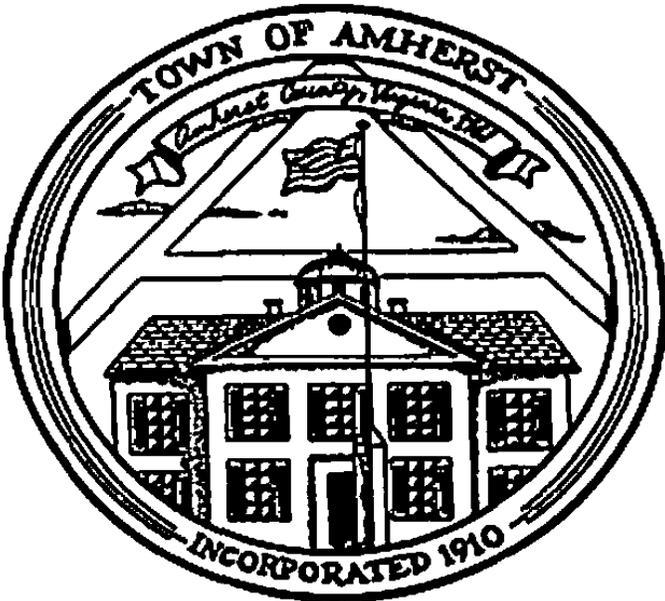


# TOWN OF AMHERST, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2023



**TOWN OF AMHERST, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**TOWN OF AMHERST, VIRGINIA**

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**TOWN COUNCIL**

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Michael H. Driskill  
Kenneth S. Watts  
Andr A. Higginbotham

D. Dwayne Tuggle, Mayor

Janice N. Wheaton  
Sharon W. Turner

**GENERAL TOWN GOVERNMENT**

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Town Manager  
Deputy Town Manager

Sara E. McGuffin  
Tracie L. Morgan

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TOWN OF AMHERST, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-4
Management Discussion and Analysis	5-13
 <b><u>Basic Financial Statements</u></b>	
<b>Government-wide Financial Statements</b>	
Exhibit 1    Statement of Net Position	14
Exhibit 2    Statement of Activities	15-16
 <b>Fund Financial Statements</b>	
Exhibit 3    Balance Sheet—Governmental Funds	17
Exhibit 4    Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	18
Exhibit 5    Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	19
Exhibit 6    Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	20
Exhibit 7    Statement of Net Position—Proprietary Funds	21
Exhibit 8    Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Funds	22
Exhibit 9    Statement of Cash Flows—Proprietary Funds	23
<b>Notes to Financial Statements</b>	24-64
 <b><u>Required Supplementary Information:</u></b>	
Exhibit 10   Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	65
Exhibit 11   Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Forfeited Assets Fund	66

TOWN OF AMHERST, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

---

	<u>Page</u>
<b><u>Required Supplementary Information: (Continued)</u></b>	
Exhibit 12 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan	67-68
Exhibit 13 Schedule of Employer Contributions—Pension Plan	69
Exhibit 14 Notes to Required Supplementary Information—Pension Plan	70
Exhibit 15 Schedule of Town’s Share of Net OPEB Liability—Group Life Insurance (GLI) Plan	71
Exhibit 16 Schedule of Employer Contributions—Group Life Insurance (GLI) Plan	72
Exhibit 17 Notes to Required Supplementary Information—Group Life Insurance (GLI) Plan	73
Exhibit 18 Schedule of Changes in Total OPEB Liability and Related Ratios	74
Exhibit 19 Notes to Required Supplementary Information—Town OPEB	75
<b><u>Other Supplementary Information:</u></b>	
<b>Discretely Presented Component Unit - Industrial Development Authority</b>	
Exhibit 20 Statement of Net Position	76
Exhibit 21 Statement of Revenues, Expenses, and Changes in Net Position	77
Exhibit 22 Statement of Cash Flows	78
<b>Supporting Schedules</b>	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Fund	79-80
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Fund	81-82
<b><u>Other Statistical Information:</u></b>	
Table 1 Government-Wide Expenses by Function—Last Ten Fiscal Years	83
Table 2 Government-Wide Revenues—Last Ten Fiscal Years	84
Table 3 General Governmental Expenditures by Function—Last Ten Fiscal Years	85

TOWN OF AMHERST, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

---

	<u>Page</u>
<b><u>Other Statistical Information: (Continued)</u></b>	
Table 4    General Governmental Revenues by Source—Last Ten Fiscal Years	86
Table 5    Assessed Value of Taxable Property—Last Ten Fiscal Years	87
Table 6    Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	88
Table 7    Computation of Legal Debt Margin	89
<b><u>Compliance:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90-91
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	92-94
Schedule of Expenditures of Federal Awards	95
Notes to Schedule of Expenditures of Federal Awards	96
Schedule of Findings and Questioned Costs	97
Schedule of Prior Audit Findings	98

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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Amherst, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Amherst, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Amherst, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Amherst, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Restatement of Beginning Balances***

As described in Note 20 to the financial statements, in 2023, the Town restated beginning balances to correct an error related to the value of an outstanding bond. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

## ***Responsibilities of Management for the Financial Statements (Continued)***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Amherst, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Amherst, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Amherst, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Amherst, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the other statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, on our consideration of Town of Amherst, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Amherst, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Amherst, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
May 20, 2024



# TOWN OF AMHERST

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Re: FY23 Audit - Management's Discussion and Analysis

Ladies and Gentlemen:

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

Goals of this MD&A letter are to:

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

Accordingly, this narrative overview and analysis of the financial activities of the Town of Amherst is offered for the fiscal year that ended on June 30, 2023. We encourage the Town's residents and business operators and any other interested individual to read the information presented here in conjunction with additional information furnished in the Town of Amherst's audited financial statements that follow this communication.

### Community Profile

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

The Town of Amherst is located along U.S. Route 29 between Lynchburg and Charlottesville, Virginia and is the county seat of Amherst County. Amherst has a population of 2,229 per the 2022 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 members of the governing body are elected on four year terms in odd years. One cycle includes the mayor and two councilors, and the other cycle includes the remaining three councilor seats. The Town Council sets the policies for the operation of the Town's government and appoints the Town Manager and Police Chief.

### Service Programs

FY23 was a good year with respect to the successful delivery of the following Town-sponsored

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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services:

- *Public Safety* - Amherst fully funds a police department and streetlights throughout the Town and provides partial funding for volunteer fire operations. The Town committed to purchasing an independent police department building and bought a building for that purpose in FY 19 and was renovated in FY 21. 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 FY23. The environment was protected by the safe and efficient operation of Amherst's sewer plant. Sanitation was maintained by the collection and proper disposal of municipal solid waste. A renovation to the sedimentation basins at the water treatment plant that is undergoing a complete renovation that began in FY 22 and continues in the current fiscal year. Renovation and replacement of the Town's sewer collection system occurred in FY 22, along with improvements to the wastewater treatment plant. Additionally, the Town is using Federal ARPA money to make additional improvements at the wastewater treatment plant that will improve processes and environmental results.
- *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. The Town received GoVA funding in FY 20 to assist with engineering studies at Brockman that will make the properties more marketable for economic development. This study was ongoing.
- *Community Development* - Amherst sponsors land use planning and regulation programs and continues to make capital investments in its utility infrastructure to guide, direct and support new development. The Town purchased land on Scott's Hill Road in FY 19 to develop as the Town's first park.
- *Community Center* - The Town Hall serves as the community's information center as well as a clearinghouse for an array of programs not directly managed by the federal, state, or county governments or local organizations if for no other reason than there is simply no other entity that provides such services.

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

### Strengths

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

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

Amherst had an adequate overall cash reserve on hand as of June 30, 2023 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 are needed to fund major water treatment plant, water distribution, sewer collection and sewer treatment plant projects. FY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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23 and succeeding years will continue to have significant capital expenses for projects, as the Town stays committed to keeping its infrastructure in good shape.

### Problem Areas

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

### Opportunities

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

Amherst enjoys a relatively stable local economy and solid utility infrastructure. The Town has an excellent water source and well-tended infrastructure being maintained and improved regularly. Amherst has adequate cash reserves and real estate valued at over \$2,000,000 "for sale" in Brockman Park.

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

### Projects and Initiatives

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

- *Brockman Park* - Many lots are vacant but are ready for commercial and industrial development since all necessary road and water, sewer, electrical and internet utility infrastructure has been installed in the development.
- *Wastewater Collection System* - The sewer collection system, with many manholes and miles of sewer "mains", has been substantially rehabilitated, with approximately half of the Town's 20-mile sanitary sewer system having been replaced or lined.
- *Water Treatment Plant*- The Town has completed a renovation of the water treatment plant and the raw water pumping station in FY 21-23, with completion in FY 24. This renovation will maintain current capacity and ensure many years of safe and efficient operation.
- *Growth Management* - The Town continues its work in planning the growth of the community. The Town has worked through updates and improvements to the Comprehensive Plan and revisions to the Zoning and Subdivision Ordinance. Discussion on ways to revitalize the Town's central business district may result in altered zoning regulations, general marketing or other promotion, physical improvements to private and public structures and lands, and/or promotion of downtown events is ongoing.

### Financial Statements and Their Relationship to One Another

The Town accounted for its programs through four operating funds in FY23. The first is the General Fund within which the accounting for governmental services and all personnel expenses by department is maintained. The Town has three proprietary funds, sometimes called enterprise or business-type, funds in its Water Fund, Sewer Fund and Refuse Collection Fund. The purpose of these funds is to segregate the sources and uses of funds that are directly related to the respective water, sewer and refuse collection services. The enterprise funds can be viewed as Town subsidiaries operating under the "holding company" of the Town government. In addition to these, the Town maintains a Capital Improvement Plan to articulate sources and uses of funds for planned future major outlays.

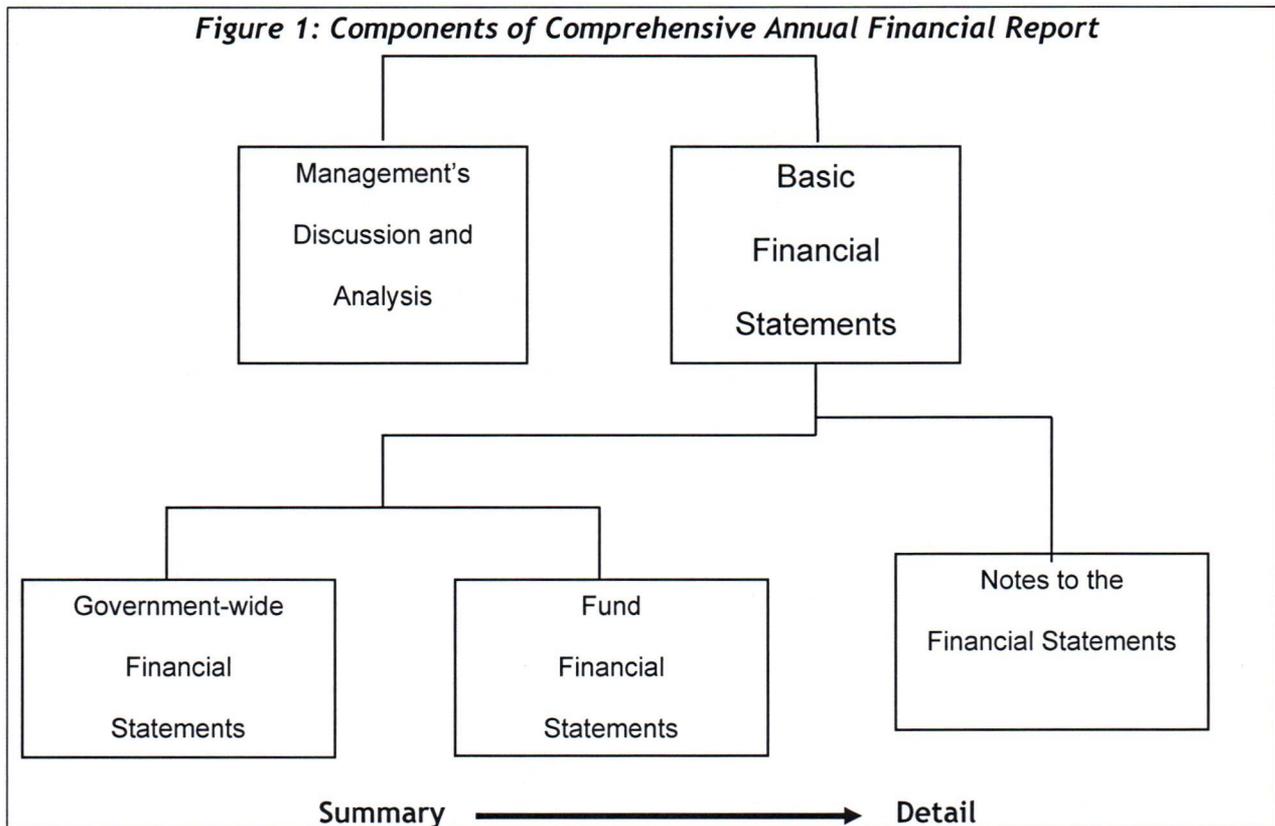
## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Annual Comprehensive Financial Report (ACFR) 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, 2023.
- *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, 2022 to June 30, 2023.
- *Income Statements* - An income statement is also known as a "Statement of Revenues, Expenditures, and Changes in Fund Balance". The income statements based largely on cash flow statements but are adjusted to reflect depreciation charges, amounts "due to" or "due from" when the actual cash receipts or disbursements will occur in other fiscal years, and other adjustments to make the income statement an "accrual" document. The difference between revenue (sources of funds) and expenses (uses of funds), all adjusted per accrual accounting rules, is net income ("Change in Net Position").
- *Notes to the Financial Statements* - The notes provide additional and detailed information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

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



**Fiscal Highlights**

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

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

- The assets and deferred outflows of resources of the Town of Amherst exceeded its liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$14,921,496. \$827,911 of that figure is attributed to the EDA Component Unit.
- The Town’s General Fund total fund balance increased by \$266,484. This is due in large part to revenue from the use of money showing a large positive variance from the budgeted amount.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

- The Water Fund net position increased by \$569,893. The “net” figure includes depreciation charges of \$439,093 and the large increase is contributed to funds received through a VRA grant received by the Town.
- The Sewer Fund net position increased by \$1,168,230, due primarily to capital contributions and construction grants for the Sewer Rehab Capital Project and the ARPA Centrifuge Project. The “net” figure includes depreciation charges of \$253,730.
- The Refuse Collection Fund net position decreased by \$12,691 due to charges for services exceeding revenue generated.

**Figure 2: The Town's Net Position**

	Governmental Activities 2023	Business-Type Activities 2023	Total 2023
Current and other assets	\$3,805,065	\$4,196,098	\$8,001,163
Long-term assets	\$2,185,287	\$19,369,780	\$21,555,067
<b>Total assets</b>	<b>\$5,990,352</b>	<b>\$23,565,878</b>	<b>\$29,556,230</b>
Deferred outflows - pension and OPEB	\$139,452	\$163,831	\$303,283
Current liabilities	\$1,366,221	\$707,386	\$2,073,607
Long-term liabilities	\$571,526	\$12,017,565	\$12,589,091
<b>Total Liabilities</b>	<b>\$1,937,747</b>	<b>\$12,724,951</b>	<b>\$14,662,698</b>
Deferred inflows - pension and OPEB	\$148,522	\$126,797	\$275,319
Net capital assets	\$2,185,87	\$7,284,102	\$9,469,389
Restricted assets	\$330	\$0	\$330
Unrestricted net assets	\$1,857,918	\$3,162,111	\$5,020,029
<b>Total net position</b>	<b>\$4,043,535</b>	<b>\$10,877,961</b>	<b>\$14,921,496</b>

**Capital Asset and Debt Administration**

A summary of utility construction and machinery added to the asset/depreciation lists in FY 23 is below. The building purchased by the Town in FY22 at 133 West Court Street was deleted from the asset schedule. This building was demolished due There were no major asset deletions due to demolitions, write-downs or other reasons.

<u>Plants</u>		<u>General Fund</u>	
Water Plant improvements	\$1,933,962.97		
Sewer Rehab Project	\$ 391,919.00		
WWTP Centrifuge	\$ 629,493.91	Equipment	\$90,088.52
Equipment	\$ 298,896.43		

The Town’s legal debt limit is \$19,,329,030. Subtracting current long-term debt (i.e. all but payments due during FY23) totaling \$11,454,001, the Town has an unused loan capacity of

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

\$7,875,029. The Town refinanced two loans in FY18, combining both loans into one loan with a lower interest rate. The two loans paid off were a wastewater loan, financed through USDA, which had funded improvements to the wastewater treatment plant, and a private loan that funded one of the Town’s two water tanks.

**Figure 3: Outstanding Indebtedness**

Purpose of Loan	Bond Date	Original Amount	Balance 6/30/23	Annualized Payment	Interest Rate	Estimated Payoff Date
Sterling Refi Loan	June-18	\$3,933,409	\$2,477,946	\$ 397,510	3.350%	June-30
Rt. 60W Water Line	Nov-12	\$ 565,935	\$ 415,675	\$ 29,044	3.000%	Jul-43
Main Street Waterline	Dec-17	\$2,368,672	\$1,923,319	\$122,952	2.250%	Jan-47
VRA WTP	Dec-20	\$3,730,000	\$ 3,320,380	\$174,848	2.30%	Jul-52
USDA Sliplining	Apr-20	\$3,414,000	\$3,333,398	\$115,536	1.375%	May-60
			\$11,470,718	\$ 839,890		

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, 2023, the remaining value in the “Brockman Park Recoupment Fund” was \$2,102,130.10.

**Change in Financial Condition**

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

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

	<u>Budget</u>	<u>Actual</u>	
<b>Revenue</b>			
Per Statement	\$ 1,318,811	\$ 1,700,193	129%
<b>Expense</b>			
General Govt.	\$ 340,579	\$ 329,298	104%
Public Safety	\$ 876,158	\$ 861,686	102%
Comm. Development & Parks & Rec.	\$ 10,025	\$ 10,025	100%
Land/Buildings/Other	\$ 170	\$ 170	100%
Public Works	\$ 285,508	\$ 234,031	123%
Per Statement	\$ 1,512,440	\$ 1,433,709	106%
<b>Net Income (Loss)</b>		<b>\$266,484</b>	

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Major Revenue Variances

Interest on Investments	60,325
Local Sales Tax	22,424
Interest on Bank Deposit	52,277
Unrealized Gain/Loss	(-42,231)
Business Lic Tax	73,053.84
Meals Tax	119,792
	<u>\$ 285,641</u>

### Major Expense Variances

Town Manager	14,471
Maintenance	58,416
	72,887

		<u>% of Budget</u>
Total Major Variances	212,754	15%
Total Change in Fund Balance	<u>266,484</u>	19%

### **Infrastructure Assets**

From an accrual, auditor-prepared financial statement basis, we believe the FY23 Annual Comprehensive 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. The Town made great progress on the sewer side in FY 21 and FY22, with completion of the rehabilitation of the sewer collection system in FY22. What isn't replaced or renovated ages each year, and the remaining useful life of each of these key fixed assets as well as all pipes, manholes and fire hydrants that were not improved decreased by a full year in FY22. The Town needs to continue the infrastructure replacement effort on an ongoing basis to avoid facing major expenses when treatment facilities, pipes and control equipment begins to fail and needs to be renovated or placed. Current plans are for a major renovation of the water treatment plant in FY 22-23 and refocusing improvements to the distribution system in succeeding years.

### **Summary**

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

Except for these factors, the effects of which are difficult to quantify from a multi-year fiscal perspective, it is my opinion that the Town has made responsible financial choices in regard to reinvestment in Town facilities and maintaining a healthy fund balance in each area and the Town is better off as of June 30, 2023 than it was on June 30, 2022. Furthermore, the general state of the Town of Amherst's finances is good if compared to many other local governments, and this situation will continue to improve with new development and higher water and sewer usage. The prospects for our community continue to be excellent.

### **Requests for Information**

This Management Discussion and Analysis letter is intended to provide an overview of the Town of Amherst's finances for those with an interest in this area. Please let us know if you have

MANAGEMENT'S DISCUSSION AND ANALYSIS

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any questions or concerns about any item contained in this letter or in the audit report.

Sincerely,  
  
Tracie Morgan  
Deputy Town Manager

  
Sara McGuffin  
Town Manager

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*BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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Town of Amherst, Virginia  
Statement of Net Position  
June 30, 2023

	Primary Government			Component Unit IDA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,575,542	\$ 3,289,594	\$ 6,865,136	\$ 828,374
Cash and cash equivalents, restricted	-	431,748	431,748	-
Receivables:				
Accounts receivable	108,646	357,383	466,029	-
Due from other governmental units	42,112	-	42,112	-
Internal balances	318	(318)	-	-
Inventories	-	81,779	81,779	-
Prepaid items	64,414	10,828	75,242	-
Lease receivable	14,033	-	14,033	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	1,217,364	25,084	1,242,448	-
Buildings and improvements	745,940	-	745,940	-
Plant	-	1,558,989	1,558,989	-
Machinery and equipment	221,983	364,594	586,577	-
Infrastructure	-	5,748,137	5,748,137	-
Construction in progress	-	11,698,060	11,698,060	-
Total assets	<u>\$ 5,990,352</u>	<u>\$ 23,565,878</u>	<u>\$ 29,556,230</u>	<u>\$ 828,374</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 131,047	\$ 154,377	\$ 285,424	\$ -
OPEB related items	8,405	9,454	17,859	-
Total deferred outflows of resources	<u>\$ 139,452</u>	<u>\$ 163,831</u>	<u>\$ 303,283</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,838	\$ 237,949	\$ 249,787	\$ 463
Retainage payable	-	430,485	430,485	-
Accrued liabilities	33,347	38,952	72,299	-
Unearned revenue	1,321,036	-	1,321,036	-
Long-term liabilities:				
Due within one year	5,728	570,754	576,482	-
Due in more than one year	565,798	11,446,811	12,012,609	-
Total liabilities	<u>\$ 1,937,747</u>	<u>\$ 12,724,951</u>	<u>\$ 14,662,698</u>	<u>\$ 463</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	\$ 12,451	\$ -	\$ 12,451	\$ -
Pension related items	130,184	120,172	250,356	-
OPEB related items	5,887	6,625	12,512	-
Total deferred inflows of resources	<u>\$ 148,522</u>	<u>\$ 126,797</u>	<u>\$ 275,319</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 2,185,287	\$ 7,284,102	\$ 9,469,389	\$ -
Restricted for debt reserves	-	431,748	431,748	-
Restricted for forfeited assets	330	-	330	-
Unrestricted	1,857,918	3,162,111	5,020,029	827,911
Total net position	<u>\$ 4,043,535</u>	<u>\$ 10,877,961</u>	<u>\$ 14,921,496</u>	<u>\$ 827,911</u>

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

Town of Amherst, Virginia  
Statement of Activities  
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 318,808	\$ 11,686	\$ -	\$ -
Public safety	763,938	12,028	85,236	-
Public works	202,973	-	-	-
Parks, recreation, and cultural	5,500	-	-	-
Community development	4,525	-	-	-
Total governmental activities	\$ 1,295,744	\$ 23,714	\$ 85,236	\$ -
Business-type activities:				
Water	\$ 1,295,045	\$ 1,221,420	\$ -	\$ 643,518
Sewer	913,253	896,258	-	1,185,225
Garbage	148,833	136,142	-	-
Total business-type activities	\$ 2,357,131	\$ 2,253,820	\$ -	\$ 1,828,743
Total primary government	\$ 3,652,875	\$ 2,277,534	\$ 85,236	\$ 1,828,743
<b>COMPONENT UNIT:</b>				
Industrial Development Authority	\$ 12,498	\$ 34,861	\$ -	\$ -

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	IDA
\$ (307,122)		\$ (307,122)	\$ -
(666,674)		(666,674)	-
(202,973)		(202,973)	-
(5,500)		(5,500)	-
(4,525)		(4,525)	-
<u>\$ (1,186,794)</u>		<u>\$ (1,186,794)</u>	<u>\$ -</u>
	\$ 569,893	\$ 569,893	\$ -
	1,168,230	1,168,230	-
	(12,691)	(12,691)	-
	<u>\$ 1,725,432</u>	<u>\$ 1,725,432</u>	<u>\$ -</u>
<u>\$ (1,186,794)</u>	<u>\$ 1,725,432</u>	<u>\$ 538,638</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,363</u>
\$ 1,110	\$ -	\$ 1,110	\$ -
166,424	-	166,424	-
192,585	-	192,585	-
747,449	-	747,449	-
204,927	-	204,927	-
85,370	-	85,370	-
99,778	-	99,778	1,594
93,600	-	93,600	-
<u>\$ 1,591,243</u>	<u>\$ -</u>	<u>\$ 1,591,243</u>	<u>\$ 1,594</u>
<u>\$ 404,449</u>	<u>\$ 1,725,432</u>	<u>\$ 2,129,881</u>	<u>\$ 23,957</u>
3,639,086	9,152,529	12,791,615	803,954
<u>\$ 4,043,535</u>	<u>\$ 10,877,961</u>	<u>\$ 14,921,496</u>	<u>\$ 827,911</u>

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Town of Amherst, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,572,142	\$ 3,400	\$ 3,575,542
Receivables (net of allowance for uncollectibles):			
Accounts receivable	108,646	-	108,646
Lease receivable	14,033	-	14,033
Due from other funds	318	-	318
Due from other governmental units	42,112	-	42,112
Prepaid items	64,414	-	64,414
Total assets	<u>\$ 3,801,665</u>	<u>\$ 3,400</u>	<u>\$ 3,805,065</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,838	\$ -	\$ 11,838
Accrued liabilities	33,347	-	33,347
Unearned revenue	1,321,036	-	1,321,036
Total liabilities	<u>\$ 1,366,221</u>	<u>\$ -</u>	<u>\$ 1,366,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	\$ 12,451	\$ -	\$ 12,451
Total deferred inflows of resources	<u>\$ 12,451</u>	<u>\$ -</u>	<u>\$ 12,451</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 64,414	\$ -	\$ 64,414
Restricted	-	330	330
Assigned	-	3,070	3,070
Unassigned	2,358,579	-	2,358,579
Total fund balances	<u>\$ 2,422,993</u>	<u>\$ 3,400</u>	<u>\$ 2,426,393</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,801,665</u>	<u>\$ 3,400</u>	<u>\$ 3,805,065</u>

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

Town of Amherst, Virginia  
 Reconciliation of the Balance Sheet of the Governmental Funds  
 to the Statement of Net Position  
 June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 2,426,393
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,185,287
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 131,047	
OPEB related items	<u>8,405</u>	139,452
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (57,275)	
Net pension liability	(144,280)	
Net OPEB liabilities	<u>(369,971)</u>	(571,526)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (130,184)	
OPEB related items	<u>(5,887)</u>	(136,071)
Net position of governmental activities		<u><u>\$ 4,043,535</u></u>

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

Town of Amherst, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 1,110	\$ -	\$ 1,110
Other local taxes	1,311,385	-	1,311,385
Permits, privilege fees, and regulatory licenses	11,686	-	11,686
Fines and forfeitures	12,028	-	12,028
Revenue from the use of money and property	85,370	-	85,370
Miscellaneous	99,778	-	99,778
Intergovernmental:			
Commonwealth	173,264	-	173,264
Federal	5,572	-	5,572
Total revenues	<u>\$ 1,700,193</u>	<u>\$ -</u>	<u>\$ 1,700,193</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 329,298	\$ -	\$ 329,298
Public safety	861,686	-	861,686
Public works	232,530	-	232,530
Parks, recreation, and cultural	5,500	-	5,500
Community development	4,525	-	4,525
Nondepartmental	170	-	170
Total expenditures	<u>\$ 1,433,709</u>	<u>\$ -</u>	<u>\$ 1,433,709</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 266,484</u>	<u>\$ -</u>	<u>\$ 266,484</u>
Net change in fund balances	\$ 266,484	\$ -	\$ 266,484
Fund balances - beginning	2,156,509	3,400	2,159,909
Fund balances - ending	<u>\$ 2,422,993</u>	<u>\$ 3,400</u>	<u>\$ 2,426,393</u>

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

Town of Amherst, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of the Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	266,484
--	----	---------

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

Capital asset additions	\$ 145,654	
Depreciation expense	<u>(98,048)</u>	47,606

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(50,566)
--	--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (13,504)	
Change in pension related items	45,850	
Change in OPEB related items	<u>108,579</u>	<u>140,925</u>

Change in net position of governmental activities	\$	<u><u>404,449</u></u>
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The notes to financial statements are an integral part of this statement.

Town of Amherst, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2023

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,138,745	\$ 1,131,120	\$ 19,729	\$ 3,289,594
Cash and cash equivalents, restricted	124,153	307,595	-	431,748
Accounts receivables, net of allowance for uncollectibles	188,430	138,301	30,652	357,383
Due from other funds	-	6,676	15,437	22,113
Prepaid items	5,819	4,925	84	10,828
Inventories	66,363	15,416	-	81,779
Total current assets	<u>\$ 2,523,510</u>	<u>\$ 1,604,033</u>	<u>\$ 65,902</u>	<u>\$ 4,193,445</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 18,100	\$ 6,984	\$ -	\$ 25,084
Plant	515,810	1,043,179	-	1,558,989
Machinery and equipment	213,501	151,093	-	364,594
Infrastructure	5,102,718	645,419	-	5,748,137
Construction in progress	5,025,919	6,672,141	-	11,698,060
Net capital assets	<u>\$ 10,876,048</u>	<u>\$ 8,518,816</u>	<u>\$ -</u>	<u>\$ 19,394,864</u>
Total noncurrent assets	<u>\$ 10,876,048</u>	<u>\$ 8,518,816</u>	<u>\$ -</u>	<u>\$ 19,394,864</u>
Total assets	<u>\$ 13,399,558</u>	<u>\$ 10,122,849</u>	<u>\$ 65,902</u>	<u>\$ 23,588,309</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 87,549	\$ 66,828	\$ -	\$ 154,377
OPEB related items	5,256	4,198	-	9,454
Total deferred outflows of resources	<u>\$ 92,805</u>	<u>\$ 71,026</u>	<u>\$ -</u>	<u>\$ 163,831</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 145,872	\$ 92,075	\$ 2	\$ 237,949
Retainage payable	229,133	201,352	-	430,485
Accrued liabilities	24,795	13,947	210	38,952
Due to other funds	21,559	857	15	22,431
Notes payable - current portion	179,670	-	-	179,670
Bonds payable - current portion	102,247	287,402	-	389,649
Compensated absences - current portion	385	1,050	-	1,435
Total current liabilities	<u>\$ 703,661</u>	<u>\$ 596,683</u>	<u>\$ 227</u>	<u>\$ 1,300,571</u>
Noncurrent liabilities:				
Notes payable - net of current portion	\$ 5,463,005	\$ -	\$ -	\$ 5,463,005
Bonds payable - net of current portion	690,696	4,730,981	-	5,421,677
Compensated absences - net of current portion	3,464	9,451	-	12,915
Net pension liability	91,564	41,619	-	133,183
Net OPEB liabilities	231,323	184,708	-	416,031
Total noncurrent liabilities	<u>\$ 6,480,052</u>	<u>\$ 4,966,759</u>	<u>\$ -</u>	<u>\$ 11,446,811</u>
Total liabilities	<u>\$ 7,183,713</u>	<u>\$ 5,563,442</u>	<u>\$ 227</u>	<u>\$ 12,747,382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 82,617	\$ 37,555	\$ -	\$ 120,172
OPEB related items	3,683	2,942	-	6,625
Total deferred inflows of resources	<u>\$ 86,300</u>	<u>\$ 40,497</u>	<u>\$ -</u>	<u>\$ 126,797</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 4,075,912	\$ 3,208,190	\$ -	\$ 7,284,102
Restricted for debt reserves	124,153	307,595	-	431,748
Unrestricted	2,022,285	1,074,151	65,675	3,162,111
Total net position	<u>\$ 6,222,350</u>	<u>\$ 4,589,936</u>	<u>\$ 65,675</u>	<u>\$ 10,877,961</u>

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

Town of Amherst, Virginia  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2023

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 1,175,064	\$ -	\$ -	\$ 1,175,064
Sewer	-	873,024	-	873,024
Refuse collection	-	-	131,372	131,372
Penalties	46,356	23,234	4,770	74,360
Total operating revenues	<u>\$ 1,221,420</u>	<u>\$ 896,258</u>	<u>\$ 136,142</u>	<u>\$ 2,253,820</u>
<b>OPERATING EXPENSES</b>				
Personnel services	\$ 376,297	\$ 335,670	\$ 7,986	\$ 719,953
Fringe benefits	57,428	44,605	3,093	105,126
Contractual services	21,503	44,546	137,754	203,803
Other supplies and expenses	230,256	128,179	-	358,435
Depreciation	439,093	253,730	-	692,823
Total operating expenses	<u>\$ 1,124,577</u>	<u>\$ 806,730</u>	<u>\$ 148,833</u>	<u>\$ 2,080,140</u>
Operating income (loss)	<u>\$ 96,843</u>	<u>\$ 89,528</u>	<u>\$ (12,691)</u>	<u>\$ 173,680</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Connection and reconnection fees	\$ 11,892	\$ -	\$ -	\$ 11,892
Interest expense	(170,468)	(106,523)	-	(276,991)
Total nonoperating revenues (expenses)	<u>\$ (158,576)</u>	<u>\$ (106,523)</u>	<u>\$ -</u>	<u>\$ (265,099)</u>
Income (loss) before capital contributions and construction grants	<u>\$ (61,733)</u>	<u>\$ (16,995)</u>	<u>\$ (12,691)</u>	<u>\$ (91,419)</u>
Capital contributions and construction grants	<u>\$ 631,626</u>	<u>1,185,225</u>	<u>\$ -</u>	<u>\$ 1,816,851</u>
Change in net position	<u>\$ 569,893</u>	<u>\$ 1,168,230</u>	<u>\$ (12,691)</u>	<u>\$ 1,725,432</u>
Total net position - beginning, as adjusted	5,652,457	3,421,706	78,366	9,152,529
Total net position - ending	<u>\$ 6,222,350</u>	<u>\$ 4,589,936</u>	<u>\$ 65,675</u>	<u>\$ 10,877,961</u>

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

Town of Amherst, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2023

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,270,823	\$ 945,603	\$ 142,582	\$ 2,359,008
Payments for operating expenses	(204,156)	(8,279)	(137,717)	(350,152)
Payments to and for employees	(529,875)	(472,776)	(11,079)	(1,013,730)
Net cash provided by (used for) operating activities	<u>\$ 536,792</u>	<u>\$ 464,548</u>	<u>\$ (6,214)</u>	<u>\$ 995,126</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	\$ (2,019)	\$ 332	\$ -	\$ (1,687)
Advances to other funds	-	7,181	(5,494)	1,687
Net cash provided by (used for) noncapital financing activities	<u>\$ (2,019)</u>	<u>\$ 7,513</u>	<u>\$ (5,494)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	\$ (2,316,495)	\$ (1,237,514)	\$ -	\$ (3,554,009)
Principal payments on long-term debt	(245,390)	(279,320)	-	(524,710)
Connection and reconnection fees	11,892	-	-	11,892
Intergovernmental grants	-	1,185,225	-	1,185,225
Proceeds from indebtedness	1,755,403	-	-	1,755,403
Interest payments	(170,468)	(106,523)	-	(276,991)
Net cash provided by (used for) capital and related financing activities	<u>\$ (965,058)</u>	<u>\$ (438,132)</u>	<u>\$ -</u>	<u>\$ (1,403,190)</u>
Net increase (decrease) in cash and cash equivalents	\$ (430,285)	\$ 33,929	\$ (11,708)	\$ (408,064)
Cash and cash equivalents - beginning	2,061,557	1,404,786	31,437	3,497,780
Cash and cash equivalents - ending (including restricted)	<u>\$ 1,631,272</u>	<u>\$ 1,438,715</u>	<u>\$ 19,729</u>	<u>\$ 3,089,716</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 96,843	\$ 89,528	\$ (12,691)	\$ 173,680
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	439,093	253,730	-	692,823
(Increase) decrease in accounts receivable	49,403	49,345	6,440	105,188
(Increase) decrease in prepaid items	(554)	(126)	3	(677)
(Increase) decrease in inventories	917	213	-	1,130
(Increase) decrease in deferred outflows of resources	28,824	(13,541)	-	15,283
Increase (decrease) in accounts payable	(175,909)	90,281	2	(85,626)
Increase (decrease) in retainage payable	229,133	70,605	-	299,738
Increase (decrease) in accrued liabilities	(5,984)	3,473	32	(2,479)
Increase (decrease) in deferred inflows of resources	(123,705)	(57,181)	-	(180,886)
Increase (decrease) in net pension liability	65,300	29,679	-	94,979
Increase (decrease) in net OPEB liabilities	(66,243)	(52,905)	-	(119,148)
Increase (decrease) in compensated absences	(326)	1,447	-	1,121
Total adjustments	<u>\$ 439,949</u>	<u>\$ 375,020</u>	<u>\$ 6,477</u>	<u>\$ 821,446</u>
Net cash provided by (used for) operating activities	<u>\$ 536,792</u>	<u>\$ 464,548</u>	<u>\$ (6,214)</u>	<u>\$ 995,126</u>

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

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## TOWN OF AMHERST, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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Town of Amherst, Virginia (the "Town") is governed by an elected Town Council. The Town Council is responsible for appointing the Town Manager and the Police Chief. The Town Manager appoints the Treasurer.

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

#### Financial Statement Presentation

##### Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

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

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

**A. Financial Reporting Entity**

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

**B. Individual Component Unit Disclosures**

*Blended Component Units.* The Town has no blended component units for the fiscal year ended June 30, 2023.

*Discretely Presented Component Units.* The Town of Amherst Industrial Development Authority (IDA) is responsible for promoting industry and developing trade within the Town. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the Town and therefore, it is included in the Town's financial statements as a discrete presentation for the year ended June 30, 2023. The Authority does not issue a separate financial report.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

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

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

**1. Governmental Funds**

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

**a. General Fund**

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

**b. Special Revenue Funds**

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

**2. Proprietary Funds**

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

**a. Enterprise Funds**

Enterprise funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses. Enterprise funds consist of the Water, Sewer, and Garbage Funds.

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

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**D. Cash and Cash Equivalents**

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

Restricted cash of \$124,153 is reported in the Water Fund and \$307,595 in the Sewer Fund for debt reserve requirements.

**E. Investments**

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

**F. Prepaid Items**

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

**G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There was no need for an allowance calculation for the year ended June 30, 2023.

**Real and Personal Property Tax Data:**

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

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

The Town bills and collects its own property taxes.

**H. Inventory**

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

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

**I. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

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

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**K. Leases**

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

*Lessor*

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**L. Compensated Absences**

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

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

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**M. Use of Estimates**

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

**N. Net Position**

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

**O. Net Position Flow Assumption**

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

**P. Pensions**

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

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

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

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

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and the related OPEB expenses of the Town's Medical and Dental Pay-As-You Go Plan have been determined based on assumptions about future events by an independent actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

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

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. Certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**S. Fund Balance**

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

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

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

**S. Fund Balance (Continued)**

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 64,414	\$ -	\$ 64,414
Restricted for:			
Forefeited assets	-	330	330
Assigned:			
Asset forfeiture	-	3,070	3,070
Unassigned fund balance	2,358,579	-	2,358,579
Total fund balances	<u>\$ 2,422,993</u>	<u>\$ 3,400</u>	<u>\$ 2,426,393</u>

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

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

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

- 6. Appropriations lapse on June 30, every year.
- 7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2023, as adopted, appropriated, and legally amended.
- 8. Expenditures and Appropriations  
 Expenditures did not exceed appropriations in any fund for the year ended June 30, 2023.

**Note 3—Deposits and Investments:**

Deposits

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

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc., A-1 by Standards & Poor’s, or F-1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

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

Credit Risk of Debt Securities

The Town’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Town's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Local Government Investment Pool	\$ 535,646	\$ -
VML/VACO Virginia Investment Pool Bond Fund	-	2,654,895
Total	\$ 535,646	\$ 2,654,895

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

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

Interest Rate Risk

Investment Type	Investment Maturities (in years)		
	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 535,646	\$ 535,646	\$ -
VML/VACO Virginia Investment Pool Bond Fund	2,654,895	-	2,654,895
Total	<u>\$ 3,190,541</u>	<u>\$ 535,646</u>	<u>\$ 2,654,895</u>

External Investment Pools

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

Redemption Restrictions

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

Fair Value Measurements

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

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

On June 30, 2023, the Town has receivables from other governments as follows:

Commonwealth of Virginia:	Governmental Activities
Local sales tax	\$ 30,558
Communications tax	11,268
Auto rental tax	286
Total due from other governments	<u>\$ 42,112</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,267,930	\$ -	\$ 50,566	\$ 1,217,364
Total capital assets not subject to depreciation	<u>\$ 1,267,930</u>	<u>\$ -</u>	<u>\$ 50,566</u>	<u>\$ 1,217,364</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 813,484	\$ 63,266	\$ -	\$ 876,750
Machinery and equipment	1,034,048	82,388		1,116,436
Total capital assets subject to depreciation	<u>\$ 1,847,532</u>	<u>\$ 145,654</u>	<u>\$ -</u>	<u>\$ 1,993,186</u>
Accumulated depreciation:				
Buildings and improvements	\$ 106,281	\$ 24,529	\$ -	\$ 130,810
Machinery and equipment	820,934	73,519		894,453
Total accumulated depreciation	<u>\$ 927,215</u>	<u>\$ 98,048</u>	<u>\$ -</u>	<u>\$ 1,025,263</u>
Total capital assets subject to depreciation, net	<u>\$ 920,317</u>	<u>\$ 47,606</u>	<u>\$ -</u>	<u>\$ 967,923</u>
Governmental activities capital assets, net	<u><u>\$ 2,188,247</u></u>	<u><u>\$ 47,606</u></u>	<u><u>\$ 50,566</u></u>	<u><u>\$ 2,185,287</u></u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 25,084	\$ -	\$ -	\$ 25,084
Construction in progress	8,503,047	3,255,113	60,100	11,698,060
Total capital assets not subject to depreciation	<u>\$ 8,528,131</u>	<u>\$ 3,255,113</u>	<u>\$ 60,100</u>	<u>\$ 11,723,144</u>
Capital assets subject to depreciation:				
Plant	\$ 8,617,929	\$ -	\$ -	\$ 8,617,929
Machinery and equipment	143,752	358,996	-	502,748
Infrastructure	10,300,735	-	-	10,300,735
Total capital assets subject to depreciation	<u>\$ 19,062,416</u>	<u>\$ 358,996</u>	<u>\$ -</u>	<u>\$ 19,421,412</u>
Accumulated depreciation:				
Plant	\$ 6,787,863	\$ 271,077	\$ -	\$ 7,058,940
Machinery and equipment	132,299	5,855	-	138,154
Infrastructure	4,136,707	415,891	-	4,552,598
Total accumulated depreciation	<u>\$ 11,056,869</u>	<u>\$ 692,823</u>	<u>\$ -</u>	<u>\$ 11,749,692</u>
Total capital assets subject to depreciation, net	<u>\$ 8,005,547</u>	<u>\$ (333,827)</u>	<u>\$ -</u>	<u>\$ 7,671,720</u>
Business-type activities capital assets, net	<u>\$ 16,533,678</u>	<u>\$ 2,921,286</u>	<u>\$ 60,100</u>	<u>\$ 19,394,864</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 23,389
Public safety	51,064
Public works	23,595
Total depreciation expense - governmental activities	<u>\$ 98,048</u>
Business-type activities:	
Water fund	\$ 439,093
Sewer fund	253,730
Total depreciation expense - business-type activities	<u>\$ 692,823</u>
Total depreciation expense - primary government	<u>\$ 790,871</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 6—Long-term Obligations:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2023:

	Restated Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Net pension liability	\$ 41,390	\$ 271,380	\$ 168,490	\$ 144,280	\$ -
Net OPEB liabilities	475,930	67,395	173,354	369,971	-
Compensated absences	43,771	17,881	4,377	57,275	5,728
<b>Total Governmental Activities</b>	<b>\$ 561,091</b>	<b>\$ 356,656</b>	<b>\$ 346,221</b>	<b>\$ 571,526</b>	<b>\$ 5,728</b>
<b>Business-type Activities:</b>					
Notes Payable	\$ 4,033,775	\$ 1,755,403	\$ 146,503	\$ 5,642,675	\$ 179,670
General obligation bonds	6,189,533	-	378,207	5,811,326	389,649
Net pension liability	38,204	250,506	155,527	133,183	-
Net OPEB liabilities	535,179	75,787	194,935	416,031	-
Compensated absences	13,229	2,444	1,323	14,350	1,435
<b>Total Business-type Activities</b>	<b>\$ 10,809,920</b>	<b>\$ 2,084,140</b>	<b>\$ 876,495</b>	<b>\$ 12,017,565</b>	<b>\$ 570,754</b>
<b>Total Primary Government</b>	<b>\$ 11,371,011</b>	<b>\$ 2,440,796</b>	<b>\$ 1,222,716</b>	<b>\$ 12,589,091</b>	<b>\$ 576,482</b>

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

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

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

Year Ending June 30	Business-type Activities			
	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 179,670	\$ 126,167	\$ 389,649	\$ 123,397
2025	179,127	126,711	401,489	111,557
2026	183,363	122,475	413,697	99,349
2027	187,701	118,137	426,298	86,748
2028	192,143	113,695	439,295	73,751
2029	196,690	109,148	452,739	42,307
2030	201,346	104,492	466,608	46,439
2031	206,113	99,724	77,225	38,311
2032	210,994	94,844	78,282	37,254
2033	215,991	89,846	79,387	36,159
2034	221,109	84,729	80,475	35,061
2035	226,347	79,489	81,589	33,947
2036	231,712	74,126	82,708	32,828
2037	237,206	68,632	83,862	31,674
2038	242,828	63,008	85,022	30,514
2039	248,588	57,248	86,199	29,337
2040	254,485	51,352	87,383	28,153
2041	255,888	45,316	88,601	26,935
2042	237,304	39,490	89,827	25,709
2043	167,491	34,203	91,069	24,467
2044	122,966	30,876	92,323	23,213
2045	125,824	28,018	93,608	21,928
2046	128,749	25,093	94,902	20,634
2047	131,741	22,101	96,216	19,320
2048	134,803	19,038	97,541	17,995
2049	137,937	15,905	98,887	16,639
2050	141,143	12,699	100,265	15,271
2051	144,424	9,418	101,653	13,884
2052	147,781	6,061	103,055	12,481
2053	151,211	2,628	104,485	11,051
2054	-	-	105,930	9,606
2055	-	-	107,397	8,139
2056	-	-	108,881	6,655
2057	-	-	110,389	5,147
2058	-	-	111,917	3,619
2059	-	-	113,465	2,071
2060	-	-	89,008	527
Total	<u>\$ 5,642,675</u>	<u>\$ 1,874,669</u>	<u>\$ 5,811,326</u>	<u>\$ 1,202,077</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
Net pension liability	\$ 144,280
Net OPEB liabilities	369,971
Compensated absences	57,275
Total Long-term Obligations, Governmental Activities	<u>\$ 571,526</u>

Business-type Activities:

Direct borrowings:

Notes Payable:

\$565,935 note payable issued November 1, 2012, due in semi-annual installments of \$14,522 through June 2041 with interest due semi-annually at 3.00%. \$ 398,976

\$2,640,300 note payable issued February 4, 2016, due in semi-annual installments of \$61,476 through January 2053 with interest due semi-annually at 2.25%. 1,923,319

\$3,730,000 note payable issued December 2, 2020, due in semi-annual installments of \$87,424 through January 2038 with interest due semi-annually at 2.30%. 3,320,380

Total Notes Payable \$ 5,642,675

General Obligation Bonds:

\$3,933,409 general obligation bond issued June 26, 2018, due in varying monthly installments through June 2030 with interest due monthly at 3.345%. \$ 2,477,946

\$397,000 general obligation bond 2020A issued April 10, 2020, due in monthly installments of \$1,120 through April 2060 with interest due monthly at 1.375%. 387,621

\$3,017,000 general obligation bond 2020A issued April 10, 2020, due in monthly installments of \$8,508 through April 2060 with interest due monthly at 1.375%. 2,945,759

Total General Obligation Bonds \$ 5,811,326

Total Direct Borrowings \$ 11,454,001

Net pension liability 133,183

Net OPEB liabilities 416,031

Compensated absences 14,350

Total Long-term Obligations, Business-type Activities \$ 12,017,565

Total Long-term Obligations, Primary Government \$ 12,589,091

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 7—Due to/from Interfund Balances:**

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The following is a summary of due to/from other funds as of June 30, 2023:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 318	\$ -
Water	-	21,559
Sewer	6,676	857
Garbage	15,437	15
	<u>\$ 22,431</u>	<u>\$ 22,431</u>

**Note 8—Litigation:**

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On June 30, 2023, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

**Note 9—Risk Management:**

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

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

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

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

**Note 11—Commitments and Contingencies:**

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The Town has contracted with a vendor to improve wastewater collection systems. The total amount of the contract outstanding at year end is \$157,340. The Town has contracted with a vendor to rebuild the sewer centrifuge and waste water collection system. The total amount of the contract outstanding is \$1,035,425.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 12—Lease Receivable:**

The Town leases a tower to tenants under the following lease contract. In fiscal year 2023, the Town recognized principal and interest revenue in the amount of \$9,012 and \$585, respectively. A description of the lease is as follows:

<u>Lease Description</u>	<u>Commencement Date</u>	<u>End Date</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Tower lease	7/1/2021	7/31/2024	Monthly	3.25%	\$ 14,033
Total					<u>\$ 14,033</u>

Expected future payments at June 30, 2023 are as follows:

<u>Year Ended</u> June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,840	\$ 273	\$ 13,113
2025	1,193	4	1,197
Total	<u>\$ 14,033</u>	<u>\$ 277</u>	<u>\$ 14,310</u>

**Note 13—Pension Plan:**

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

**Benefit Structures**

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

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

**Note 13—Pension Plan: (Continued)**

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***Benefit Structures (Continued)***

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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*Note 13—Pension Plan: (Continued)*

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***Employees Covered by Benefit Terms***

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	5
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>4</u>
Total inactive members	12
Active members	<u>19</u>
Total covered employees	<u><u>46</u></u>

***Contributions***

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

The Town's contractually required employer contribution rate for the year ended June 30, 2023 was 16.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$187,655 and \$163,346 for the years ended June 30, 2023 and June 30, 2022, respectively.

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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*Note 13—Pension Plan: (Continued)*

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**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 13—Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 13—Pension Plan: (Continued)**

**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

*Note 13—Pension Plan: (Continued)*

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

*Note 13—Pension Plan: (Continued)*

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town and was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 5,256,334	\$ 5,176,740	\$ 79,594
Changes for the year:			
Service cost	\$ 165,376	\$ -	\$ 165,376
Interest	350,915	-	350,915
Differences between expected and actual experience	(110,045)	-	(110,045)
Contributions - employer	-	162,863	(162,863)
Contributions - employee	-	50,993	(50,993)
Net investment income	-	(2,326)	2,326
Benefit payments, including refunds	(445,941)	(445,941)	-
Administrative expenses	-	(3,269)	3,269
Other changes	-	116	(116)
Net changes	\$ (39,695)	\$ (237,564)	\$ 197,869
Balances at June 30, 2022	\$ 5,216,639	\$ 4,939,176	\$ 277,463

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

*Note 13—Pension Plan: Continued*

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town’s Net Pension Liability (Asset)	\$ 958,010	\$ 277,463	\$ (282,615)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$73,640. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97,680
Change of assumptions	97,769	-
Net difference between projected and actual earnings on pension plan investments	-	152,676
Employer contributions subsequent to the measurement date	187,655	-
Total	<u>\$ 285,424</u>	<u>\$ 250,356</u>

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 13—Pension Plan: (Continued)**

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

\$187,655 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions, after the measurement date will be recognized as a reduction of the Net Pension Liability (asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2024	\$ (42,660)
2025	(61,465)
2026	(117,227)
2027	68,765
2028	-
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan):**

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***Plan Description***

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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**Plan Description (Continued)**

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

**Eligible Employees**

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

**Benefit Amounts**

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

**Contributions**

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted because of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all employer contributions. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$6,250 and \$5,698 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

*Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB***

On June 30, 2023, the entity reported a liability of \$58,399 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer’s proportion was 0.00480% as compared to 0.00490% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$3,281. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,624	\$ 2,343
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,649
Change of assumptions	2,178	5,688
Changes in proportionate share	4,807	832
Employer contributions subsequent to the measurement date	<u>6,250</u>	<u>-</u>
Total	<u>\$ 17,859</u>	<u>\$ 12,512</u>

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**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

\$6,250 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions after the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ 392
2025	420
2026	(2,026)
2027	909
2028	(598)
Thereafter	-

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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*Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*

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**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Long-Term Expected Rate of Return**

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town’s proportionate share of the GLI Plan Net OPEB Liability	\$ 84,977	\$ 58,399	\$ 36,920

**GLI Plan Fiduciary Net Position**

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan):**

**Plan Description**

In addition to the pension benefits described in Note 14 and group life benefits described in Note 15, the Town administers a single-employer defined benefit healthcare plan, The Town of Amherst Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

**Benefits Provided**

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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*Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)*

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**Plan Membership**

On June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government
Total active employees with coverage	19
Total retirees and spouses with coverage	3
Total	<u>22</u>

**Contributions**

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2023 was \$1,647.

**Total OPEB Liability**

The Town's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2023 for the Town.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2023 valuation for the Town was determined using the following Alternative Measurement Methods, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll
Salary Increases	The salary increase rate was 7.40% per annum.
Discount Rate	4.13%
Healthcare Trend Rate	Medical 4.70% to 4.20% over 10 years, Pharmacy 5.20% to 4.20% over 10 years, Dental 3.50% to 3.00% after year 2, and Vision 3.00% for 10 years.
Retirement Age	The average age of retirement is 60.
Mortality Rate	The mortality rates for active and healthy retirees were calculated using the Pub-2010 Public Retirement Plans Mortality Tables with mortality improvement projected for 10 years.



TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

**Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)**

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

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

	Rate		
	1% Decrease	Healthcare Cost Trend	1% Increase
<b>Primary Government:</b>			
Total OPEB liability	\$ 625,079	\$ 727,603	\$ 855,349

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

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of (\$224,578). On June 30, 2023, the Town reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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

**Note 16—Summary of Other Postemployment Benefit Plans:**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
OPEB Plans:				
Group Life Insurance Plan (Note 15)	\$ 17,859	\$ 12,512	\$ 58,399	\$ 3,281
Town Stand-Alone Plan (Note 16)	-	-	727,603	(224,578)
Totals	\$ 17,859	\$ 12,512	\$ 786,002	\$ (221,297)

**Note 17—Line of Duty Act (LODA) (OPEB Benefits):**

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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 17—Line of Duty Act (LODA) (OPEB Benefits): (Continued)**

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The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2023 was \$3,216.

**Note 18—Upcoming Pronouncements:**

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Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

**Note 19 - COVID-19 Pandemic Funding and Subsequent Events:**

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**ARPA Funding**

On March 11, 2023, the American Rescue Plan (ARPA) Act of 2023 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2023 and the balance delivered approximately 12 months later.

In July 2022, the Town received its share of the second half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,321,036 from the initial allocation are reported as unearned revenue as of June 30.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

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**Note 19 - COVID-19 Pandemic Funding and Subsequent Events: (Continued)**

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In July 2023, the Town accepted a grant in the amount of \$1.3 million for the Sunset Drive Project.

**Note 20 - Restatement of Beginning Balances:**

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Beginning net position as of July 1, 2022 was restated as follows:

	<u>Net Position</u>	
	<u>Water</u>	<u>Business-type Activities</u>
Balance, July 1, 2022, as previously stated	\$ 5,222,773	\$ 8,722,845
Restating outstanding bond amount	<u>429,684</u>	<u>429,684</u>
Balance, July 1, 2022, as restated	<u>\$ 5,652,457</u>	<u>\$ 9,152,529</u>

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*REQUIRED SUPPLEMENTARY INFORMATION*

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Town of Amherst, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 1,110	\$ 1,110
Other local taxes	1,082,600	1,082,600	1,311,385	228,785
Permits, privilege fees, and regulatory licenses	9,404	9,404	11,686	2,282
Fines and forfeitures	6,000	6,000	12,028	6,028
Revenue from use of money and property	14,999	15,000	85,370	70,370
Miscellaneous	3,050	26,170	99,778	73,608
Intergovernmental:				
Commonwealth	174,065	174,065	173,264	(801)
Federal	-	5,572	5,572	-
Total revenues	\$ 1,290,118	\$ 1,318,811	\$ 1,700,193	\$ 381,382
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 484,648	\$ 340,579	\$ 329,298	\$ 11,281
Public safety	784,665	876,158	861,686	14,472
Public works	199,845	285,508	232,530	52,978
Parks, recreation, and cultural	5,500	5,500	5,500	-
Community development	3,850	4,525	4,525	-
Nondepartmental	-	170	170	-
Total expenditures	\$ 1,478,508	\$ 1,512,440	\$ 1,433,709	\$ 78,731
Excess (deficiency) of revenues over (under) expenditures	\$ (188,390)	\$ (193,629)	\$ 266,484	\$ 460,113
Net change in fund balances	\$ (188,390)	\$ (193,629)	\$ 266,484	\$ 460,113
Fund balances - beginning	188,390	193,629	2,156,509	1,962,880
Fund balances - ending	\$ -	\$ -	\$ 2,422,993	\$ 2,422,993

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Town of Amherst, Virginia  
 Forfeited Assets Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	3,400	3,400
Fund balances - ending	\$ -	\$ -	3,400	\$ 3,400

Town of Amherst, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Pension Plan  
For the Measurement Dates of June 30, 2015 through June 30, 2022

	<u>2022</u>	<u>2021</u>
<b>Total pension liability</b>		
Service cost	\$ 165,376	\$ 152,761
Interest	350,915	319,880
Changes of assumptions	-	216,277
Differences between expected and actual experience	(110,045)	(40,963)
Benefit payments	(445,941)	(261,154)
<b>Net change in total pension liability</b>	<u>\$ (39,695)</u>	<u>\$ 386,801</u>
<b>Total pension liability - beginning</b>	<u>5,256,334</u>	<u>4,869,533</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 5,216,639</u></u>	<u><u>\$ 5,256,334</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 162,863	\$ 156,820
Contributions - employee	50,993	54,340
Net investment income	(2,326)	1,122,760
Benefit payments	(445,941)	(261,154)
Administrator charges	(3,269)	(2,767)
Other	116	106
<b>Net change in plan fiduciary net position</b>	<u>\$ (237,564)</u>	<u>\$ 1,070,105</u>
<b>Plan fiduciary net position - beginning</b>	<u>5,176,740</u>	<u>4,106,635</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 4,939,176</u></u>	<u><u>\$ 5,176,740</u></u>
 <b>Town's net pension liability (asset) - ending (a) - (b)</b>	 \$ 277,463	 \$ 79,594
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 94.68%	 98.49%
 <b>Covered payroll</b>	 \$ 1,055,264	 \$ 1,015,856
 <b>Town's net pension liability (asset) as a percentage of covered payroll</b>	 26.29%	 7.84%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	149,456	\$ 145,258	\$ 138,111	\$ 132,722	\$ 119,138	\$ 93,912
	306,873	307,232	300,137	293,785	271,142	264,117
	-	127,771	-	(28,329)	-	-
	(2,041)	(166,934)	(89,274)	(64,526)	173,815	(5,469)
	(262,049)	(250,134)	(245,085)	(240,743)	(240,510)	(263,893)
\$	<u>192,239</u>	\$ <u>163,193</u>	\$ <u>103,889</u>	\$ <u>92,909</u>	\$ <u>323,585</u>	\$ <u>88,667</u>
	4,677,294	4,514,101	4,410,212	4,317,303	3,993,718	3,905,051
\$	<u>4,869,533</u>	\$ <u>4,677,294</u>	\$ <u>4,514,101</u>	\$ <u>4,410,212</u>	\$ <u>4,317,303</u>	\$ <u>3,993,718</u>
\$	152,008	\$ 142,115	\$ 137,564	\$ 132,392	\$ 106,869	\$ 102,001
	46,535	43,300	40,006	38,399	37,381	35,685
	78,187	259,405	272,643	407,279	57,637	151,465
	(262,049)	(250,134)	(245,085)	(240,743)	(240,510)	(263,893)
	(2,655)	(2,565)	(2,361)	(2,374)	(2,144)	(2,170)
	(93)	(163)	(242)	(362)	(25)	(31)
\$	<u>11,933</u>	\$ <u>191,958</u>	\$ <u>202,525</u>	\$ <u>334,591</u>	\$ <u>(40,792)</u>	\$ <u>23,057</u>
	4,094,702	3,902,744	3,700,219	3,365,628	3,406,420	3,383,363
\$	<u>4,106,635</u>	\$ <u>4,094,702</u>	\$ <u>3,902,744</u>	\$ <u>3,700,219</u>	\$ <u>3,365,628</u>	\$ <u>3,406,420</u>
\$	762,898	\$ 582,592	\$ 611,357	\$ 709,993	\$ 951,675	\$ 587,298
	84.33%	87.54%	86.46%	83.90%	77.96%	85.29%
\$	962,412	\$ 895,967	\$ 817,162	\$ 785,624	\$ 759,989	\$ 725,562
	79.27%	65.02%	74.81%	90.37%	125.22%	80.94%

Town of Amherst, Virginia  
 Schedule of Employer Contributions  
 Pension Plan

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution* (1)	Contributions in Relation to Contractually Required Contribution* (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 187,655	\$ 187,655	-	\$ 1,150,171	16.32%
2022	163,346	163,346	-	1,055,264	15.48%
2021	157,296	157,296	-	1,015,856	15.48%
2020	152,095	152,095	-	962,412	15.80%
2019	142,442	142,442	-	895,967	15.90%
2018	137,564	137,564	-	817,162	16.83%
2017	132,392	132,392	-	785,624	16.85%
2016	107,462	107,462	-	759,989	14.14%
2015	102,595	102,595	-	725,562	14.14%
2014	111,778	111,778	-	728,195	15.35%

\*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Town of Amherst, Virginia  
Notes to Required Supplementary Information  
Pension Plan  
For the Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Amherst, Virginia  
 Schedule of Town's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.00480%	\$ 58,399	\$ 1,055,264	5.53%	67.21%
2021	0.00490%	57,282	1,015,856	5.64%	67.45%
2020	0.00470%	78,101	962,412	8.12%	52.64%
2019	0.00457%	74,366	895,967	8.30%	52.00%
2018	0.00430%	65,000	817,162	7.95%	51.22%
2017	0.00443%	66,000	816,306	8.09%	48.86%

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

Town of Amherst, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 6,250	\$ 6,250	\$ -	\$ 1,157,484	0.54%
2022	5,698	5,698	-	1,055,264	0.54%
2021	5,486	5,486	-	1,015,856	0.54%
2020	5,005	5,005	-	962,412	0.52%
2019	4,659	4,659	-	895,967	0.52%
2018	4,249	4,249	-	817,162	0.52%
2017	4,245	4,245	-	816,306	0.52%
2016	3,677	3,677	-	765,940	0.48%
2015	3,483	3,483	-	725,562	0.48%
2014	3,495	3,495	-	728,195	0.48%

**Town of Amherst, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2023**

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

**Changes of assumptions**- The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Amherst, Virginia  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 For the Years Ended June 30, 2018 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>						
Service cost	\$ 79,903	\$ 105,976	\$ 101,975	\$ 73,752	\$ 271,142	\$ 271,142
Interest	26,443	91,794	29,378	60,301	73,984	19,925
Changes in assumptions	(176,635)	388,243	18,830	666,701	175,618	201,099
Differences between expected and actual experience	(154,288)	(884,764)	(79,844)	(140,236)	(375,993)	209,810
Benefit payments	(1,647)	(2,680)	(3,216)	(3,216)	(161,385)	(161,385)
<b>Net change in total OPEB liability</b>	\$ (226,224)	\$ (301,431)	\$ 67,123	\$ 657,302	\$ (16,634)	\$ 540,591
<b>Total OPEB liability - beginning</b>	953,827	1,255,258	1,188,135	530,833	547,467	6,876
<b>Total OPEB liability - ending</b>	<u>\$ 727,603</u>	<u>\$ 953,827</u>	<u>\$ 1,255,258</u>	<u>\$ 1,188,135</u>	<u>\$ 530,833</u>	<u>\$ 547,467</u>
<b>Covered-employee payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Town's total OPEB liability as a percentage of covered-employee payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

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

Town of Amherst, Virginia  
 Notes to Required Supplementary Information - Town OPEB  
 For the Year Ended June 30, 2023

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Valuation Date: 6/30/2023  
 Measurement Date: 6/30/2023

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.13%
Healthcare Trend Rate	The healthcare trend rate assumption ranges between 4.7% and 4.2% for medical, 5.2% and 4.2% for pharmacy, 3.5% and 3.0% for dental, and 3.0% for vision over the course of 10 years.
Salary Increase Rates	The salary increase rate was 7.4% per annum
Retirement Age	The average age of retirement is 60
Mortality Rates	The mortality rates for active and healthy retirees were calculated using the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

*OTHER SUPPLEMENTARY INFORMATION*

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*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

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**Town of Amherst, Virginia**  
**Statement of Net Position**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**June 30, 2023**

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 828,374
Total assets	<u>\$ 828,374</u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 463
Total liabilities	<u>\$ 463</u>

**NET POSITION**

Unrestricted	\$ 827,911
Total net position	<u>\$ 827,911</u>

Town of Amherst, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2023

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**OPERATING REVENUES**

Charges for services:

Bond fees	\$ 34,861
Miscellaneous	1,594
Total operating revenues	\$ 36,455

**OPERATING EXPENSES**

Personnel services	\$ 8,400
Fringe benefits	853
Contractual services	300
Other charges	2,945
Total operating expenses	\$ 12,498

Change in net position	\$ 23,957
Total net position - beginning	803,954
Total net position - ending	\$ 827,911

Town of Amherst, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2023

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 36,455
Payments to employees	(9,253)
Payments for operating activities	<u>(3,228)</u>
Net cash provided by (used for) operating activities	<u>\$ 23,974</u>

Net increase (decrease) in cash and cash equivalents \$ 23,974

Cash and cash equivalents - beginning 804,400  
Cash and cash equivalents - ending \$ 828,374

**Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:**

Operating income (loss)	<u>\$ 23,957</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable and accrued liabilities	<u>\$ 17</u>
Total adjustments	<u>\$ 17</u>
Net cash provided by (used for) operating activities	<u><u>\$ 23,974</u></u>

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*SUPPORTING SCHEDULES*

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Town of Amherst, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 431	\$ 431
Personal property taxes	-	-	350	350
Interest	-	-	329	329
Total general property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,110</u>	<u>\$ 1,110</u>
Other local taxes:				
Local sales and use taxes	\$ 144,000	\$ 144,000	\$ 166,424	\$ 22,424
Consumers' utility taxes	25,200	25,200	25,780	580
Consumption tax	18,000	18,000	17,339	(661)
Business license taxes	117,500	117,500	192,585	75,085
Motor vehicle licenses	40,300	40,300	42,017	1,717
Bank stock taxes	70,000	70,000	64,400	(5,600)
Cigarette taxes	30,000	30,000	39,000	9,000
Hotel and motel room taxes	12,000	12,000	16,391	4,391
Restaurant food taxes	625,600	625,600	747,449	121,849
Total other local taxes	<u>\$ 1,082,600</u>	<u>\$ 1,082,600</u>	<u>\$ 1,311,385</u>	<u>\$ 228,785</u>
Permits, privilege fees, and regulatory licenses:				
Communications lease	\$ 9,404	\$ 9,404	\$ 11,686	\$ 2,282
Total permits, privilege fees, and regulatory licenses	<u>\$ 9,404</u>	<u>\$ 9,404</u>	<u>\$ 11,686</u>	<u>\$ 2,282</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 6,000	\$ 6,000	\$ 12,028	\$ 6,028
Revenue from use of money and property:				
Revenue from use of money	\$ 14,999	\$ 15,000	\$ 85,370	\$ 70,370
Miscellaneous:				
Miscellaneous	\$ 3,050	\$ 26,170	\$ 99,778	\$ 73,608
Total revenue from local sources	<u>\$ 1,116,053</u>	<u>\$ 1,139,174</u>	<u>\$ 1,521,357</u>	<u>\$ 382,183</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 2,390	\$ 2,390	\$ 2,630	\$ 240
Auto rental tax	2,400	2,400	2,546	146
Communications tax	78,000	78,000	70,968	(7,032)
Personal property tax relief funds	17,455	17,455	17,456	1
Total noncategorical aid	<u>\$ 100,245</u>	<u>\$ 100,245</u>	<u>\$ 93,600</u>	<u>\$ (6,645)</u>

Town of Amherst, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
Law enforcement grant	\$ 58,820	\$ 58,820	\$ 64,664	\$ 5,844
Fire programs	15,000	15,000	15,000	-
Total other categorical aid	<u>\$ 73,820</u>	<u>\$ 73,820</u>	<u>\$ 79,664</u>	<u>\$ 5,844</u>
Total categorical aid	<u>\$ 73,820</u>	<u>\$ 73,820</u>	<u>\$ 79,664</u>	<u>\$ 5,844</u>
Total revenue from the Commonwealth	<u>\$ 174,065</u>	<u>\$ 174,065</u>	<u>\$ 173,264</u>	<u>\$ (801)</u>
Revenue from the federal government:				
Categorical aid:				
DCJS Justice Grant	\$ -	\$ 5,572	5,572	\$ -
Total other categorical aid	<u>\$ -</u>	<u>\$ 5,572</u>	<u>\$ 5,572</u>	<u>\$ -</u>
Total categorical aid	<u>\$ -</u>	<u>\$ 5,572</u>	<u>\$ 5,572</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 5,572</u>	<u>\$ 5,572</u>	<u>\$ -</u>
Total General Fund	<u>\$ 1,290,118</u>	<u>\$ 1,318,811</u>	<u>\$ 1,700,193</u>	<u>\$ 381,382</u>
Total Primary Government	<u>\$ 1,290,118</u>	<u>\$ 1,318,811</u>	<u>\$ 1,700,193</u>	<u>\$ 381,382</u>

Town of Amherst, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Fund  
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town Council	\$ 13,772	\$ 18,253	\$ 18,304	\$ (51)
General and financial administration:				
Town Manager	\$ 306,775	\$ 145,741	\$ 139,351	\$ 6,390
Legal services	25,000	25,000	24,020	980
Independent auditor	20,000	20,000	19,850	150
Finance department	98,121	103,797	101,745	2,052
Information technology	20,980	27,788	26,028	1,760
Total general and financial administration	\$ 470,876	\$ 322,326	\$ 310,994	\$ 11,332
Total general government administration	\$ 484,648	\$ 340,579	\$ 329,298	\$ 11,281
Public safety:				
Law enforcement and traffic control:				
Police	\$ 757,165	\$ 848,658	\$ 834,186	\$ 14,472
Total law enforcement and traffic control	\$ 757,165	\$ 848,658	\$ 834,186	\$ 14,472
Fire and rescue services:				
Fire department	\$ 27,500	\$ 27,500	\$ 27,500	\$ -
Total fire and rescue services	\$ 27,500	\$ 27,500	\$ 27,500	\$ -
Total public safety	\$ 784,665	\$ 876,158	\$ 861,686	\$ 14,472
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 26,000	\$ 26,000	\$ 31,438	\$ (5,438)
Total maintenance of highways, streets, bridges & sidewalks	\$ 26,000	\$ 26,000	\$ 31,438	\$ (5,438)
Maintenance of general buildings and grounds:				
General properties	\$ 173,845	\$ 259,508	\$ 201,092	\$ 58,416
Total maintenance of general buildings and grounds	\$ 173,845	\$ 259,508	\$ 201,092	\$ 58,416
Total public works	\$ 199,845	\$ 285,508	\$ 232,530	\$ 52,978
Parks, recreation, and cultural:				
Cultural enrichment:				
Village garden club	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Museum	2,500	2,500	2,500	-
Total cultural enrichment	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
Total parks, recreation, and cultural	\$ 5,500	\$ 5,500	\$ 5,500	\$ -

Town of Amherst, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Fund  
 For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning and zoning	\$ 1,350	\$ 2,025	\$ 2,025	\$ -
Neighbors helping neighbors	2,500	2,500	2,500	-
Total planning and community development	<u>\$ 3,850</u>	<u>\$ 4,525</u>	<u>\$ 4,525</u>	<u>\$ -</u>
Total community development	<u>\$ 3,850</u>	<u>\$ 4,525</u>	<u>\$ 4,525</u>	<u>\$ -</u>
Nondepartmental:				
Revenue refunds	\$ -	\$ 170	\$ 170	\$ -
Total nondepartmental	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ 170</u>	<u>\$ -</u>
Total General Fund	<u>\$ 1,478,508</u>	<u>\$ 1,512,440</u>	<u>\$ 1,433,709</u>	<u>\$ 78,731</u>
Total Primary Government	<u>\$ 1,478,508</u>	<u>\$ 1,512,440</u>	<u>\$ 1,433,709</u>	<u>\$ 78,731</u>

*OTHER STATISTICAL INFORMATION*

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Table 1

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Enterprise Funds	Total
2022-23	\$ 318,808	\$ 763,938	\$ 202,973	\$ 5,500	\$ 4,525	\$ 2,420,976	\$ 3,716,720
2021-22	212,655	551,025	264,219	5,500	3,567	2,089,263	3,126,229
2020-21	240,987	711,303	280,889	11,400	3,665	2,193,736	3,441,980
2019-20	351,499	497,199	528,146	10,219	2,701	2,578,200	3,967,964
2018-19	151,352	75,956	223,476	10,000	300,566	2,655,547	3,416,897
2017-18	893,550	702,226	920,562	-	-	1,411,655	3,927,993

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

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenues from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2022-23	\$ 2,277,534	\$ 85,236	\$ 1,828,743	\$	1,110	\$ 1,311,385	\$ 85,370	\$ 99,778	\$ 93,600	\$ 5,782,756	
2021-22	2,465,539	320,482	1,269,158		5,914	1,135,250	(85,715)	29,830	96,873	5,237,331	
2020-21	2,437,214	341,518	3,250		-	969,934	17,035	22,277	100,496	3,891,724	
2019-20	2,359,650	69,456	150,000		152	875,350	132,248	20,233	227,547	3,834,636	
2018-19	2,587,861	134,371	7,500		1,984	941,777	120,013	19,711	111,514	3,924,731	
2017-18	2,643,706	68,259	142,500		-	766,721	39,875	59,798	114,245	3,835,104	

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

Table 3

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

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Non- departmental	Total
2022-23	\$ 329,298	\$ 861,686	\$ 232,530	\$ 5,500	\$ 4,525	\$ 170	\$ 1,433,709
2021-22	282,798	807,190	234,031	5,500	3,567	62,207	1,395,293
2020-21	301,967	688,912	205,060	11,400	3,665	58,457	1,269,461
2019-20	279,446	608,916	134,588	10,219	2,701	241,886	1,277,756
2018-19	291,687	571,393	158,461	10,000	300,566	228,027	1,560,134
2017-18	680,604	531,877	666,582	-	-	-	1,879,063

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Miscellaneous	Inter-governmental	Total
2022-23	\$ 1,110	\$ 1,311,385	\$ 11,686	\$ 12,028	\$ 85,370	\$ 99,778	\$ 178,836	\$ 1,700,193
2021-22	5,914	1,135,250	11,549	7,749	(85,715)	29,830	417,355	1,521,932
2020-21	437	969,934	9,404	4,119	17,035	22,277	442,014	1,465,220
2019-20	593	875,350	9,404	18,855	132,248	20,233	297,003	1,353,686
2018-19	2,005	941,777	9,404	28,887	120,013	19,711	245,885	1,367,682
2017-18	5,526	766,721	9,404	22,093	39,875	59,798	182,504	1,085,921

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

Table 5

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

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
2023	\$ 193,290,300	\$ 18,397,315	\$ 8,344,926	\$ 220,032,541
2022	186,569,700	16,993,695	8,442,048	212,005,443
2021	185,866,000	15,906,515	8,951,429	210,723,944
2020	179,718,800	15,785,748	8,514,905	204,019,453
2019	178,242,600	15,044,248	8,673,831	201,960,679
2018	177,761,100	15,236,340	8,691,251	201,688,691
2017	177,422,200	15,423,985	7,934,880	200,781,065
2016	174,966,200	14,756,704	7,995,189	197,718,093
2015	175,294,600	14,518,455	7,610,219	197,423,274
2014	177,762,200	14,311,685	7,715,526	199,789,411

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

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

(3) The Town does not currently levy property taxes, therefore no property tax revenue is reported.

Table 6

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Payable from Enterprise Revenue	Net Bonded Debt		
2022-23	2,110	\$ 220,032,541	\$ 5,811,326	\$ 5,811,326	\$ -	0.00%	\$ -
2021-22	2,182	212,005,443	6,200,970	6,200,970	-	0.00%	-
2020-21	2,182	210,723,944	6,000,579	6,000,579	-	0.00%	-
2019-20	2,182	201,960,679	3,374,892	3,374,892	-	0.00%	-
2018-19	2,184	201,688,691	3,654,446	3,654,446	-	0.00%	-
2017-18	2,192	200,781,065	3,933,409	3,933,409	-	0.00%	-

Note: This table is designed to show ten years of data. However, information prior to 2017-2018 is unavailable.

(1) Weldon Cooper Center for Public Service population estimates.

(2) From Table 5.

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

Table 7

Town of Amherst, Virginia  
 Computation of Legal Debt Margin  
 June 30, 2023

Assessed value of real property, January 1, 2022 (1)	\$ 193,290,300
Debt limit: 10% of assessed value	\$ 19,329,030
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 11,454,001
Less: Revenue bonds	-
Net general obligation bonds and loans	\$ 11,454,001
Legal debt limit	\$ 7,875,029

(1) Assessed value of real property, including public service corporations as of January 1, 2022.

(2) Includes bonded debt and long-term notes payable.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Town of Amherst Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Amherst, Virginia's basic financial statements and have issued our report thereon dated May 20, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
May 20, 2024



**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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

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

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

We have audited Town of Amherst, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Amherst, Virginia's major federal programs for the year ended June 30, 2023. Town of Amherst, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Amherst, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Amherst, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Amherst, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Amherst, Virginia's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Amherst, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Amherst, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Amherst, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Amherst, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Amherst, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

## Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
May 20, 2024

Town of Amherst, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Treasury:			
Pass Through Payments:			
County of Amherst, Virginia:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	Not Available	<u>\$ 716,994</u>
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	<u>\$ 468,231</u>
Department of Justice:			
Pass-through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-81000	<u>\$ 5,572</u>
Environmental Protection Agency:			
Pass Through Payments:			
Virginia Department of Health:			
Drinking Water State Revolving Fund (DWSRF Cluster):			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Not Available	<u>\$ 2,387,029</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,577,826</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Town of Amherst, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Amherst, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Amherst, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Amherst, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ <u>5,572</u>
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Proprietary Funds:

Water fund	631,626
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Sewer Fund	<u>1,185,225</u>
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Total primary government	\$ <u>1,822,423</u>
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VRA Loan Proceeds	\$ <u>1,755,403</u>
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Total federal expenditures per basic financial statements	\$ <u>3,577,826</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,577,826</u></u>
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Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Town of Amherst, Virginia

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2023

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported	

Noncompliance material to financial statements noted?	_____ yes	_____ <input checked="" type="checkbox"/> no	
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**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported	

Type of auditors' report issued on compliance for major programs: unmodified

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

	_____ yes	_____ <input checked="" type="checkbox"/> no	
--	-----------	--	--

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds
21.027	COVID-19-Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_  no

**Section II-Financial Statement Findings**

None

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

None

**Town of Amherst, Virginia**  
**Schedule of Prior Audit Findings**  
**For the year ended June 30, 2023**

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There were no findings reported for the prior year.