

TOWN OF AMHERST, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TOWN OF AMHERST, VIRGINIA

TOWN COUNCIL

Michael H. Driskill	D. Dwayne Tuggle, Mayor	Janice N. Wheaton
Kenneth S. Watts		Sharon W. Turner
Andrá A. Higginbotham		

GENERAL TOWN GOVERNMENT

Town Manager	Sara E. McGuffin
Deputy Town Manager	Tracie L. Morgan

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FOR THE YEAR ENDED JUNE 30, 2025

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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, 2025, 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, 2025, 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.

Change in Accounting Principles

As described in Note 18 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 19 to the financial statements, in 2025, the Town restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are 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.

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 *Government 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 *Government 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 is presented for purposes of additional analysis and is 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 is 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 August 4, 2026, 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, Farnum, Cox Associates

Richmond, Virginia
August 4, 2026



TOWN OF AMHERST

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Phone (434)946-7885 Fax (434)946-2097

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Re: FY25 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 an Annual Comprehensive Financial Report (ACFR).

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, 2025. 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

FY25 was a good year with respect to the successful delivery of the following Town-sponsored services:

- *Public Safety* - Amherst fully funds a police department and streetlights throughout the Town and provides partial funding for volunteer fire operations. The Town committed to purchasing an independent police department building and bought a building for that purpose in FY 19 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 FY25. 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 thorough renovation of the Town's water treatment plant was completed in FY 25. 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 used its Federal ARPA money to make additional improvements at the wastewater treatment plant that will improve processes and environmental results. This project was completed in FY25.
- *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.
- *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, 2025 relative to its minimum cash reserve/cash balance earmarking policy. The last few fiscal years has seen a

decline the cash reserves in water and wastewater, as long planned for improvements have been completed. FY 25 had still had 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 Fund revenues have declined over the past few years. We believed this was due to aged meters in our system that may not have been accurately measuring water usage. The new meter project was approved in FY24 was completed shortly after the end of FY25 did show a marked difference in usage data from the previous meters. Utility rate increases will be needed to fund infrastructure replacement and keep pace with inflation.

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 and existing vacant land within the town limits. 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. The Town's outdated sludge drying beds were replaced with a new centrifuge system using federal ARPA money.
- *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.

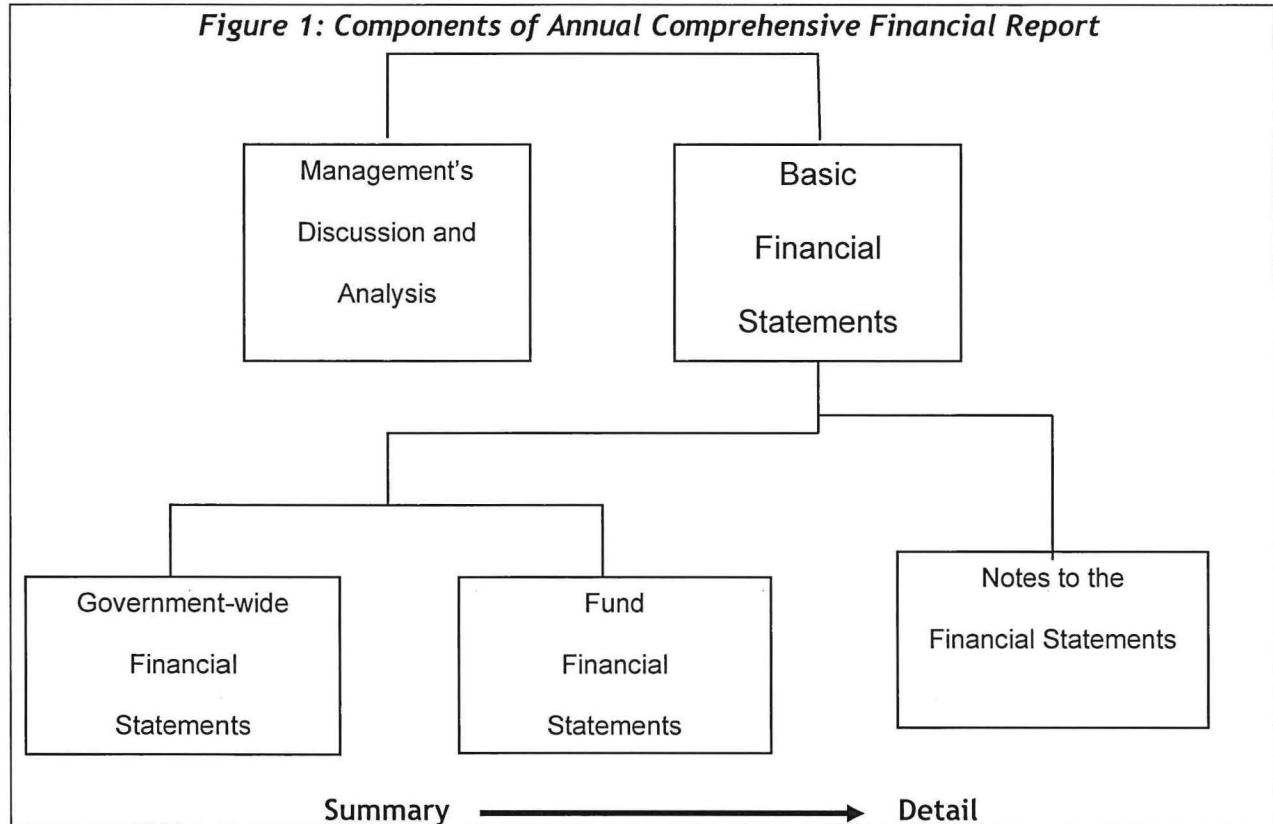
Financial Statements and Their Relationship to One Another

The Town accounted for its programs through four operating funds in FY25. 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.

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, 2025.
- *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, 2024 to June 30, 2025.
- *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 \$16,426,149.
- The Town’s General Fund total fund balance increased by \$318,262. This is due in large part to revenue from the use of money showing a large positive variance from the budgeted amount.
- The Water Fund net position decreased by \$139,404. The “net” figure includes depreciation charges of \$707,967.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Sewer Fund net position decreased by \$239,636. The “net” figure includes depreciation charges of \$363,029.
- The Refuse Collection Fund net position increased by \$9,752.

Figure 2: The Town's Net Position

	Governmental Activities 2025	Business-Type Activities 2025	Total 2025
Current and other assets	\$3,132,880	\$1,960,726	\$5,093,606
Long-term assets	\$2,449,297	\$20,846,267	\$23,295,564
Total assets	\$5,582,177	\$22,806,993	\$28,389,170
Deferred outflows - pension and OPEB	\$323,909	\$300,781	\$624,690
Current liabilities	\$63,453	\$221,554	\$283,950
Long-term liabilities	\$684,018	\$11,311,623	\$11,996,698
Total Liabilities	\$747,471	\$11,533,177	\$12,280,648
Deferred inflows - pension and OPEB	\$222,358	\$84,705	\$307,063
Net capital assets	\$2,316,406	\$10,061,872	\$12,378,278
Restricted assets	\$330	\$124,153	\$124,483
Unrestricted net assets	\$2,619,521	\$1,303,867	\$3,923,388
Total net position	\$4,936,257	\$11,489,892	\$16,426,149

Capital Asset and Debt Administration

A summary of utility construction and machinery added to the asset/depreciation lists in FY 25 is below. There were no major asset deletions due to demolitions, write-downs or other reasons.

Plants

Water Meter Project	\$425,434
Sunset Waterline Replacement	\$618,413
Sewer Rehab Project	\$284,625
WWTP Centrifuge	\$78,573
Equipment	\$47,867

General Fund

Maintenance Shop Addition	\$148,552
Equipment	\$84,453

The Town's legal debt limit is \$19,521,060. Subtracting current long-term debt (i.e. all but payments due during FY25) totaling \$10,636,461, the Town has an unused loan capacity of \$8,884,599. 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 6/30/25	Annualized Payment	Interest Rate	Estimated Payoff Date
Sterling Refi Loan	June-18	\$3,933,409	\$1,828,049	\$ 330,376	3.350%	June-30
Rt. 60W Water Line	Nov-12	\$ 565,935	\$ 364,051	\$ 17,723	3.000%	Jul-43
Main Street Waterline	Dec-17	\$2,640,300	\$1,761,255	\$81,938	2.250%	Jan-47
VRA WTP	Dec-20	\$3,730,000	\$3,490,961	\$92,950	2.30%	Jul-52
USDA Sliplining	Apr-20	\$3,414,000	\$3,192,126	\$71,110	1.375%	May-60
			\$10,636,442	\$ 594,097		

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, 2025, the remaining value in the "Brockman Park Recoupment Fund" was \$1,943,312.26.

Change in Financial Condition

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

Figure 4: Comparison of General Fund Budget to Actual

	<u>Budget</u>	<u>Actual</u>	
Revenue			
Per Statement	\$ 1,692,223	\$ 1,861,214	110%
Expense			
General Govt.	\$ 420,623	\$ 398,658	95%
Public Safety	\$ 991,014	\$ 831,199	84%
Comm. Development & Parks & Rec.	\$ 13,810	\$ 16,833	121.9%
Public Works	\$ 432,595	\$ 352,335	81%
Per Statement	\$ 1,858,042	\$ 1,599,025	86%
Net Income (Loss)		\$262,189	

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

Major Revenue Variances

Interest on Investments	56,136
Meals Tax	8,562
Bank Stock Fee	7,319
Cigarette Tax	9,000
Business License	72,119
Miscellaneous	16,042
	\$ 169,178

Major Expense Variances

Police	-159,815
Maintenance	- 79,183
	238,998

		<u>% of Budget</u>
Total Major Variances	411,890	24%
Total Change in Fund Balance	318,262	19%

Infrastructure Assets

From an accrual, auditor-prepared financial statement basis, we believe the FY25 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.

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, 2025 than it was on June 30, 2024. Furthermore, the general state of the Town of Amherst's finances is good if compared to many other local governments, and this situation will continue to improve with new development and higher water and sewer usage. The prospects for our community continue to be excellent.

Requests for Information

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


Patricia Martin
Treasurer

Sincerely,


Sara McCuffin
Town Manager

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, 2025

June 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type		EDA
	Activities	Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,955,319	\$ 1,325,482	\$ 4,280,801	\$ 970,936
Cash and cash equivalents, restricted	-	124,153	124,153	-
Receivables:				
Accounts receivable	83,898	420,928	504,826	-
Due from other governmental units	36,185	-	36,185	-
Internal balances	8	(8)	-	-
Inventories	-	72,625	72,625	-
Prepaid items	57,470	17,546	75,016	-
Lease receivable	132,891	-	132,891	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	1,217,364	25,084	1,242,448	-
Buildings and improvements	848,771	-	848,771	-
Plant	-	1,037,785	1,037,785	-
Machinery and equipment	250,271	332,324	582,595	-
Infrastructure	-	12,026,453	12,026,453	-
Construction in progress	-	7,424,621	7,424,621	-
Total assets	\$ 5,582,177	\$ 22,806,993	\$ 28,389,170	\$ 970,936
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 315,020	\$ 290,787	\$ 605,807	\$ -
OPEB related items	8,889	9,994	18,883	-
Total deferred outflows of resources	\$ 323,909	\$ 300,781	\$ 624,690	\$ -
LIABILITIES				
Accounts payable	\$ 40,118	\$ 41,227	\$ 81,345	\$ 553
Retainage payable	-	118,962	118,962	-
Accrued liabilities	22,278	61,365	83,643	-
Unearned revenue	1,057	-	1,057	-
Long-term liabilities:				
Due within one year	7,527	617,720	625,247	-
Due in more than one year	676,491	10,693,903	11,370,394	-
Total liabilities	\$ 747,471	\$ 11,533,177	\$ 12,280,648	\$ 553
DEFERRED INFLOWS OF RESOURCES				
Lease related	\$ 131,559	\$ -	\$ 131,559	\$ -
Pension related items	86,354	79,710	166,064	-
OPEB related items	4,445	4,995	9,440	-
Total deferred inflows of resources	\$ 222,358	\$ 84,705	\$ 307,063	\$ -
NET POSITION				
Net investment in capital assets	\$ 2,316,406	\$ 10,061,872	\$ 12,378,278	\$ -
Restricted for debt reserves	-	124,153	124,153	-
Restricted for forfeited assets	330	-	330	-
Unrestricted	2,619,521	1,303,867	3,923,388	970,383
Total net position	\$ 4,936,257	\$ 11,489,892	\$ 16,426,149	\$ 970,383

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

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Town of Amherst, Virginia
Statement of Activities
For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 420,425	\$ -	\$ -	\$ -
Public safety	891,927	9,203	91,989	-
Public works	221,795	-	-	-
Parks, recreation, and cultural	6,501	-	-	-
Community development	10,332	-	-	-
Total governmental activities	\$ 1,550,980	\$ 9,203	\$ 91,989	\$ -
Business-type activities:				
Water	\$ 1,856,507	\$ 1,295,364	\$ -	\$ 433,619
Sewer	1,333,739	973,770	-	164,526
Garbage	164,009	173,761	-	-
Total business-type activities	\$ 3,354,255	\$ 2,442,895	\$ -	\$ 598,145
Total primary government	\$ 4,905,235	\$ 2,452,098	\$ 91,989	\$ 598,145
COMPONENT UNIT:				
Economic Development Authority	\$ 17,294	\$ 68,685	\$ -	\$ -

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
Miscellaneous
Grants and contributions not restricted to specific programs
Contribution from primary government
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Restatement
Net position - beginning, as restated
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	EDA	
\$ (420,425)		\$ (420,425)	\$	-
(790,735)		(790,735)		-
(221,795)		(221,795)		-
(6,501)		(6,501)		-
(10,332)		(10,332)		-
<u>\$ (1,449,788)</u>		<u>\$ (1,449,788)</u>	\$	-
	\$ (127,524)	\$ (127,524)	\$	-
	(195,443)	(195,443)		-
	9,752	9,752		-
	<u>\$ (313,215)</u>	<u>\$ (313,215)</u>	\$	-
\$ (1,449,788)	\$ (313,215)	\$ (1,763,003)	\$	-
\$ -	\$ -	\$ -	\$	51,391
\$ 1,011	\$ -	\$ 1,011	\$	-
161,622	-	161,622		-
256,119	-	256,119		-
769,162	-	769,162		-
209,635	-	209,635		-
244,912	-	244,912		-
31,386	-	31,386		1,719
87,507	-	87,507		-
-	-	-		4,350
56,073	(56,073)	-		-
<u>\$ 1,817,427</u>	<u>\$ (56,073)</u>	<u>\$ 1,761,354</u>	\$	6,069
\$ 367,639	\$ (369,288)	\$ (1,649)	\$	57,460
4,565,931	11,913,540	16,479,471		912,923
2,687	(54,360)	(51,673)		-
<u>4,568,618</u>	<u>11,859,180</u>	<u>16,427,798</u>		<u>912,923</u>
<u>\$ 4,936,257</u>	<u>\$ 11,489,892</u>	<u>\$ 16,426,149</u>	\$	<u>970,383</u>

FUND FINANCIAL STATEMENTS

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Town of Amherst, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,951,919	\$ 3,400	\$ 2,955,319
Receivables (net of allowance for uncollectibles):			
Accounts receivable	83,898	-	83,898
Lease receivable	132,891	-	132,891
Due from other funds	8	-	8
Due from other governmental units	36,185	-	36,185
Prepaid items	57,470	-	57,470
Total assets	<u>\$ 3,262,371</u>	<u>\$ 3,400</u>	<u>\$ 3,265,771</u>
LIABILITIES			
Accounts payable	\$ 40,118	\$ -	\$ 40,118
Accrued liabilities	22,278	-	22,278
Unearned revenue	1,057	-	1,057
Total liabilities	<u>\$ 63,453</u>	<u>\$ -</u>	<u>\$ 63,453</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	131,559	\$ -	\$ 131,559
Total deferred inflows of resources	<u>\$ 131,559</u>	<u>\$ -</u>	<u>\$ 131,559</u>
FUND BALANCES			
Nonspendable	\$ 57,470	\$ -	\$ 57,470
Restricted	-	330	330
Assigned	-	3,070	3,070
Unassigned	3,009,889	-	3,009,889
Total fund balances	<u>\$ 3,067,359</u>	<u>\$ 3,400</u>	<u>\$ 3,070,759</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,262,371</u>	<u>\$ 3,400</u>	<u>\$ 3,265,771</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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 3,070,759
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,316,406
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 315,020	
OPEB related items	<u>8,889</u>	323,909
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	\$ (75,266)	
Net pension liability	(387,773)	
Net OPEB liabilities	<u>(220,979)</u>	(684,018)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (86,354)	
OPEB related items	<u>(4,445)</u>	(90,799)
Net position of governmental activities		<u>\$ 4,936,257</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, 2025

	<u>General</u>	<u>Forfeited Assets Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 1,011	\$ -	\$ 1,011
Other local taxes	1,396,538	-	1,396,538
Fines and forfeitures	9,203	-	9,203
Revenue from the use of money and property	244,912	-	244,912
Miscellaneous	31,386	-	31,386
Intergovernmental:			
Commonwealth	172,954	-	172,954
Federal	6,542	-	6,542
Total revenues	<u>\$ 1,862,546</u>	<u>\$ -</u>	<u>\$ 1,862,546</u>
EXPENDITURES			
Current:			
General government administration	\$ 398,658	\$ -	\$ 398,658
Public safety	831,199	-	831,199
Public works	352,335	-	352,335
Parks, recreation, and cultural	6,501	-	6,501
Community development	10,332	-	10,332
Total expenditures	<u>\$ 1,599,025</u>	<u>\$ -</u>	<u>\$ 1,599,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 263,521</u>	<u>\$ -</u>	<u>\$ 263,521</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	56,073	-	56,073
Total other financing sources (uses)	<u>\$ 56,073</u>	<u>\$ -</u>	<u>\$ 56,073</u>
Net change in fund balances	\$ 319,594	\$ -	\$ 319,594
Fund balances - beginning	2,747,765	3,400	2,751,165
Fund balances - ending	<u>\$ 3,067,359</u>	<u>\$ 3,400</u>	<u>\$ 3,070,759</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, 2025

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

Net change in fund balances - total governmental funds	\$ 319,594
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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	\$ 233,005	
Depreciation expense	<u>(150,544)</u>	82,461

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

Change in compensated absences	\$ (28,964)	
Change in pension related items	(6,832)	
Change in OPEB related items	<u>1,380</u>	(34,416)

Change in net position of governmental activities	<u><u>\$ 367,639</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, 2025

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 808,851	\$ 477,173	\$ 39,458	\$ 1,325,482
Cash and cash equivalents, restricted	124,153	-	-	124,153
Accounts receivable	221,777	162,529	36,622	420,928
Due from other funds	-	16,294	7,404	23,698
Prepaid items	9,658	7,819	69	17,546
Inventories	59,142	13,483	-	72,625
Total current assets	\$ 1,223,581	\$ 677,298	\$ 83,553	\$ 1,984,432
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 18,100	\$ 6,984	\$ -	\$ 25,084
Plant	357,401	680,384	-	1,037,785
Machinery and equipment	164,162	168,162	-	332,324
Infrastructure	9,544,312	2,482,141	-	12,026,453
Construction in progress	1,150,477	6,274,144	-	7,424,621
Net capital assets	\$ 11,234,452	\$ 9,611,815	\$ -	\$ 20,846,267
Total noncurrent assets	\$ 11,234,452	\$ 9,611,815	\$ -	\$ 20,846,267
Total assets	\$ 12,458,033	\$ 10,289,113	\$ 83,553	\$ 22,830,699
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 199,916	\$ 90,871	\$ -	\$ 290,787
OPEB related items	5,557	4,437	-	9,994
Total deferred outflows of resources	\$ 205,473	\$ 95,308	\$ -	\$ 300,781
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 34,586	\$ 6,641	\$ -	\$ 41,227
Retainage payable	31,101	87,861	-	118,962
Accrued liabilities	40,545	20,609	211	61,365
Due to other funds	23,536	170	-	23,706
Notes payable - current portion	197,150	-	-	197,150
Bonds payable - current portion	109,312	304,385	-	413,697
Compensated absences - current portion	3,463	3,410	-	6,873
Total current liabilities	\$ 439,693	\$ 423,076	\$ 211	\$ 862,980
Noncurrent liabilities:				
Notes payable - net of current portion	\$ 5,419,117	\$ -	\$ -	\$ 5,419,117
Bonds payable - net of current portion	475,664	4,130,833	-	4,606,497
Compensated absences - net of current portion	31,171	30,692	-	61,863
Net pension liability	246,084	111,856	-	357,940
Net OPEB liabilities	138,166	110,320	-	248,486
Total noncurrent liabilities	\$ 6,310,202	\$ 4,383,701	\$ -	\$ 10,693,903
Total liabilities	\$ 6,749,895	\$ 4,806,777	\$ 211	\$ 11,556,883
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 54,801	\$ 24,909	\$ -	\$ 79,710
OPEB related items	2,777	2,218	-	4,995
Total deferred inflows of resources	\$ 57,578	\$ 27,127	\$ -	\$ 84,705
NET POSITION				
Net investment in capital assets	\$ 4,973,136	\$ 5,088,736	\$ -	\$ 10,061,872
Restricted for debt reserves	124,153	-	-	124,153
Unrestricted	758,744	461,781	83,342	1,303,867
Total net position	\$ 5,856,033	\$ 5,550,517	\$ 83,342	\$ 11,489,892

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, 2025

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services:				
Water	\$ 1,265,240	\$ -	\$ -	\$ 1,265,240
Sewer	-	942,848	-	942,848
Refuse collection	-	-	169,029	169,029
Penalties	30,124	30,922	4,732	65,778
Total operating revenues	<u>\$ 1,295,364</u>	<u>\$ 973,770</u>	<u>\$ 173,761</u>	<u>\$ 2,442,895</u>
OPERATING EXPENSES				
Personnel services	\$ 442,726	\$ 411,088	\$ 8,630	\$ 862,444
Fringe benefits	208,718	218,296	3,744	430,758
Contractual services	22,051	95,071	151,635	268,757
Other supplies and expenses	319,274	156,178	-	475,452
Depreciation	707,967	363,029	-	1,070,996
Total operating expenses	<u>\$ 1,700,736</u>	<u>\$ 1,243,662</u>	<u>\$ 164,009</u>	<u>\$ 3,108,407</u>
Operating income (loss)	<u>\$ (405,372)</u>	<u>\$ (269,892)</u>	<u>\$ 9,752</u>	<u>\$ (665,512)</u>
NONOPERATING REVENUES (EXPENSES)				
Connection and reconnection fees	\$ 5,437	\$ 923	\$ -	\$ 6,360
Interest expense	(155,771)	(90,077)	-	(245,848)
Total nonoperating revenues (expenses)	<u>\$ (150,334)</u>	<u>\$ (89,154)</u>	<u>\$ -</u>	<u>\$ (239,488)</u>
Income (loss) before capital contributions and construction grants	<u>\$ (555,706)</u>	<u>\$ (359,046)</u>	<u>\$ 9,752</u>	<u>\$ (905,000)</u>
Capital contributions and construction grants	\$ 428,182	\$ 163,603	\$ -	\$ 591,785
Transfers in	-	11,880	-	11,880
Transfers out	(11,880)	(56,073)	-	(67,953)
Change in net position	<u>\$ (139,404)</u>	<u>\$ (239,636)</u>	<u>\$ 9,752</u>	<u>\$ (369,288)</u>
Total net position - beginning	\$ 6,026,996	\$ 5,812,954	\$ 73,590	\$ 11,913,540
Restatement	(31,559)	(22,801)	-	(54,360)
Total net position - beginning, as restated	<u>\$ 5,995,437</u>	<u>\$ 5,790,153</u>	<u>\$ 73,590</u>	<u>\$ 11,859,180</u>
Total net position - ending	<u>\$ 5,856,033</u>	<u>\$ 5,550,517</u>	<u>\$ 83,342</u>	<u>\$ 11,489,892</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, 2025

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,268,321	\$ 951,162	\$ 170,382	\$ 2,389,865
Payments for operating expenses	(331,420)	(241,230)	(151,665)	(724,315)
Payments to and for employees	(649,275)	(606,526)	(12,374)	(1,268,175)
Net cash provided by (used for) operating activities	\$ 287,626	\$ 103,406	\$ 6,343	\$ 397,375
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ 11,880	\$ -	\$ 11,880
Transfers to other funds	(11,880)	-	-	(11,880)
Advances from other funds	23,536	170	-	23,706
Advances to other funds	-	(72,367)	(7,404)	(79,771)
Net cash provided by (used for) noncapital financing activities	\$ 11,656	\$ (60,317)	\$ (7,404)	\$ (56,065)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ (1,026,217)	\$ (434,596)	\$ -	\$ (1,460,813)
Principal payments on long-term debt	(298,169)	(295,873)	-	(594,042)
Connection and reconnection fees	5,437	923	-	6,360
Intergovernmental grants	428,182	163,603	-	591,785
Interest payments	(155,771)	(90,077)	-	(245,848)
Net cash provided by (used for) capital and related financing activities	\$ (1,046,538)	\$ (656,020)	\$ -	\$ (1,702,558)
Net increase (decrease) in cash and cash equivalents	\$ (747,256)	\$ (612,931)	\$ (1,061)	\$ (1,361,248)
Cash and cash equivalents - beginning	1,680,260	1,090,104	40,519	2,810,883
Cash and cash equivalents - ending (including restricted)	\$ 933,004	\$ 477,173	\$ 39,458	\$ 1,449,635
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (405,372)	\$ (269,892)	\$ 9,752	\$ (665,512)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	707,967	363,029	-	1,070,996
(Increase) decrease in accounts receivable	(27,043)	(22,608)	(3,379)	(53,030)
(Increase) decrease in prepaid items	(3,176)	(1,379)	23	(4,532)
(Increase) decrease in inventories	1,888	1,889	-	3,777
(Increase) decrease in deferred outflows of resources	(18,367)	15,726	-	(2,641)
Increase (decrease) in accounts payable	4,123	6,055	(2)	10,176
Increase (decrease) in accrued liabilities	7,070	3,454	(51)	10,473
Increase (decrease) in net pension liability	14,582	6,626	-	21,208
Increase (decrease) in net OPEB liabilities	(772)	(620)	-	(1,392)
Increase (decrease) in compensated absences	(2,401)	(3,076)	-	(5,477)
Increase (decrease) in deferred inflows of resources	9,127	4,202	-	13,329
Total adjustments	\$ 692,998	\$ 373,298	\$ (3,409)	\$ 1,062,887
Net cash provided by (used for) operating activities	\$ 287,626	\$ 103,406	\$ 6,343	\$ 397,375
Schedule of noncash capital and related financing activities:				
Acquisition of assets on account (change in accounts payable)	\$ 60,073	\$ (167,610)	\$ -	\$ (107,537)

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies:

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, 2025

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

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, 2025.

Discretely Presented Component Units. The Town of Amherst Economic Development Authority (EDA) 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, 2025. 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)

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)

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)

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 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, 2025.

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)

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). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

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

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

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, 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.

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

P. Other Postemployment Benefits (OPEB) (Continued)

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.

Q. 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 and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

R. Fund Balance

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

- Nonspendable fund balance - amounts that are 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.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

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

R. Fund Balance (Continued)

- 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 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:

	General	Forfeited Assets Fund	Total
Fund balances:			
Nonspendable:			
Prepaid items	\$ 57,470	\$ -	\$ 57,470
Restricted for:			
Forfeited assets	-	330	330
Assigned:			
Asset forfeiture	-	3,070	3,070
Unassigned fund balance	3,008,557	-	3,008,557
Total fund balances	<u>\$ 3,066,027</u>	<u>\$ 3,400</u>	<u>\$ 3,069,427</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.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

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

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2025, as adopted, appropriated, and legally amended.
8. Expenditures and Appropriations
Expenditures exceeded appropriations for the community development department for the year ended June 30, 2025.

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.

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2025 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	AAf	
Local Government Investment Pool	\$ 593,299	\$ -	
VML/VACO Virginia Investment Pool Bond Fund	-	2,924,218	
Total	\$ 593,299	\$ 2,924,218	

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Local Government Investment Pool	\$ 593,299	\$ 593,299	\$ -
VML/VACO Virginia Investment Pool Bond Fund	2,924,218	-	2,924,218
Total	\$ 3,517,517	\$ 593,299	\$ 2,924,218

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).

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 4—Due from Other Governments:

On June 30, 2025, the Town had receivables from other governments as follows:

	Governmental Activities
Commonwealth of Virginia:	
Local sales tax	\$ 25,044
Communications tax	10,591
Federal Government:	
Edward Byrne Memorial Justice Assistance	550
Total due from other governments	<u>\$ 36,185</u>

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,217,364	\$ -	\$ -	\$ 1,217,364
Total capital assets not subject to depreciation	\$ 1,217,364	\$ -	\$ -	\$ 1,217,364
Capital assets subject to depreciation:				
Buildings and improvements	\$ 884,173	\$ 148,552	\$ -	\$ 1,032,725
Machinery and equipment	1,290,771	84,453	-	1,375,224
Total capital assets subject to depreciation	\$ 2,174,944	\$ 233,005	\$ -	\$ 2,407,949
Accumulated depreciation:				
Buildings and improvements	\$ 155,524	\$ 28,430	\$ -	\$ 183,954
Machinery and equipment	1,002,839	122,114	-	1,124,953
Total accumulated depreciation	\$ 1,158,363	\$ 150,544	\$ -	\$ 1,308,907
Total capital assets subject to depreciation, net	\$ 1,016,581	\$ 82,461	\$ -	\$ 1,099,042
Governmental activities capital assets, net	<u>\$ 2,233,945</u>	<u>\$ 82,461</u>	<u>\$ -</u>	<u>\$ 2,316,406</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Land	\$ 25,084	\$ -	\$ -	\$ 25,084
Construction in progress	8,156,148	1,305,411	2,036,938	7,424,621
Total capital assets not subject to depreciation	\$ 8,181,232	\$1,305,411	\$2,036,938	\$ 7,449,705
Capital assets subject to depreciation:				
Plant	\$ 8,617,929	\$ 21,821	\$ -	\$ 8,639,750
Machinery and equipment	610,854	26,044	-	636,898
Infrastructure	15,659,086	2,036,938	-	17,696,024
Total capital assets subject to depreciation	\$ 24,887,869	\$2,084,803	\$ -	\$ 26,972,672
Accumulated depreciation:				
Plant	\$ 7,330,017	\$ 271,948	\$ -	\$ 7,601,965
Machinery and equipment	205,274	99,300	-	304,574
Infrastructure	4,969,823	699,748	-	5,669,571
Total accumulated depreciation	\$ 12,505,114	\$1,070,996	\$ -	\$ 13,576,110
Total capital assets subject to depreciation, net	\$ 12,382,755	\$1,013,807	\$ -	\$ 13,396,562
Business-type activities capital assets, net	\$ 20,563,987	\$2,319,218	\$2,036,938	\$ 20,846,267

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 22,885
Public safety	95,912
Public works	31,747
Total depreciation expense - governmental activities	\$ 150,544
Business-type activities:	
Water fund	\$ 707,967
Sewer fund	363,029
Total depreciation expense - business-type activities	\$ 1,070,996
Total depreciation expense - primary government	\$ 1,221,540

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2025:

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Governmental Activities:							
Net pension liability	\$ 364,789	\$ -	\$ 364,789	\$ 426,058	\$ 403,074	\$ 387,773	\$ -
Net OPEB liabilities	222,215	-	222,215	35,618	36,854	220,979	-
Compensated absences	48,989	(2,687)	46,302	33,863	4,899	75,266	7,527
Total Governmental Activities	\$ 635,993	\$ (2,687)	\$ 633,306	\$ 495,539	\$ 444,827	\$ 684,018	\$ 7,527
Business-type Activities:							
Notes Payable	\$ 5,808,716	\$ -	\$ 5,808,716	\$ -	\$ 192,449	\$ 5,616,267	\$ 197,150
General obligation bonds	5,421,787	-	5,421,787	-	401,593	5,020,194	413,697
Net pension liability	336,732	-	336,732	393,277	372,069	357,940	-
Net OPEB liabilities	249,878	-	249,878	40,050	41,442	248,486	-
Compensated absences	19,853	54,360	74,213	-	5,477	68,736	6,874
Total Business-type Activities	\$11,836,966	\$ 54,360	\$11,891,326	\$ 433,327	\$ 1,013,030	\$11,311,623	\$ 617,721
Total Primary Government	\$12,472,959	\$ 51,673	\$12,524,632	\$ 928,866	\$ 1,457,857	\$11,995,641	\$ 625,248

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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
2026	\$ 197,150	\$ 129,694	\$ 413,697	\$ 99,349
2027	201,798	125,046	426,298	86,748
2028	206,557	120,287	439,295	73,751
2029	211,427	115,417	452,739	42,307
2030	216,415	110,429	466,608	46,439
2031	221,521	105,323	77,225	38,311
2032	226,747	100,097	78,282	37,254
2033	232,099	94,744	79,387	36,159
2034	237,578	89,266	80,475	35,061
2035	243,187	83,656	81,589	33,947
2036	248,930	77,914	82,708	32,828
2037	254,811	56,733	83,862	31,674
2038	260,829	66,014	85,022	30,514
2039	266,992	59,850	86,199	29,337
2040	273,303	53,540	87,383	28,153
2041	275,130	47,081	88,601	26,935
2042	256,977	40,823	89,827	25,709
2043	187,606	35,094	91,069	24,467
2044	143,533	31,315	92,323	23,213
2045	146,853	27,995	93,608	21,928
2046	150,251	24,597	94,902	20,634
2047	153,725	21,123	96,216	19,320
2048	157,282	17,566	97,541	17,995
2049	160,920	13,928	98,887	16,639
2050	164,643	10,205	100,265	15,271
2051	168,451	6,397	101,653	13,884
2052	151,552	2,500	103,055	12,481
2053	-	-	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	-	-	88,995	527
Total	<u>\$ 5,616,267</u>	<u>\$ 1,666,634</u>	<u>\$ 5,020,175</u>	<u>\$ 967,123</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
Net pension liability	\$ 387,773
Net OPEB liabilities	220,979
Compensated absences	75,266
Total Long-term Obligations, Governmental Activities	<u>\$ 684,018</u>

Business-type Activities:

Direct borrowings:

Notes Payable:

\$565,935 Virginia Resources Authority 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%.

\$ 364,051

\$2,640,300 Virginia Resources Authority note payable issued February 4, 2016, due in semi-annual installments of \$61,476 through January 2043 with interest due semi-annually at 2.25%.

1,761,255

\$3,730,000 Virginia Resources Authority note payable issued December 2, 2020, due in semi-annual installments of \$87,424 through July 2052 with interest due semi-annually at 2.30%.

3,490,961

Total Notes Payable

\$ 5,616,267

General Obligation Bonds:

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

\$ 1,828,049

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

371,186

\$3,017,000 USDA 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%.

2,820,940

Total General Obligation Bonds

\$ 5,020,175

Total Direct Borrowings

\$ 10,636,442

Net pension liability

357,940

Net OPEB liabilities

248,486

Compensated absences

68,736

Total Long-term Obligations, Business-type Activities

\$ 11,311,604

Total Long-term Obligations, Primary Government

\$ 11,995,622

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7—Litigation:

On June 30, 2025, 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 8—Risk Management:

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 9—Defined Contribution Retirement Plan:

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

Note 10—Commitments and Contingencies:

The Town contracted with a vendor to rebuild the sewer centrifuge and waste water collection system. The total amount of the contract outstanding is \$87,861. The Town also contracted with a vendor for the Sunset Waterline project. The total amount of the contract outstanding is \$737,528.

Note 11—Lease Receivable:

The Town leases a tower to tenants under the following lease contract. In fiscal year 2025, the Town recognized principal and interest revenue in the amount of \$10,053 and \$3,726, respectively.

Lease Description	Commencement Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Tower lease	8/1/2024	4/30/2037	Monthly	3.25%	\$ 132,891
Total					<u>\$ 132,891</u>

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 11—Lease Receivable: (Continued)

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 10,770	\$ 4,162	\$ 14,932
2027	11,990	3,795	15,785
2028	12,872	3,386	16,258
2029	12,461	2,974	15,435
2030	12,063	2,575	14,638
2031	11,678	2,189	13,867
2032	11,305	1,815	13,120
2033	10,944	1,453	12,397
2034	10,594	1,103	11,697
2035	10,256	763	11,019
2036	9,928	435	10,363
2037	8,030	119	8,149
Total	<u>\$ 132,891</u>	<u>\$ 24,769</u>	<u>\$ 157,660</u>

Note 12—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 12—Pension Plan: (Continued)

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.

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

Note 12—Pension Plan: (Continued)

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.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	17
Inactive members:	
Vested inactive members	5
Non-vested inactive members	3
Inactive members active elsewhere in VRS	3
Total inactive members	11
Active members	20
Total covered employees	48

Note 12—Pension Plan: (Continued)

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, 2025 was 20.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$267,383 and \$209,117 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory 1% of their covered payroll. The employer must also contribute a mandatory 1% of this covered payroll, which totaled \$3,591 for the Town for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer contribution totaled \$6,146 for the Town for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$355,846 for the Town for the year ended June 30, 2025.

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, 2024. The total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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) - 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12—Pension Plan: (Continued)

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

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

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:

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return (Continued)

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12—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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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, 2023	\$ 5,897,206	\$ 5,195,685	\$ 701,521
Changes for the year:			
Service cost	\$ 238,248	\$ -	\$ 238,248
Interest	402,995	-	402,995
Differences between expected and actual experience	174,790	-	174,790
Contributions - employer	-	209,117	(209,117)
Contributions - employee	-	61,371	(61,371)
Net investment income	-	504,548	(504,548)
Benefit payments, including refunds	(330,307)	(330,307)	-
Administrative expenses	-	(3,301)	3,301
Other changes	-	106	(106)
Net changes	\$ 485,726	\$ 441,534	\$ 44,192
Balances at June 30, 2024	\$ 6,382,932	\$ 5,637,219	\$ 745,713

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12—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)	\$ 1,531,558	\$ 745,713	\$ 97,046

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

For the year ended June 30, 2025, the Town recognized pension expense of \$306,271. At June 30, 2025, 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	\$ 338,424	\$ 16,523
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	149,541
Employer contributions subsequent to the measurement date	267,383	-
Total	\$ 605,807	\$ 166,064

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Note 12—Pension Plan: (Continued)

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

\$267,383 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, 2026. 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>
2026	\$ 16,024
2027	193,093
2028	(5,563)
2029	(31,194)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):

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.

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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 \$9,532 as of June 30, 2025.

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 as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% ($1.18\% \times 60\%$) and the employer component was 0.47% ($1.18\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$6,120 and \$6,982 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$56,242 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.00504% as compared to 0.00491% at June 30, 2023.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13—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)

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$2,948. 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, 2025, 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	\$ 8,871	\$ 4,741
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,374
Change of assumptions	321	2,787
Changes in proportionate share	3,571	538
Employer contributions subsequent to the measurement date	<u>6,120</u>	<u>-</u>
Total	<u>\$ 18,883</u>	<u>\$ 9,440</u>

\$6,120 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, 2026. 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:

Year Ended June 30

2026	\$ (1,130)
2027	1,936
2028	396
2029	1,016
2030	1,105
Thereafter	-

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

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

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	\$	<u>1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13—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:

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 87,464	\$ 56,242	\$ 31,019

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Medical and Dental Pay-as-You-Go (OPEB Plan):

Plan Description

In addition to the pension benefits described in Note 12 and group life benefits described in Note 13, the Town administers a single-employer defined benefit healthcare plan, The Town of Amherst Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

Note 14—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

Benefits Provided

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

Plan Membership

On June 30, 2025 (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	22

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2025 was \$1,750.

Total OPEB Liability

The Town’s total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by the Alternative Measurement Method as of June 30, 2025 for the Town.

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TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

Note 14—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 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 7.04% per annum.
Discount Rate	4.80%
Healthcare Trend Rate	Medical 5.80% to 4.10% over 10 years, Pharmacy 11.70% to 4.10% 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.

Mortality rates for the Town were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

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

Discount Rate

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

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2024	\$ 413,207
Changes for the year:	
Service cost	31,774
Interest	19,053
Changes of assumptions	(24,713)
Difference between expected and actual experience	(24,348)
Benefit payments	(1,750)
Net changes	\$ 16
Balances at June 30, 2025	\$ 413,223

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 14—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.80%) or one percentage point higher (5.80%) than the current discount rate:

	Rate		
	1% Decrease (3.80%)	Current Discount Rate (4.80%)	1% Increase (5.80%)
Primary Government:			
Total OPEB liability	\$ 463,072	\$ 413,223	\$ 371,105

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
Primary Government:			
Total OPEB liability	\$ 356,135	\$ 413,223	\$ 482,350

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

For the year ended June 30, 2025, the Town recognized OPEB expense in the amount of \$1,766. On June 30, 2025, 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 15—Summary of Other Postemployment Benefit Plans:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
OPEB Plans:				
Group Life Insurance Plan (Note 15)	\$ 18,883	\$ 9,440	\$ 56,242	\$ 2,948
Town Stand-Alone Plan (Note 16)	-	-	413,223	1,766
Totals	<u>\$ 18,883</u>	<u>\$ 9,440</u>	<u>\$ 469,465</u>	<u>\$ 4,714</u>

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025

Note 16—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.

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, 2025 was \$2,631.

Note 17—Upcoming Pronouncements:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

Note 18—Change in Accounting Principle:

During the year ended June 30, 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

The adoption of GASB 101 resulted in a restatement of beginning net position as shown in Note 19 below.

TOWN OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 19—Restatement of Beginning Balances:

The beginning net position as of July 1, 2024, has been restated to reflect the cumulative effect of implementing GASB Statement No. 101, *Compensated Absences*.

The impact of implementation on beginning net position is as follows:

	Net Position				
	Governmental Activities	Business-Type Activities			Total
		Water	Sewer	Garbage	
Balance, July 1, 2024, as previously stated	\$ 4,565,931	\$ 6,026,996	\$ 5,812,954	\$ 73,590	\$ 11,913,540
Implementation of GASB 101:					
Restatement of compensated absences	2,687	(31,559)	(22,801)	-	-
Balance, July 1, 2024, as restated	<u>\$ 4,568,618</u>	<u>\$ 5,995,437</u>	<u>\$ 5,790,153</u>	<u>\$ 73,590</u>	<u>\$ 11,913,540</u>

Note 20—Interfund Transfers:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 56,073	\$ -
Water Fund	-	11,880
Sewer Fund	11,880	56,073
	<u>\$ 67,953</u>	<u>\$ 67,953</u>

Transfers that are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 21—Subsequent Events:

In December 2025, the Town approved the purchase of an empty lot at the intersection of Forest Avenue and N. Main Street in the amount of \$350,000. This empty lot will be used as a public park by the Town.

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, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,011	\$ 1,011
Other local taxes	1,310,100	1,310,100	1,396,538	86,438
Fines and forfeitures	12,000	12,000	9,203	(2,797)
Revenue from use of money and property	186,859	186,859	244,912	58,053
Miscellaneous	15,344	15,344	31,386	16,042
Intergovernmental:				
Commonwealth	167,920	167,920	172,954	5,034
Federal	-	-	6,542	6,542
Total revenues	\$ 1,692,223	\$ 1,692,223	\$ 1,862,546	\$ 170,323
EXPENDITURES				
Current:				
General government administration	\$ 401,039	\$ 420,623	\$ 398,658	\$ 21,965
Public safety	1,033,989	991,014	831,199	159,815
Public works	257,343	432,595	352,335	80,260
Parks, recreation, and cultural	6,500	6,501	6,501	-
Community development	4,627	7,309	10,332	(3,023)
Total expenditures	\$ 1,703,498	\$ 1,858,042	\$ 1,599,025	\$ 259,017
Excess (deficiency) of revenues over (under) expenditures	\$ (11,275)	\$ (165,819)	\$ 263,521	\$ 429,340
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 56,073	\$ 56,073
Total other financing sources (uses)	\$ -	\$ -	\$ 56,073	\$ 56,073
Net change in fund balances	\$ (11,275)	\$ (165,819)	\$ 319,594	\$ 485,413
Fund balances - beginning	186,127	201,127	2,747,765	2,546,638
Fund balances - ending	\$ 174,852	\$ 35,308	\$ 3,067,359	\$ 3,032,051

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, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
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, 2024

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 238,248	\$ 191,941	\$ 165,376	\$ 152,761
Interest	402,995	354,838	350,915	319,880
Changes of assumptions		-	-	216,277
Differences between expected and actual experience	174,790	437,225	(110,045)	(40,963)
Benefit payments	(330,307)	(303,437)	(445,941)	(261,154)
Net change in total pension liability	\$ 485,726	\$ 680,567	\$ (39,695)	\$ 386,801
Total pension liability - beginning	5,897,206	5,216,639	5,256,334	4,869,533
Total pension liability - ending (a)	\$ 6,382,932	\$ 5,897,206	\$ 5,216,639	\$ 5,256,334
Plan fiduciary net position				
Contributions - employer	\$ 209,117	\$ 188,309	\$ 162,863	\$ 156,820
Contributions - employee	61,371	55,349	50,993	54,340
Net investment income	504,548	319,323	(2,326)	1,122,760
Benefit payments	(330,307)	(303,437)	(445,941)	(261,154)
Administrator charges	(3,301)	(3,164)	(3,269)	(2,767)
Other	106	129	116	106
Net change in plan fiduciary net position	\$ 441,534	\$ 256,509	\$ (237,564)	\$ 1,070,105
Plan fiduciary net position - beginning	5,195,685	4,939,176	5,176,740	4,106,635
Plan fiduciary net position - ending (b)	\$ 5,637,219	\$ 5,195,685	\$ 4,939,176	\$ 5,176,740
Town's net pension liability (asset) - ending (a) - (b)	\$ 745,713	\$ 701,521	\$ 277,463	\$ 79,594
Plan fiduciary net position as a percentage of the total pension liability	88.32%	88.10%	94.68%	98.49%
Covered payroll	\$ 1,292,878	\$ 1,150,171	\$ 1,055,264	\$ 1,015,856
Town's net pension liability (asset) as a percentage of covered payroll	57.68%	60.99%	26.29%	7.84%

2020	2019	2018	2017	2016	2015
\$ 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)
\$ 192,239	\$ 163,193	\$ 103,889	\$ 92,909	\$ 323,585	\$ 88,667
4,677,294	4,514,101	4,410,212	4,317,303	3,993,718	3,905,051
\$ 4,869,533	\$ 4,677,294	\$ 4,514,101	\$ 4,410,212	\$ 4,317,303	\$ 3,993,718
\$ 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)
\$ 11,933	\$ 191,958	\$ 202,525	\$ 334,591	\$ (40,792)	\$ 23,057
4,094,702	3,902,744	3,700,219	3,365,628	3,406,420	3,383,363
\$ 4,106,635	\$ 4,094,702	\$ 3,902,744	\$ 3,700,219	\$ 3,365,628	\$ 3,406,420
\$ 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, 2016 through June 30, 2025

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
2025	\$ 267,383	\$ 267,383	\$ -	\$ 1,302,403	20.53%
2024	209,117	209,117	-	1,292,878	16.17%
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%

*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, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024

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	Plan Fiduciary
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
2024	0.00504%	\$ 56,242	\$ 1,292,878	4.35%	73.41%
2023	0.00491%	58,886	1,157,484	5.09%	69.30%
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, 2016 through June 30, 2025

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2025	\$ 6,120	\$ 6,120	\$ -	\$ 1,302,403	0.47%
2024	6,982	6,982	-	1,292,878	0.54%
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%

Town of Amherst, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 31,774	\$ 52	\$ 79,903	\$ 105,976	\$ 101,975	\$ 73,752	\$ 271,142	\$ 271,142
Interest	19,053	30,018	26,443	91,794	29,378	60,301	73,984	19,925
Changes in assumptions	(24,713)	(7,792)	(176,635)	388,243	18,830	666,701	175,618	201,099
Differences between expected and actual experience	(24,348)	(334,994)	(154,288)	(884,764)	(79,844)	(140,236)	(375,993)	209,810
Benefit payments	(1,750)	(1,680)	(1,647)	(2,680)	(3,216)	(3,216)	(161,385)	(161,385)
Net change in total OPEB liability	\$ 16	\$ (314,396)	\$ (226,224)	\$ (301,431)	\$ 67,123	\$ 657,302	\$ (16,634)	\$ 540,591
Total OPEB liability - beginning	413,207	727,603	953,827	1,255,258	1,188,135	530,833	547,467	6,876
Total OPEB liability - ending	<u>\$ 413,223</u>	<u>\$ 413,207</u>	<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>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	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, 2025

Valuation Date: 6/30/2025
Measurement Date: 6/30/2025

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	4.80%
Healthcare Trend Rate	The healthcare trend rate assumption ranges between 5.8% and 4.1% for medical, 11.7% and 4.1% 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 7.04% 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.

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Town of Amherst, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 970,936
Total assets	<u>\$ 970,936</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 553
Total liabilities	<u>\$ 553</u>

NET POSITION

Unrestricted	\$ 970,383
Total net position	<u>\$ 970,383</u>

Town of Amherst, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2025

OPERATING REVENUES

Charges for services:

Bond fees	\$ 68,685
Contributions from local governments	4,350
Miscellaneous	1,719
Total operating revenues	<u>\$ 74,754</u>

OPERATING EXPENSES

Personnel services	\$ 13,058
Fringe benefits	1,226
Other charges	3,010
Total operating expenses	<u>\$ 17,294</u>

Change in net position	\$ 57,460
Total net position - beginning	<u>912,923</u>
Total net position - ending	<u><u>\$ 970,383</u></u>

Town of Amherst, Virginia
 Statement of Cash Flows
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 74,754
Payments to employees	(14,284)
Payments for operating activities	(3,076)
Net cash provided by (used for) operating activities	<u>\$ 57,394</u>

Net increase (decrease) in cash and cash equivalents \$ 57,394

Cash and cash equivalents - beginning 913,542

Cash and cash equivalents - ending \$ 970,936

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

Operating income (loss)	<u>\$ 57,460</u>
Adjustments to reconcile operating income (loss) to net cash	

provided by (used for) operating activities:

Increase (decrease) in accounts payable and accrued liabilities \$ (66)

Total adjustments \$ (66)

Net cash provided by (used for) operating activities \$ 57,394

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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, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Personal property taxes	\$ -	\$ -	\$ 652	\$ 652
Interest	-	-	359	359
Total general property taxes	\$ -	\$ -	\$ 1,011	\$ 1,011
Other local taxes:				
Local sales and use taxes	\$ 168,000	\$ 168,000	\$ 161,622	\$ (6,378)
Consumers' utility taxes	25,000	25,000	26,491	1,491
Consumption tax	15,000	15,000	14,880	(120)
Business license taxes	184,000	184,000	256,119	72,119
Motor vehicle licenses	42,500	42,500	42,064	(436)
Bank stock taxes	65,000	65,000	72,319	7,319
Cigarette taxes	30,000	30,000	39,000	9,000
Hotel and motel room taxes	20,000	20,000	14,881	(5,119)
Restaurant food taxes	760,600	760,600	769,162	8,562
Total other local taxes	\$ 1,310,100	\$ 1,310,100	\$ 1,396,538	\$ 86,438
Fines and forfeitures:				
Court fines and forfeitures	\$ 12,000	\$ 12,000	\$ 9,203	\$ (2,797)
Revenue from use of money and property:				
Revenue from use of money	\$ 176,000	\$ 176,000	\$ 232,136	\$ 56,136
Revenue from use of property	10,859	10,859	12,776	1,917
Total revenue from use of money and property	\$ 186,859	\$ 186,859	\$ 244,912	\$ 58,053
Miscellaneous:				
Miscellaneous	\$ 15,344	\$ 15,344	\$ 31,386	\$ 16,042
Total revenue from local sources	\$ 1,524,303	\$ 1,524,303	\$ 1,683,050	\$ 158,747
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 2,600	\$ 2,600	\$ 2,887	\$ 287
Auto rental tax	2,200	2,200	797	(1,403)
Communications tax	66,000	66,000	66,367	367
Personal property tax relief funds	17,456	17,456	17,456	-
Total noncategorical aid	\$ 88,256	\$ 88,256	\$ 87,507	\$ (749)

Town of Amherst, Virginia
Schedule of Revenues - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
Law enforcement grant	\$ 64,664	\$ 64,664	\$ 70,447	\$ 5,783
Fire programs	15,000	15,000	15,000	-
Total other categorical aid	<u>\$ 79,664</u>	<u>\$ 79,664</u>	<u>\$ 85,447</u>	<u>\$ 5,783</u>
Total categorical aid	<u>\$ 79,664</u>	<u>\$ 79,664</u>	<u>\$ 85,447</u>	<u>\$ 5,783</u>
Total revenue from the Commonwealth	<u>\$ 167,920</u>	<u>\$ 167,920</u>	<u>\$ 172,954</u>	<u>\$ 5,034</u>
Revenue from the federal government:				
Categorical aid:				
DCJS Justice Grant	\$ -	\$ -	\$ 6,542	\$ 6,542
Total other categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,542</u>	<u>\$ 6,542</u>
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,542</u>	<u>\$ 6,542</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,542</u>	<u>\$ 6,542</u>
Total General Fund	<u>\$ 1,692,223</u>	<u>\$ 1,692,223</u>	<u>\$ 1,862,546</u>	<u>\$ 170,323</u>
Total Primary Government	<u>\$ 1,692,223</u>	<u>\$ 1,692,223</u>	<u>\$ 1,862,546</u>	<u>\$ 170,323</u>

Town of Amherst, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2025

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 18,272	\$ 18,272	\$ 15,494	\$ 2,778
General and financial administration:				
Town Manager	\$ 181,336	\$ 163,098	\$ 161,642	\$ 1,456
Legal services	28,275	57,262	57,262	-
Independent auditor	20,000	21,250	21,250	-
Finance department	117,156	122,741	113,546	9,195
Information technology	36,000	38,000	29,464	8,536
Total general and financial administration	\$ 382,767	\$ 402,351	\$ 383,164	\$ 19,187
Total general government administration	\$ 401,039	\$ 420,623	\$ 398,658	\$ 21,965
Public safety:				
Law enforcement and traffic control:				
Police	\$ 1,003,989	\$ 961,014	\$ 801,199	\$ 159,815
Total law enforcement and traffic control	\$ 1,003,989	\$ 961,014	\$ 801,199	\$ 159,815
Fire and rescue services:				
Fire department	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Total fire and rescue services	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Total public safety	\$ 1,033,989	\$ 991,014	\$ 831,199	\$ 159,815
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 34,135	\$ 34,135	\$ 33,058	\$ 1,077
Total maintenance of highways, streets, bridges & sidewalks	\$ 34,135	\$ 34,135	\$ 33,058	\$ 1,077
Maintenance of general buildings and grounds:				
General properties	\$ 223,208	\$ 398,460	\$ 319,277	\$ 79,183
Total maintenance of general buildings and grounds	\$ 223,208	\$ 398,460	\$ 319,277	\$ 79,183
Total public works	\$ 257,343	\$ 432,595	\$ 352,335	\$ 80,260
Parks, recreation, and cultural:				
Cultural enrichment:				
Second stage	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Village garden club	3,000	3,001	3,001	-
Museum	2,500	2,500	2,500	-
Total cultural enrichment	\$ 6,500	\$ 6,501	\$ 6,501	\$ -
Total parks, recreation, and cultural	\$ 6,500	\$ 6,501	\$ 6,501	\$ -

Town of Amherst, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2025

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 2,127	\$ 4,809	\$ 3,482	\$ 1,327
Neighbors helping neighbors	2,500	2,500	2,500	-
Town of Amherst EDA	-	-	4,350	(4,350)
Total planning and community development	<u>\$ 4,627</u>	<u>\$ 7,309</u>	<u>\$ 10,332</u>	<u>\$ (3,023)</u>
Total community development	<u>\$ 4,627</u>	<u>\$ 7,309</u>	<u>\$ 10,332</u>	<u>\$ (3,023)</u>
Total General Fund	<u>\$ 1,703,498</u>	<u>\$ 1,858,042</u>	<u>\$ 1,599,025</u>	<u>\$ 259,017</u>
Total Primary Government	<u>\$ 1,703,498</u>	<u>\$ 1,858,042</u>	<u>\$ 1,599,025</u>	<u>\$ 259,017</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
2024-25	\$ 420,425	\$ 891,927	\$ 221,795	\$ 6,501	\$ 10,332	\$ 3,354,255	\$ 4,905,235
2023-24	365,757	898,200	79,286	7,000	29,560	2,697,195	4,076,998
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.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	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	Total
2024-25	\$ 2,452,098	\$ 91,989	\$ 598,145	\$	1,011	\$ 1,396,538	\$ 244,912	\$ 31,386	\$ 87,507	\$ 4,903,586
2023-24	2,299,984	176,323	1,452,992		703	1,343,050	236,847	21,693	103,381	5,634,973
2022-23	2,277,534	85,236	1,828,743		1,110	1,311,385	85,370	99,778	63,600	5,752,756
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
2024-25	\$ 398,658	\$ 831,199	\$ 352,335	\$ 6,501	\$ 10,332	\$ -	\$ 1,599,025
2023-24	367,010	960,617	213,240	7,000	29,560	-	1,577,427
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
2024-25	\$ 1,011	\$ 1,396,538	\$ -	\$ 9,203	\$ 244,912	\$ 31,386	\$ 179,496	\$ 1,862,546
2023-24	703	1,343,050	8,691	11,511	236,847	21,693	279,704	1,902,199
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
2025	\$ 195,210,600	\$ 19,328,531	\$ 10,593,716	\$ 225,132,847
2024	194,422,000	16,765,345	7,922,876	219,110,221
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

(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:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Payable from Enterprise Revenue				
2024-25	2,128	\$ 225,132,847	\$ 5,020,194	\$ 5,020,194	\$	-	0.00%	\$ -
2023-24	2,110	219,110,221	5,421,787	5,421,787		-	0.00%	-
2022-23	2,182	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, 2025

Assessed value of real property, January 1, 2024 (1)	<u>\$ 195,210,600</u>
Debt limit: 10% of assessed value	\$ 19,521,060
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 10,636,461
Less: Revenue bonds	<u>-</u>
Net general obligation bonds and loans	<u>\$ 10,636,461</u>
Legal debt limit	<u>\$ 8,884,599</u>

(1) Assessed value of real property, including public service corporations as of January 1, 2024.

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

Table 8

Town of Amherst, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenue (1)	Less Operating Expenses (2)(3)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2024-25	\$ 2,275,494	\$ 1,873,402	\$ 402,092	\$ 192,449	\$ 134,233	123%
2023-24	2,132,982	1,527,595	605,387	192,127	134,717	185%
2022-23	2,129,570	1,238,484	891,086	146,503	142,152	309%
2021-22	2,299,055	1,032,232	1,266,823	92,827	59,169	833%
2020-21	2,279,821	1,178,995	1,100,826	90,656	61,340	724%
2019-20	2,190,034	1,570,023	620,011	88,537	63,459	408%
2018-19	2,437,839	1,705,174	732,665	86,468	65,528	482%
2017-18	2,507,236	332,675	2,174,561	84,936	67,059	1431%
2016-17	2,337,785	1,453,461	884,324	43,763	46,757	977%
2015-16	2,259,161	1,159,460	1,099,701	13,556	15,488	3786%

(1) Operating revenues, interest and connection fees as described in Note 1.

(2) Net of depreciation and amortization.

(3) Operating expenses for prior years were restated to eliminate capacity rights amortization.

COMPLIANCE

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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***

**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, 2025, 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 August 4, 2026.

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 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
August 4, 2026