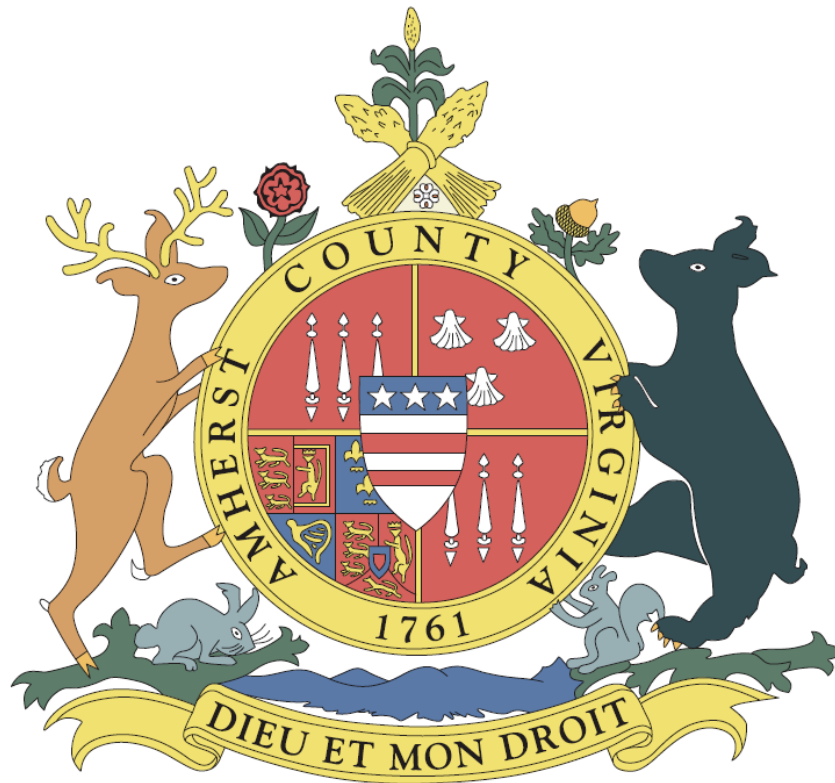




COUNTY OF AMHERST, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



**COUNTY OF AMHERST, VIRGINIA
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INTRODUCTORY SECTION

AmherstCounty

Updated:
August 21, 2017

County Attorney

Board of Supervisors

County Administrator
Dean Rodgers

Deputy Co. Admin./
Purchasing Agent
David Proffitt

Rachael Carton

Regina Rice

Layney Sandifer

Sheila Campbell

Finance
Stacey Wilkes

Building Official
Nathan Young

Child &
Family Services
Jonie Tables

Info. Tech.
Jackie Viar

Recreation
& Parks
Sara Lu Christian

Planning/
Zoning
Jeremy Bryant

Public Safety
Gary Roakes

Public Works
Teresa Nuckols

Hum Res
Linda Warner

Maintenance
Maynard Jennings
Robert Ramsey
Gordon Sandidge

E911 Dispatch
Debbie Campbell

Constitutional Officers:
Circuit Court Clerk
Treasurer
Commissioner of the Revenue
Sheriff- Animal Control/Shelter

Commonwealth's Attorney

Courts:
Circuit Court
General District
J & D Relations

Registrar
Fran Brown

Schools
Dr. Steven Nichols

Social Services
Susan Mays, Director

Service Authority
Dan French

Library
Steve Preston

COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2017

BOARD OF SUPERVISORS

Claudia D. Tucker, Chair
David Pugh, Jr., Vice-Chair

L. J. Ayers, III

John A. Marks, Jr.

Kenneth M. Campbell

SCHOOL BOARD

W. Michael Henderson, Chair
Priscilla Liggon, Vice-Chair

Francisco Mayo
Craig Terwilliger

Jennifer Cumby
Randy Summers

Abby Thompson

SOCIAL SERVICES BOARD

Glenda Hash, Chair
Elsie B. Smith, Vice-Chair

John A. Marks, Jr.

Elynor D. Rose

Leon Parrish

COUNTY LIBRARY BOARD

Jean Higginbotham, President
Stephen Witham, Vice-President

Larry A. Langhans

Robert B. Simpkins

Ed Kryspin

COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2017

ECONOMIC DEVELOPMENT AUTHORITY BOARD

Calvin Kennon, Jr., Chair
Mitch Heishman, Vice-Chair
Edgar O. Kinnier, Jr., Treasurer

Michael Russell

Chad Eby
David Wall

Jennifer Moore

OTHER OFFICIALS

Judge of the Circuit Court	Michael Garrett
Clerk of the Circuit Court.....	Deborah C. Mozingo
Judge of the General District Court.....	Randy C. Krantz
Judge of the Juvenile & Domestic Relations Court	Jeffrey P. Bennett
Commonwealth's Attorney	W. Lyle Carver
Commissioner of the Revenue	Jane Irby
Treasurer	Garry L. Friend
Sheriff	E. W. Viar, Jr.
Superintendent of Schools.....	Dr. Steven Nichols
Clerk of the School Board	Teresa Crouch
Director of Social Services.....	Susan B. Mays
County Administrator.....	Dean Rodgers
Library Director	Steve Preston

INDEPENDENT AUDITOR
Brown, Edwards & Company, L.L.P.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Amherst, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Report on the Financial Statements (Continued)

Auditor's Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, and other information section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

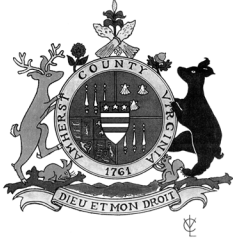
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Amherst County
County of Amherst, Virginia

The Management's Discussion and Analysis of the County's financial statements offers readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2017. The County's local contribution to the Amherst County Schools (Education) is included in this narrative.

Financial Highlights

- The reporting entity has total net position of \$49,417,543 at June 30, 2017. \$28,378,732, or 57%, of this amount represents the net position of governmental activities at year end. The remaining 43%, or \$21,038,811 reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- \$10,584,592 is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$2.0 million, the governmental activities increased \$1.1 million while business-type activities increased \$0.9 million.
- At the close of fiscal year 2017, the County's Statement of Activities shows the net position of governmental activities an increase from the previous year by \$2,070,882. (Exhibit 2)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

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

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements help in answering the question "Is the County as a whole better or worse as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. They take into account all of the current year's revenues and expenses regardless of when the cash is actually received or paid.

The *statement of net position* presents information on all of the County's assets, liabilities, deferred inflows/outflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. This is similar to a business' balance sheet.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, courts, police protection, fire and EMS, sanitation, social services, education, parks and recreation and community development. The business-type activities of the County are the centralized water and sewer services provided by the Service Authority

The Government-wide financial statements include not only the County of Amherst, Virginia itself (known as the *primary government*), but also a legally separate school district and an Economic Development Authority (EDA) for which the County of Amherst is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The Government-wide financial statements can be found on pages 5-6 of this report.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as *governmental activities* in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. This comparison of the two allows readers to better understand the long-term impact of the government's near-term financing decisions.

The County has three major governmental funds, the General Fund, the Special Revenue Fund, and the Capital Project Fund. The basic governmental fund financial statements can be found on pages 7-10 of this report.

Proprietary Funds

Proprietary funds are classified as enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business. The County maintains the accounting for one enterprise fund: the Amherst County Service Authority.

The Amherst County Service Authority is a blended component unit of the County of Amherst. The Authority delivers goods and services to the general public by providing water and sewer services to the citizens of Amherst County.

The proprietary fund financial statements can be found on pages 11-14 of this report.

Fiduciary funds

The County is the trustee, or fiduciary, for the County's agency funds. Agency funds are custodial funds used to provide accountability of client monies for which the County is custodian. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to support its operations. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on page 15 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 16-72.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for the School Board and the EDA. The School Board and the EDA do not issue separate financial statements.

Government-wide Financial Analysis

The following table reflects condensed information for the County's net position. Percentage changes in the table below were rounded for the following narrative.

Table 1 summarizes *the Statement of Net Position* for the primary government as of June 30, 2017 and 2016.

Summary Statement of Net Position

as of June 30, 2017

(\$ in millions)

Table 1

	Primary Government						
	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change
	2017	2016	2017	2016	2017	2016	
Cash and investments	\$29.6	\$29.0	\$3.3	\$2.8	\$32.9	\$31.8	3.5%
Receivables, net	8.5	8.5	0.6	0.7	9.1	9.2	-1.1%
Due from other governments	1.9	1.4	-	-	1.9	1.4	35.7%
Inventories	-	-	0.2	0.3	0.2	0.3	-33.3%
Prepaid items	0.1	0.1	-	-	0.1	0.1	0.0%
Loans Receivable	0.1	0.1	-	-	0.1	0.1	0.0%
Restricted assets:							
Cash and investments	16.9	2.4	1.4	1.3	18.3	3.7	394.6%
Capital assets	41.5	29.1	29.2	29.0	70.7	58.1	21.7%
Total assets	98.6	70.6	34.7	34.1	133.3	104.7	27.4%
DEFERRED OUTFLOWS							
Deferred amount on refunding	-	-	-	0.1	-	0.1	-100.0%
Pension-related deferred outflows	1.7	0.9	0.1	0.1	1.8	1.0	80.0%
Total deferred outflows of resources	1.7	0.9	0.1	0.2	1.8	1.1	63.64%
Accounts payable	2.8	2.8	0.4	0.2	3.2	3	6.7%
Accrued liabilities	0.1	0.3	-	-	0.1	0.3	100.0%
Customer deposits	-	-	0.3	0.3	0.3	0.3	50.0%
Accrued interest	0.4	0.2	0.1	0.1	0.5	0.3	25.0%
Due to component unit	3.3	3.2	-	-	3.3	3.2	3.1%
Long-term liabilities:							
Net pension liability	4.8	3.5	0.5	0.4	5.3	3.9	35.9%
Due within one year	2.0	1.7	0.6	0.6	2.6	2.3	13.0%
Due in more than one year	44.2	17.5	11.8	12.3	56	29.8	87.9%
Total liabilities	57.6	29.2	13.7	13.9	71.3	43.1	65.4%
DEFERRED INFLOWS							
Property taxes	13.9	13.9	-	-	13.9	13.9	0.0%
Pension-related deferred inflows	0.4	1.2	0.1	0.3	0.5	1.5	-60.0%
Total deferred inflows of resources	14.3	15.1	0.1	0.3	14.4	15.4	-5.8%
NET POSITION							
Net investment in capital assets	17.7	17.6	16.9	16.3	34.6	33.9	2.1%
Restricted for debt service	-	-	1.6	1.3	1.6	1.3	23.1%
Restricted for Community Development Loans	0.1	0.1	-	-	0.1	0.1	10.0%
Unrestricted net position	10.6	9.5	2.5	2.5	13.1	12	0.0%
Total net position	\$28.4	\$27.2	\$21.0	\$20.1	\$49.4	\$47.3	4.7%

Net position serves over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$47,417,543 at the close of the most recent fiscal year (Exhibit 1).

At the end of the current fiscal year, the County investment in capital assets represents approximately 70% of total net position. The County uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. These funds are restricted for a required debt reserve for the Service Authority's outstanding bond.

The County was recipient of several grants to support activities and programs of these County functions: public safety, social services, recreation, and community development.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance represents the portion of the fund balance which has not been limited to use for a particular purpose by an external party, the County, or an authorized group or individual. As a result, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending.

At June 30, the County's governmental funds reported fund balances of \$35,518,462, an overall increase of \$15,255,724 in comparison with the prior year. Of the \$35,518,462, approximately \$13.8 million constitutes unassigned fund balance, which is available for spending at the government's discretion. To ensure adequate fund availability for unanticipated expenditures, the County adopted a financial policy to provide cash flow reserves of at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County Public Schools. This financial policy leaves \$7.6 million of spendable fund balance. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is obligated by either Board or management action for specific purposes. The overall increase in fiscal year 2017 was due to funds restricted for capital projects.

Statement of Activities

The County's total revenues and expenses for governmental activities, business-type activities and the total primary government are reflected in the following table:

Changes in Net Position Year Ended June 30, 2017 (\$ millions)						
Table 2						
	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$3.0	\$2.9	\$3.9	\$4.0	\$6.9	\$6.9
Operating grants and contributions	6.1	5.6	-	-	6.1	5.6
Capital grants and contributions	0.4	0.4	-	-	0.4	0.4
General revenues:						
General property taxes	23.8	22.0	-	-	23.8	22.0
Other local taxes	7.1	7.0	-	-	7.1	7.0
Use of money and property	0.2	0.1	-	-	0.2	0.1
Non-categorical aid	2.4	2.5	-	-	2.4	2.5
Capital contribution	0.1	-	0.5	0.7	0.6	0.7
Other general revenues	0.3	0.1	0.3	0.2	0.6	0.3
Total revenues	\$43.4	\$40.6	\$4.7	\$4.9	\$48.1	\$45.5
Expenses						
General government	2.8	2.3	-	-	2.8	2.3
Judicial administration	1.3	1.3	-	-	1.3	1.3
Public safety	10.9	10.1	-	-	10.9	10.1
Public works	3	3.4	-	-	3	3.4
Health and welfare	4.6	4.1	-	-	4.6	4.1
Education	15.8	15.7	-	-	15.8	15.7
Parks, recreation and cultural	1.2	1.2	-	-	1.2	1.2
Community development	1.2	0.6	-	-	1.2	0.6
Interest on long-term debt	1.5	0.6	-	-	1.5	0.6
Water and sewer	-	-	3.8	3.8	3.8	3.8
Total expenses	42.3	39.3	3.8	3.8	46.1	43.1
Change in net position	\$1.1	\$1.3	\$0.9	\$1.1	\$2.0	\$2.4

Table 2 may differ from Exhibit 2 due to rounding

- The increase in operating grants and contributions is due to increased funding for Social Services.
- The increase in general property taxes was due to an increase in assessed value.
- The increase in other local taxes was a result of increased sales tax.
- The increase in general government expenses is due to increased staff positions and the associated benefits.
- Public Safety expenses increased during the current year. The expenses in the current fiscal year include the cost of purchasing two ambulances and one pumper truck.
- The expenditures for community development increased in FY 2017 due to the completion of the Depot renovation and a new economic development incentive that became due.
- The increase in interest on long-term debt is due to increased debt attributable to school capital projects.

The County's delinquency rate on current levy increased in comparison to the delinquency rate of FY 2016. The delinquency rate has increased for a second year and the increase is slightly greater than the increase in FY 2016. The trend will be reviewed with the Treasurer to insure the increase does not continue.

Fiscal Year	Delinquency Rate
2011-2012	6.65%
2012-2013	4.97%
2013-2014	5.14%
2014-2015	4.25%
2015-2016	4.48%
2016-2017	4.80%

Capital Asset and Debt Administration

Capital assets – Capital assets of the County carry a value total of \$41,505,426; the School Board's totals \$18,343,834; and the Service Authority's totals \$29,145,299 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. There remains an ongoing project for school infrastructure improvements. For the current fiscal year the County's construction in progress has a value of \$8,693,988.

Additional information on the County's capital assets can be found in Note 8.

Long-term debt - At the end of the current fiscal year, the County had total obligations outstanding of \$46,273,453. Of this amount \$9,395,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The remainder is comprised of debt backed by the full faith and credit of the County. The County's total long-term obligations increased during the current fiscal year by \$27,098,814.

Additional information on the County's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

- In September 2017, the County's unemployment rate was 4.00%, which is 0.20% lower than it was in October 2016.
- The tax rates for 2017 remain unchanged at \$0.61 for real property and \$3.45 for personal property for every \$100 of assessed value. Tax rate detail is provided in Table 6 of this report.
- The enrollment in public schools decreased in fiscal year 2017 by 2% from 4,216 to 4,142. School enrollment is projected to decline over the next year by 2%.

Requests for Information

This financial report is designed to provide a general overview of the County of Amherst, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Administrator, P. O. Box 390, and 153 Washington Street, Amherst, Virginia 24521.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2017

(Except for Business-Type Activities which are as of December 31, 2016)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash and investments (Note 3)	\$ 29,600,950	\$ 3,255,168	\$ 32,856,118	\$ 437,113	\$ 2,144,274
Receivables, net (Note 4)	8,525,781	627,195	9,152,976	-	232,014
Due from primary government	-	-	-	-	3,330,050
Due from other governments (Note 6)	1,895,747	-	1,895,747	-	1,540,420
Inventories	-	240,888	240,888	-	-
Prepaid items	100,080	-	100,080	-	63,531
Loans receivable (Note 5)	135,503	-	135,503	-	-
Restricted assets (Note 3)					
Cash and investments	16,877,978	1,441,964	18,319,942	-	-
Net pension asset (Note 12)	-	-	-	-	574,170
Capital assets: (Note 8)					
Nondepreciable	11,193,921	623,523	11,817,444	314,484	309,181
Depreciable, net	30,311,505	28,521,776	58,833,281	447,816	18,034,653
Total assets	98,641,465	34,710,514	133,351,979	1,199,413	26,228,293
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	29,715	29,715	-	-
Pension-related deferred outflows (Notes 10, 11, 12, and 13)	1,708,463	120,975	1,829,438	-	6,180,697
Total deferred outflows of resources	1,708,463	150,690	1,859,153	-	6,180,697
LIABILITIES					
Accounts payable	2,750,151	404,467	3,154,618	20,410	173,572
Accrued liabilities	114,335	-	114,335	884	5,236,438
Customer deposits	-	274,634	274,634	3,250	-
Accrued interest	365,182	125,402	490,584	-	-
Due to component unit	3,330,050	-	3,330,050	-	-
Unearned revenue	-	-	-	99,036	-
Long-term liabilities:					
Net pension liability (Notes 10, 11, and 13)	4,786,221	509,076	5,295,297	-	43,362,000
Due within one year (Notes 9 and 15)	2,030,047	584,327	2,614,374	34,656	65,046
Due in more than one year (Notes 9 and 15)	44,243,406	11,810,707	56,054,113	812,235	585,417
Total liabilities	57,619,392	13,708,613	71,328,005	970,471	49,422,473
DEFERRED INFLOWS OF RESOURCES					
Property taxes	13,903,314	-	13,903,314	-	-
Pension-related deferred inflows (Notes 10, 11, 12, and 13)	448,490	113,780	562,270	-	2,294,471
Total deferred inflows of resources	14,351,804	113,780	14,465,584	-	2,294,471
NET POSITION					
Net investment in capital assets	17,658,637	16,896,604	34,555,241	597,737	18,343,834
Restricted for:					
Debt service	-	1,604,464	1,604,464	-	-
Community development loans	135,503	-	135,503	-	-
Unrestricted net position (deficit)	10,584,592	2,537,743	13,122,335	(368,795)	(37,651,788)
Total net position	\$ 28,378,732	\$ 21,038,811	\$ 49,417,543	\$ 228,942	\$ (19,307,954)

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

(Except for Business-Type Activities which are as of December 31, 2016)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Unit	
					Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
Primary Government:									
Governmental activities:									
General government	\$ 2,769,062	\$ 456,220	\$ 338,201	\$ -	\$ (1,974,641)	\$ -	\$ (1,974,641)	\$ -	\$ -
Judicial administration	1,295,433	581,134	814,864	-	100,565	-	100,565	-	-
Public safety	10,908,850	1,410,041	1,980,211	-	(7,518,598)	-	(7,518,598)	-	-
Public works	3,074,740	371,815	10,734	16,077	(2,676,114)	-	(2,676,114)	-	-
Health and welfare	4,572,841	50,555	2,819,014	-	(1,703,272)	-	(1,703,272)	-	-
Education	15,813,456	-	-	-	(15,813,456)	-	(15,813,456)	-	-
Parks, recreation, and cultural	1,232,390	117,057	151,090	355,173	(609,070)	-	(609,070)	-	-
Community development	1,247,749	-	-	24,566	(1,223,183)	-	(1,223,183)	-	-
Interest on long-term debt	1,458,621	-	-	-	(1,458,621)	-	(1,458,621)	-	-
Total governmental activities	42,373,142	2,986,822	6,114,114	395,816	(32,876,390)	-	(32,876,390)	-	-
Business-type activities:									
Water and sewer	3,810,554	3,919,205	-	-	-	108,651	108,651	-	-
Total primary government	\$ 46,183,696	\$ 6,906,027	\$ 6,114,114	\$ 395,816	(32,876,390)	108,651	(32,767,739)	-	-
Component Units:									
Economic Development Authority	\$ 384,847	\$ -	\$ -	\$ -	-	-	-	(384,847)	-
School Board	47,216,582	1,451,835	30,494,121	-	-	-	-	-	(15,270,626)
Total component units	\$ 47,601,429	\$ 1,451,835	\$ 30,494,121	\$ -	-	-	-	(384,847)	(15,270,626)
General revenues:									
General property taxes					23,786,506	-	23,786,506	-	-
Other local taxes:									
Local sales and use					2,621,707	-	2,621,707	-	-
Consumer's utility tax					2,018,151	-	2,018,151	-	-
Business license					371,097	-	371,097	-	-
Motor vehicle license taxes					749,710	-	749,710	-	-
Restaurant food taxes					966,313	-	966,313	-	-
Other taxes					380,838	-	380,838	-	-
Unrestricted revenues from use of money and property					234,641	1,267	235,908	151,527	74,874
Miscellaneous					328,698	342,687	671,385	53,943	419,753
County contribution					-	-	-	394,145	14,904,758
Capital contributions					131,623	491,403	623,026	-	-
Grants and contributions not restricted to specific programs					2,413,980	-	2,413,980	-	-
Total general revenues					34,003,264	835,357	34,838,621	599,615	15,399,385
Change in net position					1,126,874	944,008	2,070,882	214,768	128,759
NET POSITION AT JULY 1					27,251,858	20,094,803	47,346,661	14,174	(19,436,713)
NET POSITION AT JUNE 30					\$ 28,378,732	\$ 21,038,811	\$ 49,417,543	\$ 228,942	\$ (19,307,954)

The Notes to Financial Statements are
an integral part of this statement.

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FUND
FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and investments	\$ 24,208,926	\$ 5,172,229	\$ 219,795	\$ 29,600,950
Receivables, net	8,521,050	4,731	-	8,525,781
Prepaid items	100,080	-	-	100,080
Due from other governments	1,533,175	362,572	-	1,895,747
Loans receivable	-	135,503	-	135,503
Cash and investments, restricted	-	-	16,877,978	16,877,978
	<u>-</u>	<u>-</u>	<u>16,877,978</u>	<u>16,877,978</u>
Total assets	<u>\$ 34,363,231</u>	<u>\$ 5,675,035</u>	<u>\$ 17,097,773</u>	<u>\$ 57,136,039</u>
LIABILITIES				
Accounts payable	\$ 978,145	\$ 142,043	\$ 964,033	\$ 2,084,221
Retainage payable	-	1,000	664,930	665,930
Accrued liabilities	111,125	3,210	-	114,335
Due to component unit	3,330,050	-	-	3,330,050
	<u>4,419,320</u>	<u>146,253</u>	<u>1,628,963</u>	<u>6,194,536</u>
Total liabilities	<u>4,419,320</u>	<u>146,253</u>	<u>1,628,963</u>	<u>6,194,536</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenues	15,067,869	355,172	-	15,423,041
	<u>15,067,869</u>	<u>355,172</u>	<u>-</u>	<u>15,423,041</u>
FUND BALANCES (Note 18)				
Nonspendable	100,080	-	-	100,080
Restricted	-	135,503	15,468,810	15,604,313
Committed	443,287	-	-	443,287
Assigned	522,176	5,038,107	-	5,560,283
Unassigned	13,810,499	-	-	13,810,499
	<u>14,876,042</u>	<u>5,173,610</u>	<u>15,468,810</u>	<u>35,518,462</u>
Total fund balances	<u>14,876,042</u>	<u>5,173,610</u>	<u>15,468,810</u>	<u>35,518,462</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 34,363,231</u>	<u>\$ 5,675,035</u>	<u>\$ 17,097,773</u>	<u>\$ 57,136,039</u>

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017**

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds **\$ 35,518,462**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 41,505,426

Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,519,727

Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pension	1,708,463
Deferred inflows of resources related to pension	(448,490)
Net pension liability	(4,786,221)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable and lease revenue bonds, net of premiums and discounts	(15,287,538)
Notes payable	(1,324,519)
Capital leases payable	(24,112,710)
Accrued interest	(365,182)
Compensated absences	(1,112,733)
Landfill closure and post-closure costs	(4,435,953)

Net position of governmental activities **\$ 28,378,732**

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General	Special Revenue	Capital Projects	Total
REVENUES				
General property taxes	\$ 23,735,333	\$ -	\$ -	\$ 23,735,333
Other local taxes	7,107,816	-	-	7,107,816
Permits, privilege fees, and regulatory licenses	239,820	-	-	239,820
Fines and forfeitures	469,572	-	-	469,572
Revenue from the use of money and property	114,890	-	119,751	234,641
Charges for services	1,447,872	414,185	-	1,862,057
Miscellaneous	266,703	61,995	-	328,698
Recovered costs	427,318	-	-	427,318
Intergovernmental revenues:				
Commonwealth	7,043,627	76,523	-	7,120,150
Federal	1,324,330	71,262	-	1,395,592
Total revenues	<u>42,177,281</u>	<u>623,965</u>	<u>119,751</u>	<u>42,920,997</u>
EXPENDITURES				
Current:				
General government	2,591,426	-	-	2,591,426
Judicial administration	1,239,942	-	-	1,239,942
Public safety	11,830,170	98,315	-	11,928,485
Public works	866,579	1,779,926	-	2,646,505
Health and welfare	4,615,919	-	-	4,615,919
Education	14,708,040	-	-	14,708,040
Parks, recreation, and cultural	1,083,026	510,111	-	1,593,137
Community development	1,194,645	43,072	-	1,237,717
Nondepartmental	114,247	-	-	114,247
Capital projects	198,299	-	12,227,302	12,425,601
Debt service				
Principal	1,554,192	30,228	-	1,584,420
Interest	946,660	11,636	-	958,296
Bond issuance costs	418,476	-	-	418,476
Total expenditures	<u>41,361,621</u>	<u>2,473,288</u>	<u>12,227,302</u>	<u>56,062,211</u>
Excess (deficiency) of revenues over expenditures	<u>815,660</u>	<u>(1,849,323)</u>	<u>(12,107,551)</u>	<u>(13,141,214)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	292,938	23,850,000	24,142,938
Proceeds from bond issuance	328,508	-	9,066,492	9,395,000
Refunding of bonds	-	-	(5,141,000)	(5,141,000)
Transfers in (Note 6)	249,660	1,555,699	212,246	2,017,605
Transfers out (Note 6)	(1,767,944)	(7,246)	(242,415)	(2,017,605)
Total other financing sources (uses)	<u>(1,189,776)</u>	<u>1,841,391</u>	<u>27,745,323</u>	<u>28,396,938</u>
Net change in fund balances	<u>(374,116)</u>	<u>(7,932)</u>	<u>15,637,772</u>	<u>15,255,724</u>
FUND BALANCES AT JULY 1,	<u>15,250,158</u>	<u>5,181,542</u>	<u>(168,962)</u>	<u>20,262,738</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 14,876,042</u></u>	<u><u>\$ 5,173,610</u></u>	<u><u>\$ 15,468,810</u></u>	<u><u>\$ 35,518,462</u></u>

The Notes to Financial Statements are
an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017**

Net change in fund balances per Exhibit 5 – total governmental funds \$ 15,255,724

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 15,000,583	
Contributed capital	131,623	
Depreciation expense	(1,889,077)	
Book value of capital assets disposed	(17,836)	
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(864,439)</u>	12,360,854

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

447,396

Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	778,564	
Pension expense	<u>(508,480)</u>	270,084

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments:		
General obligation debt	1,158,092	
Lease revenue bonds	368,000	
Notes payable	28,100	
Capital leases	30,228	
Bond proceeds	(9,395,000)	
Bonds refunded	5,141,000	
Capital lease issued	(24,142,938)	
Amortization of bond premium	<u>26,521</u>	(26,785,997)

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

Compensated absences	(111,895)	
Landfill liability	(200,922)	
Accrued interest	<u>(108,370)</u>	(421,187)

Change in net position of governmental activities \$ 1,126,874

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2016

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
ASSETS	
Current assets:	
Cash and investments	\$ 3,255,168
Receivables, net	627,195
Inventories	240,888
Total current assets	<u>4,123,251</u>
Noncurrent assets	
Restricted cash and investments	1,441,964
Capital assets:	
Nondepreciable	623,523
Depreciable, net	28,521,776
Total noncurrent assets	<u>30,587,263</u>
Total assets	<u>34,710,514</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	29,715
Pension contributions subsequent to measurement date	120,975
Total deferred outflows of resources	<u>150,690</u>
LIABILITIES	
Current liabilities:	
Accounts payable	404,467
Customer deposits	274,634
Accrued interest	125,402
Long-term liabilities due within one year	584,327
Total current liabilities	<u>1,388,830</u>
Noncurrent liabilities:	
Long-term liabilities due in more than one year	11,810,707
Net pension liability	509,076
Total noncurrent liabilities	<u>12,319,783</u>
Total liabilities	<u>13,708,613</u>
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows	<u>113,780</u>
NET POSITION	
Net investment in capital assets	16,896,604
Restricted for debt service	1,604,464
Unrestricted net position	2,537,743
Total net position	<u><u>\$ 21,038,811</u></u>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2016

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING REVENUES	
Charges for services	\$ 3,815,285
Miscellaneous	103,920
Total operating revenues	3,919,205
OPERATING EXPENSES	
Water transmission and distribution	181,136
Water distribution maintenance	275,501
Wastewater maintenance	44,259
General plant operations and maintenance	398,120
Wastewater treatment	421,442
General and administrative	1,060,439
Depreciation	1,011,968
Total operating expenses	3,392,865
Operating income	526,340
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,267
Connection and availability charges	319,907
Interest expense	(417,689)
Rental income	22,780
Total non-operating expenses, net	(73,735)
Income before capital contributions	452,605
CAPITAL CONTRIBUTIONS	491,403
Change in net position	944,008
NET POSITION AT JANUARY 1	20,094,803
NET POSITION AT DECEMBER 31	\$ 21,038,811

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2016

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 3,926,864
Payments to suppliers	(1,647,812)
Payments to employees	(789,266)
Other operating receipts	46,871
Net cash provided by operating activities	1,536,657
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets and water rights	(489,634)
Connection and availability fees	319,907
Contribution from County	162,500
Principal paid on debt	(499,880)
Interest payments on long-term liabilities	(478,020)
Net cash used in capital and related financing activities	(985,127)
INVESTING ACTIVITIES	
Rent received	22,780
Interest received	1,267
Net cash provided by investing activities	24,047
Net increase in cash and cash equivalents	575,577
CASH AND CASH EQUIVALENTS	
Beginning at January 1	4,121,555
Ending at December 31	\$ 4,697,132
RECONCILIATION TO EXHIBIT 7	
Cash and investments	\$ 3,255,168
Restricted cash and investments	1,441,964
	\$ 4,697,132

(Continued)

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2016

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 526,340
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,011,968
Pension expense net of employer contributions	(49,919)
Change in assets and liabilities:	
Decrease in:	
Receivables, net	37,961
Inventories	19,380
(Decrease) increase in:	
Accounts payable	(31,954)
Customer deposits	16,569
Compensated absences and OPEB	6,312
	<u>\$ 1,536,657</u>
Net cash provided by operating activities	<u>\$ 1,536,657</u>
NONCASH CAPITAL AND RELATED FINANCING	
Contributed capital improvements	<u>\$ 329,903</u>
Capital assets acquired through accounts payable	<u>\$ 280,395</u>
Capital assets acquired through regional sewer debt issued	<u>\$ 50,297</u>
Debt issued through regional sewer agreement	<u>\$ 50,297</u>

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 99,978
Total assets	<u>\$ 99,978</u>
LIABILITIES	
Amounts held for others	\$ 99,978
Total liabilities	<u>\$ 99,978</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Amherst, Virginia (the “County”) is a political subdivision of the Commonwealth of Virginia governed by an elected five-member Board of Supervisors. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The County has taxing powers subject to statewide restrictions and tax limits, and provides a full range of services to its citizens including law enforcement, fire, social services, public improvements, planning and zoning, education, and sanitation. The County is the primary government of the reporting entity.

Discretely Presented Component Units – The component unit columns in the financial statements include the financial data of the County’s discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County.

The Amherst County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the County’s Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances and provides significant funding to operate since the School Board does not have separate taxing powers. The Amherst County School Board does not prepare separate financial statements.

The Amherst County Economic Development Authority (the “EDA”) was created to promote industry and develop trade by encouraging enterprises to locate and remain in the County. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA is governed by a Board of Directors and the County is financially accountable for the EDA. The EDA does not prepare separate financial statements.

Blended Component Unit – A blended component unit is an entity, that while legally separate, is in substance part of the County’s operations, and so its financial information is combined with the financial statements of the County. The County can impose its will over the Amherst County Service Authority (the “Authority”) and is financially accountable for it.

The Authority serves the citizens of the County and provides water and sewer services. The County Board of Supervisors also serves as the Board of Directors for the Authority and approves all related user charges and debt issuances. The Authority operates on a December 31 year end, and the Authority’s December 31, 2016 financial report is presented as an enterprise fund in the County’s financial statements. Financial statements of the Authority may be obtained by contacting the County of Amherst, VA, County Administrator, P.O. Box 390, Amherst, VA 24521.

Related Organization – The Board of Supervisors is also responsible for nominating members of the board for the Amherst Industrial Development Authority, but the County’s accountability for this organization does not extend beyond making this nomination. Final appointment of members and accountability for fiscal affairs rests with the Town of Amherst.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary 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.

The statement of net position presents both governmental and business-type activities on the accrual basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

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

Fund Financial Statements

These statements are organized based on funds, each of which is considered a separate accounting unit. The emphasis is on major governmental and enterprise funds. The County reports the following major governmental funds:

The *General Fund* is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

Special Revenue funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue fund reports revenues and expenditures related to the Dare Program, Recreation Activities, E-911 operations, Community Development Block Grant, and Solid Waste.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The *capital projects fund* accounts for the renovations, construction, and improvements related to County capital assets. Financing is provided by debt issuances and General Fund transfers.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

Fund Financial Statements (Continued)

The County reports the following major proprietary fund:

The Amherst County Service Authority is presented in an *enterprise fund* that accounts for the Authority's water distribution system and sewage collection, pumping stations, and treatment plant. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the County reports the following fund type:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare and Forfeited Assets Funds.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. General Fund tax revenues are considered measurable when they have been levied and available if collected within 60 days of year end. Grant revenues are considered measurable and available when related grant expenditures are incurred. All other revenue items are considered measurable and available when cash is received. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, other post-employment benefits, as well as expenditures related to claims and judgments are recorded only when payment is due.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

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

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements are necessary. The reconciliations are presented as exhibits in the governmental fund financial statements. As part of the reconciliation process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenditures.

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds, if applicable. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the County and the component units are reported as due to/from component unit or due to/from primary government.

Inventories

Inventories are valued using the first-in, first-out method. Inventories in the enterprise fund consist of materials and supplies for water and sewer repairs and maintenance.

Taxes Receivable

Property is assessed at its estimated fair value and property taxes attach as an enforceable lien as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are payable on December 5th. The County bills and collects its own property taxes. The property taxes due and collected on the June 5, 2017 billing installment, as well as those due on December 5, 2017, are reflected in deferred inflows on the statement of net position as they are intended to fund operations in a future period.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, buildings, equipment, infrastructure, and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized for the year ended June 30, 2017, as there was no debt attributable to capital asset construction.

Most capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Building improvements	20-40 years
Furniture, equipment and vehicles	5-15 years
Utility plant in service	15-50 years

Landfill development costs are depreciated based on the percentage of capacity used compared to the total estimated capacity.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

- Differences between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension liability. This difference will be recognized in pension expense over the closed five year period.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool.

In addition to liabilities, the statements that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- The governmental funds report unavailable revenue from property taxes, grants, and other receivables not collected within 60 days of year end and those property taxes levied in fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- On the statement of net position, property taxes levied, but not yet due are intended to fund future years.
- Differences between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension liability. This difference will be recognized in pension expense over the closed five year period.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool.

Unearned/Unavailable Revenue

In the statement of net position, unearned revenue arises when assets are received or recognized before revenue recognition criteria is satisfied and primarily consists of property taxes collected or recorded as a receivable, that are intended to finance the subsequent year's operations.

In the balance sheet of the governmental funds, unearned/unavailable revenue arises when assets are recognized but are not available to finance expenditures of the current fiscal period or when assets are recognized before revenue recognition criteria is satisfied as described. Unearned/unavailable revenue primarily consists of property taxes, EMS billings, grants, and other items not collected within the availability period.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)

Compensated Absences

The County and School Board have policies to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds when the amounts are due for payment.

Long-term Obligations

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

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

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 County's and Schools' Retirement Plan and the additions to/deductions from the County's and Schools' 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)

Fund Balance (Continued)

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.
- **Restricted** – 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** – Amounts constrained to specific purposes by the County, under the formal action of Board of Supervisors’ resolution. Amounts cannot be used for any other purposes unless the Board of Supervisors takes action to remove or change the constraint.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by County management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Restricted Amounts

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

Minimum Fund Balance Policy

Within its General Fund, the County’s policy is to maintain an adequate fund balance amount for cash liquidity purposes. That balance is expected by management to be sufficient to meet the County’s cyclical cash flow requirements and avoid the need for short-term tax anticipation borrowing. Unassigned fund balances shall be at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County School Board. The Board of Supervisors may, in times of declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County, appropriate amounts that will reduce available unassigned fund balance below the 15% target. Should the reserve fall or be reduced below the 15% targeted level, the Board must approve and adopt a plan to restore this balance to the target level within 36 months, unless that timeframe would cause severe hardship to the County.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)

Minimum Fund Balance Policy (Continued)

Other governmental funds of the County do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Board of Supervisors.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances outstanding at year end as all County purchase orders expire at year end and must be re-authorized in the subsequent year.

Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

Use of Estimates

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

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 2. Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised by the Board of Supervisors only. However, the School Board is authorized to transfer budget amounts within the School System's categories. Amounts that do not fall under a department's control are categorized as non-departmental even though they may relate to a particular function.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

Note 3. Deposits and Investments

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP).

External Investment Pools:

The Virginia SNAP fund is an open-end management investment company and is overseen by the Treasurer of Virginia and State Treasury Board.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 3. Deposits and Investments (Continued)

Deposit and investment balances consist of the following:

	<u>Fair Value</u>
Deposits:	
Demand deposits	\$ 19,933,345
Certificate of deposit	1,279,464
Money market funds	15,656,055
Cash on hand	<u>10,605</u>
	36,879,469
Investments:	
SNAP	<u>16,877,978</u>
Total deposits and investments	<u><u>\$ 53,757,447</u></u>

Deposits and investments are presented on the Statement of Net Position as follows:

Cash and investments – Primary Government	\$ 32,856,118
Cash and investments – School Board	2,144,274
Cash and investments – EDA	437,113
Restricted cash and investments – Primary Government	<u>18,319,942</u>
Total deposits and investments	<u><u>\$ 53,757,447</u></u>

Restricted cash and investments:

Restricted cash and investments in the governmental activities consist of \$16,877,978 of unspent debt proceeds maintained in SNAP accounts to be used for capital projects. Restricted cash and investments in the business-type activities consists of a \$1,279,464 certificate of deposit required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services, as well as \$162,500 of other unspent funding restricted for future capital needs.

Credit risk:

Although the County does not have a formal policy addressing credit risk, the County adheres to the State guidelines. As required by the *Code of Virginia*, obligations of the Commonwealth of Virginia and its political subdivisions must have a debt rating of at least AA by Standard & Poor's (S&P) or Aa by Moody's Investors Service (Moody's). Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P or P-1 by Moody's. Corporate notes and bonds must have a rating of at least AA by S&P or As by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 3. Deposits and Investments (Continued)

Credit risk: (Continued)

	Moody's Ratings
Money market funds	Unrated
SNAP	AAAm

Note 4. Receivables

Receivables consist of the following:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit – School Board
Receivables				
Taxes	\$ 8,411,236	\$ -	\$ 8,411,236	\$ -
Less: allowance for uncollectible accounts	(341,626)	-	(341,626)	-
Net taxes receivable	8,069,610	-	8,069,610	-
Accounts receivable	554,037	668,195	1,222,232	232,014
Less: allowance for uncollectible accounts	(97,866)	(41,000)	(138,866)	-
Net accounts receivable	456,171	627,195	1,083,366	232,014
Net total receivables	<u>\$ 8,525,781</u>	<u>\$ 627,195</u>	<u>\$ 9,152,976</u>	<u>\$ 232,014</u>

Taxes receivable represent the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Governmental activities accounts receivable are comprised of amounts due for EMS billings and other local revenues. The allowances for uncollectible accounts are based on historical collection rates, aging of receivable balances, and specific account analysis. Accounts receivable for business-type activities primarily represent amounts due for water and sewer services.

Note 5. Loans Receivable

The County provided housing loans through the Community Development Block Grant Housing Loan Program to low income citizens within the County as part of a project in Old Town Madison Heights in 2012 and 2013. Several of those loans are still in repayment and in good standing at year end. All of the loans are secured by a deed of trust on the related real estate. These loans are forgivable loans under which no interest is charged and a portion of the principal balance is forgiven at the time of each monthly payment. At June 30, 2017, the five loans outstanding totaled \$135,503.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 6. Due From Other Governments

Amounts due from other governments consist of the following:

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 886,890
Local sales taxes	460,580	-
Communication taxes	196,403	-
Public assistance and welfare administration	54,007	-
Comprehensive youth service	454,010	-
Sheriff	158,695	-
Commonwealth's Attorney	33,222	-
Clerk of Circuit Court	27,374	-
Treasurer	9,571	-
Commissioner of Revenue	8,687	-
Other	25,455	-
Federal Government:		
Education grants	-	653,530
Transportation grants	355,172	-
Other grants	7,400	-
Public assistance	105,171	-
	<u>\$ 1,895,747</u>	<u>\$ 1,540,420</u>

Note 7. Transfers

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 249,660	\$ 1,767,944
Special Revenue fund	1,555,699	7,246
Capital Projects fund	212,246	242,415
	<u>\$ 2,017,605</u>	<u>\$ 2,017,605</u>

Transfers are used to (1) move revenues from the fund where statute or budget requires collection to the fund that statute or budget requires expenditure and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 8. Capital Assets

Capital asset activity for the year consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 2,368,310	\$ 131,623	\$ -	\$ 2,499,933
Construction in progress	3,542,355	8,903,162	(3,751,529)	8,693,988
Total capital assets not depreciated	5,910,665	9,034,785	(3,751,529)	11,193,921
Capital assets depreciated:				
Buildings and improvements	24,996,925	7,816,627	-	32,813,552
Jointly owned school buildings and improvements	6,866,548	-	(1,158,089)	5,708,459
Furniture, equipment, and vehicles	8,159,807	2,032,323	(73,397)	10,118,733
Total capital assets depreciated	40,023,280	9,848,950	(1,231,486)	48,640,744
Less accumulated depreciation:				
Buildings and improvements	(9,669,086)	(1,101,782)	-	(10,770,868)
Jointly owned school buildings and improvements	(2,142,620)	-	293,650	(1,848,970)
Furniture, equipment, and vehicles	(4,977,667)	(787,295)	55,561	(5,709,401)
Total accumulated depreciation	(16,789,373)	(1,889,077)	349,211	(18,329,239)
Capital assets depreciated, net	23,233,907	7,959,873	(882,275)	30,311,505
Net capital assets	<u>\$ 29,144,572</u>	<u>\$ 16,994,658</u>	<u>\$ (4,633,804)</u>	<u>\$ 41,505,426</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Capital assets depreciated:				
Buildings and improvements	1,243,269	-	-	1,243,269
Utility plant in service	45,546,681	1,012,094	-	46,558,775
Furniture, equipment, and vehicles	936,098	115,006	(27,845)	1,023,259
Total capital assets depreciated	47,726,048	1,127,100	(27,845)	48,825,303
Less accumulated depreciation	(19,319,404)	(1,011,968)	27,845	(20,303,527)
Capital assets depreciated, net	28,406,644	115,132	-	28,521,776
Net capital assets	<u>\$ 29,030,167</u>	<u>\$ 115,132</u>	<u>\$ -</u>	<u>\$ 29,145,299</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 8. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
General government administration	\$ 156,883	\$ -	\$ 156,883
Judicial administration	95,841	-	95,841
Public safety	789,876	-	789,876
Public works	670,761	-	670,761
Health and welfare	9,034	-	9,034
Education	42,678	-	42,678
Parks, recreation, and cultural	107,184	-	107,184
Community development	16,820	-	16,820
Water and sewer	-	1,011,968	1,011,968
	<u>-</u>	<u>1,011,968</u>	<u>1,011,968</u>
Total depreciation expense – primary government	<u>\$ 1,889,077</u>	<u>\$ 1,011,968</u>	<u>\$ 2,901,045</u>

Discretely Presented Component Unit – Economic Development Authority

Capital asset activity for the EDA for the year consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 329,509	\$ -	\$ (15,025)	\$ 314,484
Capital assets depreciated:				
Buildings and improvements	577,828	-	-	577,828
Less accumulated depreciation:				
Buildings and improvements	(115,566)	(14,446)	-	(130,012)
Capital assets depreciated, net	462,262	(14,446)	-	447,816
Net capital assets	<u>\$ 791,771</u>	<u>\$ (14,446)</u>	<u>\$ (15,025)</u>	<u>\$ 762,300</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 8. Capital Assets (Continued)

Discretely Presented Component Unit – School Board

Capital asset activity for the School Board for the year consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated:				
Land	\$ 309,181	\$ -	\$ -	\$ 309,181
Capital assets depreciated:				
Buildings and improvements	31,120,613	5,905,914	-	37,026,527
Jointly owned school buildings and improvements	16,670,158	1,158,089	(5,500,000)	12,328,247
Furniture, equipment, and vehicles	7,872,096	563,910	-	8,436,006
Total capital assets depreciated	55,662,867	7,627,913	(5,500,000)	57,790,780
Less accumulated depreciation:				
Buildings and improvements	(25,576,121)	(3,607,875)	-	(29,183,996)
Jointly owned school buildings and improvements	(6,660,418)	(744,568)	2,750,000	(4,654,986)
Furniture, equipment, and vehicles	(5,564,869)	(352,276)	-	(5,917,145)
Total accumulated depreciation	(37,801,408)	(4,704,719)	2,750,000	(39,756,127)
Capital assets depreciated, net	17,861,459	2,923,194	(2,750,000)	18,034,653
Net capital assets	\$ 18,170,640	\$ 2,923,194	\$ (2,750,000)	\$ 18,343,834

Local governments in Virginia and their school boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board. The \$5,500,000 decrease in jointly owned assets above reflects capital assets for which the debt was fully paid in fiscal year 2017. These assets are now reported in the School Board's building and improvement line as they are no longer considered jointly owned.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Long-Term Liabilities

Changes in long-term liabilities consisted of the following:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 6,866,548	\$ -	\$ 1,158,092	\$ 5,708,456	\$ 886,515
Premium on bonds	210,603	-	26,521	184,082	26,521
	<u>7,077,151</u>	<u>-</u>	<u>1,184,613</u>	<u>5,892,538</u>	<u>913,036</u>
Lease revenue bonds	5,509,000	9,395,000	5,509,000	9,395,000	464,000
Notes payable	1,352,619	-	28,100	1,324,519	24,524
Capital leases	-	24,142,938	30,228	24,112,710	517,214
	<u>6,861,619</u>	<u>33,537,938</u>	<u>5,567,328</u>	<u>34,832,229</u>	<u>1,005,738</u>
Landfill closure/post-closure	4,235,031	200,922	-	4,435,953	-
Compensated absences	1,000,838	111,895	-	1,112,733	111,273
	<u>5,235,869</u>	<u>312,817</u>	<u>-</u>	<u>5,548,686</u>	<u>111,273</u>
	<u>\$ 19,174,639</u>	<u>\$ 33,850,755</u>	<u>\$ 6,751,941</u>	<u>\$ 46,273,453</u>	<u>\$ 2,030,047</u>
Business-Type Activities:					
Revenue bond	\$ 8,975,000	\$ -	\$ 280,000	\$ 8,695,000	\$ 290,000
Premium on bond	1,429,792	-	59,575	1,370,217	59,575
Notes payable	2,382,776	50,297	219,880	2,213,193	223,090
Compensated absences	110,312	6,312	-	116,624	11,662
	<u>\$ 12,897,880</u>	<u>\$ 56,609</u>	<u>\$ 559,455</u>	<u>\$ 12,395,034</u>	<u>\$ 584,327</u>

Compensated absences and landfill closure/post-closure costs for governmental activities are expected to be paid out of the General Fund.

Discretely Presented Component Unit – Economic Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 882,114	\$ -	\$ 35,223	\$ 846,891	\$ 34,656

Discretely Presented Component Unit – School Board:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 626,217	\$ 24,246	\$ -	\$ 650,463	\$ 65,046

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

Purpose	Interest Rates	Date Issued	Final Maturity Date	Amount Issued	Amount Outstanding
PRIMARY GOVERNMENT					
Governmental Activities:					
General Obligation Bonds					
Schools:					
VPSA Bonds	4.95%	1998	2018	\$ 2,000,000	\$ 200,000
VPSA Bonds	4.73	1999	2019	2,000,000	300,000
VPSA Bonds	5.15	2000	2020	3,351,287	768,456
VPSA Bonds	3.10-5.25	2001	2021	550,000	125,000
VPSA Bonds	2.35-7.85	2002	2022	965,000	270,000
VPSA Bonds	3.10-5.35	2003	2023	1,315,000	455,000
VPSA Bonds	4.10-5.60	2004	2024	1,120,000	440,000
VPSA Bonds	4.60-5.10	2005	2025	1,615,000	720,000
VPSA Bonds	4.225-5.10	2006	2026	1,265,000	615,000
VPSA Bonds	4.10-5.10	2007	2027	3,325,000	1,815,000
Total general obligation bonds					<u>\$ 5,708,456</u>
Lease Revenue Bonds					
Amherst County EDA Series 2017A	2.32%	2017	2032	\$ 4,000,000	\$ 4,000,000
Amherst County EDA Series 2017B	2.32	2017	2027	5,395,000	5,395,000
Total lease revenue bonds					<u>\$ 9,395,000</u>
Capital Leases					
Pinnacle – Energy Conservation	2.25%	2016	2030	\$ 15,000,000	\$ 15,000,000
U.S. Bancorp – Energy Conservation	2.19	2016	2030	8,850,000	8,850,000
Caterpillar – Equipment	3.20	2016	2021	292,937	262,710
Total capital leases					<u>\$ 24,112,710</u>
Note Payable					
USDA – Rural Development – Animal Shelter	4.125%	2007	2046	\$ 1,597,200	<u>\$ 1,324,519</u>
Business-Type Activities:					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	<u>\$ 8,695,000</u>
Notes payable					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 68,150
Sewage facilities note	-	1998	2027	747,643	239,869
Sewage facilities note	3.00	2001	2020	1,996,292	372,314
Sewage facilities note	3.41	2002	2021	322,159	108,316
Sewage facilities note	4.14	2010	2029	329,751	243,184
Sewage facilities note	3.25	2011	2041	129,890	105,741

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Long-Term Liabilities (Continued)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
PRIMARY GOVERNMENT					
(Continued)					
Business-Type Activities: (Continued)					
Notes payable (Continued)					
Sewage facilities note	2.80	2011	2041	41,049	34,207
Sewage facilities note	-	2013	2033	1,062,266	902,926
Sewage facilities note	3.22	2013	2043	30,001	28,202
Sewage facilities note	3.08	2014	2034	64,890	59,987
Sewage facilities note	3.14	2016	2036	50,297	50,297
Total notes payable					<u>\$ 2,213,193</u>
COMPONENT UNIT					
ECONOMIC DEVELOPMENT AUTHORITY					
Notes Payable					
USDA – Rural Development –					
Animal Shelter	4.125%	2007	2047	\$ 822,800	\$ 682,325
Carter Bank and Trust	6.00	2008	2023	309,067	164,566
Total notes payable					<u>\$ 846,891</u>

Annual debt payments:

<u>Year Ending</u> <u>June 30,</u>	<u>Primary Government</u> <u>Governmental Activities</u>			
	<u>General Obligation and</u> <u>Lease Revenue Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,350,515	\$ 422,768	\$ 24,524	\$ 58,850
2019	1,555,119	423,997	25,556	57,818
2020	1,473,916	365,415	26,630	56,744
2021	1,390,906	312,149	27,749	55,625
2022	1,209,000	266,196	28,916	54,458
2023-2027	5,626,000	758,285	163,869	259,612
2028-2032	2,181,000	147,677	201,332	223,660
2033-2037	317,000	4,073	247,361	179,486
2038-2042	-	-	303,915	125,214
2043-2046	-	-	274,667	58,535
	<u>\$ 15,103,456</u>	<u>\$ 2,700,560</u>	<u>\$ 1,324,519</u>	<u>\$ 1,130,002</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Long-Term Liabilities (Continued)

Annual debt payments: (Continued)

Year Ending June 30,	Capital Leases	
	Principal	Interest
2018	\$ 517,214	\$ 533,804
2019	928,585	517,264
2020	1,090,000	494,310
2021	1,251,462	467,744
2022	1,550,449	435,037
2023-2027	8,865,000	1,620,950
2028-2032	9,910,000	443,170
2033-2037	-	-
2038-2042	-	-
2043-2047	-	-
	<u>\$ 24,112,710</u>	<u>\$ 4,512,279</u>

Year Ending June 30,	Primary Government Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 290,000	\$ 429,469	\$ 223,090	\$ 36,070
2019	305,000	414,606	224,563	31,641
2020	315,000	401,525	226,091	27,228
2021	335,000	385,381	227,676	22,756
2022	355,000	368,213	136,243	15,593
2023-2027	2,005,000	1,575,095	550,076	58,243
2028-2032	2,045,000	1,053,944	420,229	27,867
2033-2037	1,760,000	606,238	168,234	11,700
2038-2042	1,285,000	134,019	34,877	3,927
2043-2044	-	-	2,114	165
	<u>\$ 8,695,000</u>	<u>\$ 5,368,490</u>	<u>\$ 2,213,193</u>	<u>\$ 235,190</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 9. Long-Term Liabilities (Continued)

Annual debt payments: (Continued)

Year Ending June 30,	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2018	\$ 34,656	\$ 39,591
2019	36,545	37,702
2020	38,540	35,707
2021	40,648	33,599
2022	42,875	31,372
2023-2027	124,427	132,054
2028-2032	103,717	111,034
2033-2037	127,429	87,322
2038-2042	156,564	58,188
2043-2047	141,490	21,146
	<u>\$ 846,891</u>	<u>\$ 587,715</u>

Capital leases – energy conservation:

During fiscal year 2017, the County issued two capital leases totaling \$23,850,000 for energy conservation projects at various schools that include roofing, lighting, and HVAC. Funds are held in the County's SNAP investment account and will be used as the projects progress.

The assets acquired through capital leases are as follows:

Furniture, equipment, and vehicles	\$ 292,937
Construction in progress	8,416,794
Buildings and improvements	3,897,988
Less: accumulated depreciation	<u>(67,089)</u>
Net	<u>\$ 12,540,630</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the County of Amherst, Virginia, (the “Political Subdivision”) are automatically covered by VRS Retirement Plan upon employment. This plan is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are as follows:

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Vesting** – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility** – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service for hazardous duty employees.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Age 50 with at least five years of creditable service for hazardous duty employees.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
 - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
 - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- **Disability Coverage** – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service** – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Plan 2 – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election** – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 2 (Continued)

- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.
- **Creditable Service** – Same as Plan 1.
- **Vesting** – Same as Plan 1.
- **Calculating the Benefit** – See definition under Plan 1.
- **Average Final Compensation** – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** – Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** – Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
 - **Eligibility** – Same as Plan 1.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.
- **Purchase of Prior Service** – Same as Plan 1.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members** – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service** –
 - **Defined Benefit Component** – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
 - **Defined Contributions Component** – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Vesting –**
 - **Defined Benefit Component** – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component** – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit –**
 - **Defined Benefit Component** – See definition under Plan 1.
 - **Defined Contribution Component** – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation** – Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier** – The retirement multiplier for the defined benefit component 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. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
 - **Defined Benefit Component** – Same as Plan 2, however, not applicable for hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Earliest Unreduced Retirement Eligibility –**
 - **Defined Benefit Component** – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility –**
 - **Defined Benefit Component** – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement –**
 - **Defined Benefit Component** – Same as Plan 2.
 - **Defined Contribution Component** – Not Applicable.
 - **Eligibility** – Same as Plan 1 and 2.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1 and 2.
- **Disability Coverage** – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –**
 - **Defined Benefit Component** – Same as Plan 1, with the following exceptions:
 - Hybrid Retirement Plan members are ineligible for ported service.
 - The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
 - Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.
 - **Defined Contribution Component** – Not Applicable.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	123
Inactive members:	
Vested inactive members	24
Non-vested inactive members	44
Inactive members active elsewhere in VRS	102
Total inactive members	170
Active members	178
Total covered employees	471

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The political subdivision's contractually required contribution rate for the year ended June 30, 2017 was 9.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 political subdivision were \$778,564 and \$946,976 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

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

Mortality rates: General employees – 14% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-LEOS and All Others (Non 10 Largest): Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year.

Public Safety Employees – Largest 10 – Non-LEOS and All Others (Non 10 Largest): Update mortality table; adjustment to rates of service retirement for females (Non 10 Largest); decrease in rates of male disability (Largest 10, only); decrease in male and female rates of disability (Non 10 Largest) and increase in rates of withdrawal.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2015	\$ 38,842,030	\$ 35,310,271	\$ 3,531,759
Changes for the year:			
Service cost	914,633	-	914,633
Interest	2,649,097	-	2,649,097
Differences between expected and actual experience	(411,642)	-	(411,642)
Contributions – employer	-	953,295	(953,295)
Contributions – employee	-	369,207	(369,207)
Net investment income	-	597,465	(597,465)
Benefit payments, including refunds of employee contributions	(1,995,574)	(1,995,574)	-
Administrative expenses	-	(22,083)	22,083
Other changes	-	(258)	258
Net changes	1,156,514	(97,948)	1,254,462
Balances at June 30, 2016	\$ 39,998,544	\$ 35,212,323	\$ 4,786,221

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Political subdivision's net pension liability	\$ 9,858,810	\$ 4,786,221	\$ 556,738

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

For the year ended June 30, 2017, the political subdivision recognized pension expense of \$515,299. At June 30, 2017, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 448,490
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	929,899	-
Employer contributions subsequent to the measurement date	<u>778,564</u>	<u>-</u>
Total	<u>\$ 1,708,463</u>	<u>\$ 448,490</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 10. Defined Benefit Pension Plan (Continued)

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

The \$778,564 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2018	\$ (254,185)
2019	(141,815)
2020	507,426
2021	369,983
2022	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2017, approximately \$67,430 was payable to the Virginia Retirement System for the legally required contributions related to June 2017 payroll.

Note 11. Defined Benefit Pension Plan – Amherst County Service Authority

Plan Description

All full-time, salaried permanent employees of the Amherst County Service Authority, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan 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. Plan participants are covered under three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 11. Defined Benefit Pension Plan – Amherst County Service Authority

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>7</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	4
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	8
Active members	<u>22</u>
Total covered employees	<u><u>37</u></u>

Contributions

The political subdivision's contractually required contribution rate through June 30, 2016 was 9.34% of covered employee compensation and 7.16% for the period of July 1, 2016 through December 31, 2016. These rates were based on an actuarially determined rates from actuarial valuations as of June 30, 2013 and June 30, 2015, respectively.

Contributions to the pension plan from the political subdivision were \$78,020 and \$87,597 for the years ended December 31, 2016 and December 31, 2015, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 11. Defined Benefit Pension Plan – Amherst County Service Authority (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	\$ 4,709,508	\$ 4,285,501	\$ 424,007
Changes for the year:			
Service cost	92,629	-	92,629
Interest	326,042	-	326,042
Differences between expected and actual experience	(1,265)	-	(1,265)
Contributions – employer	-	89,044	(89,044)
Contributions – employee	-	47,414	(47,414)
Net investment income	-	198,567	(198,567)
Benefit payments, including refunds of employee contributions	(103,535)	(103,535)	-
Administrative expenses	-	(2,647)	2,647
Other changes	-	(41)	41
Net changes	313,871	228,802	85,069
Balances at June 30, 2015	\$ 5,023,379	\$ 4,514,303	\$ 509,076

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability (asset)	\$ 1,172,501	\$ 509,076	\$ (47,661)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 11. Defined Benefit Pension Plan – Amherst County Service Authority (Continued)

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

For the year ended December 31, 2016, the Authority recognized pension expense of \$28,163. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 964
Net difference between projected and actual earnings on pension plan investments	-	112,816
Employer contributions subsequent to the measurement date	120,975	-
	<u>\$ 120,975</u>	<u>\$ 113,780</u>

The \$120,975 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Increase (Reduction) to Pension Expense
2017	\$ (44,739)
2018	(44,739)
2019	(44,737)
2020	20,435
2021	-
Thereafter	-

Payables to the Pension Plan

At December 31, 2016, there were no amounts payable to the Virginia Retirement System.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 12. Defined Benefit Pension Plan – School Nonprofessionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the County of Amherst, Virginia, (the “School division”) are automatically covered by VRS Retirement Plan upon employment. This plan is 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. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>63</u>
Inactive members:	
Vested inactive members	5
Non-vested inactive members	42
Inactive members active elsewhere in VRS	<u>20</u>
Total inactive members	67
Active members	<u>125</u>
Total covered employees	<u><u>255</u></u>

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2017 was 3.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Contributions to the pension plan from the school division were \$84,132 and \$132,090 for the years ended June 30, 2017 and June 30, 2016, respectively.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2015	\$ 7,370,962	\$ 8,062,184	\$ (691,222)
Changes for the year:			
Service cost	247,311	-	247,311
Interest	504,728	-	504,728
Differences between expected and actual experience	(232,007)	-	(232,007)
Contributions – employer	-	143,860	(143,860)
Contributions – employee	-	122,555	(122,555)
Net investment income	-	141,606	(141,606)
Benefit payments, including refunds of employee contributions	(321,116)	(321,116)	-
Administrative expenses	-	(4,981)	4,981
Other changes	-	(60)	60
Net changes	198,916	81,864	117,052
Balances at June 30, 2016	\$ 7,569,878	\$ 8,144,048	\$ (574,170)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's net pension liability	\$ 334,780	\$ (574,170)	\$ (1,338,050)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

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

For the year ended June 30, 2017, the school division recognized pension expense of \$46,166. At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,971	\$ 169,471
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	212,317	-
Employer contributions subsequent to the measurement date	<u>84,132</u>	<u>-</u>
Total	<u><u>\$ 345,420</u></u>	<u><u>\$ 169,471</u></u>

The \$84,132 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2018	\$ (26,097)
2019	(43,305)
2020	77,087
2021	84,132
2022	-
Thereafter	-

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2017, approximately \$6,459 was payable to the Virginia Retirement System for the legally required contributions related to June 2017 payroll.

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including County of Amherst, Virginia, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is 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 employers 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 funded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing 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 as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin requiring that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the school division were \$3,304,277 and \$3,311,310 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$43,362,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.30941% as compared to 0.31091% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$3,536,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,405,000
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,477,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,000	720,000
Employer contributions subsequent to the measurement date	<u>3,304,277</u>	<u>-</u>
Total	<u>\$ 5,835,277</u>	<u>\$ 2,125,000</u>

The \$3,304,277 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2018	\$ (483,000)
2019	(483,000)
2020	895,000
2021	589,000
2022	(112,000)
Thereafter	-

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 44,182,326
Plan Fiduciary Net Position	<u>30,168,211</u>
Employers' Net Pension Liability (Asset)	<u>\$ 14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 61,812,000</u>	<u>\$ 43,362,000</u>	<u>\$ 28,163,000</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2017, approximately \$279,493 was payable to the Virginia Retirement System for the legally required contributions related to June 2017 payroll.

Note 14. Other Post-Employment Benefits

County – VRS Health Insurance Credit

A. Plan Description

The County participates in the Health Insurance Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department, and general registrar retirees.

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the system and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit programs. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

As participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the *Code of Virginia* and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2016 was .13 % of annual covered payroll.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 14. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

C. Annual Required Contribution (ARC)

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2017, the County's contribution of \$10,705 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$ 10,705	100%	\$ -
June 30, 2016	9,559	100	-
June 30, 2015	8,337	100	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 177,304
Actuarial value of plan assets	\$ 111,179
Unfunded actuarial accrued liability (UAAL)	\$ 66,125
Funded ratio (actuarial value of plan assets/AAL)	62.71%
Covered payroll (active plan members)	\$ 3,053,464
UAAL as a percentage of covered payroll	2.17%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 14. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

D. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by the member's years of service and the maximum benefit is assumed, no assumption relating to health care cost trend rates is needed or applied.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2015 was 27 years.

Service Authority – VRS Health Insurance Credit

A. Plan Description

The Authority participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the VRS. The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department, and general registrar retirees.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 14. Other Post-Employment Benefits (Continued)

Service Authority – VRS Health Insurance Credit (Continued)

A. Plan Description

An employee of the Authority, who retires under VRS with at least 15 years of total creditable service under the system and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit programs. VRS issues separate financial statements as previously discussed in Note 6.

B. Funding Policy

As participating local political subdivision, the Authority is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the *Code of Virginia* and the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2017 was 0.12% of annual covered payroll.

C. Annual Required Contribution (ARC)

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, is based on the annual required contribution (ARC). The Authority is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2017, the Authority's contribution of \$3,266 was equal to the ARC and OPEB cost. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 3,266	100%	\$ -
June 30, 2016	3,126	100	-
June 30, 2015	3,456	100	-

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 14. Other Post-Employment Benefits (Continued)

Service Authority – VRS Health Insurance Credit (Continued)

C. Annual Required Contribution (ARC) (Continued)

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 71,102
Actuarial value of plan assets	\$ 35,457
Unfunded actuarial accrued liability (UAAL)	\$ 35,645
Funded ratio (actuarial value of plan assets/AAL)	49.87%
Covered payroll (active plan members)	\$ 989,824
UAAL as a percentage of covered payroll	3.60%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by the member's years of service and the maximum benefit is assumed, no assumption relating to health care cost trend rates is needed or applied.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 14. Other Post-Employment Benefits (Continued)

Service Authority – VRS Health Insurance Credit (Continued)

D. Actuarial Methods and Assumptions (Continued)

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at December 31, 2016 was 18-27 years.

Note 15. Landfill Closure and Post-Closure Care Cost

Permit 181 – Closed Landfill

The County closed its former landfill site in 1997. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The cumulative amount of estimated closure, post-closure care, and corrective action costs for this site, less costs paid to date, totals \$556,817. Actual costs may be higher due to inflation, changes in technology, changes in regulations or other unforeseen circumstances. The County intends to fund these costs from funds accumulated for this purpose in the Special Revenue fund as well as transfers from the General Fund.

Permit 563 – Open Landfill

The County owns and operates a landfill site from which it collects tipping fees based upon the source of the waste. The landfill began accepting waste in 1997.

State and federal laws will require the County to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for thirty years after closure. Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County will report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used. An accrual of \$3,879,136 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 71% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$1,599,869 will be recognized as remaining capacity is filled. Actual future costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

The County has demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 16. Commitments and Contingencies

Litigation

The County and School Board are potential defendants in litigation involving claims for damages of various types. Officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on financial position.

Federal Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Commitments

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$12,243,000 at year end.

Landfill

The County has received a consent order from the Department of Environmental Quality. The outcome of the consent order is not known, however, management estimates that the potential liability will have an immaterial effect on financial position.

Note 17. Risk Management

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the government carries insurances.

The County and School Board are members of the Virginia Municipal Group Self Insurance Association (the "Association") for workers' compensation. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Virginia Municipal Group contributions and assessments are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims 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 which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 18. Fund Balances

Fund balances is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County and School Board are bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints are presented below:

	General	Special Revenue	Capital Projects	Total Governmental Funds	Component Unit – School Board
Nonspendable:					
Prepaid expenditures	\$ 100,080	\$ -	\$ -	\$ 100,080	\$ 63,531
Restricted:					
Community development	-	135,503	-	135,503	-
Other capital projects	-	-	15,468,810	15,468,810	-
Total restricted	-	135,503	15,468,810	15,604,313	-
Committed to:					
Community development	13,312	-	-	13,312	-
Judicial administration	280,243	-	-	280,243	-
Other capital projects	149,732	-	-	149,732	-
Total committed	443,287	-	-	443,287	-
Assigned to:					
Community development	2,500	-	-	2,500	-
General government administration	153,764	-	-	153,764	-
Public safety	-	762,459	-	762,459	-
Public works	60,000	4,244,698	-	4,304,698	-
Parks, recreation, and cultural	51,693	30,950	-	82,643	-
Education	-	-	-	-	1,900,279
Other capital projects	254,219	-	-	254,219	-
Total assigned	522,176	5,038,107	-	5,560,283	1,900,279
Unassigned	13,810,499	-	-	13,810,499	(63,531)
Total fund balances	<u>\$ 14,876,042</u>	<u>\$ 5,173,610</u>	<u>\$ 15,468,810</u>	<u>\$ 35,518,462</u>	<u>\$ 1,900,279</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 19. Jointly Governed Organizations and Joint Venture

The following organizations are excluded from the accompanying financial statements:

Jointly Governed Organizations:

Horizon Behavioral Health (HBH)

The County, in conjunction with the Counties of Appomattox, Bedford, and Campbell, and the City of Lynchburg, participates in HBH, whose board is composed of two members from each of the participating localities. The County contributed \$98,008 for operations to HBH for 2017.

Blue Ridge Regional Jail Authority (BRRJA)

The County, in conjunction with the Counties of Appomattox, Bedford, Campbell, and Halifax, and the City of Lynchburg, participates in the BRRJA. Each member jurisdiction pays a per diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per diem charge into an operating and debt service components. The per diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year. The County contributed \$1,554,736 for operations to BRRJA for 2017.

Joint Venture:

Region 2000 Radio Communications Board

The County, along with the County of Bedford and City of Lynchburg, is a participant in the development and operation of a regional radio communication system, the Region 2000 Radio Communications Board (the Board). Each participant agreed to contribute its pro rata share for annual capital and operational costs, as well as any annual deficit. The Board issued debt of \$13.1 million in May 2012 for the upgrade and replacement of the existing system. Each participant agreed to contribute its pro rata share towards debt service payments of the Board. The County's share will be 28%, and annual contributions for debt service will approximate \$310,625. An asset or obligation is not reflected at June 30 because the system has yet to be constructed and is not operational.

Note 20. Performance Incentives

The County and EDA are parties to incentive agreements with existing companies for expansion in the county and with new companies for locating within the County. Incentives under these agreements range from tax rebates based on the real and tangible business property added to the County's tax rolls to small payroll incentives. Amounts under these incentives are not due until taxes are paid by the Company and refunds are requested. Accordingly, there are no amounts accrued in the financial statements at year end for outstanding incentive agreements.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 21. Significant Transactions of the County and Component Unit – School Board

Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the County’s governmental activities. The proceeds from the debt issued “on behalf” of the School Board are recorded in the County’s General Fund. Funds are then transferred to the School’s Capital Projects Fund for approved projects. This fund then accounts for capital expenditures relating to major school construction projects.
2. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.
3. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. As the debt related to a particular capital asset is retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
4. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit (Exhibit 23)	\$ 46,959,934
Expenditures for School Buses reported in the General Fund (Exhibit 4)	198,299
Expenditures for School HVAC, roofs and electrical upgrades	10,183,026
School-related principal and other debt service expenditures included in primary government (Exhibit 5)	<u>1,679,736</u>
Total expenditures for school activities	<u><u>\$ 59,020,995</u></u>

Note 22. Significant Transactions of the County and Component Unit – EDA

The EDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the EDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the EDA but ultimately are long-term obligations reported in the County’s government-wide statement of net assets. When the underlying requirements have been substantially met, these amounts are recorded by the EDA as payable to the grant recipient and as receivable from the County. At year end, there were no amounts to report for economic incentives payable.

The County also provides personnel assistance for some functions to the EDA at no charge.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 23. Conduit Debt Outstanding – EDA

The EDA has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and/or construction of industrial, commercial, or educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved on the underlying loans. Ownership of the acquired facilities rests with the entities served by the bond issuance. Neither the EDA, the County, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2017, outstanding conduit debt was as follows:

Randolph College, Series 2010	\$ 4,428,555
Lynchburg College, Series 2003	<u>9,790,000</u>
Total conduit debt outstanding	<u><u>\$ 14,218,555</u></u>

Note 24. Tax Abatements

According to the County's Code of Ordinances Section 7-308, the County provides tax incentives to qualifying entities that make new taxable investments in taxable real property and improvements, taxable machinery and equipment, or taxable business personal property totaling \$250,000 for existing businesses and \$500,000 for new businesses.

The County has an agreement with one local business dated July 2016 for a period of five years beginning with taxes paid for tax year 2016. The tax abatement during fiscal year 2017 was \$245,494, and there is four years remaining on the current agreement.

Note 25. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45 and No. 57 and establishes new accounting requirements for OPEB plans. This Statement will be effective for the year ending June 30, 2018.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 25. New Accounting Standards (Continued)

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* provides recognition and measurement guidance for situations in which a government is a beneficiary of an irrevocable split-interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding the presentation of payroll related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement will be effective for the year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will be effective for the year ending June 30, 2020.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 25. New Accounting Standards (Continued)

GASB Statement No. 85, *Omnibus 2017* addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and “negative” goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will be effective for the year ending June 30, 2021.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 23,295,711	\$ 23,318,851	\$ 23,735,333	\$ 416,482
Other local taxes	6,980,148	6,980,148	7,107,816	127,668
Permits, fees, license	148,600	162,647	239,820	77,173
Fines and forfeitures	-	270,281	469,572	199,291
Use of money and property	105,566	105,566	114,890	9,324
Charges for services	1,410,298	1,420,196	1,447,872	27,676
Miscellaneous	58,800	235,376	266,703	31,327
Recovered costs	170,176	368,010	427,318	59,308
Intergovernmental revenues:				
Commonwealth	6,311,777	6,806,665	7,043,627	236,962
Federal	655,824	766,007	1,324,330	558,323
Total revenues	39,136,900	40,433,747	42,177,281	1,743,534
EXPENDITURES				
Current:				
General government administration	2,430,553	2,705,573	2,591,426	114,147
Judicial administration	1,256,297	1,341,515	1,239,942	101,573
Public safety	10,457,525	12,516,138	11,830,170	685,968
Public works	865,073	1,002,321	866,579	135,742
Health and welfare	3,344,206	3,579,388	4,615,919	(1,036,531)
Education	14,764,747	14,765,530	14,708,040	57,490
Parks, recreation, and cultural	1,132,303	1,189,640	1,083,026	106,614
Community development	852,568	1,045,672	1,194,645	(148,973)
Nondepartmental	320,099	125,236	114,247	10,989
Capital projects	200,000	198,500	198,299	201
Debt service:				
Principal	1,927,225	1,746,618	1,554,192	192,426
Interest	680,213	1,013,503	946,660	66,843
Bond issuance costs	1,000	269,361	418,476	(149,115)
Total expenditures	38,231,809	41,498,995	41,361,621	137,374
Excess of revenues (under) expenditures	905,091	(1,065,248)	815,660	1,880,908
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	328,508	328,508
Transfers in	479,953	2,337,392	249,660	(2,087,732)
Transfers out	(1,385,044)	(1,700,282)	(1,767,944)	(67,662)
Total other financing sources (uses)	(905,091)	637,110	(1,189,776)	(1,826,886)
Net change in fund balance	\$ -	\$ (428,138)	\$ (374,116)	\$ 54,022

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT
June 30, 2017

	Plan Year		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 914,633	\$ 874,938	\$ 950,553
Interest on total pension liability	2,649,097	2,567,290	2,439,990
Difference between expected and actual experience	(411,642)	(442,541)	-
Benefit payments, including refunds of employee contributions	(1,995,574)	(1,666,446)	(1,477,503)
Net change in total pension liability	1,156,514	1,333,241	1,913,040
Total pension liability – beginning	38,842,030	37,508,789	35,595,749
Total pension liability – ending	39,998,544	38,842,030	37,508,789
Plan Fiduciary Net Position			
Contributions – employer	953,295	942,715	884,349
Contributions – employee	369,207	369,385	368,536
Net investment income	597,465	1,554,214	4,678,377
Benefit payments, including refunds of employee contributions	(1,995,574)	(1,666,446)	(1,477,503)
Administrative expenses	(22,083)	(21,323)	(25,170)
Other	(258)	(331)	247
Net change in plan fiduciary net position	(97,948)	1,178,214	4,428,836
Plan fiduciary net position – beginning	35,310,271	34,132,057	29,703,221
Plan fiduciary net position – ending	35,212,323	35,310,271	34,132,057
Net pension liability – ending	\$ 4,786,221	\$ 3,531,759	\$ 3,376,732
Plan fiduciary net position as a percentage of total pension liability	88%	91%	91%
Covered payroll	\$ 6,665,766	\$ 7,085,697	\$ 7,232,732
Net pension liability as a percentage of covered payroll	72%	50%	47%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
SCHOOLS – NONPROFESSIONAL EMPLOYEES
June 30, 2017

	Plan Year		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 247,311	\$ 241,309	\$ 248,646
Interest on total pension liability	504,728	469,365	443,148
Difference between expected and actual experience	(232,007)	115,149	-
Benefit payments, including refunds of employee contributions	(321,116)	(320,157)	(314,377)
Net change in total pension liability	198,916	505,666	377,417
Total pension liability – beginning	7,370,962	6,865,296	6,487,879
Total pension liability – ending	7,569,878	7,370,962	6,865,296
Plan Fiduciary Net Position			
Contributions – employer	143,860	138,428	159,871
Contributions – employee	122,555	118,082	113,591
Net investment income	141,606	355,124	1,062,244
Benefit payments, including refunds of employee contributions	(321,116)	(320,157)	(314,377)
Administrative expenses	(4,981)	(4,860)	(5,711)
Other	(60)	(75)	56
Net change in plan fiduciary net position	81,864	286,542	1,015,674
Plan fiduciary net position – beginning	8,062,184	7,775,642	6,759,968
Plan fiduciary net position – ending	8,144,048	8,062,184	7,775,642
Net pension asset – ending	\$ (574,170)	\$ (691,222)	\$ (910,346)
Plan fiduciary net position as a percentage of total pension liability	108%	109%	113%
Covered payroll	\$ 2,431,341	\$ 2,353,184	\$ 2,232,203
Net pension asset as a percentage of covered payroll	-24%	-29%	-41%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2017

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2017	\$ 778,564	\$ 778,564	\$ -	\$ 8,026,035	9.70 %
2016	946,476	946,476	-	6,665,766	14.20
2015	936,908	936,908	-	7,085,697	13.22
Schools – Nonprofessional Employees					
2017	\$ 84,132	\$ 84,132	\$ -	\$ 2,652,660	3.17 %
2016	132,090	132,090	-	2,431,341	5.43
2015	139,666	139,666	-	2,353,184	5.94

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2016

	Amherst County Service Authority	
	Plan Year	
	2015	2014
Total Pension Liability		
Service cost	\$ 92,629	\$ 90,808
Interest on total pension liability	326,042	304,802
Difference between expected and actual experience	(1,265)	-
Benefit payments, including refunds of employee contributions	(103,535)	(80,845)
Net change in total pension liability	313,871	314,765
Total pension liability – beginning	4,709,508	4,394,743
Total pension liability – ending	5,023,379	4,709,508
Plan Fiduciary Net Position		
Contributions – employer	89,044	87,241
Contributions – employee	47,414	48,578
Net investment income	198,567	582,084
Benefit payments, including refunds of employee contributions	(103,535)	(80,845)
Administrative expenses	(2,647)	(3,060)
Other	(41)	31
Net change in plan fiduciary net position	228,802	634,029
Plan fiduciary net position – beginning	4,285,501	3,651,472
Plan fiduciary net position – ending	4,514,303	4,285,501
Net pension liability – ending	\$ 509,076	\$ 424,007
Plan fiduciary net position as a percentage of total pension liability	90%	91%
Covered payroll	\$ 947,173	\$ 931,869
Net pension liability as a percentage of covered payroll	54%	46%

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The above information is derived from the plan year, which is then reported in the subsequent fiscal year of the Authority, (i.e., plan year ended June 30, 2015 is reported in the Authority's fiscal year ended December 31, 2016).

COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
December 31, 2016**

AMHERST COUNTY SERVICE AUTHORITY

Entity Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 78,020	\$ 78,020	\$ -	\$ 989,800	7.88 %
2015	87,597	87,597	-	947,173	9.25

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's calendar year - i.e. the covered payroll on which required contributions were based for the same year.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
June 30, 2017

School Division Fiscal Year Ended June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.31 %	\$ 43,362,000	\$ 23,505,345	184.48 %	68.28 %
2016	0.31	39,132,000	23,106,966	169.35	70.68
2015	0.32	38,334,000	24,876,103	154.10	70.88

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
June 30, 2017

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2017	\$ 3,304,277	\$ 3,304,277	\$ -	\$ 26,278,262	12.57 %
2016	3,311,310	3,311,310	-	23,505,345	14.09
2015	3,233,120	3,233,120	-	23,106,966	13.99

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the school division's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2017

VIRGINIA RETIREMENT SYSTEM – HEALTH INSURANCE CREDIT

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
County						
June 30, 2016	\$ 111,179	\$ 177,304	\$ 66,125	62.71 %	\$ 3,053,464	2.17 %
June 30, 2015	114,411	175,757	61,346	65.10	2,993,010	2.05
June 30, 2014	113,861	184,598	70,737	61.68	3,155,835	2.24
Service Authority						
June 30, 2016	\$ 35,457	\$ 71,102	\$ 35,645	49.87 %	\$ 989,824	3.60 %
June 30, 2015	36,160	71,898	35,738	50.29	962,511	3.71
June 30, 2014	34,721	67,091	32,370	51.75	1,006,483	3.22

COUNTY OF AMHERST, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2017

Note 1. Changes of Benefit Terms – Virginia Retirement System

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Note 2. Changes of Assumptions

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

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

All Others (Non 10 Largest) – LEOS:

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

Teacher cost-sharing pool:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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**OTHER
SUPPLEMENTARY INFORMATION**

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AGENCY FUNDS

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 12,152	\$ 87,826	\$ 99,978
Total assets	<u>\$ 12,152</u>	<u>\$ 87,826</u>	<u>\$ 99,978</u>
LIABILITIES			
Amounts held for others	\$ 12,152	\$ 87,826	\$ 99,978
Total liabilities	<u>\$ 12,152</u>	<u>\$ 87,826</u>	<u>\$ 99,978</u>

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
Special Welfare Fund				
ASSETS				
Cash and investments	\$ 5,586	\$ 55,021	\$ 48,455	\$ 12,152
Total assets	<u>\$ 5,586</u>	<u>\$ 55,021</u>	<u>\$ 48,455</u>	<u>\$ 12,152</u>
LIABILITIES				
Amounts held for others	\$ 5,586	\$ 55,021	\$ 48,455	\$ 12,152
Total liabilities	<u>\$ 5,586</u>	<u>\$ 55,021</u>	<u>\$ 48,455</u>	<u>\$ 12,152</u>
Forfeited Assets				
ASSETS				
Cash and investments	\$ 42,224	\$ 69,126	\$ 23,524	\$ 87,826
Total assets	<u>\$ 42,224</u>	<u>\$ 69,126</u>	<u>\$ 23,524</u>	<u>\$ 87,826</u>
LIABILITIES				
Amounts held for others	\$ 42,224	\$ 69,126	\$ 23,524	\$ 87,826
Total liabilities	<u>\$ 42,224</u>	<u>\$ 69,126</u>	<u>\$ 23,524</u>	<u>\$ 87,826</u>
Totals – All Agency Funds				
ASSETS				
Cash and investments	\$ 47,810	\$ 124,147	\$ 71,979	\$ 99,978
Total assets	<u>\$ 47,810</u>	<u>\$ 124,147</u>	<u>\$ 71,979</u>	<u>\$ 99,978</u>
LIABILITIES				
Amounts held for others	\$ 47,810	\$ 124,147	\$ 71,979	\$ 99,978
Total liabilities	<u>\$ 47,810</u>	<u>\$ 124,147</u>	<u>\$ 71,979</u>	<u>\$ 99,978</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

School Operating Fund

The School Operating Fund is a Special Revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal Governments as well as contributions from the General Fund.

School Cafeteria Fund

The Cafeteria Fund is a Special Revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

School Textbook Fund

The School Textbook Fund is a Special Revenue fund that accounts for transactions related to the adoption of textbooks to be utilized in the County's school system.

School Construction Fund

The School Construction Fund accounts for the construction and renovation activities for the County's school system.

COUNTY OF AMHERST, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2017

	School Operating	School Cafeteria	School Textbook	School Construction	Total
ASSETS					
Cash and investments	\$ -	\$ 850,478	\$ 769,992	\$ 523,804	\$ 2,144,274
Accounts receivable, net	232,014	-	-	-	232,014
Due from primary government	3,330,050	-	-	-	3,330,050
Due from other governmental units	1,540,420	-	-	-	1,540,420
Prepaid items	63,531	-	-	-	63,531
Total assets	<u>\$ 5,166,015</u>	<u>\$ 850,478</u>	<u>\$ 769,992</u>	<u>\$ 523,804</u>	<u>\$ 7,310,289</u>
LIABILITIES					
Accounts payable	\$ 169,581	\$ 3,991	\$ -	\$ -	\$ 173,572
Accrued liabilities	4,996,434	238,282	-	1,722	5,236,438
Total liabilities	<u>5,166,015</u>	<u>242,273</u>	<u>-</u>	<u>1,722</u>	<u>5,410,010</u>
FUND BALANCES					
Nonspendable	63,531	-	-	-	63,531
Assigned	-	608,205	769,992	522,082	1,900,279
Unassigned	(63,531)	-	-	-	(63,531)
Total fund balances	<u>-</u>	<u>608,205</u>	<u>769,992</u>	<u>522,082</u>	<u>1,900,279</u>
Total liabilities and fund balances	<u>\$ 5,166,015</u>	<u>\$ 850,478</u>	<u>\$ 769,992</u>	<u>\$ 523,804</u>	<u>\$ 7,310,289</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances – governmental funds	\$ 1,900,279
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,343,834
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pension	6,180,697
Deferred inflows of resources related to pension	(2,294,471)
Net pension asset	574,170
Net pension liability	<u>(43,362,000)</u>
	(38,901,604)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	<u>(650,463)</u>
Net position of governmental activities	<u><u>\$ (19,307,954)</u></u>

COUNTY OF AMHERST, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2017**

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Textbook</u>	<u>School Construction</u>	<u>Total</u>
REVENUES					
Revenue from the use of money and property	\$ 14,138	\$ -	\$ 40,073	\$ 20,663	\$ 74,874
Charges for services	153,447	745,561	-	-	899,008
Miscellaneous	419,753	-	-	-	419,753
Recovered costs	552,827	-	-	-	552,827
Intergovernmental revenues:					
County contribution	14,212,176	-	-	494,283	14,706,459
Commonwealth	26,426,431	5,499	-	-	26,431,930
Federal	2,609,194	1,452,997	-	-	4,062,191
Total revenues	<u>44,387,966</u>	<u>2,204,057</u>	<u>40,073</u>	<u>514,946</u>	<u>47,147,042</u>
EXPENDITURES					
Education	<u>44,387,966</u>	<u>2,198,616</u>	<u>-</u>	<u>373,352</u>	<u>46,959,934</u>
Total expenditures	<u>44,387,966</u>	<u>2,198,616</u>	<u>-</u>	<u>373,352</u>	<u>46,959,934</u>
Net change in fund balances	<u>-</u>	<u>5,441</u>	<u>40,073</u>	<u>141,594</u>	<u>187,108</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>602,764</u>	<u>729,919</u>	<u>380,488</u>	<u>1,713,171</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 608,205</u>	<u>\$ 769,992</u>	<u>\$ 522,082</u>	<u>\$ 1,900,279</u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances – total governmental funds	\$ 187,108
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	\$ 771,525
Depreciation expense	(1,661,069)
Contribution of school buses from County	198,299
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>864,439</u>
	173,194
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	3,388,409
Pension expense	<u>(3,595,706)</u>
	(207,297)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
Compensated absences	<u>(24,246)</u>
Change in net position of governmental activities	<u>\$ 128,759</u>

EXHIBIT 24

School Textbook				School Construction			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 40,073	\$ 40,073	\$ 71,194	\$ 71,194	\$ 20,663	\$ (50,531)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	610,034	494,283	(115,751)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	40,073	40,073	71,194	681,228	514,946	(166,282)
-	-	-	-	71,194	681,228	373,352	307,876
-	-	-	-	71,194	681,228	373,352	307,876
-	-	40,073	40,073	-	-	141,594	141,594
\$ -	\$ -	\$ 40,073	\$ 40,073	\$ -	\$ -	\$ 141,594	\$ 141,594

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**DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY**

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF NET POSITION – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2017**

	Enterprise Fund
ASSETS	
Current assets:	
Cash and investments	\$ 437,113
Noncurrent assets	
Capital assets:	
Nondepreciable	314,484
Depreciable, net	447,816
Total noncurrent assets	762,300
Total assets	1,199,413
LIABILITIES	
Current liabilities:	
Accounts payable	20,410
Accrued wages	884
Security deposits	3,250
Unearned revenue	99,036
Current portion of notes payable	34,656
Total current liabilities	158,236
Noncurrent liabilities:	
Notes payable, net of current portion	812,235
Total liabilities	970,471
NET POSITION	
Net investment in capital assets	597,737
Unrestricted	(368,795)
Total net position	\$ 228,942

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2017**

	Enterprise Fund
OPERATING REVENUES	
Rents	\$ 151,527
OPERATING EXPENSES	
Incentive awards	15,000
Salaries and benefits	86,521
Contractual services	71,008
Depreciation expense	14,446
Facilities costs	127,591
Other operating costs	31,257
Total operating expenses	345,823
Operating loss	(194,296)
NONOPERATING REVENUES (EXPENSES)	
Contributions from Amherst County	394,145
Other income	53,943
Interest expense	(39,024)
Net nonoperating revenues	409,064
Change in net position	214,768
NET POSITION JULY 1	14,174
NET POSITION JUNE 30	\$ 228,942

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2017**

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts from grantors and customers	\$ 242,310
Payments to employees	(100,374)
Payments to grantees and suppliers	(224,138)
Net cash used in operating activities	(82,202)
NONCAPITAL FINANCING ACTIVITIES	
Contributions from Amherst County	394,145
Other receipts	38,263
Net cash provided by noncapital financing activities	432,408
CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on long-term debt	(35,223)
Proceeds from sale of capital asset	15,705
Interest paid on long-term debt	(39,024)
Net cash used in capital and related financing activities	(58,542)
Net increase in cash and cash equivalents	291,664
CASH AND CASH EQUIVALENTS	
Beginning at July 1	145,449
Ending at June 30	\$ 437,113
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (194,296)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	14,446
Incentive awards	15,000
Change in assets and liabilities:	
Increase in accounts payable	2,468
Increase in security deposits	3,250
Increase in unearned revenue	90,783
Decrease in accrued wages	(13,853)
Net cash used in operating activities	\$ (82,202)

SUPPORTING SCHEDULES

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,092,217	\$ 14,092,217	\$ 14,218,536	\$ 126,319
Real and personal public service corporation property taxes	663,278	663,278	777,816	114,538
Personal property taxes	5,769,184	5,792,324	5,828,176	35,852
Mobile home taxes	54,025	54,025	60,798	6,773
Machinery and tools taxes	2,020,754	2,020,754	2,193,503	172,749
Merchant's capital	311,253	311,253	291,429	(19,824)
Penalties	225,000	225,000	228,952	3,952
Interest	160,000	160,000	136,123	(23,877)
Total general property taxes	23,295,711	23,318,851	23,735,333	416,482
Other local taxes:				
Local sales and use taxes	2,476,131	2,476,131	2,621,707	145,576
Consumers' utility taxes	2,217,000	2,217,000	2,018,151	(198,849)
Business license taxes	340,617	340,617	371,097	30,480
Bank stock taxes	91,000	91,000	96,330	5,330
Motor vehicle licenses	710,000	710,000	749,710	39,710
Taxes on recordation and wills	187,400	187,400	214,673	27,273
Lodging taxes	83,000	83,000	69,835	(13,165)
Meals tax	875,000	875,000	966,313	91,313
Total other local taxes	6,980,148	6,980,148	7,107,816	127,668
Permits, privilege fees, and regulatory licenses:				
Animal licenses	16,800	28,471	13,662	(14,809)
Building and related permits	92,000	92,000	182,962	90,962
Permits and other licenses	39,800	42,176	43,196	1,020
Total permits, privilege fees, and regulatory licenses	148,600	162,647	239,820	77,173
Fines and Forfeitures:				
Court fines and forfeitures	-	270,281	469,572	199,291
Total fines and forfeitures	-	270,281	469,572	199,291
Revenue from use of money and property:				
Revenue from use of money	25,000	25,000	32,753	7,753
Revenue from use of property	80,566	80,566	82,137	1,571
Total revenue from use of money and property	105,566	105,566	114,890	9,324
Charges for services:				
Sheriff's fees	2,198	2,198	2,199	1
Collection fees – taxes and liens	75,000	84,898	158,829	73,931
Commonwealth attorney fees	3,200	3,200	3,532	332
Courthouse security fees	105,000	105,000	82,575	(22,425)
Jail processing fees	6,000	6,000	2,882	(3,118)
Charges for parks and recreation	42,500	42,500	38,956	(3,544)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Library	\$ 23,000	\$ 23,000	\$ 24,547	\$ 1,547
Emergency medical service fees	1,137,500	1,137,500	1,034,101	(103,399)
Telecommunication charges	-	-	78,371	78,371
Warehouse charges	-	-	11,307	11,307
Other charges for services	15,900	15,900	10,573	(5,327)
Total charges for services	1,410,298	1,420,196	1,447,872	27,676
Miscellaneous revenue:				
Miscellaneous	58,800	235,376	266,703	31,327
Total miscellaneous revenue	58,800	235,376	266,703	31,327
Recovered costs:				
Share of judge's expenses	20,426	20,426	25,455	5,029
Social services	-	16,224	16,721	497
CSA recoveries	-	-	33,834	33,834
Public safety	128,200	147,343	142,984	(4,359)
Miscellaneous recoveries	21,550	184,017	208,324	24,307
Total recovered costs	170,176	368,010	427,318	59,308
Total revenue from local sources	32,169,299	32,861,075	33,809,324	948,249
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	84,000	84,000	76,511	(7,489)
Mobile home titling taxes	25,000	25,000	14,001	(10,999)
Auto rental tax	25,000	25,000	21,166	(3,834)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	44,000	44,000	46,371	2,371
Total noncategorical aid	2,377,018	2,377,018	2,357,067	(19,951)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	361,680	380,921	398,783	17,862
Sheriff	1,511,967	1,536,636	1,576,194	39,558
Commissioner of the Revenue	102,620	111,770	103,417	(8,353)
Treasurer	113,604	113,604	112,812	(792)
Registrar/electoral board	37,065	37,065	41,896	4,831
Clerk of the Circuit Court	318,449	318,449	313,031	(5,418)
Total shared expenses	2,445,385	2,498,445	2,546,133	47,688

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 1,104,265	\$ 1,205,200	\$ 625,766	\$ (579,434)
Health department	-	-	98	98
Library grant	146,352	151,090	151,090	-
Fire program	91,000	91,000	95,468	4,468
EMS – 4 for life	31,750	-	31,435	31,435
Juvenile justice – crime control	35,000	35,000	21,926	(13,074)
Emergency management grant	14,911	174,941	52,342	(122,599)
Victim witness	48,998	99,484	99,493	9
Juror reimbursement	8,000	8,000	3,557	(4,443)
Comprehensive services	9,098	9,098	872,738	863,640
Rescue squad assistance fund	-	108,961	108,961	-
Miscellaneous	-	48,428	77,553	29,125
Total other categorical aid	1,489,374	1,931,202	2,140,427	209,225
Total categorical aid	3,934,759	4,429,647	4,686,560	256,913
Total revenue from the Commonwealth	6,311,777	6,806,665	7,043,627	236,962
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	56,823	56,823
Categorical aid:				
Public assistance and welfare	655,824	766,007	1,267,507	501,500
Total categorical aid	655,824	766,007	1,267,507	501,500
Total revenue from the Federal Government	655,824	766,007	1,324,330	558,323
Total General Fund	39,136,900	40,433,747	42,177,281	1,743,534
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Recreation trips	-	-	53,554	53,554
Landfill operations	325,500	325,500	360,508	35,008
Other charges for services	-	-	123	123
Total charges for services	325,500	325,500	414,185	88,685
Miscellaneous revenue:				
Dare donations	\$ -	\$ 33,966	\$ 33,189	\$ (777)
Miscellaneous	-	36,565	28,806	(7,759)
Total miscellaneous revenue	-	70,531	61,995	(8,536)
Recovered costs:				
Recovered costs	-	-	-	-
Total revenue from local sources	325,500	396,031	476,180	80,149

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	\$ -	\$ -	\$ 63,266	\$ 63,266
Litter control	11,000	11,000	10,734	(266)
Other state revenues	6,000	6,000	2,523	(3,477)
Total revenue from the Commonwealth	17,000	17,000	76,523	59,523
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant – stump hill project	-	-	24,566	24,566
Highway planning and construction	-	-	16,077	16,077
DMV grants	-	8,938	29,130	20,192
Sheriff grants	-	-	1,489	1,489
Total revenue from the Federal Government	-	8,938	71,262	62,324
Total Special Revenue Fund	342,500	421,969	623,965	201,996
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	119,751	119,751
Total Capital Projects Fund	-	-	119,751	119,751
Total Revenues – Primary Government	\$ 39,479,400	\$ 40,855,716	\$ 42,920,997	\$ 2,065,281
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 14,138	\$ 14,138
Charges for services:				
Tuition	11,500	24,500	94,362	69,862
Textbook Sales	336,000	336,000	425	(335,575)
Transportation	-	-	22,570	22,570
Other	52,000	52,000	36,090	(15,910)
Total charges for services	399,500	412,500	153,447	(259,053)
Miscellaneous revenue:				
Miscellaneous	117,927	139,473	419,753	280,280
Recovered costs:				
Recovered costs	613,952	613,952	552,827	(61,125)
Total revenue from local sources	1,131,379	1,165,925	1,140,165	(25,760)
Intergovernmental revenue:				
County contribution to School Board	14,334,895	14,334,895	14,212,176	(122,719)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,028,640	\$ 5,028,640	\$ 4,920,024	\$ (108,616)
Basic school aid	12,265,523	12,265,523	12,323,194	57,671
Special ed SOQ	1,795,470	1,795,470	1,788,847	(6,623)
Remedial education	507,947	507,947	506,073	(1,874)
Technology	336,000	336,000	310,489	(25,511)
Lottery	319,789	319,789	230,544	(89,245)
Primary class size	586,083	586,083	576,086	(9,997)
Fringe benefits	2,507,140	2,507,140	2,497,890	(9,250)
Textbooks	49,600	49,600	208,793	159,193
Preschool	311,292	311,292	311,292	-
Gifted and talented	130,382	130,382	129,901	(481)
At-risk	452,607	452,607	450,964	(1,643)
Regional program	836,813	836,813	737,637	(99,176)
Vocational education SOQ	298,792	298,792	297,690	(1,102)
Adult Basic Education Regionalization	-	-	113,751	113,751
Other state funds	648,766	881,629	1,023,256	141,627
Total categorical aid	26,074,844	26,307,707	26,426,431	118,724
Total revenue from the Commonwealth	26,074,844	26,307,707	26,426,431	118,724
Revenue from the Federal Government:				
Non-categorical				
Federal land use	70,000	70,000	10,078	(59,922)
Categorical aid:				
Preschool handicap	19,916	19,916	14,487	(5,429)
Adult basic aid	594,904	594,904	340,464	(254,440)
Title I	981,196	981,196	936,109	(45,087)
Title II	172,000	172,000	156,617	(15,383)
Title VI-B special education	1,104,933	1,104,933	1,112,642	7,709
Vocational education	78,600	78,600	33,080	(45,520)
Other education	86,777	86,777	5,717	(81,060)
Total categorical aid	3,038,326	3,038,326	2,599,116	(439,210)
Total revenue from the Federal Government	3,108,326	3,108,326	2,609,194	(499,132)
Total School Operating Fund	44,649,444	44,916,853	44,387,966	(528,887)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	748,257	748,257	745,561	(2,696)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	92,000	92,000	5,499	(86,501)
Revenue from the Federal Government:				
Categorical aid:				
School food	1,328,815	1,328,815	1,452,997	124,182
Total School Cafeteria Fund	2,169,072	2,169,072	2,204,057	34,985

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 40,073	\$ 40,073
Total School Textbook Fund	-	-	40,073	40,073
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	71,194	71,194	20,663	(50,531)
Total revenue from use of money and property	71,194	71,194	20,663	(50,531)
Intergovernmental revenue:				
County contribution to School Board	-	610,034	494,283	(115,751)
Total School Construction Fund	71,194	681,228	514,946	(166,282)
Total Revenues – Component Unit – School Board	\$ 46,889,710	\$ 47,767,153	\$ 47,147,042	\$ (620,111)

COUNTY OF AMHERST, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 191,265	\$ 223,336	\$ 210,317	\$ 13,019
General and financial administration:				
County administrator	253,116	254,375	248,299	6,076
Commissioner of the revenue	352,847	356,082	335,498	20,584
Treasurer	378,683	430,725	427,419	3,306
Central accounting	294,936	288,423	284,249	4,174
Purchasing	176,569	177,832	177,499	333
County attorney	164,805	221,613	219,049	2,564
Information technology	341,598	424,003	381,654	42,349
Human resources	78,989	88,258	86,484	1,774
Total general and financial administration	2,041,543	2,241,311	2,160,151	81,160
Board of Elections/Registrar:				
Electoral board and officials and registrar	197,745	240,926	220,958	19,968
Total general government administration	2,430,553	2,705,573	2,591,426	114,147
Judicial administration:				
Courts:				
Circuit court	79,080	77,991	74,122	3,869
General district court	14,868	14,868	11,979	2,889
Magistrate	490	490	219	271
Juvenile and domestic relations court	16,480	16,480	13,714	2,766
Clerk of the circuit court	439,666	453,186	437,960	15,226
Jurors	6,000	6,000	3,869	2,131
VJCCCA	73,301	73,301	17,961	55,340
Total courts	629,885	642,316	559,824	82,492
Commonwealth's attorney:				
Commonwealth's attorney	563,038	585,596	568,317	17,279
Victim advocate grant	63,374	113,603	111,801	1,802
Total commonwealth's attorney	626,412	699,199	680,118	19,081
Total judicial administration	1,256,297	1,341,515	1,239,942	101,573
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,865,153	4,399,313	4,220,468	178,845
Total law enforcement and traffic control	3,865,153	4,399,313	4,220,468	178,845
Fire and rescue services:				
Volunteer emergency services	303,109	309,705	305,751	3,954
Volunteer rescue services	222,480	198,639	150,511	48,128
Emergency medical services	1,928,708	1,863,740	1,757,172	106,568
Emergency service council	299,442	180,738	140,369	40,369
Total fire and rescue services	2,753,739	2,552,822	2,353,803	199,019

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Contribution to regional jail operations	\$ 1,555,000	\$ 1,555,000	\$ 1,554,736	\$ 264
Inspections:				
Building	196,799	207,048	204,055	2,993
Other protection:				
Animal control	131,420	136,693	113,842	22,851
Animal Shelter	155,940	157,575	145,540	12,035
Emergency services	771,953	2,055,173	2,007,379	47,794
Communications dispatch	761,021	1,186,014	1,115,184	70,830
Other public safety	266,500	266,500	115,163	151,337
Total other protection	2,086,834	3,801,955	3,497,108	304,847
Total public safety	10,457,525	12,516,138	11,830,170	685,968
Public works:				
Maintenance of general buildings and grounds:				
General properties	865,073	1,002,321	866,579	135,742
Health and welfare:				
Health:				
Supplement of local health department	239,493	239,493	239,493	-
Mental health and mental retardation:				
Community services board	98,008	98,008	98,008	-
Welfare:				
Welfare administration	1,987,144	2,058,579	1,962,985	95,594
Public assistance	421,884	570,337	449,223	121,114
County contributions	75,025	89,400	89,400	-
Comprehensive services	522,652	523,571	1,517,964	(994,393)
Tax relief for the elderly	-	-	258,846	(258,846)
Total welfare	3,006,705	3,241,887	4,278,418	(1,036,531)
Total health and welfare	3,344,206	3,579,388	4,615,919	(1,036,531)
Education:				
Contributions to community colleges	6,763	7,546	1,581	5,965
County contribution to School Board	14,757,984	14,757,984	14,706,459	51,525
Total education	14,764,747	14,765,530	14,708,040	57,490

(Continued)

COUNTY OF AMHERST, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 348,858	\$ 400,011	\$ 323,596	\$ 76,415
Library:				
Library	735,039	739,957	710,040	29,917
Museum	48,406	49,672	49,390	282
Total library	783,445	789,629	759,430	30,199
Total parks, recreation, and cultural	1,132,303	1,189,640	1,083,026	106,614
Community development:				
Planning and community development:				
Planning	262,075	294,881	271,185	23,696
Planning commission	24,189	24,113	22,082	2,031
Zoning board	3,160	3,160	1,305	1,855
Central Virginia planning	18,742	18,742	18,742	-
EDA board	4,526	4,526	4,037	489
Contribution to EDA	394,145	394,145	394,145	-
Tourism	35,100	174,263	106,219	68,044
Community development projects	16,136	36,335	281,829	(245,494)
Total planning and community development	758,073	950,165	1,099,544	(149,379)
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	85,995	87,007	86,601	406
Total community development	852,568	1,045,672	1,194,645	(148,973)
Non-Departmental:				
Non-departmental:				
Insurance	65,000	65,000	60,609	4,391
Line of duty	40,501	46,351	44,936	1,415
Other	214,598	13,885	8,702	5,183
Total non-departmental	320,099	125,236	114,247	10,989
Capital Outlay:				
Capital outlay:				
School buses	200,000	198,500	198,299	201
Total capital outlay	200,000	198,500	198,299	201
Debt service:				
Principal retirement	1,927,225	1,746,618	1,554,192	192,426
Interest and fiscal charges	680,213	1,013,503	946,660	66,843
Bond issuance costs	1,000	269,361	418,476	(149,115)
Total debt service	2,608,438	3,029,482	2,919,328	110,154
Total General Fund	38,231,809	41,498,995	41,361,621	137,374

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2017

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
Special Revenue Fund:				
Public safety:				
Other protection:				
Miscellaneous public safety grants	\$ -	\$ 8,938	\$ 37,696	\$ (28,758)
DARE program	-	59,101	58,688	413
E-911 expenditures	-	-	1,931	(1,931)
Total public safety	-	68,039	98,315	(30,276)
Public works:				
Sanitation and waste removal:				
Solid waste	1,671,544	1,802,398	1,779,926	22,472
Total public works	1,671,544	1,802,398	1,779,926	22,472
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	3,278	67,870	(64,592)
Cultural				
Depot relocation/enhancement	-	-	442,241	(442,241)
Total parks, recreation, and cultural	-	3,278	510,111	(506,833)
Community development:				
Planning and community development:				
CDBG project – stump hill	-	-	43,072	(43,072)
Total community development	-	-	43,072	(43,072)
Debt service:				
Principal retirement	56,000	56,000	30,228	25,772
Interest and fiscal charges	-	-	11,636	(11,636)
Total debt service	56,000	56,000	41,864	14,136
Total Special Revenue Funds	1,727,544	1,929,715	2,473,288	(543,573)
Capital Projects Fund:				
Public works:				
General construction projects	-	23,597,455	12,227,302	11,370,153
Total Capital Projects Fund	-	23,597,455	12,227,302	11,370,153
Total Expenditures – Primary Government	\$ 39,959,353	\$ 67,026,165	\$ 56,062,211	\$ 10,963,954
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,479,848	\$ 34,517,848	\$ 34,133,229	\$ 384,619
Administration, attendance, and health	2,025,495	2,025,495	1,996,333	29,162
Pupil transportation services	2,710,558	2,939,967	2,994,492	(54,525)
Operation and maintenance services	4,051,160	4,051,160	3,959,353	91,807
Technology	1,382,383	1,382,383	1,304,559	77,824
Total School Operating Fund	44,649,444	44,916,853	44,387,966	528,887

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2017**

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,169,072	\$ 2,169,072	\$ 2,198,616	\$ (29,544)
School Construction Fund:				
Education:				
Capital projects	71,194	681,228	373,352	307,876
Total Expenditures – Component Unit – School Board	\$ 46,818,516	\$ 47,767,153	\$ 46,959,934	\$ 807,219

OTHER INFORMATION SECTION

TABLE 1

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Interest on Debt	Water and Sewer	Total
2008	\$ 1,926,555	\$ 1,320,578	\$ 8,858,705	\$ 2,620,346	\$ 4,194,455	\$ 13,869,415	\$ 1,236,661	\$ 1,482,031	\$ 1,657,450	\$ 2,944,126	\$ 40,110,322
2009	1,845,246	1,382,588	9,754,820	1,992,168	5,107,006	10,643,924	1,273,589	1,957,203	1,677,976	3,189,616	38,824,136
2010	1,669,782	1,350,102	8,974,042	3,739,973	4,444,208	12,899,817	1,245,055	490,425	1,196,863	3,408,338	39,418,605
2011	1,690,623	1,356,685	8,756,354	2,141,153	4,147,244	13,208,833	1,072,529	667,805	1,387,309	3,409,473	37,838,008
2012	1,767,430	1,287,304	10,077,086	1,861,116	4,081,753	13,701,208	1,105,089	168,682	1,141,516	3,341,373	38,532,557
2013	2,267,593	1,260,079	10,699,839	4,801,185	4,564,438	13,412,266	420,238	597,117	1,064,766	3,718,640	42,806,161
2014	2,310,834	1,252,945	12,337,529	3,292,690	3,813,066	15,473,905	1,655,635	1,872,726	684,512	3,770,700	46,464,542
2015	2,297,022	1,269,372	10,575,623	3,326,923	3,818,367	14,418,116	1,555,006	1,375,216	688,554	3,819,278	43,143,477
2016	2,252,063	1,279,439	10,108,631	3,380,591	4,133,175	15,663,137	1,221,157	655,103	600,798	3,792,350	43,086,444
2017	2,769,062	1,295,433	10,908,850	3,074,740	4,572,841	15,813,456	1,232,390	1,247,749	1,458,621	3,810,554	46,183,696

TABLE 2

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	Total
2008	\$ 4,627,769	\$ 7,117,806	\$ 2,416,352	\$ 16,564,067	\$ 7,159,264	\$ 2,435,830	\$ 1,176,998	\$ 355,710	\$ 41,853,796
2009	4,869,759	7,857,167	1,111,255	19,187,260	7,151,819	2,424,258	899,854	352,807	43,854,179
2010	5,178,969	7,174,916	1,904,889	18,945,245	5,420,027	3,632,335	488,571	380,687	43,125,639
2011	5,406,509	6,632,662	1,373,108	19,578,113	5,165,046	3,765,269	465,955	312,852	42,699,514
2012	5,404,275	6,682,107	146,894	20,436,547	5,171,164	3,625,924	330,555	143,760	41,941,226
2013	5,786,955	5,103,339	1,007,534	20,047,980	5,490,027	3,854,695	336,447	353,607	41,980,584
2014	5,703,356	6,301,493	1,986,253	21,099,556	6,847,214	2,451,644	103,384	179,001	44,671,901
2015	6,338,102	5,487,075	417,869	21,721,228	6,848,592	2,435,205	177,154	189,654	43,614,879
2016	6,820,048	5,603,239	398,248	21,990,825	7,021,941	2,467,038	124,223	141,268	44,566,830
2017	6,906,027	6,114,114	527,439	23,786,506	7,107,816	2,413,980	234,641	328,698	47,419,221

TABLE 3

COUNTY OF AMHERST, VIRGINIA

GENERAL GOVERNMENT REVENUES BY SOURCE ⁽¹⁾
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenues from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-Governmental ⁽²⁾	Total
2008	\$ 16,521,907	\$ 7,159,264	\$ 256,913	\$ 167,703	\$ 1,138,403	\$ 3,055,314	\$ 787,039	\$ 249,789	\$ 42,140,542	\$ 71,476,874
2009	18,974,212	7,151,819	200,835	274,117	803,309	3,209,688	943,554	257,907	45,536,631	77,352,072
2010	18,579,009	5,420,027	197,282	442,051	484,685	2,881,950	641,153	200,857	44,102,004	72,949,018
2011	19,609,216	5,165,046	147,832	467,564	664,694	2,616,552	764,380	451,593	41,025,200	70,912,077
2012	20,325,759	5,171,164	167,088	554,292	337,609	2,430,066	962,279	230,478	42,229,309	72,408,044
2013	20,192,306	5,490,027	178,669	626,244	356,574	3,272,242	1,099,117	197,554	38,819,135	70,231,868
2014	21,519,385	6,847,214	183,707	510,928	345,948	3,135,838	321,053	1,062,477	37,986,613	71,913,163
2015	21,700,594	6,848,592	153,827	443,406	374,454	2,920,001	292,097	1,166,486	39,340,868	73,240,325
2016	21,919,213	7,021,941	166,321	278,583	301,536	2,973,236	321,780	1,107,912	38,383,212	72,473,734
2017	23,735,333	7,107,816	239,820	469,572	461,042	2,761,065	802,394	980,145	39,009,863	75,567,050

⁽¹⁾ Includes General, Special Revenue, and Capital Project Funds of the Primary Government and its Discretely Presented Component Units.

⁽²⁾ Excludes contribution from Primary Government to Discretely Presented Component Units.

TABLE 4

COUNTY OF AMHERST, VIRGINIA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ⁽¹⁾
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education ⁽²⁾	Recreation and Cultural	Community Development ⁽²⁾	Non- developmental	Capital Projects	Debt Service	Total
2008	\$ 2,004,482	\$ 1,231,603	\$ 9,411,657	\$ 4,957,059	\$ 4,205,499	\$ 48,403,627	\$ 1,202,770	\$ 919,370	\$ -	\$ 2,554,468	\$ 4,624,010	\$ 79,514,545
2009	1,911,715	1,287,362	9,518,249	4,237,721	5,076,383	47,521,928	1,300,894	1,952,125	-	1,702,037	5,050,203	79,558,617
2010	1,752,085	1,287,963	9,451,528	3,688,457	4,544,073	45,637,598	1,190,048	731,934	-	303,517	4,811,679	73,398,882
2011	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	43,786,226	1,048,365	636,539	-	-	4,663,468	68,505,340
2012	1,832,094	1,210,565	9,858,074	2,338,924	4,170,975	45,135,290	1,078,219	705,600	-	-	3,528,109	69,857,850
2013	2,243,747	1,191,970	10,249,829	2,683,550	4,602,056	44,630,715	1,232,773	565,851	-	-	3,257,314	70,657,805
2014	2,180,893	1,161,835	12,139,969	3,248,502	3,826,389	45,901,389	1,538,316	1,746,524	89,924	2,609,326	2,476,387	76,919,454
2015	2,220,308	1,234,131	10,753,707	2,887,296	3,876,099	45,490,573	1,491,094	1,116,624	99,190	472,615	2,478,022	72,119,659
2016	2,470,122	1,234,688	10,994,314	2,786,914	4,253,852	46,113,110	1,313,819	1,022,438	136,625	2,747,028	2,407,984	75,480,894
2017	2,591,426	1,239,942	11,928,485	2,646,505	4,615,919	46,961,515	1,593,137	1,228,419	114,247	12,425,601	2,961,192	88,306,388

⁽¹⁾ Includes General, Special Revenue, and Capital Project funds of the Primary Government and its Discretely Presented Component Units.

⁽²⁾ Excludes contribution from Primary Government to Discretely Presented Component Units.

TABLE 5

COUNTY OF AMHERST, VIRGINIA

ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total
2008	\$ 1,495,139,400	\$ 194,356,760	\$ 16,177,490	\$ 78,979,755	\$ 7,131,623	\$ 65,492,935	\$ 1,857,277,963
2009	1,531,146,400	195,089,255	15,776,190	81,796,911	8,025,820	95,323,143	1,927,157,719
2010	2,324,219,300	206,267,750	12,346,600	82,343,504	7,598,061	103,341,541	2,736,116,756
2011	2,621,264,200	205,608,421	12,311,200	84,420,400	7,085,055	98,586,596	3,029,275,872
2012	2,638,619,100	210,902,741	12,320,000	83,786,106	6,379,989	99,488,417	3,051,496,353
2013	2,380,975,900	220,204,158	12,576,500	84,984,166	6,473,300	107,140,300	2,812,354,324
2014	2,399,856,100	222,483,401	12,573,000	88,407,275	6,943,910	108,863,554	2,839,127,240
2015	2,322,802,000	221,807,920	12,478,000	91,682,335	7,195,285	110,708,512	2,766,674,052
2016	2,328,617,800	228,367,429	10,230,500	102,058,311	7,959,415	118,573,643	2,795,807,098
2017	2,336,518,000	238,821,725	10,392,150	109,064,626	6,792,875	126,915,081	2,828,504,457

TABLE 6

COUNTY OF AMHERST, VIRGINIA

**PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2008	\$ 0.65	\$ 3.25	\$ 0.65	\$ 2.00	\$ 3.95
2009	0.52	3.25	0.52	2.00	3.95
2010	0.52	3.25	0.52	2.00	3.95
2011	0.52	3.25	0.52	2.00	3.95
2012	0.52	3.25	0.52	2.00	3.95
2013	0.54	3.25	0.52	2.00	3.95
2014	0.54	3.45	0.54	2.00	3.95
2015	0.56	3.45	0.56	2.00	3.95
2016	0.61	3.45	0.61	2.00	3.95
2017	0.61	3.45	0.61	2.00	3.95

TABLE 7

COUNTY OF AMHERST, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax Collections ⁽¹⁾	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes ^(1, 2)	Percent of Delinquent Taxes to Tax Levy
2008	\$ 18,630,497	\$ 18,146,159	97.40 %	\$ 318,236	\$ 18,464,395	99.11 %	\$ 636,107	3.41 %
2009	21,130,560	20,430,145	96.69	388,499	20,818,644	98.52	829,090	3.92
2010	21,212,184	20,228,826	95.36	445,920	20,674,746	97.47	1,325,725	6.25
2011	21,458,839	20,679,986	96.37	730,120	21,410,106	99.77	1,541,182	7.18
2012	22,076,519	20,921,553	94.77	1,098,860	22,020,413	99.75	1,468,593	6.65
2013	22,856,724	21,564,459	94.35	505,693	22,070,152	96.56	1,136,956	4.97
2014	22,796,962	22,150,167	97.16	1,568,236	23,718,403	104.04	1,171,922	5.14
2015	23,299,349	22,195,862	95.26	1,703,750	23,899,612	102.58	991,033	4.25
2016	24,957,139	23,599,590	94.56	518,641	24,118,231	96.64	1,117,498	4.48
2017	25,005,330	24,166,916	96.65	1,631,312	25,798,228	103.17	1,200,017	4.80

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Includes three years taxes.

TABLE 8

COUNTY OF AMHERST, VIRGINIA

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt ⁽³⁾	Less: Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008	31,894	\$ 1,857,277,963	\$ 34,384,357	\$ 3,870,000	\$ 30,514,357	1.85 %	\$ 957
2009	31,894	1,927,157,719	31,407,157	3,785,000	27,622,157	1.63	866
2010	31,894	2,736,116,756	36,223,397	11,739,000	24,484,397	1.32	768
2011	31,894	3,029,275,872	33,097,273	11,566,000	21,531,273	1.09	675
2012	32,353	3,051,496,353	34,412,922	11,340,000	23,072,922	1.13	713
2013	32,353	2,812,354,324	30,690,078	9,730,000	20,960,078	1.09	648
2014	32,353	2,839,127,240	25,277,120	9,490,000	15,787,120	0.89	488
2015	32,353	2,766,674,052	23,329,381	9,240,000	14,089,381	0.84	435
2016	31,914	2,795,807,098	21,350,548	8,975,000	12,375,548	0.76	388
2017	31,914	2,828,504,457	23,798,456	8,695,000	15,103,456	0.84	473

⁽¹⁾ Bureau of the Census.

⁽²⁾ From Table 5.

⁽³⁾ Includes all long-term general obligation debt.

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COMPLIANCE SECTION

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

Honorable Members of Board of Supervisors
County of Amherst, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. **We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs at Items 2014-001 and 2014-002, that we consider to be material weaknesses and a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs at Item 2014-003, that we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2017-001 to 2017-003.**

County of Amherst, Virginia's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Members of Board of Supervisors
County of Amherst, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Amherst, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Amherst, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2017

COUNTY OF AMHERST, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2017

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Debt Provisions
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Comprehensive Services Act
- Sheriff Internal Controls

State Agency Requirements

- Education
- Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 10,817
Temporary Assistance to Needy Families (TANF)	93.558		213,034
Refugee and Entrant Assistance – Discretionary Grants	93.566		760
Low Income Home Energy Assistance	93.568		26,125
Child Care Mandatory and Matching funds of the			
Child Care and Development Fund	93.596		41,118
Child Welfare Services – State Grants	93.645		386
Foster Care – Title IV-E	93.658		172,818
Adoption Assistance	93.659		29,469
Social Services Block Grant	93.667		168,310
Chafee Foster Care Independence Program	93.674		1,046
Children’s Health Insurance Program	93.767		10,470
Medical Assistance Program	93.778		329,413
			<u>1,003,766</u>
Department of Housing and Urban Development:			
Pass through Payments:			
Virginia Department of Housing and Community Development			
Community Development Block Grants/State’s Program			
and Non-entitlement Grants	14.228		<u>32,369</u>
Department of Justice:			
Pass through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>2,456</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Schools and Roads – Grants to States	10.665		10,078
Department of Education:			
Child Nutrition Cluster:			
Food Distribution – Schools	10.555	\$ 166,044	
School Breakfast Program	10.553	385,145	
National School Lunch Program	10.555	<u>951,245</u>	
Total Child Nutrition Cluster			1,502,434
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition			
Assistance Program	10.561		<u>257,821</u>
Total Department of Agriculture			<u>1,770,333</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		\$ 11,444
Alcohol Open Container Requirements	20.607		15,230
Virginia Department of Transportation			
Highway Planning and Construction	20.205		371,249
Total Department of Transportation			<u>397,923</u>
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		340,464
Title I Grants to Local Educational Agencies	84.010		936,109
Special Education – Grants to States (Special Education Cluster)	84.027	\$ 1,112,642	
Special Education – Preschool Grants (Special Education Cluster)	84.173	<u>14,279</u>	
Total Special Education Cluster			1,126,921
Career and Technical Education: Basic grants to states	84.048		42,992
Advanced Placement Program	84.330		829
Improving Teacher Quality State Grants	84.367		156,385
Total Department of Education			<u>2,603,700</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,810,547</u></u>

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the County of Amherst, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

NOTE 2 – FOOD DISTRIBUTION:

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE 3 – INDIRECT COSTS:

The County has not elected to use the de minimis 10% indirect cost rate.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Two material weaknesses and one significant deficiency** relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>CFDA #</u>
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Title I Grants to Local Educational Agencies	84.010
Temporary Assistance for Needy Families (TANF)	93.558
Social Services Block Grant	93.667
Medical Assistance Program	93.778

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The County was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001: Segregation of Duties (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to payroll, accounts receivable, cash disbursements, and journal entries for the Schools. A proper segregation of duties has not been established in functions related to accounts receivable and journal entries for the County.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2014-001: Segregation of Duties (Material Weakness) (Continued)

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

We agree that duties need to be further segregated and are making efforts to do so within our current staffing constraints.

2014-002: Segregation of Duties – Information Technology (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. In addition to having normal IT system administrator rights to grant and change access to the network and financial systems, the process of processing, printing, and signing checks is able to be fully performed by only one IT employee. IT also is responsible for creating positive pay files remitted to the bank and uploading direct deposit information for paychecks.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

IT employees cannot enter payroll records or update the Payroll Interoffice Communications program and process records for deposit. BAI software has a security feature that tracks all changes to payroll and who approved them so that such activities can be easily traced. This data cannot be changed by anyone employed by the County. The Positive Pay file should be submitted by the Treasurer's office and the County will work on separating this function as it works on segregating duties further.

2014-003: Adjustments (Significant Deficiency)

Condition:

A number of adjustments were necessary for the financial statements to be in accordance with generally accepted accounting principles. The adjustments related primarily to improper accounting for capital assets, liabilities, and receivables, including errors noted in prior reporting periods.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2014-003: Adjustments (Significant Deficiency) (Continued)

Recommendation:

Management should develop policies and procedures to address these weaknesses in internal controls. Recommendations include the following:

- The Finance Department should review all County, School Board, and EDA board minutes to identify transactions that might have accounting implications.
- Supporting documents for account balances should be reviewed and approved by someone other than the preparer.
- Reconciliations of all significant balance sheet accounts should be performed at least quarterly to aid in the year end closing and adjustment process.

Management's Response:

The Finance Department has implemented a process for reviewing County Board minutes to identify any accounting related transactions. This will be extended to include the School Board and the EDA during fiscal year 2018. Reconciliations of balance sheet accounts began in fiscal year 2017 and more will be added during fiscal year 2018. These will be prepared by Finance Department staff and reviewed by the Finance Director.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2017-001: Budget Appropriations

Condition:

Expenditures exceeded budgeted appropriations in two departments at year end as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Comprehensive services	\$ 523,571	\$ 1,517,964	\$ (994,393)
Community development projects	<u>36,335</u>	<u>281,829</u>	<u>(245,494)</u>
Total General Fund	<u>\$ 559,906</u>	<u>\$ 1,799,793</u>	<u>\$ (1,239,887)</u>

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the Board of Supervisors and the budget amended accordingly.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2017-001: Budget Appropriations (Continued)

Management's Response:

Management agrees with the findings and recommendations of the auditor. The Finance Director has implemented a monthly review of all departmental expenditures to ensure compliance with the Commonwealth of Virginia's budgeting statute. The Finance Director will be working on having adopted budgets for all funds at the beginning of a fiscal year to ensure smaller funds are not overlooked.

2017-002: Annual Review of Access – Social Services

Condition:

The Virginia Department of Social Services requires review of local employees with access to OASIS, VaCMS, ADAPT, and EAS to determine if they have a current access request form on file and that the form agrees to the system access. We noted in our testing that this review did not occur on one of the five employees selected and these employees had access to systems not on their access request form.

Recommendations:

The Local Security Officer and supervisors should perform and document annual reviews, ensuring that each employee's access request form matches the employee's actual access in the system and is appropriate given the employee's assigned job responsibilities.

Management's Response:

Management will monitor to ensure user access is appropriately reviewed.

2017-003: Social Services VDSS System Access Termination

Condition:

The Virginia Department of Social Services requires all local departments of social services to remove system access of terminated employees within three days subsequent to the employee's termination. We noted in our testing that access removal was not completed within three days for three of the five terminated employees tested.

Recommendations:

Steps should be taken to ensure that access to all VDSS systems is removed within three working days of an employee's termination.

Management's Response:

The auditee will take steps to correct this matter.

COUNTY OF AMHERST, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2017

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001: Segregation of Duties (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to payroll, accounts receivable, cash disbursements, and journal entries for the Schools. A proper segregation of duties has not been established in functions related to accounts receivable and journal entries for the County.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Status:

Management is working to separate conflicting duties. This is still considered a material weakness at June 30, 2017.

2014-002: Segregation of Duties – Information Technology (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. In addition to having normal IT system administrator rights to grant and change access to the network and financial systems, the process of processing, printing, and signing checks is able to be fully performed by only one IT employee. IT also is responsible for creating positive pay files remitted to the bank and uploading direct deposit information for paychecks.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Status:

Management is working to separate conflicting duties. This is still considered a material weakness at June 30, 2017.

COUNTY OF AMHERST, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2017

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2014-003: Adjustments (Material Weakness)

Condition:

A number of adjustments were necessary for the financial statements to be in accordance with generally accepted accounting principles. The adjustments related primarily to improper accounting for capital assets, liabilities, and receivables, including errors noted in prior reporting periods.

Recommendation:

Management should develop policies and procedures to address these weaknesses in internal controls. Recommendations include the following:

- The Finance Department should review all County, School Board, and EDA board minutes to identify transactions that might have accounting implications.
- Supporting documents for account balances should be reviewed and approved by someone other than the preparer.
- Reconciliations of all significant balance sheet accounts should be performed at least quarterly to aid in the year end closing and adjustment process.

Status:

There was decrease in necessary adjustments for the current year such that this is no longer a material weakness, but a significant deficiency.