
<u>Other financing sources (uses)</u>	
Transfers out	<u>(13,252)</u>
<i>Total other financing sources (uses)</i>	<u>(13,252)</u>
Change in Fund Balance	\$ 280,261
Fund Balance-Beginning	601,716
Fund Balance-Ending	<u>\$ 881,977</u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Net Position
Proprietary Funds
Full Accrual Basis
June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Memorandum Total
Assets			
Cash and Cash Equivalents	\$ 164,673	\$ 380,335	\$ 545,008
Investments	592,405	307,595	900,000
Net Enterprise Accounts Receivable	111,279	81,293	192,572
Grant Receivable	22,800	-	22,800
Inventory	86,710	19,827	106,537
<i>Total Current Assets</i>	<u>977,867</u>	<u>789,050</u>	<u>1,766,917</u>
Net Fixed Assets	5,804,415	3,786,711	9,591,126
Net Loan Costs	19,958	-	19,958
<i>Total Long Term Assets</i>	<u>5,824,373</u>	<u>3,786,711</u>	<u>9,611,084</u>
Total Assets	<u>\$ 6,802,240</u>	<u>\$ 4,575,761</u>	<u>\$ 11,378,001</u>
Liabilities			
Accounts Payable	\$ 22,998	\$ 1,183	\$ 24,181
Accrued Liabilities	5,575	-	5,575
Current Portion of Notes Payable	147,219	47,075	194,294
<i>Total Current Liabilities</i>	<u>175,792</u>	<u>48,258</u>	<u>224,050</u>
Notes Payable	2,004,483	2,701,030	4,705,513
<i>Total Long Term Liabilities</i>	<u>2,004,483</u>	<u>2,701,030</u>	<u>4,705,513</u>
Total Liabilities	<u>2,180,275</u>	<u>2,749,288</u>	<u>4,929,563</u>
Net Position			
Invested in Capital Assets, net of related debt	3,652,713	1,038,606	4,691,319
Unrestricted	969,252	787,867	1,757,119
Total Net Position	<u>\$ 4,621,965</u>	<u>\$ 1,826,473</u>	<u>\$ 6,448,438</u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Full Accrual Basis
For the Year Ending June 30, 2015

	<u>Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Operating Revenues</u>			
Monthly Billing	\$ 1,012,761	\$ 802,544	\$ 1,815,305
Sprinkler Revenue	4,968	-	4,968
Penalties	11,977	8,508	20,485
Water Service Revenue	108,270	-	108,270
Grant Revenue	22,800	-	22,800
Miscellaneous Revenue	12,765	-	12,765
Availability Fees	5,700	5,000	10,700
Dormant Account Fees	3,545	5,204	8,749
Maintenance and Construction Revenue	1,505	2,950	4,455
Nutrient Credit Revenue	-	1,648	1,648
Rutledge Creek Operations	-	42,264	42,264
Total Operating Revenues	\$ 1,184,291	\$ 868,118	\$ 2,052,409
<u>Operating Expenses</u>			
Administrative Fees	\$ 389,110	\$ 380,924	\$ 770,034
Line Materials	21,064	2,657	23,721
Pump Stations Operations	2,497	4,559	7,056
Electricity	41,148	45,867	87,015
Water & Sewer Service	49,455	3,999	53,454
Maintenance	27,405	33,419	60,824
Chemicals	23,976	8,043	32,019
Water Sampling	7,140	-	7,140
Laboratory	12,186	17,279	29,465
Miscellaneous	-	14,514	14,514
Watershed Management	22,137	-	22,137
Nutrient Report Expense	-	8,680	8,680
Water & Sewer Study & Maps	130	0	130
Depreciation Expense	297,347	249,149	546,496
Amortization Expense	1,220	-	1,220
Total Operating Expenses	\$ 894,815	\$ 769,090	\$ 1,663,905
Operating income (expense)	\$ 289,476	\$ 99,028	\$ 388,504
<u>Non-operating revenues (expenses)</u>			
Interest Expense	(71,727)	(114,380)	(186,107)
Total non-operating Revenues/Expenses	(71,727)	(114,380)	(186,107)
Income (loss) before contributions and transfers	217,749	(15,352)	202,397
Transfers in	13,252	-	13,252
Change in Net Position	231,001	(15,352)	215,649
Net Position-Beginning	4,390,964	1,841,825	6,232,789
Net Position-Ending	\$ 4,621,965	\$ 1,826,473	\$ 6,448,438

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Cash Flows
Proprietary Funds
Full Accrual Basis
For the Year Ended June 30, 2015

	<u>Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Memorandum Total Only</u>
Cash flows from operating activities			
Receipts from customers	\$ 1,145,717	\$ 867,487	\$ 2,013,204
Payments to suppliers	(367,455)	(151,352)	(518,807)
Internal activity - payments to other funds	(389,109)	(380,924)	(770,033)
Net cash provided by operating activities	<u>389,153</u>	<u>335,211</u>	<u>724,364</u>
Noncapital financing activities			
Transfers in	13,252	-	13,252
Net cash provided by noncapital financing activities	<u>13,252</u>	<u>-</u>	<u>13,252</u>
Cash flows from Capital and Related Financing Activities			
Purchases of capital assets	(233,216)	(62,512)	(295,728)
Proceeds from capital debt	-	-	-
Principal paid on capital debt	(142,522)	(45,172)	(187,694)
Interest paid on capital debt	(71,727)	(114,380)	(186,107)
Net cash used in capital and related financing activities	<u>(447,465)</u>	<u>(222,064)</u>	<u>(669,529)</u>
Cash flows from Investing Activities			
Net sale (purchase) of investments	(592,405)	(307,595)	(900,000)
Net cash used in investing activities	<u>(592,405)</u>	<u>(307,595)</u>	<u>(900,000)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(637,465)	(194,448)	(831,913)
Cash & Cash Equivalents, beginning of year	<u>802,138</u>	<u>574,783</u>	<u>1,376,921</u>
Cash & Cash Equivalents, end of year	<u>\$ 164,673</u>	<u>\$ 380,335</u>	<u>\$ 545,008</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 289,476	\$ 99,028	\$ 388,504
Adjustments to reconcile change in unrestricted net assets			
Depreciation and Amortization	298,567	249,149	547,716
Decrease/(Increase) in accounts receivable	(18,486)	(631)	(19,117)
Decrease/(Increase) in grant receivable	(22,800)	-	(22,800)
Decrease/(Increase) in inventory	2,748	617	3,365
(Decrease)/Increase in accounts payable	(163,064)	(12,952)	(176,016)
(Decrease)/Increase in accrued liabilities	2,712	-	2,712
Net cash provided by operating activities	<u>\$ 389,153</u>	<u>\$ 335,211</u>	<u>\$ 724,364</u>

See accompanying notes to the financial statements





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies

The Town of Amherst, Virginia (“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 The Town of Amherst, Virginia have been prepared in conformity with the specification promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (hereafter referred to as the GASB). The more significant of the government’s accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis- for State and Local Governments. This statement, known as the “Reporting Model”, affects the way the Town prepares and presents financial information. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

In June 2011, GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amended the net asset reporting requirements in GASB Statement No. 34, and changed the structure of the government balance sheet.

In March 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement amended the financial statement classification of certain items included in deferred inflows and outflows categories that changed the balance sheet structure in GASB Statement No. 63.

Management’s Discussion and Analysis

GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities.

Government-wide and Fund Financial Statements

Government-wide Financial Statements - 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. These statements include the financial activities of the overall government. For the most part, 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

The statement of net position is designed to display financial position of the primary government (government and business-type activities). Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense-the cost of per period use of capital assets-in the Statement of Activities. The new structure under GASB No. 63 requires that deferred outflows of resources to be reported in a separate section following assets and deferred inflows of resources to be reported in a separate section following liabilities. A deferred outflow is a consumption of net assets by the government that is applicable to a future period. A deferred inflow is an acquisition of net assets by the government that is applicable to a future reporting period. Under the GASB No. 63 format, assets plus deferred outflows of resources less liabilities and deferred inflows of resources equal net position. The net position of a government will be broken into three categories-1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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. The statement of activities demonstrates the degree to which the direct expenses of a given function 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.

Fund Financial Statements - 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 limitation. The fund types presented in the financial statements are described below:

Governmental Funds - Governmental Funds are those through which most governmental functions are financed. These funds are reported on the modified accrual basis of accounting. The government reports the following major governmental funds.

General Fund - The General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

Proprietary Funds - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. These funds are reported on the full accrual basis of accounting. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise funds.

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.

Separate financial statements are provided for governmental funds, proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. For governmental funds and proprietary funds, GASB No. 63 requires that deferred outflows of resources to be reported in a separate section following assets and deferred inflows of resources to be reported in a separate section following liabilities. Under the GASB No. 63 format for governmental funds, assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources plus fund balance. Under the GASB No. 63 format for proprietary funds, assets plus deferred outflows of resources less liabilities and deferred inflows of resources equal net position.

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.

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 basic financial statements is financial accountability.

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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 fiscal year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting organization are met.

The government-wide statement of activities reflects both the gross and net cost per functional category which are otherwise being supported by general government revenues, 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 or a business type entity.

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 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.

Cash and Cash Equivalents

State statutes authorize the Town government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool. The Town considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

Investments

Investments for the government, as well as for its component units, are reported at fair value. Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit with maturities less than one year and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Certificates of deposit with maturities of greater than twelve months are included in investments at fair value.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

Interfund Balances and Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to other funds” or “due from other funds” (i.e. the current portion of interfund loans).

Receivables and payables

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 \$495 at June 30, 2015, and is composed of real estate and personal property accounts.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on December 5th. The Town bills and collects its own property taxes. Effective July 1, 2014, the Town has reduced real estate and property tax assessments rates to zero.

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.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. 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, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financial sources while discounts on debt insurance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Revenue

Deferred revenue consists primarily of property taxes and other receivables not collected within 60 days of yearend.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued)

Net Position

Net position represents assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Components of net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Town Council.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they are 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.

Use of Estimates

The preparation of financial statements in conformity with 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 2 – Cash and Investments

Deposits: All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia (a multiple financial institution collateral pool) or covered by federal depository insurance. Under the act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amounts of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loans institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

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) and Asian Development Bank, commercial Paper Record, banker’s acceptances, repurchase agreements and state Treasurers Local Government Investment Pool (LGIP).

The Town maintains its cash balances including certificates of deposit at several financial institutions. The accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. The cash balances in excess of the insurance limits are as follows at June 30, 2015:

Carter Bank & Trust	\$1,878,459
Bank of the James	\$ 53,408

Note 3 – Property Taxes Receivable

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on December 5. The Town bills and collects its own property taxes. Effective July 1, 2014, the Town has reduced real estate and property tax assessments rates to zero.

Note 4 – Claims, Judgments and Compensated Absences

In accordance with GASB 16, the Town has accrued liabilities arising from outstanding claims, judgments and compensated absences. Town employees are paid all unused vacation, holiday due and compensatory time upon termination. The Town has \$28,693 of accrued compensated absences at June 30, 2015.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 5 – Long-Term Debt

Water Fund

On October 29, 2010, the Town issued a general obligation bond to Suntrust Bank and concurrently signed a note with the bank for \$2,188,523, at 3.28% interest to refinance the 1995 note with the United States Department of Agriculture and the 2007 note with Carter Bank & Trust, both of which were used to finance water system improvement programs. The note is secured by the general obligation bond issued by the Town. Payments of principal and interest of \$15,434 are due monthly and began on December 15, 2010. At June 30, 2015 the outstanding balance was \$1,632,082. Interest of \$55,842 was paid during the fiscal year. A schedule of maturities is as follows:

For the year ending June 30	Principal	Interest
2016	\$ 133,663	\$ 51,542
2017	138,114	47,092
2018	142,713	42,493
2019	147,465	37,741
2020	152,375	32,831
2021 - 2025	841,445	84,583
2026	76,307	629
	<u>\$ 1,632,082</u>	<u>\$ 296,911</u>

On November 1, 2012, the Town issued a general obligation bond to Virginia Water Supply Revolving Fund (VWSRF), which is administered by the Virginia Resources Authority (VRA) and concurrently signed a financing agreement with VRA not to exceed \$565,935, at 3% interest. The financing agreement also included a principal forgiveness loan not to exceed \$565,935. The loans from VRA were used to finance the replacement of the Route 60 West waterline. VRA disbursed the loan proceeds to the Town on a reimbursement basis, upon receipt of the appropriate requisition and documentation of project costs. Loan proceeds of \$267,171 and principal forgiveness proceeds of \$267,171 were received during the year ending June 30, 2014. The total amount borrowed under the agreement was \$539,152 and the total amount of principal forgiveness was \$539,152. An interest only payment on loan proceeds was made on January 1, 2014. Payments of principal and interest of \$14,522 are due semi-annually beginning July 1, 2014. At June 30, 2015, the outstanding balance was \$519,620. Interest of \$15,885 was paid during the fiscal year.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 5 – Long-Term Debt (continued)

Water Fund (continued)

The schedule of maturities is as follows:

For the year ending June 30	Principal	Interest
2016	\$ 13,556	\$ 15,488
2017	13,966	15,078
2018	14,388	14,656
2019	14,823	14,221
2020	15,271	13,773
2021 - 2025	83,564	61,656
2026 - 2030	96,980	48,240
2031 - 2035	112,549	32,671
2036 - 2040	130,617	14,602
2041	23,906	505
	<u>\$ 519,620</u>	<u>\$ 230,889</u>

Sewer Fund

On August 4, 2003 the Town obtained interim financing to finance the construction of a new sewer plant. The amount of financing was \$3,121,000. On August 12, 2005, the town issued a note, which replaced the August 4, 2003 interim financing, with the United States Department of Agriculture, secured by a general obligation bond issued by the Town. The obligation has a rate of interest of 4.125% and is amortized over a 40 year period. Payments of principal and interest of \$13,296 are due monthly and began on September 12, 2005. As of June 30, 2015, the outstanding balance was \$2,748,105. Interest of \$114,380 was paid during the current fiscal year.

A schedule of maturities is as follows:

For the year ending June 30	Principal	Interest
2016	\$ 47,075	\$ 112,477
2017	49,054	110,498
2018	51,116	108,436
2019	53,265	106,287
2020	55,504	104,048
2021 - 2025	314,544	483,216
2026 - 2030	386,457	411,303
2031 - 2035	474,811	322,949
2036 - 2040	583,366	214,394
2041 - 2045	716,738	81,022
2046	16,175	66
	<u>\$ 2,748,105</u>	<u>\$ 2,054,696</u>





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 5 – Long-Term Debt (continued)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
Governmental activities	\$ -	\$ -	\$ -	\$ -
Business-type activities:				
Water Fund	2,294,224	-	142,522	2,151,702
Sewer Fund	2,793,277	-	45,172	2,748,105
Total Business-type activities	<u>5,087,501</u>	<u>-</u>	<u>187,694</u>	<u>4,899,807</u>
Total	\$ <u>5,087,501</u>	\$ <u>-</u>	\$ <u>187,694</u>	\$ <u>4,899,807</u>

Note 6 – Retirement Plan

Plan description

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Retirement Plan upon employment. The Plan is administered by the Virginia Retirement System (VRS) 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 are paying 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.

VRS administers three different benefit plan structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are described below:

- Plan 1 – VRS Plan 1 is a defined benefit plan that covers members hired before July 1, 2010 and who were vested as of January 1, 2013. Nonhazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. Retirement eligibility and benefits under the plan is as follows:
 - Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 55 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Plan description (continued)

- Plan 1 continued –
 - Hazardous duty members are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
 - The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer.
 - Members become vested in their benefits when they have at least 5 years of creditable service.
- Plan 2 – VRS Plan 2 is a defined benefit plan that covers members hired or rehired on or after July 1, 2010 and who were not vested as of January 1, 2013. Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. Retirement eligibility and benefits under the plan is as follows:
 - Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
 - Hazardous duty are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 6 – Retirement Plan (continued)

Plan description (continued)

- Plan 2 continued –
 - The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The multiplier for Plan 2 members is 1.70% for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the multiplier is 1.65% for service earned, purchased or granted on or after January 1, 2013. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer.
 - Members become vested in their benefits when they have at least 5 years of creditable service.
- Hybrid Retirement Plan – VRS Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan and covers members who were hired on or after January 1, 2014, as well as VRS Plan 1 and Plan 2 members that opted into the plan during a special election window. Retirement eligibility and benefits under the plan is as follows:
 - Under the defined benefit component, members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
 - Under the defined benefit component, the VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for Hybrid Plan members is 1.0%
 - Under the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions. Under the defined contribution component, the benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
 - Members become vested in their benefits when they have at least 5 years of creditable service. Members are always 100% vested in the contributions that they make.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Plan description (continued)

At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (“COLA”) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 3%. 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.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for plans administered by VRS. A copy of the report may be obtained by writing to the System’s Chief Financial Officer, P.O. Box 2500, Richmond, VA 23218 or from the VRS website at <http://www.varetire.org/pdf/publications/2014-annual-report.pdf>.

Employees covered by benefit terms

	Number
Inactive members or their beneficiaries currently receiving benefits	11
Inactive members	
Vested	1
Non-vested	2
Active elsewhere in VRS	3
Total inactive members	6
Active members	18
Total covered employees	35

Contributions

The contribution requirement for active employees is governed by Title 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, the 5% member contribution was paid by the employer.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 6 – Retirement Plan (continued)

Contributions (continued)

Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 14.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. 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 \$101,145 for the year ended June 30, 2015.

Net pension liability

The Town's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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, 2013, 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, 2014.

- Inflation – 2.5%
- Salary increases, including inflation - 3.5% – 5.35%
- Investment rate of return – 7%, net of pension plan investment expense, 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Actuarial Assumptions – General Employees (continued)

- Mortality rates: 14% of deaths are assumed to be service related
 - Non-LEOS:
 - Pre-Retirement:
 - RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.
 - Post-Retirement:
 - RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
 - Post-Disablement:
 - RP-2000 Disability Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

- Inflation – 2.5%
- Salary increases, including inflation - 3.5% – 4.75%
- Investment rate of return – 7%, net of pension plan investment expense, 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Actuarial Assumptions – Public Safety Employees (continued)

- Mortality rates: 60% of deaths are assumed to be service related
 - LEOS:
 - Pre-Retirement:
 - RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 2 years.
 - Post-Retirement:
 - RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
 - Post-Disablement:
 - RP-2000 Disability Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustment to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Long-term expected rate of return (continued)

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
U. S. Equity	19.50%	6.46%	1.26%
Developed Non U. S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
	*Expected arithmetic nominal return		8.33%

Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which mean there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town’s Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 – Retirement Plan (continued)

Changes in net pension liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	\$ 3,727,919	\$ 2,944,075	\$ 783,844
Changes for the year:			
Service cost	92,880	-	92,880
Interest	254,979	-	254,979
Differences between expected and actual experience	-	-	-
Contributions – employer	-	111,729	(111,729)
Contributions – employee	-	36,361	(36,361)
Net investment income	-	464,398	(464,398)
Benefit payments, including refunds of employee contributions	(170,727)	(170,727)	-
Administrative expenses	-	(2,497)	2,497
Other changes	-	24	(24)
Net changes	177,132	439,288	(262,156)
Balances at June 30, 2014	\$ 3,905,051	\$ 3,383,363	\$ 521,688

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Town’s proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 1,002,011	\$ 521,688	\$ 118,010





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 6 – Retirement Plan (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$56,927. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$	-
Change in assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		-		207,354
Changes in proportion and differences between Employer contributions and proportionate share of contributions		-		-
Employer contributions subsequent to the measurement date		101,145		-
Total	\$	101,145	\$	207,354

Deferred outflows of resources related to pensions of \$101,145 reported as resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		For the year ending June 30
	\$	2016 51,838
		2017 51,838
		2018 51,838
		2019 51,838





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 7 - Defined contribution retirement plan

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 contributions to the plan.

Note 8 - Other Post Employment Benefits

The Governmental Accounting Standards Board ("GASB") has issued its statement No. 45 *Financial Reporting for Postemployment Benefits Other than Pension Plans* ("OPEB"). The statement established standards for the measurement, recognition and display of OPEB expense and related liabilities in the financial statements. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description

The Town provides certain benefits for retired employees through a single employer defined benefit health and welfare plan. The Town may change, add or delete benefits with Town Council approval.

Benefits Provided

The Town provides post employment health, dental, and vision benefits to its retirees, through its group insurance health plan. Retirees must meet the eligibility requirements based on service earned with VRS (discussed in Note 6) to be eligible to receive benefits upon retirement. Retirees may elect to cover a spouse and the spouse can continue coverage upon death of the retiree.

Membership

The number of participants at June 30, 2015 was as follows:

Actives	17
Retirees	2
Spouses	2
Total Participants	21

Funding Policy

The Town currently funds postemployment health care benefits on a pay-as-you-go basis. During the year ended June 30, 2015, the Town recorded \$5,928 for the OPEB liability.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 8 - Other Post Employment Benefits (continued)

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

The following table shows the elements of the Town's annual OPEB cost for the year the changes in the Town's net OPEB obligation for the fiscal year ended June 30, 2015.

Annual required contribution	\$	10,500
Annual OPEB cost		10,500
Contributions made		(4,572)
Increase in net OPEB obligation		5,928
Net OPEB obligation - beginning of year		23,856
Net OPEB obligation - end of year	\$	29,784

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 are as follows.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Obligation
6/30/2015	\$ 10,500	44 %	\$ 29,784
6/30/2014	\$ 10,100	45 %	\$ 23,856
6/30/2013	\$ 9,700	47 %	\$ 18,328

Funding Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

Actuarial Accrued Liability (AAL)	\$	108,000
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)		108,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)		677,900
UAAL as a Percentage of Covered Payroll		15.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 8 - Other Post Employment Benefits (continued)

Actuarial Methods and Assumptions

In the June 30, 2010 valuation, the projected unit credit actuarial cost method was used to develop the AAL and the normal cost. The actuarial assumptions used an investment rate of return of 4% for unfunded ARC, a healthcare cost trend of 8.20% graded to 4.70% over 80 years, and payroll growth rate of 3.75%. The unfunded actuarial accrued liability is being amortized over 30 years using the Level Percent of Payroll method. The remaining amortization period at June 30, 2010 is 30 years.

Note 9 – Surety Bonds

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

Note 10 – Risk Management

The Town of Amherst has contracted with insurance carriers to provide coverage for property damage, employee dishonesty, general liability and workers compensation. There has been no significant reduction in insurance coverage for the past three years.

The Town contracts with a private carrier for health insurance coverage for its employees. All risk of health related claims has been fully transferred to the Health Insurance Provider.

Note 11 – Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, road registered vehicles, 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives 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.

Property and Equipment is stated at cost or estimated cost. Donated property is recorded at market value prevailing at the date of donation. Depreciation on property and equipment commences on the first of the fiscal year following the date initially placed into service.





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 11 – Capital Assets (continued)

Depreciation has been provided over the following estimated useful lives using the straight-line method:

Water/Sewer system	15-40 years
Buildings	40 years
Equipment	5-15 years

Details of changes in property and equipment in the Government Fund for the fiscal year ending June 30, 2015 are as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Land and Buildings	\$ 1,538,081	\$ 16,047	\$ (9,238)	\$ 1,544,890
Town Hall Renovations	143,966	-	-	143,966
Equipment	651,514	50,783	-	702,297
Subtotal	\$ 2,333,561	\$ 66,830	\$ (9,238)	\$ 2,391,153
Less Accumulated Depreciation	444,922	90,053	-	534,975
Net Total Capital Assets	\$ 1,888,639	\$ (23,223)	\$ (9,238)	\$ 1,856,178

Details of changes in property and equipment in the Enterprise Funds for the fiscal year ending June 30, 2015 are as follows:

Proprietary Water Fund

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Land	\$ 5,600	-	-	\$ 5,600
Equipment	63,061	-	-	63,061
Plant and Lines	8,776,317	233,216	-	9,009,533
Subtotal	\$ 8,844,978	\$ 233,216	-	\$ 9,078,194
Less Accumulated Depreciation	2,976,432	297,347	-	3,273,779
Net Total Capital Assets	\$ 5,868,546	\$ (64,131)	-	\$ 5,804,415

As of June 30, 2015, \$22,800 of the Proprietary Water Fund property and equipment balance is construction in progress and is not being depreciated.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 11 – Capital Assets (continued)

Proprietary Sewer Fund

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Land	\$ 6,984	\$ -	\$ -	\$ 6,984
Equipment	41,693	-	-	41,693
Plant and Lines	6,906,422	62,512	-	6,968,934
Subtotal	\$ 6,955,099	\$ 62,512	\$ -	\$ 7,017,611
Less Accumulated Depreciation	2,981,751	249,149	-	3,230,900
Net Total Capital Assets	\$ 3,973,348	\$ (186,637)	\$ -	\$ 3,786,711

As of June 30, 2015, \$101,357 of the Proprietary Sewer Fund property and equipment balance is construction in progress and is not being depreciated.

Note 12 – Reconciliation of Fund Balances to Governmental Net Position

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Fund Balance-Total	\$ 881,977
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets.	1,856,178
Accounts receivable for real estate taxes	26,106
Uncompensated absence accrual	(28,693)
OPEB liability accrual	(29,784)
Net pension liability accrual	(521,688)
Certificate of deposit interest income accrual	14,921
Deferred outflow – pension	101,145
Deferred inflow - pension	<u>(207,354)</u>
Net Position of General Government Activities	<u>\$ 2,092,808</u>





**Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 13 – Grants

The Town received several grants during the year. Two grants totaled \$13,000 for use in Public Safety and one grant totaled \$22,800 for use in the Water Fund. The grant expenses are included in the Statement of Revenue, Expenditures and Changes in Fund Balance. If the use of grants is for capital equipment, the expenditure is reclassified as a Capital Asset and depreciated.

Note 14 – 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 \$732.48 per month. Annual lease income for the year ended June 30, 2015 was \$8,790.

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

<u>Year Ending</u>	<u>Amount</u>
2016	8,790
2017	<u>5,860</u>
Total	\$ <u>14,650</u>

Note 15 – Lease Obligations

The Town leased office space for the police department for two months during the year ended June 30, 2015. The lease commenced on August 1, 2008 and ended on July 31, 2012. Subsequent to July 31, 2012, the lease operated on a month-to-month basis. The monthly rental amount was \$300. Annual rental expense for the year ended June 30, 2015 was \$600 for rent and \$108 for utilities.

Note 16 - Transfers To/From Other Funds

Interfund transfers for the year ending June 30, 2015 were as follows:

		<u>Transfers to:</u>		
		<u>Proprietary Funds</u>		
		<u>Water</u>	<u>Sewer</u>	<u>Total</u>
		<u>Fund</u>	<u>Fund</u>	<u>Proprietary</u>
		<u>Funds</u>		
Transfers from:				
Governmental Funds:				
General Fund	\$	<u>13,252</u>	\$ <u>-</u>	\$ <u>13,252</u>

The transfer was made to fund a capital project.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 17 – Fund Balances

Management implemented Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* starting with the year ending June 30, 2011. In accordance with GASB Statement No. 54, fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the governmental funds are presented below.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:		
Prepaid expenses	\$ 11,393	\$ 11,393
Total Nonspendable	<u>11,393</u>	<u>11,393</u>
Unassigned:		
Permanent fund principal	309,056	309,056
Other unassigned	<u>561,528</u>	<u>561,528</u>
Total Unassigned	<u>870,584</u>	<u>870,584</u>
Total Fund Balances	<u>\$ 881,977</u>	<u>\$ 881,977</u>

In accordance with Town policy, the Town has established a permanent fund principal in the amount of 15% of annual general fund revenues in order to meet ongoing expenditure obligations of the Town. The permanent fund principal represents a contingency reserve. As this permanent fund principal does not meet the definitions of restricted, committed or assigned fund balance, it is classified as unassigned.

Note 18 – Commitments and contingency

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.

The Town has a potential legal contingency related to out of town garbage rates.

In August 2014, the Town Council approved a loan resolution supporting the USDA-financed sewer slip-lining project. The resolution allows for the issuance of bonds in the principal amount up to \$3,017,000 and allows for the acceptance of a grant not to exceed \$1,076,000. In December 2014, the Town Council approved an initial funding offer from the Virginia Department of Health for a 20-year loan of \$2,959,008 to finance the Main Street Water Line Replacement.





Town of Amherst, Virginia
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 19 – Restatement of Fund Balance – Change in Accounting Principle

Effective with the year ending June 30, 2015, the Town adopted GASB No. 68, *Accounting and Financial Reporting for Pensions (Amendment of GASB No. 27)*. Adoption of GASB No 68 required the Town to restate opening net position on government-wide financial statements in order to reflect the initial net pension liability.

Note 20 - Subsequent Events

The Town has evaluated subsequent events through October 7, 2015, the date the report was available for issuance. No events requiring.





Town of Amherst, Virginia
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget Versus Actual
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

	General Fund		
	Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
<u>General Property Taxes</u>			
Personal Property Taxes	\$ -	\$ 4,990	\$ 4,990
Penalties	2,000	7,869	5,869
<i>Total General Property Taxes</i>	<u>2,000</u>	<u>12,859</u>	<u>10,859</u>
<u>Other Local Taxes</u>			
Meals	275,000	307,962	32,962
Lodging	4,500	6,855	2,355
Consumer Utility Taxes	145,000	146,859	1,859
Local Sales and Use Taxes	90,000	92,566	2,566
Business License Taxes	108,000	115,425	7,425
Motor Vehicle Licenses	43,000	43,751	751
Bank Stock Taxes	60,000	89,211	29,211
<i>Total Other Local Taxes</i>	<u>725,500</u>	<u>802,629</u>	<u>77,129</u>
<u>Permits and Privilege Fees</u>			
Communications Lease	8,790	8,790	-
<i>Total Permits and Privilege Fees</i>	<u>8,790</u>	<u>8,790</u>	<u>-</u>
<u>Fines and Forfeitures</u>			
Fines	15,000	25,274	10,274
Seized Property	1,000	182	(818)
<i>Total Fines and Forfeitures</i>	<u>16,000</u>	<u>25,456</u>	<u>9,456</u>
<u>Revenue from Use of Money and Property</u>			
Interest Earned	82,300	78,444	(3,856)
<i>Total Revenue from Use of Money and Property</i>	<u>82,300</u>	<u>78,444</u>	<u>(3,856)</u>
<u>Miscellaneous Revenue</u>			
Trash Curbside	87,747	88,814	1,067
Miscellaneous	40,765	40,569	(196)
Administrative Fees from Enterprise Funds	770,034	770,034	-
Police Security Revenue	1,800	2,079	279
Surety Bond Proceeds	-	145,913	145,913
Proceeds from Sale of Land	-	23,250	23,250
<i>Total Miscellaneous Revenues</i>	<u>900,346</u>	<u>1,070,659</u>	<u>170,313</u>
<u>Intergovernmental Revenues</u>			
<i>Non-Categorical Aid From the Commonwealth</i>			
Economic Development Recoupment Fee	14,103	16,136	2,033
Rolling Stock	2,700	2,764	64
<i>Categorical Aid From the Commonwealth</i>			
Virginia State Police Grant	52,884	52,884	-
Fire Grant	8,000	11,000	3,000
VML Safety Program Grant	1,500	2,000	500
Police Block Grant	8,400	-	(8,400)
Miscellaneous Grants	500	-	(500)
<i>Total Intergovernmental Revenues</i>	<u>88,087</u>	<u>84,784</u>	<u>(3,303)</u>
Total Revenues	\$ 1,823,023	\$ 2,083,621	\$ 260,598

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget Versus Actual
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General Government Administration			
<i>Legislative</i>			
Total Mayor and Town Council	\$ 1,300	\$ 6,350	\$ (5,050)
<i>Total Legislative</i>	<u>1,300</u>	<u>6,350</u>	<u>(5,050)</u>
<i>Non-Legislative General Government</i>			
General Government Salaries	195,271	185,278	9,993
Employment Expenses	60,258	60,205	53
Employee Assistance Program	1,200	850	350
Temporary Employee Salaries	-	5,681	(5,681)
Town Attorney	8,000	26,136	(18,136)
Office Supplies	19,000	19,625	(625)
Office Equipment	17,000	10,916	6,084
Miscellaneous	16,600	7,658	8,942
Contingency Reserve	126,651	25,512	101,139
Capital Expenditures	76,994	66,831	10,163
Property & Landscape Maintenance	17,797	23,011	(5,214)
Electric - Streetlights	32,000	29,736	2,264
Heat and Electricity	5,700	6,849	(1,149)
Telephone	15,000	13,626	1,374
Grants	26,750	26,750	-
Utility Service Allowance	2,400	2,356	44
Building Maintenance	12,000	6,961	5,039
Decorations	6,650	11,713	(5,063)
Insurance	55,000	50,196	4,804
Marketing	27,814	3,110	24,704
Publications and Membership	4,500	3,684	816
Planning and Development	5,000	1,045	3,955
Trash Contract Collection	82,582	81,682	900
Travel and Training	3,500	1,179	2,321
Audit & Accounting Services	8,350	8,350	-
Engineering Services	6,000	6,000	-
Fire Department	8,000	11,000	(3,000)
Bad Debt Expense	3,000	5,145	(2,145)
Surety Bond Expense	-	145,913	(145,913)
<i>Total Non-Legislative General Government</i>	<u>843,017</u>	<u>846,998</u>	<u>(3,981)</u>
<i>Total General Government Administration</i>	<u>\$ 844,317</u>	<u>\$ 853,348</u>	<u>\$ (9,031)</u>
Public Safety Expenditures			
<i>Law Enforcement and Traffic Control</i>			
Public Safety Salaries	241,634	230,696	10,938
Employment Expenses	87,278	76,073	11,205
Equipment and Uniforms	18,905	22,281	(3,376)
Travel and Training	5,100	5,320	(220)
Vehicles - Fuel	20,000	10,486	9,514
Vehicles - Maintenance	8,500	8,145	355
Miscellaneous	4,100	7,020	(2,920)
Rent	-	708	(708)
Supplies	3,200	3,318	(118)
Attorney Fees	2,955	1,656	1,299
<i>Total Public Safety Expenditures</i>	<u>\$ 391,672</u>	<u>\$ 365,703</u>	<u>\$ 25,969</u>

See accompanying notes to the financial statements





Town of Amherst, Virginia
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget Versus Actual
Governmental Funds
Modified Accrual Basis
For the Year Ended June 30, 2015

General Fund			
	Budget	Actual	Variances Favorable (Unfavorable)
Expenditures (continued)			
<u>Public Works Expenditures</u>			
<i>Utilities</i>			
Salaries	\$ 377,817	\$ 402,607	\$ (24,790)
Employment Expenses	146,067	148,186	(2,119)
Benefits-Contra Capital Projects	-	(28,018)	28,018
Heat and Electricity	4,500	3,540	960
Vehicles - Repair	5,000	3,922	1,078
Uniforms	4,500	3,209	1,291
Building Maintenance	2,200	988	1,212
Equipment Maintenance	16,000	14,252	1,748
Training and Education	6,000	5,973	27
Miscellaneous	5,450	4,306	1,144
Vehicles - Fuel	19,500	12,092	7,408
<i>Total Public Works Expenditures</i>	<u>587,034</u>	<u>571,057</u>	<u>15,977</u>
 <i>Total Expenditures</i>	 <u>1,823,023</u>	 <u>1,790,108</u>	 <u>32,915</u>
 <i>Excess of revenues over expenditures</i>	 <u>-</u>	 <u>293,513</u>	 <u>293,513</u>
 <u>Other financing sources (uses)</u>			
Transfers out	-	(13,252)	13,252
 <i>Total other financing sources (uses)</i>	 <u>-</u>	 <u>(13,252)</u>	 <u>13,252</u>
Change in Fund Balance		\$ 280,261	
Fund Balance-Beginning		601,716	
Fund Balance-Ending		<u>\$ 881,977</u>	

See accompanying notes to the financial statements





Town of Amherst, Virginia
Required Supplemental Information
As of June 30, 2015

Statement of Treasurer's Accountability

Assets Held By Treasurer

All Funds

Cash

Cash on Hand	\$	400
Bank of the James		303,408
Carter Bank & Trust		526,589
First National Bank of Altavista		6,218
<i>Total Cash</i>		836,615

Certificates of Deposit

Carter Bank & Trust		1,516,732
<i>Total Certificates of Deposit</i>		1,516,732

Total Assets Held By Treasurer

\$ 2,353,347

Liabilities Held By Treasurer

Cash Allocated to Funds

General Fund		908,339
Capital Projects Fund		-
Sewer Fund		687,930
Water Fund		757,078
<i>Total Cash Allocated to Funds</i>		2,353,347

Total Liabilities Held by Treasurer

\$ 2,353,347

Computation of Legal Debt Margin

Net Assessed Debt Value	\$	175,294,600
Debt Limit Percentage		10%
Debt Limit Calculated		17,529,460
Total Long-Term Debt		4,705,513
<i>Legal Margin for Creation of Additional Debt</i>		12,823,947

Schedule of Funding Progress for Other Post Employment Benefits

Actuarial Valuation Date		June 30, 2010
Actuarial Value of Assets	\$	-
Actuarial Accrued Liability		108,000
Unfunded Actuarial Accrued Liability (UAAL)		(108,000)
<i>Funded Ratio</i>		0%
Annual Covered Payroll		677,900
<i>UAAL as a Percent of Payroll</i>		15.9%

See accompanying notes to the required supplemental information





Town of Amherst, Virginia
Required Supplemental Information
As of June 30, 2015

Schedule of Town's Share of Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015*

	<u>2015</u>
Total pension liability	
Service cost	\$ 92,880
Interest	254,979
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(170,727)</u>
Net change in total pension liability	177,132
Total pension liability - beginning	<u>3,727,919</u>
Total pension liability - ending	<u><u>\$ 3,905,051</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 111,729
Contributions - employee	36,361
Net investment income	464,398
Benefit payments, including refunds of employee contributions	(170,727)
Administrative expense	(2,497)
Other	24
Net change in plan fiduciary net position	<u>439,288</u>
Plan fiduciary net position - beginning	<u>2,944,075</u>
Plan fiduciary net position - ending	<u><u>\$ 3,383,363</u></u>
Town's net pension liability	<u><u>\$ 521,688</u></u>
Town's net position as a percentage of total pension liability	86.64%
Town's covered-employee payroll at 6/30/14	\$ 728,195
Town's net pension liability as a percentage of its covered-employee payroll	71.64%

**The amounts presented have a measurement date of the previous fiscal year-end.*





**Town of Amherst, Virginia
Required Supplemental Information
As of June 30, 2015**

**Schedule of Town Contributions
VRS State Employee Retirement Plan
For the Year Ended June 30, 2015**

	<u>2015</u>
Contractually Required Contribution	\$ 102,594
Contributions in Relation to Contractually Required Contribution	\$ 101,145
Contribution Deficiency (Excess)	\$ 1,449
Town's covered-employee payroll at 6/30/15	\$ 725,562
Contributions as a % of Covered Employee Payroll	13.94%

See accompanying notes to the required supplemental information





Town of Amherst, Virginia
Required Supplemental Information
For the Year Ended June 30, 2015

	Property Tax Levies and Collections											
	FYE June 30, 2015	FYE June 30, 2014	FYE June 30, 2013	FYE June 30, 2012	FYE June 30, 2011	FYE June 30, 2010	FYE June 30, 2009	FYE June 30, 2008	FYE June 30, 2007	FYE June 30, 2006	FYE June 30, 2005	FYE June 30, 2004
Total Tax Levy	\$ -	\$ 113,570	\$ 116,010	\$ 114,714	\$ 110,614	\$ 110,668	\$ 110,754	\$ 109,934	\$ 194,209	\$ 103,239	\$ 97,126	\$ 97,574
Total Tax Collection	4,990	115,955	110,671	113,701	110,389	111,148	109,364	108,979	199,200	114,036	98,300	98,208
Percent of Tax Collection to Tax Levy	0.00%	101.74%	94.74%	99.12%	99.80%	100.43%	98.74%	99.95%	194.79%	111.22%	101.21%	100.65%
Outstanding Delinquent Taxes	26,106	31,150	31,794	22,115	20,494	28,501	34,720	27,134	19,704	9,091	-	17,517
Percent of Delinquent Taxes to Tax Levy	0.00%	27.43%	27.22%	19.26%	25.76%	25.37%	31.38%	24.91%	18.91%	9.58%	0.00%	17.95%
Assessed Value of Taxable Property												
Real Estate	175,294,500	177,762,200	179,086,400	177,532,100	177,532,100	177,002,600	177,161,700	118,101,000	117,535,400	114,767,600	\$ 114,030,200	\$ 118,011,200
Personal Property	14,518,455	14,311,685	14,492,793	14,056,760	12,747,503	12,713,910	12,820,584	12,404,585	12,131,747	12,131,747	10,425,000	11,372,572
Public Utility	7,610,219	7,715,526	7,095,686	6,787,165	6,430,670	6,539,129	6,815,354	4,180,032	4,736,689	4,736,689	4,755,969	5,608,023
Total Assessed Value	\$ 197,423,174	\$ 199,789,411	\$ 199,674,879	\$ 198,376,025	\$ 196,710,273	\$ 196,255,639	\$ 196,805,618	\$ 134,685,627	\$ 135,332,244	\$ 131,635,036	\$ 129,211,169	\$ 134,991,795

Property Tax Rates (per \$100 of Assessed Value)

Real Estate	0.0%	3.6%	3.6%	3.6%	3.6%	3.6%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Personal Property	0.0%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

Prior to June 30, 2006 the information in this supplemental schedule was audited by others.



Town of Amherst, Virginia
Notes to the Required Supplemental Information
For the Year Ended June 30, 2015

Note 1 – Changes in actuarial information

Changes of benefit terms

There have been no significant changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

LEOS:

- Update mortality table
- Adjustment to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability





**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Specifications for Audit of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the accompanying financial statements of the governmental activities and the business-type activities of the Town of Amherst as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Amherst's basic financial statements and have issued our report thereon dated October 7, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 the Town of Amherst's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town of Amherst, in a separate letter dated October 7, 2015.





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.

Restriction on Use

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these separate parties. However, this report is a matter of public record and its distribution is not limited.

Davidson Doyle & Hiller, LLP

Lynchburg, Virginia
October 7, 2015





**Town of Amherst, Virginia
Summary of Compliance Matters**

As more fully described in the Independent Auditor's 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*, we performed tests of the Town of Amherst's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Budget and Appropriation Laws

Cash and Investments Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

