

COUNTY OF AMHERST, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014



**COUNTY OF AMHERST, VIRGINIA
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Organizational Chart	i
Directory of Principal Officials.....	ii

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis	4a

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1	Statement of Net Position	5
Exhibit 2	Statement of Activities.....	6

Fund Financial Statements

Exhibit 3	Balance Sheet – Governmental Funds.....	7
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	8
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	9
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	10
Exhibit 7	Statement of Net Position – Proprietary Fund	11
Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	12
Exhibit 9	Statement of Cash Flows – Proprietary Fund.....	13
Exhibit 10	Statement of Fiduciary Net Position – Fiduciary Fund.....	14

Notes to Financial Statements	15
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Required Supplementary Information

Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	54
Exhibit 12	Schedules of Funding Progress – Pension and Other Post-Employment Benefits	55

Other Supplementary Information

Agency Funds

Exhibit 13	Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	56
Exhibit 14	Combining Statement of Changes in Assets and Liabilities – Agency Funds	57

FINANCIAL SECTION (Continued)

Discretely Presented Component Unit – School Board

Exhibit 15	Combining Balance Sheet.....	58
Exhibit 16	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	59
Exhibit 17	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds.....	60

Discretely Presented Component Unit – Amherst Economic Development Authority

Exhibit 18	Statement of Net Position – Proprietary Fund	61
Exhibit 19	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	62
Exhibit 20	Statement of Cash Flows – Proprietary Fund.....	63

SUPPORTING SCHEDULES

Governmental Funds and Discretely Presented Component Unit

Schedule 1	Schedule of Revenues – Budget and Actual	64
Schedule 2	Schedule of Expenditures – Budget and Actual.....	70

OTHER INFORMATION SECTION

Table 1	Government-wide Expenses by Function	75
Table 2	Government-wide Revenues	76
Table 3	General Government Revenues by Source	77
Table 4	General Governmental Expenditures by Function.....	78
Table 5	Assessed Value of Taxable Property.....	79
Table 6	Property Tax Rates.....	80
Table 7	Property Tax Levies and Collections	81
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	82

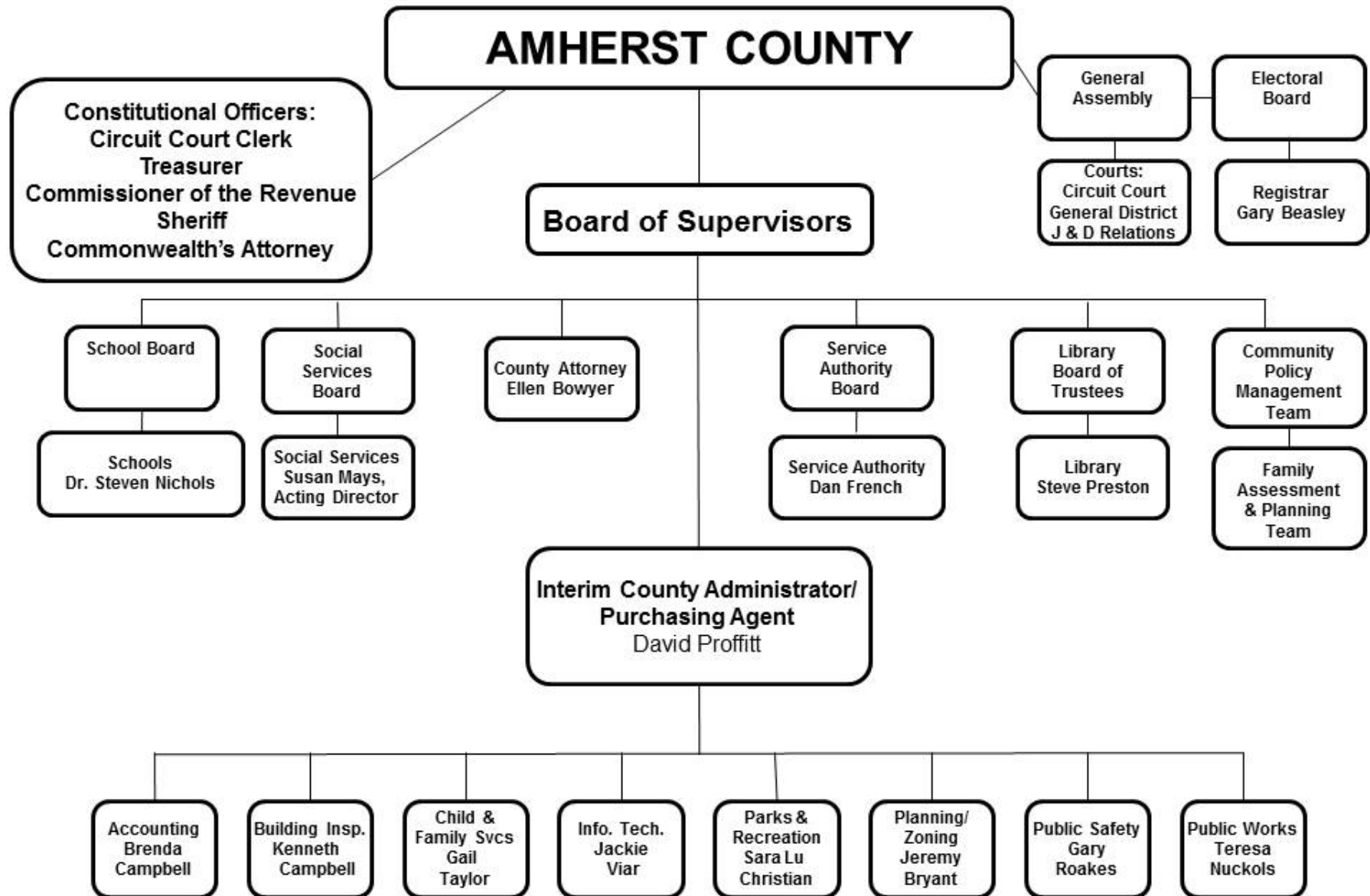
COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	83
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	85
Summary of Compliance Matters	87
Schedule of Expenditures of Federal Awards	88
Schedule of Findings and Questioned Costs	90

INTRODUCTORY SECTION

COUNTY OF AMHERST, VIRGINIA

ORGANIZATIONAL CHART



COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2014

BOARD OF SUPERVISORS

Donald W. Kidd, Chair
David Pugh, Jr., Vice-Chair

Robert M. Curd

John A. Marks, Jr.

Claudia D. Tucker

SCHOOL BOARD

Jones Stanley, Chair
Elizabeth Gamble, Vice-Chair

Priscilla Liggon
Patricia Massie

Margaret Morton
Randy Summers

Alan Wood

SOCIAL SERVICES BOARD

Jack Hamilton, Chair
Elynor D. Rose, Vice-Chair

John A. Marks, Jr.

Juanita Roberson

Wayne Stark

COUNTY LIBRARY BOARD

Jean Higginbotham, President
Stephen Witham, Vice-President

Larry A. Langhans

Robert B. Simpkins

James B. Young

COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2014
(Continued)

ECONOMIC DEVELOPMENT AUTHORITY BOARD

Donald T. Manley, Chair
William E. Robertson, Vice-Chair
Edgar O. Kinnier, Jr., Treasurer

Calvin Kennon, Jr.
Warren G. Teates

Michael J. Russell

Nancy A. Schmitt-Doss

OTHER OFFICIALS

Judge of the Circuit Court	J. Michael Gamble
Clerk of the Circuit Court.....	Roy C. Mayo, III
Judge of the General District Court.....	Harold A. Black
Judge of the Juvenile & Domestic Relations Court	Michael Garrett
County Attorney	Ellen Bowyer
Commonwealth's Attorney	Stephanie S. Maddox
Commissioner of the Revenue	Linda M. Byers
Treasurer	Garry L. Friend
Sheriff	L. J. Ayers, III
Superintendent of Schools	Dr. Steven Nichols
Clerk of the School Board	Teresa Crouch
Acting Director of Social Services	Susan B. Mays
Interim County Administrator/Purchasing	David Proffitt
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, 2014, 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 did not audit the financial statements of the Amherst County Service Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Amherst County Service Authority, is based on the report of the other auditors.

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.

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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, 2014, 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.

Prior Period Adjustments

As discussed in Note 20 to the financial statements, the June 30, 2013 balances have been restated to adjust beginning balances for the County's presentation of the Economic Development Authority, capital assets and long-term debt related to the joint radio board, capital assets, and receivables. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budget to actual schedule, and the schedules of funding progress, 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 management's discussion and analysis or the schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The General Fund budget to actual schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, as a whole.

Other Matters (Continued)

Other Information

Our audit and that of the other auditors, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

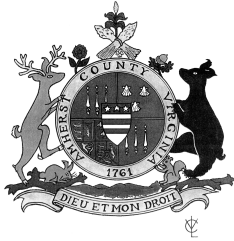
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2015 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
March 4, 2015



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, 2014. 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 \$47,152,552 at June 30, 2014. \$29,648,468, or 63%, of this amount represents the net position of governmental activities at year end. The remaining 37%, or \$17,504,084, reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- \$15,511,791 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 decreased by \$1.4 million, of which the governmental activities decreased \$1.0 million and business-type activities, decreased \$0.4 million.
- At the close of fiscal year 2014, the County's Statement of Activities shows the net position of governmental activities as decreasing from the previous year by \$1,020,434 (Exhibit 2).

Fund Financial Statements

The Governmental Funds, which are reported on a current financial resource focus, reflect expenditures of \$45,245,020, which exceeded reported total revenues of \$40,304,952 by \$4,940,068 (Exhibit 5).

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.

The *statement of net position* presents information on all of the County's assets, liabilities, deferred inflows/outflows of resources with the difference between those 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.

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 11-13 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 14 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 15-53.

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

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 \$47,152,552 at the close of the most recent fiscal year (Exhibit 1).

At the end of the current fiscal year, the County's investment in capital assets represents approximately 59% 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.

Assessed property values increased by \$23,359,408 during the year. The increase is the product of general growth in assessments. Personal Property Tax Relief Act (PPTRA) revenue is included in this analysis. The Commonwealth of Virginia no longer reimburses at 70%, rather a ceiling was established and the County is eligible to receive \$2,199,000 per budget year. For the FY2014 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPRTA rate of 39.98%.

FY2014 resulted in the County being recipient of several grants to support activities and programs of these County functions: public safety, social services, 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 \$22,063,846, an overall decrease of \$4,940,068 in comparison with the prior year. Of the \$22,063,846, approximately \$15.2 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). The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is obligated by Board or management action for specific purposes. The decrease in fiscal 2014 was due to capital projects, one time capital purchases, and performance incentives.

Table 1 summarizes *the Statement of Net Position* for the primary government as of June 30, 2014 and 2013.

Summary Statement of Net Position
as of June 30, 2014
(\$ in millions)

Table 1

	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013*	2014	2013	2014	2013*
Cash and investments	28.0	30.9	2.8	2.8	30.8	33.7
Receivables, net	7.8	8.2	0.4	0.3	8.2	8.5
Due from primary government						
Due from other governments	2.9	1.5	0.0	0.0	2.9	1.5
Inventories	0.0	0.0	0.2	0.2	0.2	0.2
Restricted assets:						
Cash and investments	3.4	3.4	1.0	1.0	4.4	4.4
Other assets	0.0	0.0	2.8	1.9	2.8	1.9
Capital assets	28.2	26.4	24.7	25.5	52.9	51.9
Total assets	70.3	70.4	31.9	31.7	102.2	102.1
DEFERRED OUTFLOWS						
Deferred amount on refunding	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.6	0.6	0.2	0.1	1.8	0.7
Accrued liabilities	0.3	0.0	0.0	0.0	0.3	0.0
Customer deposits	0.0	0.0	0.3	0.3	0.3	0.3
Accrued interest	0.3	0.4	0.1	0.1	0.4	0.5
Due to component unit	3.7	2.6	0.0	0.0	3.7	2.6
Long-term liabilities: (Notes 8 and 11)						
Due within one year	1.8	2.0	0.6	0.5	2.4	2.5
Due in more than one year	20.2	21.4	13.2	12.8	33.4	34.2
Total liabilities	27.9	27.0	14.4	13.8	42.3	40.8
DEFERRED INFLOWS						
Property taxes	12.7	12.7	0.0	0.0	12.7	12.7
Net investment in capital assets	14.1	12.0	13.8	14.2	27.9	26.2
Restricted for debt service	0.0	0.0	1.0	1.0	1.0	1.0
Unrestricted net position deficit	15.6	18.7	2.7	2.7	18.3	21.4
Total net position	\$ 29.7	\$ 30.7	\$ 17.5	\$ 17.9	\$ 47.2	\$ 48.6

Table 1 may differ from Exhibit 1 due to rounding

*as restated

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:

Table 2		Changes in Net Position Year Ended June 30, 2014 (\$ millions)					
		Primary Government					
		Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013	
Revenues							
Program revenues:							
Charges for services	2.7	3.1	3.0	3.0	5.7	6.1	
Operating grants and contributions	6.3	5.1	0.0	0.0	6.3	5.1	
Capital grants and contributions	2.0	0.8	0.0	0.2	2.0	1.0	
General revenues:							
General property taxes	21.1	20.1	0.0	0.0	21.1	20.1	
Other local taxes	6.8	5.5	0.0	0.0	6.8	5.5	
Use of money and property	0.1	0.3	0.0	0.0	0.1	0.3	
Non-categorical aid	2.5	3.9	0.0	0.0	2.5	3.9	
Capital contributions	0.0	0.0	0.1	0.0	0.1	0.0	
Other general revenues	0.1	0.3	0.3	0.0	0.4	0.3	
Total revenues	41.6	39.1	3.4	3.2	45.0	42.3	
Expenses							
General government	2.3	2.3	0.0	0.0	2.3	2.3	
Judicial administration	1.2	1.3	0.0	0.0	1.2	1.3	
Public safety	12.3	10.6	0.0	0.0	12.3	10.6	
Public works	3.2	4.2	0.0	0.0	3.2	4.2	
Health and welfare	3.8	4.6	0.0	0.0	3.8	4.6	
Education	15.5	13.3	0.0	0.0	15.5	13.3	
Parks, recreation and cultural	1.7	0.4	0.0	0.0	1.7	0.4	
Community development	1.9	0.2	0.0	0.0	1.9	0.2	
Interest on long-term debt	0.7	1.2	0.0	0.0	0.7	1.2	
Water and sewer	0.0	0.0	3.8	3.7	3.8	3.7	
Total expenses	42.6	38.1	3.8	3.7	46.4	41.8	
Change in net position	\$ (1.0)	\$ 1.0	\$ (0.4)	\$ (0.5)	\$ (1.4)	\$ 0.5	

Table2 may differ from Exhibit 2 due to rounding

- The increase in operating grants and contributions is due primarily to obtaining additional federal funding through the Department of Social Services.
- The increase in capital grants and contributions is the result of funding through the Department of Health for the purchase of rescue squad and other EMS apparatus and Federal Emergency Management Agency for the purchase of new radios.
- The increase in general property other local taxes was from the collection of delinquent taxes.

- Non-categorical aid decreased because of employment turn-over involving constitutional offices.
- Public Safety expenses increased due to the purchase of radios for the new Regional Radio system, and incentive payments to volunteers.
- The increase in Education expenses is primarily attributable to the increase in the local appropriation for school busses and other needs.
- Parks, recreation, and cultural expenses quadrupled due to the categorizing of expenses of the Museum and Library as cultural expenses where before they were included as Health and Welfare and community development.
- Community Development expenses increased due to resolving outstanding performance incentives and inclusion of expenses related to the work performed on water and sewer systems under the Community Development block grant.

Though the County's delinquency rate on current levy increased; the overall rate of increase is insignificant in comparison to the rate of increase experienced between FY2009 and FY2010:

Fiscal Year	Delinquency Rate	Increase (Decrease) from Prior Year
2008-2009	3.92%	
2009-2010	6.25%	2.33%
2010-2011	7.18%	0.93%
2011-2012	6.65%	(0.53%)
2012-2013	4.97%	(1.68%)
2013-2014	5.14%	0.17%

Capital Asset and Debt Administration

Capital assets - Capital assets of the County carry a value total of \$28,210,304 and the Service Authority's totals \$24,779,957 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. Most of the major capital asset events during the current fiscal year are construction in progress and were completed by the close of the fiscal year. By the close of the fiscal year, June 30, 2014, the county had completed its renovation of the jail into office space for the Sheriff's department. Renovations to the former Train Depot were on-going.

Additional information on the County's capital assets can be found in Note 7.

Long-term debt - At the end of the current fiscal year, the County had total obligations outstanding of \$22,036,095. Of this amount \$9,490,000 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 decreased during the current fiscal year by \$1,764,798.

Additional information on the County's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

- In October 2014, the County's unemployment rate was 5.60%, which is .60% lower than it was in October 2013.
- The tax rate of \$0.54 for real property remained the same for every \$100 of assessed value for 2014; however personal property tax rate increased to \$3.45 for the 2014 calendar year from \$3.25 for 2013. Tax rate detail is provided in Table 6 of this report.
- The enrollment in public schools decreased in fiscal year 2014 by 0.02% from 4,178 to 4,083. School enrollment is projected to decline over the next year by less than 1%.

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

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COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2014

(Except for Business-Type Activities which is as of December 31, 2013)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash and investments (Note 3)	\$ 27,978,113	\$ 2,802,386	\$ 30,780,499	\$ 211,892	\$ 1,976,373
Receivables, net (Note 4)	7,841,350	361,380	8,202,730	-	313,500
Due from primary government	-	-	-	-	3,702,373
Due from other governments (Note 5)	2,860,953	-	2,860,953	-	1,441,810
Inventories	-	223,735	223,735	-	-
Prepaid items	-	-	-	-	91,452
Restricted assets (Note 3)					
Cash and investments	3,382,610	1,000,000	4,382,610	-	-
Other assets	30,230	2,771,053	2,801,283	-	-
Capital assets: (Note 7)					
Nondepreciable	5,144,136	644,623	5,788,759	329,509	582,316
Depreciable, net	23,066,168	24,135,334	47,201,502	491,154	18,186,673
Total assets	70,303,560	31,938,511	102,242,071	1,032,555	26,294,497
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	37,260	37,260	-	-
LIABILITIES					
Accounts payable	1,543,167	182,153	1,725,320	9,367	148,488
Accrued liabilities	299,324	-	299,324	-	5,616,644
Customer deposits	-	265,859	265,859	-	-
Accrued interest	336,002	148,243	484,245	-	-
Due to component unit	3,702,373	-	3,702,373	-	-
Long-term liabilities: (Notes 8 and 11)					
Due within one year	1,834,688	589,588	2,424,276	29,569	45,219
Due in more than one year	20,201,407	13,285,844	33,487,251	917,711	406,971
Total liabilities	27,916,961	14,471,687	42,388,648	956,647	6,217,322
DEFERRED INFLOWS OF RESOURCES					
Property taxes	12,738,131	-	12,738,131	-	-
NET POSITION					
Net investment in capital assets	14,136,677	13,807,725	27,944,402	597,414	18,768,989
Restricted for debt reserve	-	1,000,000	1,000,000	-	-
Unrestricted net position (deficit)	15,511,791	2,696,359	18,208,150	(521,506)	1,308,186
Total net position	\$ 29,648,468	\$ 17,504,084	\$ 47,152,552	\$ 75,908	\$ 20,077,175

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014
(Except for Business-Type Activities which is as of December 31, 2013)

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	\$ 2,310,834	\$ 230,318	\$ 341,245	\$ -	\$ (1,739,271)	\$ -	\$ (1,739,271)	\$ -	\$ -
Judicial administration	1,252,945	638,217	704,307	-	89,579	-	89,579	-	-
Public safety	12,337,529	1,336,984	2,768,637	733,000	(7,498,908)	-	(7,498,908)	-	-
Public works	3,292,690	356,174	11,014	440,314	(2,485,188)	-	(2,485,188)	-	-
Health and welfare	3,813,066	4,095	2,328,059	-	(1,480,912)	-	(1,480,912)	-	-
Education	15,473,905	-	-	-	(15,473,905)	-	(15,473,905)	-	-
Parks, recreation, and cultural	1,655,635	139,075	148,231	-	(1,368,329)	-	(1,368,329)	-	-
Community development	1,872,726	-	-	812,939	(1,059,787)	-	(1,059,787)	-	-
Interest on long-term debt	684,512	-	-	-	(684,512)	-	(684,512)	-	-
Total governmental activities	42,693,842	2,704,863	6,301,493	1,986,253	(31,701,233)	-	(31,701,233)	-	-
Business-type activities									
Water and sewer	3,770,700	2,998,493	-	-	-	(772,207)	(772,207)	-	-
Total primary government	\$ 46,464,542	\$ 5,703,356	\$ 6,301,493	\$ 1,986,253	(31,701,233)	(772,207)	(32,473,440)	-	-
Component Units:									
Economic Development Authority	\$ 240,553	\$ -	\$ -	\$ -	-	-	-	(240,553)	-
School Board	46,502,302	2,165,358	29,058,237	-	-	-	-	-	(15,278,707)
Total component units	\$ 46,742,855	\$ 2,165,358	\$ 29,058,237	\$ -	-	-	-	(240,553)	(15,278,707)
General revenues:									
General property taxes					21,099,556	-	21,099,556	-	-
Other local taxes:									
Local sales and use					2,395,076	-	2,395,076	-	-
Consumer's utility tax					2,093,107	-	2,093,107	-	-
Business license					375,234	-	375,234	-	-
Motor vehicle license taxes					702,442	-	702,442	-	-
Restaurant food taxes					910,668	-	910,668	-	-
Other taxes					370,687	-	370,687	-	-
Unrestricted revenues from use of money and property					103,384	2,385	105,769	190,496	52,068
Miscellaneous					179,001	318,889	497,890	-	142,052
County contribution					-	-	-	427,009	14,890,367
Capital contributions					-	62,612	62,612	-	-
Grants and contributions not restricted to specific programs					2,451,644	-	2,451,644	-	-
Total general revenues					30,680,799	383,886	31,064,685	617,505	15,084,487
Change in net position					(1,020,434)	(388,321)	(1,408,755)	376,952	(194,220)
NET POSITION AT JULY 1, as restated (Note 20)					30,668,902	17,892,405	48,561,307	(301,044)	20,271,395
NET POSITION AT JUNE 30					\$ 29,648,468	\$ 17,504,084	\$ 47,152,552	\$ 75,908	\$ 20,077,175

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

FUND
FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and investments (Note 3)	\$ 23,992,016	\$ 3,986,097	\$ -	\$ 27,978,113
Receivables, net (Note 4)	7,809,626	31,724	-	7,841,350
Other receivables	30,230	-	-	30,230
Due from other funds	409,781	-	-	409,781
Due from other governments (Note 5)	2,167,883	693,070	-	2,860,953
Cash and investments, restricted (Note 3)	-	-	3,382,610	3,382,610
	<u>-</u>	<u>-</u>	<u>3,382,610</u>	<u>3,382,610</u>
Total assets	<u>\$ 34,409,536</u>	<u>\$ 4,710,891</u>	<u>\$ 3,382,610</u>	<u>\$ 42,503,037</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 979,726	\$ 285,829	\$ 122,355	\$ 1,387,910
Retainage payable	-	52,493	102,764	155,257
Accrued liabilities	291,532	7,792	-	299,324
Due to other funds	-	-	409,781	409,781
Due to component unit	3,702,373	-	-	3,702,373
	<u>3,702,373</u>	<u>-</u>	<u>-</u>	<u>3,702,373</u>
Total liabilities	<u>4,973,631</u>	<u>346,114</u>	<u>634,900</u>	<u>5,954,645</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenues	14,232,178	252,368	-	14,484,546
	<u>14,232,178</u>	<u>252,368</u>	<u>-</u>	<u>14,484,546</u>
FUND BALANCES (Note 14)				
Committed	242,298	-	-	242,298
Assigned	306,729	4,112,409	2,747,710	7,166,848
Unassigned	14,654,700	-	-	14,654,700
	<u>14,654,700</u>	<u>-</u>	<u>-</u>	<u>14,654,700</u>
Total fund balances	<u>15,203,727</u>	<u>4,112,409</u>	<u>2,747,710</u>	<u>22,063,846</u>
Total liabilities and fund balances	<u>\$ 34,409,536</u>	<u>\$ 4,710,891</u>	<u>\$ 3,382,610</u>	<u>\$ 42,503,037</u>

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014**

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds	\$ 22,063,846
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.	28,210,304
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,746,415
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable, net of premiums and discounts	(17,456,237)
Accrued interest	(336,002)
Compensated absences	(887,533)
Landfill closure and post-closure costs	(3,692,325)
	<hr/>
Net position of governmental activities	<u><u>\$ 29,648,468</u></u>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Special Revenue	Capital Projects	Total
REVENUES				
General property taxes	\$ 21,519,385	\$ -	\$ -	\$ 21,519,385
Other local taxes	6,847,214	-	-	6,847,214
Permits, privilege fees, and regulatory licenses	183,707	-	-	183,707
Fines and forfeitures	510,928	-	-	510,928
Revenue from the use of money and property	94,422	1,512	7,450	103,384
Charges for services	1,393,210	382,891	-	1,776,101
Miscellaneous	111,927	67,074	-	179,001
Recovered costs	245,948	10,908	-	256,856
Intergovernmental revenues:				
Commonwealth	6,583,402	64,296	-	6,647,698
Federal	1,202,643	1,078,035	-	2,280,678
Total revenues	<u>38,692,786</u>	<u>1,604,716</u>	<u>7,450</u>	<u>40,304,952</u>
EXPENDITURES				
Current:				
General government	2,180,893	-	-	2,180,893
Judicial administration	1,161,835	-	-	1,161,835
Public safety	12,013,476	126,493	-	12,139,969
Public works	1,040,238	2,208,264	-	3,248,502
Health and welfare	3,826,389	-	-	3,826,389
Education	14,325,889	-	-	14,325,889
Parks, recreation, and cultural	1,058,024	480,292	-	1,538,316
Community development	857,033	790,557	-	1,647,590
Nondepartmental	89,924	-	-	89,924
Capital projects	283,464	-	2,325,862	2,609,326
Debt service				
Principal	1,726,636	-	-	1,726,636
Interest	749,751	-	-	749,751
Total expenditures	<u>39,313,552</u>	<u>3,605,606</u>	<u>2,325,862</u>	<u>45,245,020</u>
Excess (deficiency) of revenues over expenditures	<u>(620,766)</u>	<u>(2,000,890)</u>	<u>(2,318,412)</u>	<u>(4,940,068)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	7,279	1,459,678	-	1,466,957
Transfers out (Note 6)	<u>(1,459,678)</u>	<u>(7,279)</u>	<u>-</u>	<u>(1,466,957)</u>
Total other financing sources (uses)	<u>(1,452,399)</u>	<u>1,452,399</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,073,165)</u>	<u>(548,491)</u>	<u>(2,318,412)</u>	<u>(4,940,068)</u>
FUND BALANCES AT JULY 1, as restated (Note 20)	<u>17,276,892</u>	<u>4,660,900</u>	<u>5,066,122</u>	<u>27,003,914</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 15,203,727</u></u>	<u><u>\$ 4,112,409</u></u>	<u><u>\$ 2,747,710</u></u>	<u><u>\$ 22,063,846</u></u>

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, 2014**

Net change in fund balances per Exhibit 5 – total governmental funds **\$ (4,940,068)**

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	\$	4,687,442
Contribution of land to EDA		(329,509)
Depreciation expense		(1,412,117)
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds		(1,148,016)
		1,797,800

1,797,800

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

635,454

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	1,373,798
Lease revenue bonds	328,000
Notes payable	24,838
Amortization of bond premium	26,521
	1,753,157

1,753,157

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	11,641
Landfill liability	(317,136)
Accrued interest	38,718
	(266,777)

(266,777)

Change in net position of governmental activities

\$ (1,020,434)

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2013

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$ 2,802,386
Receivables, net (Note 4)	361,380
Inventories	223,735
	<hr/>
Total current assets	3,387,501
	<hr/>
Noncurrent assets	
Restricted cash and investments	1,000,000
Other assets – Investment in Lynchburg Facilities	2,771,053
Capital assets: (Note 7)	
Nondepreciable	644,623
Depreciable, net	24,135,334
	<hr/>
Total noncurrent assets	28,551,010
	<hr/>
Total assets	31,938,511
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	37,260
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	182,153
Customer deposits	265,859
Accrued interest	148,243
Long-term liabilities due within one year (Notes 8 and 11)	589,588
	<hr/>
Total current liabilities	1,185,843
	<hr/>
Noncurrent liabilities:	
Long-term liabilities due in more than one year (Notes 8 and 11)	13,285,844
	<hr/>
Total liabilities	14,471,687
	<hr/>
NET POSITION	
Net investment in capital assets	13,807,725
Restricted for debt service	1,000,000
Unrestricted net position	2,696,359
	<hr/>
Total net position	\$ 17,504,084
	<hr/> <hr/>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2013

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING REVENUES	
Charges for services	\$ 2,875,379
Miscellaneous	123,114
	<hr/>
Total operating revenues	2,998,493
	<hr/>
OPERATING EXPENSES	
Source of supply	203,889
Water treatment and distribution	715,053
Sewer line	27,580
Sewage pumping and treatment	288,021
Customer accounting	251,538
Administrative and general	723,604
Depreciation and amortization	876,669
	<hr/>
Total operating expenses	3,086,354
	<hr/>
Operating loss	(87,861)
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	2,385
Connection and availability charges	236,241
Line extension and other fees	31,529
Interest expense	(363,542)
Capacity payment – City of Lynchburg	(267,261)
Miscellaneous outlays and connection expenses	(53,543)
Other nonoperating revenues	51,119
	<hr/>
Total non-operating revenues	(363,072)
	<hr/>
Loss before capital contributions	(450,933)
	<hr/>
CAPITAL CONTRIBUTIONS	62,612
	<hr/>
Change in net position	(388,321)
	<hr/>
NET POSITION AT JANUARY 1	17,892,405
	<hr/>
NET POSITION AT DECEMBER 31	\$ 17,504,084
	<hr/> <hr/>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

Year Ended December 31, 2013

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 2,945,552
Payments to suppliers	(1,339,317)
Payments to employees	(795,702)
Net cash provided by operating activities	<u>810,533</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(76,792)
Repayment of long-term debt	(240,000)
Interest paid on long-term debt	(468,731)
Connection and availability fees	236,241
Line extension and other fees	31,529
Capacity payments – City of Lynchburg	(267,261)
Other nonoperating receipts (expenses)	(2,424)
Net cash used in capital and related financing activities	<u>(787,438)</u>
INVESTING ACTIVITIES	
Interest income	2,385
Net cash provided by investing activities	<u>2,385</u>
Net increase in cash and cash equivalents	25,480
CASH AND CASH EQUIVALENTS	
Beginning at January 1	3,776,906
Ending at December 31	<u>\$ 3,802,386</u>
RECONCILIATION TO EXHIBIT 7	
Cash and investments	\$ 2,802,386
Restricted cash and investments	1,000,000
	<u>\$ 3,802,386</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (87,861)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	876,669
Change in assets and liabilities:	
(Increase) decrease in:	
Receivables, net	(52,941)
Inventories	(7,490)
(Decrease) increase in:	
Accounts payable	69,979
Customer deposits	8,056
Compensated absences and OPEB	4,121
Net cash provided by operating activities	<u>\$ 810,533</u>

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 3)	\$ 48,841
Total assets	<u>\$ 48,841</u>
LIABILITIES	
Amounts held for others	<u>\$ 48,841</u>
Total liabilities	<u><u>\$ 48,841</u></u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2013 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, 2014

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, 2014

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, 2014

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, 2014 billing installment, as well as those due on December 5, 2014, are reflected in unearned revenues on the statement of net position as they are intended to fund operations in a future period.

Other Assets

Other assets of \$2,771,053 consists of the County's applicable share (via the Amherst County Service Authority) of various City of Lynchburg sewage facilities projects for which there is an agreement to make payments on annually. Related debt has been reflected in notes payable.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014, 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 statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition prices. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two types of items. One item occurs only under the modified accrual basis of accounting. The item, unavailable revenue, is reported in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes, grants, and other receivables not collected within 60 days of year end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the statement of net position, this item consists of property taxes intended to fund future years.

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.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations (Continued)

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.

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.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations (Continued)

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.

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. Encumbrances outstanding at year end of \$91,099 in the school construction fund are reported as assigned fund balance since they do not constitute expenditures or liabilities.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.
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 State Non-Arbitrage Program (SNAP).

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 3. Deposits and Investments (Continued)

External Investment Pools:

SNAP is an open-end management investment company registered with the Securities and Exchange Commission (the "SEC"). The fair value of the positions in the LGIP is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

At June 30, the deposit and investment balances were as follows:

	<u>Fair Value</u>
Deposits:	
Demand deposits	\$ 17,908,252
Certificate of deposit	1,000,000
Money market funds	15,054,664
Cash on hand	<u>5,848</u>
	33,968,764
Investments:	
SNAP	<u>3,382,610</u>
Total deposits and investments	<u><u>\$ 37,351,374</u></u>

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

Cash and investments – Primary Government	\$ 30,780,499
Cash and investments – Component Units	2,188,265
Restricted cash and investments – Primary Government	<u>4,382,610</u>
Total deposits and investments	<u><u>\$ 37,351,374</u></u>

Restricted cash and investments:

Restricted cash and investments in the governmental activities consists of \$3,382,610 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 \$1,000,000 maintained in a certificate of deposit required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 3. Deposits and Investments (Continued)

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 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.

	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	\$ 7,815,341	\$ -	\$ 7,815,341	\$ -
Less: allowance for uncollectible accounts	(428,216)	-	(428,216)	-
Net taxes receivable	7,387,125	-	7,387,125	-
Accounts receivable	542,543	385,963	928,506	313,500
Less: allowance for uncollectible accounts	(88,318)	(24,583)	(112,901)	-
Net accounts receivable	454,225	361,380	815,605	313,500
Net total receivables	<u>\$ 7,841,350</u>	<u>\$ 361,380</u>	<u>\$ 8,202,730</u>	<u>\$ 313,500</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 for uncollected tax levies on real property. Governmental activities accounts receivable is 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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. 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	\$ -	\$ 827,902
Local sales taxes	420,956	-
Communication taxes	214,551	-
Public assistance and welfare administration	57,312	-
Comprehensive youth service	187,552	-
Fire program funds	90,465	-
Sheriff	167,195	-
Commonwealth's Attorney	30,998	-
Clerk of Circuit Court	22,900	-
Treasurer	9,453	-
Commissioner of Revenue	10,155	-
Other	34,329	-
Federal Government:		
Education grants	-	613,908
Community development block grant	252,368	-
Assistance to firefighters FEMA grant	825,646	-
Highway planning and construction	440,314	-
Public assistance	96,759	-
	<u>\$ 2,860,953</u>	<u>\$ 1,441,810</u>

Note 6. Interfund Obligations and Transfers

Interfund receivable and payable balances at June 30 are:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 409,781	\$ -
Capital Projects	-	409,781
	<u>\$ 409,781</u>	<u>\$ 409,781</u>

Interfund payable represents cash advanced to the capital projects fund for construction costs. Amounts are expected to be reimbursed from the SNAP Accounts.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Interfund Obligations and Transfers (Continued)

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 7,279	\$ 1,459,678
Special Revenue fund	<u>1,459,678</u>	<u>7,279</u>
	<u>\$ 1,466,957</u>	<u>\$ 1,466,957</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.

Note 7. Capital Assets

Capital asset activity for the year consisted of the following:

	<u>Beginning Balance *</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 2,697,819	\$ -	\$ (329,509)	\$ 2,368,310
Construction in progress	<u>1,554,399</u>	<u>2,730,519</u>	<u>(1,509,092)</u>	<u>2,775,826</u>
Total capital assets not depreciated	<u>4,252,218</u>	<u>2,730,519</u>	<u>(1,838,601)</u>	<u>5,144,136</u>
Capital assets depreciated:				
Buildings and improvements	20,538,683	1,662,702	-	22,201,385
Jointly owned school buildings and improvements	10,931,918	-	(1,348,798)	9,583,120
Furniture, equipment, and vehicles	<u>5,518,587</u>	<u>1,803,313</u>	<u>(569,585)</u>	<u>6,752,315</u>
Total capital assets depreciated	<u>36,989,188</u>	<u>3,466,015</u>	<u>(1,918,383)</u>	<u>38,536,820</u>
Less accumulated depreciation:				
Buildings and improvements	(7,520,152)	(916,965)	-	(8,437,117)
Jointly owned school buildings and improvements	(2,946,624)	-	200,782	(2,745,842)
Furniture, equipment, and vehicles	<u>(4,362,126)</u>	<u>(495,152)</u>	<u>569,585</u>	<u>(4,287,693)</u>
Total accumulated depreciation	<u>(14,828,902)</u>	<u>(1,412,117)</u>	<u>770,367</u>	<u>(15,470,652)</u>
Capital assets depreciated, net	<u>22,160,286</u>	<u>2,053,898</u>	<u>(1,148,016)</u>	<u>23,066,168</u>
Net capital assets	<u>\$ 26,412,504</u>	<u>\$ 4,784,417</u>	<u>\$ (2,986,617)</u>	<u>\$ 28,210,304</u>

* As restated. See Note 20.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Construction in progress	19,374	42,479	40,753	21,100
	<u>642,897</u>	<u>42,479</u>	<u>40,753</u>	<u>644,623</u>
Total capital assets not depreciated				
Capital assets depreciated:				
Buildings and improvements	91,325	20,087	-	111,412
Utility plant in service	39,241,937	117,591	-	39,359,528
Furniture, equipment, and vehicles	1,078,462	-	-	1,078,462
	<u>40,411,724</u>	<u>137,678</u>	<u>-</u>	<u>40,549,402</u>
Total capital assets depreciated				
Less accumulated depreciation	(15,540,027)	(874,041)	-	(16,414,068)
Capital assets depreciated, net	<u>24,871,697</u>	<u>(736,363)</u>	<u>-</u>	<u>24,135,334</u>
Net capital assets	<u>\$ 25,514,594</u>	<u>\$ (693,884)</u>	<u>\$ 40,753</u>	<u>\$ 24,779,957</u>

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	\$ 63,718	\$ -	\$ 63,718
Judicial administration	97,916	-	97,916
Public safety	539,845	-	539,845
Public works	593,125	-	593,125
Health and welfare	8,024	-	8,024
Parks, recreation, and cultural	92,669	-	92,669
Community development	16,820	-	16,820
Water and sewer	-	874,041	874,041
	<u>-</u>	<u>874,041</u>	<u>874,041</u>
Total depreciation expense – primary government	<u>\$ 1,412,117</u>	<u>\$ 874,041</u>	<u>\$ 2,286,158</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Capital Assets (Continued)

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>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ -	\$ 329,509	\$ -	\$ 329,509
Capital assets depreciated:				
Buildings and improvements	577,828	-	-	577,828
Less accumulated depreciation:				
Buildings and improvements	(72,228)	(14,446)	-	(86,674)
Capital assets depreciated, net	505,600	(14,446)	-	491,154
Net capital assets	<u>\$ 505,600</u>	<u>\$ 315,063</u>	<u>\$ -</u>	<u>\$ 820,663</u>

* As restated. See Note 20.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. 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
Construction in progress	216,611	526,696	(470,172)	273,135
Total capital assets not depreciated	525,792	526,696	(470,172)	582,316
Capital assets depreciated:				
Buildings and improvements	23,204,897	470,172	(562,406)	23,112,663
Jointly owned school buildings and improvements	20,104,788	1,348,798	-	21,453,586
Furniture, equipment, and vehicles	8,353,196	647,753	(2,072,545)	6,928,404
Total capital assets depreciated	51,662,881	2,466,723	(2,634,951)	51,494,653
Less accumulated depreciation:				
Buildings and improvements	(19,330,413)	(1,525,349)	930,579	(19,925,183)
Jointly owned school buildings and improvements	(7,641,162)	(976,699)	-	(8,617,861)
Furniture, equipment, and vehicles	(6,411,531)	(425,950)	2,072,545	(4,764,936)
Total accumulated depreciation	(33,383,106)	(2,927,998)	3,003,124	(33,307,980)
Capital assets depreciated, net	18,279,775	(461,275)	368,173	18,186,673
Net capital assets	\$ 18,805,567	\$ 65,421	\$ 101,999	\$ 18,768,989

* As restated. See Note 20.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities

Changes in long-term liabilities consisted of the following:

Primary Government:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 10,956,918	\$ -	\$ 1,373,798	\$ 9,583,120	\$ 1,356,739
Premium on bonds	290,166	-	26,521	263,645	26,521
	<u>11,247,084</u>	<u>-</u>	<u>1,400,319</u>	<u>9,846,765</u>	<u>1,383,260</u>
Lease revenue bonds	6,532,000	-	328,000	6,204,000	341,000
Notes payable	1,430,310	-	24,838	1,405,472	21,675
	<u>7,962,310</u>	<u>-</u>	<u>352,838</u>	<u>7,609,472</u>	<u>362,675</u>
Landfill closure/post-closure	3,375,189	317,136	-	3,692,325	-
Compensated absences	899,174	-	11,641	887,533	88,753
	<u>4,274,363</u>	<u>317,136</u>	<u>11,641</u>	<u>4,579,858</u>	<u>88,753</u>
	<u>\$ 23,483,757</u>	<u>\$ 317,136</u>	<u>\$ 1,764,798</u>	<u>\$ 22,036,095</u>	<u>\$ 1,834,688</u>
Business-Type Activities:					
Revenue bond	\$ 9,730,000	\$ -	\$ 240,000	\$ 9,490,000	\$ 250,000
Premium on bond	1,626,666	-	107,174	1,519,492	105,312
Notes payable	1,848,751	1,092,267	169,965	2,771,053	224,787
Compensated absences	90,766	17,736	13,615	94,887	9,489
	<u>\$ 13,296,183</u>	<u>\$ 1,110,003</u>	<u>\$ 530,754</u>	<u>\$ 13,875,432</u>	<u>\$ 589,588</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:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Notes payable	\$ 977,408	\$ -	\$ 30,128	\$ 947,280	\$ 29,569

Discretely Presented Component Unit – School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 452,334	\$ -	\$ 144	\$ 452,190	\$ 45,219

*As restated. See Note 20.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

<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					
Governmental Activities:					
General Obligation Bonds					
Schools:					
VPSA Bonds	5.40-5.975%	1995	2015	\$ 4,000,000	\$ 400,000
VPSA Bonds	5.57	1996	2016	5,500,000	825,000
VPSA Bonds	4.95	1998	2018	2,000,000	500,000
VPSA Bonds	4.73	1999	2019	2,000,000	600,000
VPSA Bonds	5.15	2000	2020	3,351,287	1,308,120
VPSA Bonds	3.10-5.25	2001	2021	550,000	200,000
VPSA Bonds	2.35-7.85	2002	2022	965,000	415,000
VPSA Bonds	3.10-5.35	2003	2023	1,315,000	650,000
VPSA Bonds	4.10-5.60	2004	2024	1,120,000	605,000
VPSA Bonds	4.60-5.10	2005	2025	1,615,000	960,000
VPSA Bonds	4.225-5.10	2006	2026	1,265,000	810,000
VPSA Bonds	4.10-5.10	2007	2027	3,325,000	<u>2,310,000</u>
Total general obligation bonds					<u>\$ 9,583,120</u>
Lease Revenue Bonds					
Amherst County EDA Series 2007	3.94%	2007	2028	\$ 5,350,000	\$ 4,298,000
Amherst County EDA Series 2008	3.94	2008	2028	2,373,000	<u>1,906,000</u>
Total lease revenue bonds					<u>\$ 6,204,000</u>
Note Payable					
USDA - Rural Development – Animal Shelter	4.125%	2007	2047	\$ 1,597,200	<u>\$ 1,405,472</u>
Business-Type Activities:					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	<u>\$ 9,490,000</u>
Total revenue bond					<u>\$ 9,490,000</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. 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					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 97,357
Sewage facilities note	5.96	1995	2015	196,993	19,700
Sewage facilities note	-	1998	2027	747,643	305,288
Sewage facilities note	3.00	2001	2020	1,996,292	651,549
Sewage facilities note	3.41	2002	2021	322,157	164,840
Sewage facilities note	4.14	2010	2029	329,751	283,309
Sewage facilities note	3.25	2011	2041	129,890	118,430
Sewage facilities note	2.80	2011	2041	41,049	38,313
Sewage facilities note	-	2013	2033	1,062,266	1,062,266
Sewage facilities note	3.22	2013	2043	30,001	30,001
Total notes payable					<u>\$ 2,771,053</u>
COMPONENT UNIT					
ECONOMIC DEVELOPMENT AUTHORITY					
Notes Payable					
USDA – Rural Development – Animal Shelter	4.125%	2007	2047	\$ 822,800	\$ 724,031
Carter Bank and Trust	6.00	2008	2023	309,067	223,249
Total notes payable					<u>\$ 947,280</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities (Continued)

Annual debt payments:

Year Ending June 30	Primary Government Governmental Activities			
	General Obligation and Lease Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$ 1,697,739	\$ 696,910	\$ 21,674	\$ 61,699
2016	1,713,833	610,777	22,586	60,788
2017	1,526,089	530,042	23,535	59,839
2018	1,268,515	462,265	24,524	58,850
2019	1,287,119	402,294	25,556	57,818
2020-2024	5,112,825	1,250,459	144,825	272,045
2025-2029	3,181,000	301,898	177,935	238,935
2030-2034	-	-	218,616	198,253
2035-2039	-	-	268,596	148,272
2040-2044	-	-	330,004	86,865
2045-2049	-	-	147,621	14,506
	<u>\$ 15,787,120</u>	<u>\$ 4,254,645</u>	<u>\$ 1,405,472</u>	<u>\$ 1,257,870</u>

Year Ending June 30	Primary Government Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$ 250,000	\$ 466,563	\$ 224,787	\$ 43,751
2016	265,000	455,150	225,982	39,146
2017	280,000	441,569	217,372	34,495
2018	290,000	429,469	218,659	32,614
2019	305,000	414,606	219,994	28,323
2020-2024	1,745,000	1,844,007	793,747	77,943
2025-2029	2,215,000	1,373,401	489,774	36,073
2030-2034	1,750,000	860,362	322,366	13,600
2035-2039	1,940,000	423,582	34,198	7,243
2040-2044	450,000	23,063	24,174	1,852
	<u>\$ 9,490,000</u>	<u>\$ 6,731,772</u>	<u>\$ 2,771,053</u>	<u>\$ 315,040</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 8. Long-Term Liabilities (Continued)

Annual debt payments: (Continued)

Year Ending June 30	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2015	\$ 29,569	\$ 44,678
2016	31,173	43,074
2017	32,867	41,380
2018	34,656	39,591
2019	36,545	37,702
2020-2024	193,769	156,602
2025-2029	91,664	123,087
2030-2034	112,620	102,130
2035-2039	138,369	76,383
2040-2044	170,004	44,747
2045-2049	76,044	7,473
	<u>\$ 947,280</u>	<u>\$ 716,847</u>

Note 9. Defined Benefit Pension Plan

Plan Description:

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the "System"). All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as set out below:

VRS PLAN 1

About VRS Plan 1 – VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

VRS PLAN 1 (Continued)

Hybrid Opt-In Election – VRS non-hazardous duty covered plan 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 VRS Plan were not eligible to elect the Hybrid Retirement Plan and remain as plan members or ORP.

Retirement Contributions – Members contribute up to 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5.00% member contribution; 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.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

VRS PLAN 1 (Continued)

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.

Earliest Unreduced Retirement Eligibility – Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility – Members may retire with a reduced benefit as early as age 55 with at least five years of creditable service or age 50 with at least 10 years of creditable service.

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%.

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.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

VRS PLAN 1 (Continued)

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.

VRS PLAN 2

VRS Plan 2 is the same as VRS Plan 1 except for the following:

Employees are eligible for VRS 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.

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 – For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age – Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility – Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years of creditable service or when their age and service equal 90.

Earliest Reduced Retirement Eligibility – Members may retire with a reduced benefit as early as age 60 with at least five years of creditable service.

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%.

Disability Coverage – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% 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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

HYBRID RETIREMENT PLAN

The Hybrid Retirement Plan is the same as VRS Plan 1 except for the following:

About the 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 VRS Plan 1 and VRS 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:

- State employees.*
- School division employees.
- Political subdivision employees.*
- Judges appointed or elected to an original term on or after January 1, 2014.
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1 – 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:

- Members of the State Police Officers' Retirement System (SPORS).
- Members of the Virginia Law Officers' Retirement System (VaLORS).
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

HYBRID RETIREMENT PLAN (Continued)

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS 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 Contribution Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

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 of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution 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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

HYBRID RETIREMENT PLAN (Continued)

Vesting (Continued)

Defined Contribution Component: (Continued)

- 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 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 VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier – The retirement multiplier is 1.00%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Normal Retirement Age

Defined Benefit Component: Same as VRS Plan 2.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component: Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years of creditable service or when their age and service equal 90.

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 of creditable service.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description: (Continued)

HYBRID RETIREMENT PLAN (Continued)

Earliest Reduced Retirement Eligibility (Continued)

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 VRS Plan 2.

Defined Contribution Component: Not applicable.

Disability Coverage – Eligible political subdivision and school division (including VRS Plan 1 and VRS 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. State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information (RSI) for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2014 was 12.09% of the annual covered payroll.

The School Board non-professional employees' contribution rate for the fiscal year ended 2013 was 7.16% of annual covered payroll. The School Board professional employees' contribution rate for the VRS statewide teacher pool for fiscal year ended 2014 was 11.66% of annual covered payroll. Total contributions made to the VRS statewide teacher pool for professional employees by the School Board for the fiscal years ending June 30, 2014, 2013, and 2012 were \$2,699,387, \$2,639,982, and \$1,432,899, respectively, and were equal to the required contributions for each year.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Annual Pension Cost:

For the fiscal year ended June 30, 2014, the County annual pension cost of \$883,751 for VRS was equal to the required and actual contributions.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2014	\$ 883,751	100%	\$ -
June 30, 2013	868,645	100%	-
June 30, 2012	624,969	100%	-
Service Authority:			
December 31, 2013	\$ 85,133	100%	\$ -
December 31, 2012	73,593	100%	-
December 31, 2011	58,133	100%	-
School Board Non-Professional:			
June 30, 2014	\$ 159,520	100%	\$ -
June 30, 2013	137,142	100%	-
June 30, 2012	98,771	100%	-

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the County assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Defined Benefit Pension Plan (Continued)

Funded Status and Funding Progress:

For the County employees, as of June 30, 2013, the most recent actuarial valuation date, the plan was 79.34% funded. The actuarial accrued liability for benefits was \$35,595,749, and the actuarial value of assets was \$28,241,267, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,354,482. The covered payroll (annual payroll of active employees covered by the plan) was \$7,237,924 and the ratio of the UAAL to the covered payroll was 101.61%.

For the Service Authority employees, as of June 30, 2013, the most recent actuarial valuation date, the plan was 79% funded. The actuarial accrued liability for benefits was \$4,394,743, and the actuarial value of assets was \$3,471,751, resulting in an UAAL of \$922,992. The covered payroll (annual payroll of active employees covered by the plan) was \$943,947 and the ratio of the UAAL to the covered payroll was 97.78%.

For the School Board non-professional employees as of June 30, 2013, the most recent actuarial valuation date, the plan was 99.07% funded. The actuarial accrued liability for benefits was \$6,487,879, and the actuarial value of assets was \$6,427,251, resulting in an UAAL of \$60,628. The covered payroll (annual payroll of active employees covered by the plan) was \$2,151,162, and the ratio of the UAAL to the covered payroll was 2.82%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 10. 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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

A. Plan Description (Continued)

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 9.

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 2013 was .11% 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 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 2014, the County's contribution of \$8,064 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 2014 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, 2014	\$ 8,064	100%	\$ -
June 30, 2013	7,917	100%	-
June 30, 2012	8,022	100%	-

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 177,072
Actuarial value of plan assets	\$ 107,993
Unfunded actuarial accrued liability (UAAL)	\$ 69,079
Funded ratio (actuarial value of plan assets/AAL)	60.99%
Covered payroll (active plan members)	\$ 2,964,990
UAAL as a percentage of covered payroll	2.33%

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.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

E. 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 June 30, 2013 was 29 years.

Note 11. 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 \$1,557,112. 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 \$2,135,214 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 44% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$2,717,544 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, 2014

Note 12. 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 School Board has entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$91,099 at year end.

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$823,973 at year end.

Note 13. 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, 2014

Note 14. 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:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>	<u>Component Unit – School Board</u>
Committed to:					
Community development	\$ 115,925	\$ -	\$ -	\$ 115,925	\$ -
Judicial administration	28,750	-	-	28,750	-
Public works	97,623	-	-	97,623	-
Total committed	<u>242,298</u>	<u>-</u>	<u>-</u>	<u>242,298</u>	<u>-</u>
Assigned to:					
Judicial administration	79,631	-	-	79,631	-
Public safety	165,575	581,339	-	746,914	-
Public works	-	3,510,401	-	3,510,401	-
Parks, recreation, and cultural	61,523	20,669	-	82,192	-
Education	-	-	-	-	1,851,828
Other capital projects	-	-	2,747,710	2,747,710	-
Total assigned	<u>306,729</u>	<u>4,112,409</u>	<u>2,747,710</u>	<u>7,166,848</u>	<u>1,851,828</u>
Unassigned	<u>14,654,700</u>	<u>-</u>	<u>-</u>	<u>14,654,700</u>	<u>(91,452)</u>
Total fund balance	<u>\$ 15,203,727</u>	<u>\$ 4,112,409</u>	<u>\$ 2,747,710</u>	<u>\$ 22,063,846</u>	<u>\$ 1,760,376</u>

Note 15. 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 \$92,382 for operations to HBH for 2014.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 15. Jointly Governed Organizations and Joint Venture (Continued)

Jointly Governed Organizations: (Continued)

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 \$1,605,085 for operations to BRRJA for 2014.

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 16. Performance Incentives

The County and EDA are parties to incentive agreements with existing companies for expansion in the county and 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.

Note 17. 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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 17. Significant Transactions of the County and Component Unit – School Board (Continued)

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 16)	\$ 45,900,577
Expenditures for School Buses reported in the General Fund (Exhibit 4)	283,464
School-related principal and other debt service expenditures included in primary government (Exhibit 4)	<u>1,807,653</u>
Total expenditures for school activities	<u><u>\$ 47,991,694</u></u>

Note 18. 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.

Note 19. 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, 2014, outstanding conduit debt was as follows:

Randolph College, Series 2010	\$ 4,908,714
Lynchburg College, Series 2003	<u>10,165,000</u>
Total conduit debt outstanding	<u><u>\$ 15,073,714</u></u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 20. Restatement of Net Position and Fund Balances

	General Fund	Special Revenue	Governmental Activities	School Board Government- Wide	EDA
Fund balance/net position at June 30, 2013, as previously reported	\$ 17,075,876	\$ 4,831,664	\$ 29,370,144	\$ 21,224,176	\$ -
<ul style="list-style-type: none"> To decrease amount due to schools for previously unrecorded receivable. 	259,476	-	259,476	-	-
<ul style="list-style-type: none"> To properly record all bond premiums, net of related amortization. 	-	-	(144,332)	-	-
<ul style="list-style-type: none"> To record EMS (ambulance) billing receivables not recorded. General Fund balances are reduced by deferred revenues for amounts not collected in the period of availability. 	126,828	-	299,597	-	-
<ul style="list-style-type: none"> To remove EDA from Special Revenue fund and report as discretely presented component unit 	-	(170,764)	(170,764)	-	170,764
<ul style="list-style-type: none"> To move EDA fixed assets from the primary government to the EDA. 	-	-	(505,600)	-	505,600
<ul style="list-style-type: none"> To move EDA debt from the primary government to the EDA. 	-	-	1,026,910	-	(1,026,910)
<ul style="list-style-type: none"> To remove regional radio asset intangible asset. 	-	-	(3,423,467)	-	-
<ul style="list-style-type: none"> To remove regional radio debt and related accrued interest. 	-	-	3,490,511	-	-
<ul style="list-style-type: none"> To correct beginning capital assets for adjustments to jointly owned school board assets, school building that was transferred in fiscal year 2013, removing depreciation Amelon Commerce land, write-off old CIP balances, and record library roof replacement completed in 2013. 	-	-	555,622	-	-
<ul style="list-style-type: none"> To correct for item that should have been expensed in 2013. 	(185,288)	-	(185,288)	-	-
<ul style="list-style-type: none"> To correct USDA loan balance based on confirmation (split 34% EDA fund, 66% General Fund). 	-	-	96,093	-	49,502
<ul style="list-style-type: none"> To correct jointly owned asset allocation and school building transferred back to the County. 	-	-	-	(952,781)	-
Net change in fund balance/net position	201,016	(170,764)	1,298,758	(952,781)	(301,044)
Fund balance/net position June 30, 2013, as restated	<u>\$ 17,276,892</u>	<u>\$ 4,660,900</u>	<u>\$ 30,668,902</u>	<u>\$ 20,271,395</u>	<u>\$ (301,044)</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 21. New Accounting Standards

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with GASB Statement No. 34. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial Statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* was issued to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This Statement will be effective for the year ending June 30, 2015.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,865,303	\$ 20,865,303	\$ 21,519,385	\$ 654,082
Other local taxes	6,786,578	6,786,578	6,847,214	60,636
Permits, fees, license	197,000	197,000	183,707	(13,293)
Fines and forfeitures	67,247	497,094	510,928	13,834
Use of money & property	98,504	98,504	94,422	(4,082)
Charges for services	1,245,479	1,256,047	1,393,210	137,163
Miscellaneous	30,660	86,847	111,927	25,080
Recovered costs	107,126	214,038	245,948	31,910
Intergovernmental revenues:				
Commonwealth	5,910,143	6,872,739	6,583,402	(289,337)
Federal	1,173,081	604,102	1,202,643	598,541
Total revenues	36,481,121	37,478,252	38,692,786	1,214,534
EXPENDITURES				
Current:				
General government administration	2,376,494	2,517,433	2,180,893	336,540
Judicial administration	1,230,901	1,270,657	1,161,835	108,822
Public safety	9,101,130	11,157,037	12,013,476	(856,439)
Public works	1,019,505	1,140,709	1,040,238	100,471
Health and welfare	3,424,991	3,668,685	3,826,389	(157,704)
Education	14,456,605	14,750,007	14,325,889	424,118
Parks, recreation, and cultural	1,054,221	1,087,393	1,058,024	29,369
Community development	714,099	1,067,090	857,033	210,057
Nondepartmental	548,614	141,612	89,924	51,688
Capital projects	470,000	350,000	283,464	66,536
Debt service:				
Principal	1,902,558	1,902,558	1,726,636	175,922
Interest	1,085,611	1,085,611	749,751	335,860
Total expenditures	37,384,729	40,138,792	39,313,552	825,240
Excess of revenues (under) expenditures	(903,608)	(2,660,540)	(620,766)	2,039,774
OTHER FINANCING SOURCES (USES)				
Transfers in	2,380,000	2,406,487	7,279	(2,399,208)
Transfers out	(1,476,392)	(1,597,960)	(1,459,678)	138,282
Total other financing sources (uses)	903,608	808,527	(1,452,399)	(2,260,926)
Net change in fund balance	\$ -	\$ (1,852,013)	\$ (2,073,165)	\$ (221,152)

COUNTY OF AMHERST, VIRGINIA

**SCHEDULES OF FUNDING PROGRESS –
PENSION AND OTHER POST-EMPLOYMENT BENEFITS
June 30, 2014**

VIRGINIA RETIREMENT SYSTEM

<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>
A. Primary Government:						
June 30, 2011	\$ 27,570,535	\$ 34,038,977	\$ 6,468,442	81.00%	\$ 7,655,506	84.49%
June 30, 2012	27,383,056	34,969,054	7,585,998	78.31%	7,018,607	108.08%
June 30, 2013	28,241,267	35,595,749	7,354,482	79.34%	7,237,924	101.61%

B. Amherst County Service Authority

June 30, 2011	\$ 3,184,154	\$ 4,001,226	\$ 817,072	79.58%	\$ 838,755	97.41%
June 30, 2012	3,262,435	4,185,098	922,663	77.95%	911,022	101.28%
June 30, 2013	3,471,751	4,394,743	922,992	79.00%	943,947	97.78%

C. Discretely Presented Component Unit – School Board:

June 30, 2011	\$ 6,148,548	\$ 6,376,707	\$ 228,159	96.42%	\$ 2,065,230	11.05%
June 30, 2012	6,178,305	6,382,491	204,186	96.80%	2,075,447	9.84%
June 30, 2013	6,427,251	6,487,879	60,628	99.07%	2,151,162	2.82%

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>
A. Primary Government:						
June 30, 2011	\$ 110,502	\$ 173,115	\$ 62,613	63.83%	\$ 3,384,988	1.85%
June 30, 2012	104,397	174,184	69,787	59.93%	2,735,077	2.55%
June 30, 2013	107,993	177,072	69,079	60.99%	2,964,990	2.33%

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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, 2014

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,693	\$ 45,148	\$ 48,841
Total assets	<u>\$ 3,693</u>	<u>\$ 45,148</u>	<u>\$ 48,841</u>
LIABILITIES			
Amounts held for others	\$ 3,693	\$ 45,148	\$ 48,841
Total liabilities	<u>\$ 3,693</u>	<u>\$ 45,148</u>	<u>\$ 48,841</u>

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2014

	Beginning Balance	Additions	Deletions	Ending Balance
Special Welfare Fund				
ASSETS				
Cash and investments	\$ 4,900	\$ 10,540	\$ 11,747	\$ 3,693
Total assets	<u>\$ 4,900</u>	<u>\$ 10,540</u>	<u>\$ 11,747</u>	<u>\$ 3,693</u>
LIABILITIES				
Accounts payable	\$ 139	\$ -	\$ 139	\$ -
Amounts held for others	<u>4,761</u>	<u>10,540</u>	<u>11,608</u>	<u>3,693</u>
Total liabilities	<u>\$ 4,900</u>	<u>\$ 10,540</u>	<u>\$ 11,747</u>	<u>\$ 3,693</u>
Forfeited Assets				
ASSETS				
Cash and investments	\$ 25,670	\$ 34,365	\$ 14,887	\$ 45,148
Total assets	<u>\$ 25,670</u>	<u>\$ 34,365</u>	<u>\$ 14,887</u>	<u>\$ 45,148</u>
LIABILITIES				
Amounts held for others	\$ 25,670	\$ 34,365	\$ 14,887	\$ 45,148
Total liabilities	<u>\$ 25,670</u>	<u>\$ 34,365</u>	<u>\$ 14,887</u>	<u>\$ 45,148</u>
Totals – All Agency Funds				
ASSETS				
Cash and investments	\$ 30,570	\$ 44,905	\$ 26,634	\$ 48,841
Total assets	<u>\$ 30,570</u>	<u>\$ 44,905</u>	<u>\$ 26,634</u>	<u>\$ 48,841</u>
LIABILITIES				
Amounts held for others	\$ 30,431	\$ 44,905	\$ 26,495	\$ 48,841
Total liabilities	<u>\$ 30,431</u>	<u>\$ 44,905</u>	<u>\$ 26,495</u>	<u>\$ 48,841</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, 2014

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Textbook</u>	<u>School Construction</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ -	\$ 732,197	\$ 729,773	\$ 514,403	\$ 1,976,373
Accounts receivable, net	313,500	-	-	-	313,500
Due from primary government	3,702,373	-	-	-	3,702,373
Due from other governmental units	1,441,810	-	-	-	1,441,810
Prepaid items	91,452	-	-	-	91,452
Total assets	<u>\$ 5,549,135</u>	<u>\$ 732,197</u>	<u>\$ 729,773</u>	<u>\$ 514,403</u>	<u>\$ 7,525,508</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 76,936	\$ 532	\$ -	\$ 52,723	\$ 130,191
Retainage payable	-	-	-	18,297	18,297
Accrued liabilities	5,472,199	144,445	-	-	5,616,644
Total liabilities	<u>5,549,135</u>	<u>144,977</u>	<u>-</u>	<u>71,020</u>	<u>5,765,132</u>
FUND BALANCES					
Nonspendable	91,452	-	-	-	91,452
Committed	-	-	-	91,099	91,099
Assigned	-	587,220	729,773	352,284	1,669,277
Unassigned	(91,452)	-	-	-	(91,452)
Total fund balances	<u>-</u>	<u>587,220</u>	<u>729,773</u>	<u>443,383</u>	<u>1,760,376</u>
Total liabilities and fund balances	<u>\$ 5,549,135</u>	<u>\$ 732,197</u>	<u>\$ 729,773</u>	<u>\$ 514,403</u>	<u>\$ 7,525,508</u>

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

Total fund balances – governmental funds	\$ 1,760,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,768,989
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(452,190)
Net position of governmental activities	<u><u>\$ 20,077,175</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, 2014**

	<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	\$ 27,662	\$ -	\$ 299	\$ 24,107	\$ 52,068
Charges for services	613,015	746,722	-	-	1,359,737
Miscellaneous	142,052	-	-	-	142,052
Recovered costs	805,621	-	-	-	805,621
Intergovernmental revenues:					
County contribution	13,531,675	-	-	793,402	14,325,077
Commonwealth	24,718,386	45,319	-	-	24,763,705
Federal	2,912,329	1,382,203	-	-	4,294,532
Total revenues	<u>42,750,740</u>	<u>2,174,244</u>	<u>299</u>	<u>817,509</u>	<u>45,742,792</u>
EXPENDITURES					
Current:					
Education	<u>42,750,740</u>	<u>2,191,928</u>	<u>381,000</u>	<u>576,909</u>	<u>45,900,577</u>
Total expenditures	<u>42,750,740</u>	<u>2,191,928</u>	<u>381,000</u>	<u>576,909</u>	<u>45,900,577</u>
Net change in fund balances	<u>-</u>	<u>(17,684)</u>	<u>(380,701)</u>	<u>240,600</u>	<u>(157,785)</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>604,904</u>	<u>1,110,474</u>	<u>202,783</u>	<u>1,918,161</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 587,220</u>	<u>\$ 729,773</u>	<u>\$ 443,383</u>	<u>\$ 1,760,376</u>

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

Net change in fund balances – total governmental funds \$ (157,785)

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	\$ 609,159	
Depreciation expense	(1,951,299)	
Contribution of school buses from County	565,290	
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>1,148,016</u>	371,166

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, dispositions, and insurance proceeds is to decrease net position). (407,744)

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>143</u>
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Change in net position of governmental activities \$ (194,220)

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2014**

	School Operating				School Cafeteria			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ 15,000	\$ 27,662	\$ 12,662	\$ -	\$ -	\$ -	\$ -
Charges for services	444,500	511,822	613,015	101,193	948,088	948,088	746,722	(201,366)
Miscellaneous	117,927	139,921	142,052	2,131	-	-	-	-
Recovered costs	618,952	618,952	805,621	186,669	-	-	-	-
Intergovernmental revenues:								
County contribution	13,955,793	13,955,793	13,531,675	(424,118)	-	-	-	-
Commonwealth	24,908,498	25,011,798	24,718,386	(293,412)	92,000	92,000	45,319	(46,681)
Federal	2,971,549	3,222,849	2,912,329	(310,520)	1,247,662	1,247,662	1,382,203	134,541
Total revenues	43,017,219	43,476,135	42,750,740	(725,395)	2,287,750	2,287,750	2,174,244	(113,506)
EXPENDITURES								
Current:								
Education	43,017,219	43,476,135	42,750,740	725,395	2,287,750	2,287,750	2,191,928	95,822
Total expenditures	43,017,219	43,476,135	42,750,740	725,395	2,287,750	2,287,750	2,191,928	95,822
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(17,684)	(17,684)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,684)	\$ (17,684)

EXHIBIT 17

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		
\$ -	\$ -	\$ 299	\$ 299	\$ -	\$ -	\$ 24,107	\$ 24,107
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	793,402	793,402	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	299	299	-	793,402	817,509	24,107
-	-	381,000	(381,000)	-	822,697	576,909	245,788
-	-	381,000	(381,000)	-	822,697	576,909	245,788
-	-	(380,701)	(380,701)	-	(29,295)	240,600	269,895
\$ -	\$ -	\$ (380,701)	\$ (380,701)	\$ -	\$ (29,295)	\$ 240,600	\$ 269,895

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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, 2014**

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and investments	\$ 211,892
Total current assets	211,892
Capital assets:	
Nondepreciable	329,509
Depreciable, net	491,154
Total assets	<u>1,032,555</u>
LIABILITIES	
Current liabilities:	
Accounts payable	232
Security deposits	9,135
Current portion of notes payable	29,569
Total current liabilities	38,936
Noncurrent liabilities:	
Notes payable, net of current portion	917,711
Total liabilities	<u>956,647</u>
NET POSITION	
Net investment in capital assets	597,414
Unrestricted	(521,506)
Total net position	<u>\$ 75,908</u>

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, 2014**

	Enterprise Fund
OPERATING REVENUES	
Rents	\$ 190,496
Total operating revenues	<u>190,496</u>
OPERATING EXPENSES	
Contractual services	62,411
Depreciation expense	14,446
Facilities costs	114,762
Other operating costs	<u>4,815</u>
Total operating expenses	<u>196,434</u>
Operating loss	<u>(5,938)</u>
NONOPERATING REVENUES (EXPENSES)	
Contributions from Amherst County	427,009
Interest expense	<u>(44,119)</u>
Net nonoperating revenues	<u>382,890</u>
Change in net position	<u>376,952</u>
NET POSITION JULY 1 – as restated	<u>(301,044)</u>
NET POSITION JUNE 30	<u><u>\$ 75,908</u></u>

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2014**

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts from grantors and customers	\$ 190,496
Payments to grantees and suppliers	<u>(182,353)</u>
Net cash provided by operating activities	<u>8,143</u>
NONCAPITAL FINANCING ACTIVITIES	
Contributions from Amherst County	<u>97,500</u>
Net cash provided by noncapital financing activities	<u>97,500</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on long-term debt	(30,128)
Interest paid on long-term debt	<u>(44,119)</u>
Net cash used in capital and related financing activities	<u>(74,247)</u>
Net increase in cash and cash equivalents	31,396
CASH AND CASH EQUIVALENTS	
Beginning at July 1	<u>180,496</u>
Ending at June 30	<u><u>\$ 211,892</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (5,938)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	14,446
Change in assets and liabilities:	
Decrease in accounts payable	<u>(365)</u>
Net cash provided by operating activities	<u><u>\$ 8,143</u></u>
SCHEDULE OF NONCASH ACTIVITIES	
LAND TRANSFERRED FROM COUNTY	<u><u>\$ 329,509</u></u>

SUPPORTING SCHEDULES

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 12,744,128	\$ 12,744,128	\$ 12,920,857	\$ 176,729
Real and personal public service corporation property taxes	537,066	537,066	593,291	56,225
Personal property taxes	5,200,491	5,200,491	5,463,479	262,988
Mobile home taxes	60,969	60,969	69,304	8,335
Machinery and tools taxes	1,708,029	1,708,029	1,809,156	101,127
Merchant's capital	260,000	260,000	292,991	32,991
Penalties	204,620	204,620	221,367	16,747
Interest	150,000	150,000	148,940	(1,060)
Total general property taxes	20,865,303	20,865,303	21,519,385	654,082
Other local taxes:				
Local sales and use taxes	2,444,878	2,444,878	2,395,076	(49,802)
Consumers' utility taxes	2,160,900	2,160,900	2,093,107	(67,793)
Business license taxes	325,590	325,590	375,234	49,644
Bank stock taxes	85,000	85,000	98,756	13,756
Motor vehicle licenses	660,000	660,000	702,442	42,442
Taxes on recordation and wills	192,000	192,000	182,781	(9,219)
Lodging taxes	60,000	60,000	89,150	29,150
Meals tax	858,210	858,210	910,668	52,458
Total other local taxes	6,786,578	6,786,578	6,847,214	60,636
Permits, privilege fees, and regulatory licenses:				
Animal licenses	17,200	17,200	15,450	(1,750)
Building and related permits	140,000	140,000	97,511	(42,489)
Permits and other licenses	39,800	39,800	70,746	30,946
Total permits, privilege fees and regulatory licenses	197,000	197,000	183,707	(13,293)
Fines and Forfeitures:				
Court fines and forfeitures	67,247	497,094	510,928	13,834
Total fines and forfeitures	67,247	497,094	510,928	13,834
Revenue from use of money and property:				
Revenue from use of money	32,000	32,000	25,491	(6,509)
Revenue from use of property	66,504	66,504	68,931	2,427
Total revenue from use of money and property	98,504	98,504	94,422	(4,082)
Charges for services:				
Sheriff's fees	3,000	3,000	5,209	2,209
Collection fees – taxes and liens	-	-	68,481	68,481
Commonwealth attorney fees	2,279	2,279	3,204	925
Courthouse security fees	90,000	90,000	103,660	13,660
Jail processing fees	-	-	4,650	4,650
Charges for parks and recreation	40,000	43,683	54,163	10,480

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 23,200	\$ 24,652	\$ 24,578	\$ (74)
Emergency medical service fees	1,085,000	1,085,000	985,402	(99,598)
Telecommunication charges	-	-	87,651	87,651
Warehouse charges	-	-	33,878	33,878
Other charges for services	2,000	7,433	22,334	14,901
Total charges for services	1,245,479	1,256,047	1,393,210	137,163
Miscellaneous revenue:				
Miscellaneous	30,660	86,847	111,927	25,080
Total miscellaneous revenue	30,660	86,847	111,927	25,080
Recovered costs:				
Share of judge's expenses	19,950	19,950	20,425	475
Social services	-	-	2,190	2,190
CSA recoveries	-	-	1,905	1,905
Public safety	71,000	159,837	180,745	20,908
Miscellaneous recoveries	16,176	34,251	40,683	6,432
Total recovered costs	107,126	214,038	245,948	31,910
Total revenue from local sources	29,397,897	30,001,411	30,906,741	905,330
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	76,000	76,000	84,364	8,364
Mobile home titling taxes	20,000	20,000	24,811	4,811
Auto rental tax	30,000	30,000	26,251	(3,749)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	63,913	63,913	58,120	(5,793)
Total noncategorical aid	2,388,931	2,388,931	2,392,564	3,633
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	382,946	382,946	349,777	(33,169)
Sheriff	1,555,000	1,555,000	1,495,130	(59,870)
Commissioner of the Revenue	109,456	109,456	109,710	254
Treasurer	111,594	111,594	110,338	(1,256)
Registrar/electoral board	39,400	39,400	41,503	2,103
Clerk of the Circuit Court	279,251	279,251	298,350	19,099
Total shared expenses	2,477,647	2,477,647	2,404,808	(72,839)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 738,138	\$ 1,185,538	\$ 638,100	\$ (547,438)
Health department	-	-	15,465	15,465
Library grant	143,794	143,794	148,231	4,437
Fire program	75,829	75,829	90,465	14,636
EMS – 4 for life	-	8,000	31,753	23,753
Juvenile justice – crime control	30,136	30,136	37,022	6,886
Emergency management grant	-	-	29,822	29,822
Victim witness	45,668	45,668	47,571	1,903
Juror reimbursement	10,000	10,000	8,609	(1,391)
Comprehensive services	-	363,712	534,819	171,107
Rescue squad assistance fund	-	128,000	128,000	-
Miscellaneous	-	15,484	76,173	60,689
Total other categorical aid	1,043,565	2,006,161	1,786,030	(220,131)
Total categorical aid	3,521,212	4,483,808	4,190,838	(292,970)
Total revenue from the Commonwealth	5,910,143	6,872,739	6,583,402	(289,337)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	43,615	43,615
Categorical aid:				
Public assistance and welfare	1,173,081	599,703	1,140,771	541,068
Rent and royalties	-	-	282	282
Sheriff's grants	-	4,399	3,606	(793)
Comprehensive services	-	-	14,369	14,369
Total categorical aid	1,173,081	604,102	1,159,028	554,926
Total revenue from the Federal Government	1,173,081	604,102	1,202,643	598,541
Total General Fund	36,481,121	37,478,252	38,692,786	1,214,534
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	1,512	1,512
Total revenue from use of money and property	-	-	1,512	1,512
Charges for services:				
Recreation trips	-	-	60,334	60,334
Landfill operations	221,400	221,400	322,296	100,896
Other charges for services	-	-	261	261
Total charges for services	221,400	221,400	382,891	161,491

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Dare donations	\$ -	\$ -	\$ 25,208	\$ 25,208
Miscellaneous	-	4,062	41,866	37,804
Total miscellaneous revenue	-	4,062	67,074	63,012
Recovered Costs:				
Recovered costs	-	10,908	10,908	-
Total revenue from local sources	221,400	236,370	462,385	226,015
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	-	-	48,872	48,872
Litter control	8,000	8,000	11,014	3,014
DMV grants	-	21,821	1,171	(20,650)
Other state revenues	4,000	4,000	3,239	(761)
Total revenue from the Commonwealth	12,000	33,821	64,296	30,475
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant – stump hill project	-	-	560,571	560,571
Highway planning and construction	-	-	440,314	440,314
Criminal justice technology grants	-	56,791	68,360	11,569
Sheriff grants	-	-	8,790	8,790
Total revenue from the Federal Government	-	56,791	1,078,035	1,021,244
Total Special Revenue Fund	233,400	326,982	1,604,716	1,277,734
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	7,450	7,450
Total Capital Projects Fund	-	-	7,450	7,450
Total Revenues – Primary Government	36,714,521	37,805,234	40,304,952	2,499,718
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	15,000	27,662	12,662
Charges for services:				
Tuition	11,500	41,500	105,469	63,969
Textbook Sales	381,000	381,000	381,000	-
Transportation	-	27,322	27,721	399
Other	52,000	62,000	98,825	36,825
Total charges for services	444,500	511,822	613,015	101,193

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 117,927	\$ 139,921	\$ 142,052	\$ 2,131
Recovered Costs:				
Recovered costs	618,952	618,952	805,621	186,669
Total revenue from local sources	1,181,379	1,285,695	1,588,350	302,655
Intergovernmental revenue:				
County contribution to School Board	13,955,793	13,955,793	13,531,675	(424,118)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	4,891,516	4,891,516	4,723,523	(167,993)
Basic school aid	11,761,298	11,761,298	11,746,031	(15,267)
Special ed SOQ	1,632,842	1,632,842	1,620,240	(12,602)
Remedial education	410,348	410,348	407,181	(3,167)
Technology	336,000	336,000	290,530	(45,470)
Lottery	65,257	65,257	19,664	(45,593)
Primary class size	385,047	385,047	422,007	36,960
Fringe benefits	2,142,927	2,142,927	2,126,388	(16,539)
Textbooks	190,441	190,441	234,060	43,619
Preschool	344,865	344,865	347,281	2,416
Gifted and talented	131,083	131,083	130,072	(1,011)
At-risk	401,590	401,590	398,382	(3,208)
Regional program	898,270	898,270	752,819	(145,451)
Voc ed SOQ	287,813	287,813	285,592	(2,221)
Salary Supplement	297,197	297,197	294,897	(2,300)
Other state funds	732,004	835,304	919,719	84,415
Total categorical aid	24,908,498	25,011,798	24,718,386	(293,412)
Total revenue from the Commonwealth	24,908,498	25,011,798	24,718,386	(293,412)
Revenue from the federal government:				
Non-categorical				
Federal land use	70,000	70,000	75,219	5,219
Categorical aid:				
Preschool handicap	19,916	19,916	20,720	804
Adult basic aid	544,904	544,904	455,952	(88,952)
Title I	981,196	981,196	913,802	(67,394)
Title II	172,000	172,000	174,742	2,742
School improvement grant	-	63,881	63,181	(700)
Title VI-B special education	1,104,933	1,292,352	1,141,041	(151,311)
Vocational education	78,600	78,600	66,187	(12,413)
Other education	-	-	1,485	1,485
Total categorical aid	2,901,549	3,152,849	2,837,110	(315,739)
Total revenue from the federal government	2,971,549	3,222,849	2,912,329	(310,520)
Total School Operating Fund	43,017,219	43,476,135	42,750,740	(725,395)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 746,722	\$ (201,366)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	92,000	92,000	45,319	(46,681)
Revenue from the federal government:				
Categorical aid:				
School food	1,247,662	1,247,662	1,382,203	134,541
Total School Cafeteria Fund	2,287,750	2,287,750	2,174,244	(113,506)
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	299	299
Total School Textbook Fund	-	-	299	299
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	24,107	24,107
Total revenue from use of money and property	-	-	24,107	24,107
Intergovernmental revenue:				
County contribution to School Board	-	793,402	793,402	-
Total School Construction Fund	-	793,402	817,509	24,107
Total Revenues – Component Unit – School Board	\$ 45,304,969	\$ 46,557,287	\$ 45,742,792	\$ (814,495)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 167,683	\$ 236,775	\$ 204,765	\$ 32,010
General and financial administration:				
County administrator	229,780	234,333	225,341	8,992
Commissioner of the revenue	359,276	364,991	356,514	8,477
Assessor	180,000	180,000	55,217	124,783
Board of equalization	-	7,547	12,381	(4,834)
Treasurer	378,070	394,522	390,724	3,798
Central accounting	220,677	227,332	193,363	33,969
Purchasing	173,703	177,245	174,699	2,546
County attorney	164,669	169,633	167,017	2,616
Information technology	339,812	345,985	244,262	101,723
Total general and financial administration	2,045,987	2,101,588	1,819,518	282,070
Board of Elections/Registrar:				
Electoral board and officials and registrar	162,824	179,070	156,610	22,460
Total general government administration	2,376,494	2,517,433	2,180,893	336,540
Judicial administration:				
Courts:				
Circuit court	75,624	77,422	72,710	4,712
General district court	14,605	15,804	13,953	1,851
Magistrate	1,019	1,019	-	1,019
Juvenile and domestic relations court	18,199	18,933	16,419	2,514
Clerk of the circuit court	434,235	438,180	415,643	22,537
Jurors	10,000	10,000	8,609	1,391
VJCCCA	76,911	76,911	40,824	36,087
Total courts	630,593	638,269	568,158	70,111
Commonwealth's attorney:				
Commonwealth's attorney	538,903	569,558	531,352	38,206
Victim advocate grant	61,405	62,830	62,325	505
Total commonwealth's attorney	600,308	632,388	593,677	38,711
Total judicial administration	1,230,901	1,270,657	1,161,835	108,822
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,532,231	4,260,091	4,257,948	2,143
Total law enforcement and traffic control	3,532,231	4,260,091	4,257,948	2,143
Fire and rescue services:				
Volunteer emergency services	278,644	285,644	262,668	22,976
Volunteer rescue services	200,427	225,279	209,770	15,509
Emergency medical services	1,297,624	1,573,760	1,503,110	70,650
Emergency service council	270,050	309,309	304,864	4,445
Total fire and rescue services	2,046,745	2,393,992	2,280,412	113,580

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 1,564,121	\$ 1,815,861	\$ 1,604,838	\$ 211,023
Inspections:				
Building	225,319	228,084	233,992	(5,908)
Other protection:				
Animal control	124,519	133,654	128,096	5,558
Animal Shelter	143,905	147,623	138,376	9,247
Emergency services	556,033	1,163,678	2,190,287	(1,026,609)
Communications dispatch	692,349	797,512	888,751	(91,239)
Other public safety	215,908	216,542	290,776	(74,234)
Total other protection	1,732,714	2,459,009	3,636,286	(1,177,277)
Total public safety	9,101,130	11,157,037	12,013,476	(856,439)
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street lights	36,400	36,400	29,200	7,200
Maintenance of general buildings and grounds:				
General properties	983,105	1,104,309	1,011,038	93,271
Total public works	1,019,505	1,140,709	1,040,238	100,471
Health and welfare:				
Health:				
Supplement of local health department	239,493	239,493	239,373	120
Mental health and mental retardation:				
Community services board	92,382	92,382	92,382	-
Welfare:				
Welfare administration	1,723,558	1,822,474	1,750,778	71,696
Public assistance	777,300	550,401	460,861	89,540
County contributions	75,017	80,017	80,017	-
Comprehensive services	517,241	883,918	965,717	(81,799)
Tax relief for the elderly	-	-	237,261	(237,261)
Total welfare	3,093,116	3,336,810	3,494,634	(157,824)
Total health and welfare	3,424,991	3,668,685	3,826,389	(157,704)
Education:				
Contributions to community colleges	812	812	812	-
County contribution to School Board	14,455,793	14,749,195	14,325,077	424,118
Total education	14,456,605	14,750,007	14,325,889	424,118

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 316,972	\$ 327,015	\$ 312,081	\$ 14,934
Library:				
Library	686,292	711,447	709,771	1,676
Museum	50,957	48,931	36,172	12,759
Total library	737,249	760,378	745,943	14,435
Total parks, recreation, and cultural	1,054,221	1,087,393	1,058,024	29,369
Community development:				
Planning and community development:				
Planning	252,191	257,750	236,844	20,906
Planning commission	24,314	25,314	24,405	909
Zoning board	3,210	2,210	652	1,558
Central Virginia planning	21,553	21,553	21,552	1
EDA board	64,526	64,526	8,994	55,532
Contribution to EDA	97,500	97,500	97,500	-
Tourism	13,200	13,509	14,109	(600)
Community development projects	153,868	500,991	370,120	130,871
Total planning and community development	630,362	983,353	774,176	209,177
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	75,237	75,237	74,357	880
Total community development	714,099	1,067,090	857,033	210,057
Non-Departmental:				
Non-departmental:				
Insurance	62,946	62,946	45,857	17,089
Line of duty	35,000	37,200	31,923	5,277
Other	450,668	41,466	12,144	29,322
Total non-departmental	548,614	141,612	89,924	51,688
Capital Outlay:				
Capital outlay:				
School buses	350,000	350,000	283,464	66,536
Sheriff vehicles	120,000	-	-	-
Total capital outlay	470,000	350,000	283,464	66,536
Debt service:				
Principal retirement	1,902,558	1,902,558	1,726,636	175,922
Interest and fiscal charges	1,085,611	1,085,611	749,751	335,860
Total debt service	2,988,169	2,988,169	2,476,387	511,782
Total General Fund	37,384,729	40,138,792	39,313,552	825,240

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ -	\$ 89,520	\$ 85,625	\$ 3,895
DARE program	-	36,608	37,864	(1,256)
E-911 expenditures	-	-	3,004	(3,004)
Total public safety	-	126,128	126,493	(365)
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street lights	-	-	1,749	(1,749)
Sanitation and waste removal:				
Solid waste	1,538,269	1,538,269	2,206,515	(668,246)
Total public works	1,538,269	1,538,269	2,208,264	(669,995)
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	-	55,756	(55,756)
Cultural				
Depot relocation/enhancement	-	-	424,536	(424,536)
Total parks, recreation, and cultural	-	-	480,292	(480,292)
Community development:				
Planning and community development:				
CDBG project – stump hill	-	1,612	790,557	(788,945)
Total community development	-	1,612	790,557	(788,945)
Total Special Revenue Funds	1,538,269	1,666,009	3,605,606	(1,939,597)
Capital Projects Fund:				
Public works:				
General construction projects	-	2,637,610	2,325,862	311,748
Total Capital Projects Fund	-	2,637,610	2,325,862	311,748
Total Expenditures – Primary Government	38,922,998	44,442,411	45,245,020	(802,609)
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	33,025,315	33,360,586	32,848,748	511,838
Administration, attendance, and health	1,936,250	2,001,579	1,970,366	31,213
Pupil transportation services	2,911,326	2,940,804	2,832,843	107,961
Operation and maintenance services	3,845,662	3,862,662	3,892,492	(29,830)
Technology	1,298,666	1,310,504	1,206,291	104,213
Total School Operating Fund	43,017,219	43,476,135	42,750,740	725,395

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2014**

Fund, Major, and Minor Revenue Source	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	\$ 2,287,750	\$ 2,287,750	\$ 2,191,928	\$ 95,822
Special Revenue Fund:				
School Textbook Fund:				
Education:				
Instructional	-	-	381,000	(381,000)
School Construction Fund:				
Education:				
Capital projects	-	822,697	576,909	245,788
Total Expenditures – Component Unit – School Board	\$ 45,304,969	\$ 46,586,582	\$ 45,900,577	\$ 686,005

OTHER INFORMATION SECTION

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TABLE 1

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST NINE 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
2006	\$ 1,520,658	\$ 1,386,110	\$ 7,468,300	\$ 2,112,458	\$ 4,001,238	\$ 11,944,336	\$ 1,128,402	\$ 716,058	\$ 1,236,881	\$ 2,795,463	\$ 34,309,904
2007	1,753,718	1,444,904	8,081,177	2,145,719	4,191,694	11,591,180	1,206,591	1,683,352	1,348,301	2,874,288	36,320,924
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

TABLE 2

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE REVENUES
LAST NINE 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
2006	\$ 4,024,517	\$ 6,450,831	\$ 599,042	\$ 15,299,134	\$ 6,553,224	\$ 2,462,135	\$ 990,883	\$ 553,708	\$ 36,933,474
2007	4,379,534	7,412,723	1,313,474	15,763,407	6,777,047	2,454,744	1,324,987	281,114	39,707,030
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

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
2005	\$ 14,807,688	\$ 6,542,619	\$ 189,507	\$ 212,432	\$ 716,498	\$ 2,213,505	\$ 812,329	\$ 155,483	\$ 34,512,034	\$ 60,162,095
2006	15,268,278	6,837,977	209,145	211,112	1,009,035	2,307,544	814,690	170,777	36,399,431	63,227,989
2007	15,727,042	6,777,047	225,398	199,559	1,295,742	2,634,567	832,479	235,057	41,730,769	69,657,660
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

⁽¹⁾ Includes General, Special Revenue, and Capital Project Funds of the Primary Government and its discretely presented component units.

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

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	Non- developmental	Capital Projects	Debt Service	Total
2005	\$ 1,453,612	\$ 1,116,229	\$ 6,777,563	\$ 1,714,980	\$ 3,356,906	\$ 37,406,549	\$ 1,058,658	\$ 734,565	\$ 421,510	\$ 2,151,390	\$ 3,998,767	\$ 60,190,729
2006	1,462,240	1,298,435	7,548,775	2,081,886	3,925,798	38,835,717	1,085,477	716,058	-	1,795,875	4,594,995	63,345,256
2007	1,923,699	1,366,085	8,082,003	2,162,008	4,274,917	43,185,401	1,197,634	2,277,781	80,688	1,242,417	4,422,481	70,215,114
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

⁽¹⁾ Includes General, Special Revenue, and Capital Project funds of the Primary Government and its discretely presented component units.

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

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
2005	\$ 1,424,616,200	\$ 172,176,094	\$ 16,656,870	\$ 75,291,845	\$ 6,416,549	\$ 85,213,679	\$ 1,780,371,237
2006	1,442,657,700	189,511,733	16,285,360	77,511,019	6,859,554	77,632,298	1,810,457,664
2007	1,470,914,700	194,356,760	16,177,490	78,979,755	7,131,623	73,348,270	1,840,908,598
2008	1,495,139,400	195,089,255	15,776,190	81,796,911	8,025,820	65,492,935	1,861,320,511
2009	1,531,146,400	206,267,750	12,346,600	82,343,504	7,598,061	95,323,143	1,935,025,458
2010	2,324,219,300	205,608,421	12,311,200	84,420,400	7,085,055	103,341,541	2,736,985,917
2011	2,621,264,200	210,902,741	12,320,000	83,786,106	6,379,989	98,586,596	3,033,239,632
2012	2,638,619,100	220,204,158	12,576,500	84,984,166	6,473,300	99,488,417	3,062,345,641
2013	2,380,975,900	222,483,401	12,573,000	88,407,275	6,943,910	107,140,300	2,818,523,786
2014	2,399,856,100	221,807,920	12,478,000	91,682,335	7,195,285	108,863,554	2,841,883,194

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
2005	\$ 0.61	\$ 3.25	\$ 0.61	\$ 2.00	\$ 3.95
2006	0.61	3.25	0.61	2.00	3.95
2007	0.61	3.25	0.61	2.00	3.95
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

TABLE 7

COUNTY OF AMHERST, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax ⁽¹⁾ Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding ^(1,2) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2005	\$ 16,779,997	\$ 16,205,458	96.58%	\$ 323,893	\$ 16,529,351	98.51%	\$ 468,284	2.79%
2006	17,528,774	16,929,060	96.58%	308,701	17,237,761	98.34%	462,675	2.64%
2007	17,898,255	17,334,380	96.85%	311,403	17,645,783	98.59%	577,542	3.23%
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%

⁽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 ^(1, 2, 3)
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
2005	31,894	\$ 1,780,371,237	\$ 28,581,094	\$ 4,100,000	\$ 24,481,094	1.61%	\$ 768
2006	31,894	1,810,457,664	27,463,415	4,025,000	23,438,415	1.52%	735
2007	31,894	1,840,908,598	25,974,366	3,950,000	22,024,366	1.41%	691
2008	31,894	1,861,320,511	34,384,357	3,870,000	30,514,357	1.85%	957
2009	31,894	1,935,025,458	31,407,157	3,785,000	27,622,157	1.62%	866
2010	31,894	2,736,985,917	36,223,397	11,739,000	24,484,397	1.32%	768
2011	31,894	3,033,239,632	33,097,273	11,566,000	21,531,273	1.09%	675
2012	32,353	3,062,345,641	34,412,922	11,340,000	23,072,922	1.12%	713
2013	32,353	2,818,523,786	30,690,078	9,730,000	20,960,078	1.09%	648
2014	32,353	2,841,883,194	25,277,120	9,490,000	15,787,120	0.89%	488

⁽¹⁾ Bureau of the Census.

⁽²⁾ From Table 5.

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

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 unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 4, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. **However, as described in the accompanying schedule of findings and questioned costs, we identified material weaknesses and significant deficiencies.**

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. **We consider the Items identified as 14-01 to 14-04 described in the accompany schedule of findings and questioned costs to be material weaknesses.**

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 14-05 to 14-10.**

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
March 4, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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 compliance with the types of compliance requirements described in the OMB Circular A-133, *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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
March 4, 2015

COUNTY OF AMHERST, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2014

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

U.S. Office of Management and Budget (OMB Circular A-133) Compliance Supplement

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

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

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		\$ 15,114
Temporary Assistance to Needy Families (TANF)	93.558		226,920
Refugee and Entrant Assistance – Discretionary Grants	93.566		1,503
Low Income Home Energy Assistance	93.568		24,770
Child Care Mandatory and Matching funds of the			
Child Care and Development Fund	93.596		36,894
Child Welfare Services – State Grants	93.645		1,692
Foster Care – Title IV-E	93.658		162,656
Adoption Assistance	93.659		23,260
Social Services Block Grant	93.667		185,712
Chafee Foster Care Independence Program	93.674		1,676
Children's Health Insurance Program	93.767		7,312
Medical Assistance Program	93.778		218,193
			<hr/>
Total Department of Health and Human Services			905,702
			<hr/>
Department of Homeland Security:			
Pass through Payments:			
Department of Emergency Services:			
Assistance to Firefighters Grant	97.044		825,646
			<hr/>
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		812,939
			<hr/>
Department of Justice:			
Pass through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		68,360
			<hr/>
Environmental Protection Agency:			
Pass through Payments:			
Virginia Department of Environmental Quality:			
Rents and royalties	66.000		282
			<hr/>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Fresh Fruit and Vegetable Program	10.582		43,318
Schools and Roads – Grants to States	10.665		75,219
Food Distribution – Schools	10.555		119,590

(Continued)

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Education:			
School Breakfast Program	10.553	\$ 297,112	
National School Lunch Program	10.555	922,183	
Total Child Nutrition Cluster			\$ 1,219,295
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition Assistance Program	10.561		249,438
Total Department of Agriculture			1,706,860
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		8,889
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		7,178
Occupant Protection Incentive Grants	20.602		2,400
National Priority Safety Programs	20.616		1,934
Virginia Department of Transportation			
Highway Planning and Construction	20.205		440,314
Total Department of Transportation			460,715
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		342,201
Title I grants to local educational agencies	84.010		913,802
School Improvements Grants	84.377		63,181
Special Education-Grants to States (Special Education Cluster)	84.027	\$ 1,141,041	
Special Education – preschool grants (Special Education Cluster)	84.173	20,720	
Total Special Education Cluster			1,161,761
Career and Technical Education: Basic grants to states	84.048		66,187
Advanced Placement Program	84.330		1,485
Improving Teacher Quality State Grants	84.367		174,742
Total Department of Education			2,723,359
Total Expenditures of Federal Awards			\$ 7,503,863

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.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Four material weaknesses** 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 OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>CFDA #</u>
School Breakfast Program	10.553
National School Lunch Program	10.555
Community Development Block Grants/State's Program	14.228
Adult Education – Basic Grants to States	84.002
Assistance to Firefighters Grant	97.044

8. The **threshold for** distinguishing Type A and B programs was **\$300,000**.
9. The County was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

14-01: 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.

Management's Response:

The auditee concurs with this recommendation and will evaluate options to resolve segregation of duties concerns.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

14-02: 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:

The auditee concurs with this recommendation and will evaluate options to resolve segregation of duties concerns.

14-03: 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.

Management's Response:

The auditee concurs with this recommendation and will work to implement procedures to capture adjustments.

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

14-04: Emergency Medical Services (EMS) (Material Weakness)

Condition:

Ambulance billing, collections and receivables do not appear to have any significant oversight by the County in relation to the County's third-party provider. Without review during the year, there is a risk of misappropriation and material financial statement misstatements.

Recommendation:

Management should implement oversight procedures which includes reviewing reports provided by the third-party vendor for reasonableness and accuracy.

Management's Response:

The auditee concurs with this recommendation.

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

2014-001: Assistance to Firefighters Grant – CFDA 97.044

Condition:

A final financial report and a final performance report were not submitted within ninety (90) days of the end of the period of performance (June 25, 2014) for the County's grant for radios.

Recommendation:

Procedures should be put in place to ensure that all grants are monitored and all compliance requirements are met timely.

Management's Response:

The auditee concurs with this finding and will put procedures in place to ensure grants are monitored and reports filed timely.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

D. FINDINGS – COMMONWEALTH OF VIRGINIA

14-05: Budget Appropriations

Condition:

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Board of Equalization	\$ 7,547	\$ 12,381	\$ (4,834)
Emergency Services	1,163,678	2,190,287	(1,026,609)
Communications Dispatch	797,512	888,751	(91,239)
Other Public Safety	216,542	290,776	(74,234)
Comprehensive Services	883,918	965,717	(81,799)
Tourism	13,509	14,109	(600)
Total General Fund	<u>\$ 3,082,706</u>	<u>\$ 4,362,021</u>	<u>\$ (1,279,315)</u>
Special Revenue fund			
Solid Waste	\$ 1,538,269	\$ 2,206,515	\$ (668,246)
Depot Relocation/Enhancement	-	424,536	(424,536)
CDBG project – Stump Hill	1,612	790,557	(788,945)
Total General Fund	<u>\$ 1,539,881</u>	<u>\$ 3,421,608</u>	<u>\$ (1,881,727)</u>
School Operating Fund			
Operations and Maintenance	<u>\$ 3,862,662</u>	<u>\$ 3,892,492</u>	<u>\$ (29,830)</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.

Management's Response:

The auditee concurs with this recommendation.

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AN QUESTIONED COSTS
June 30, 2014

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

14-06: Security Awareness and Training

Condition:

Within the Department of Social Services there was no evidence that each Security Officer completed the current year Security Officer Training. In addition, there was no evidence that each user has a current year Best Practices Certificate.

Recommendation:

Security Officers should receive training each year and receive a Security Training Best Practices Certificate and a Security Officer Training Certificate.

Management's Response:

Steps will be taken to get security training current for staff.

14-07: Continuity of Operations Plan

Condition:

Currently, the Department of Social Services' plan does not use or reference the Virginia Department of Emergency Management's (VDEM) Local Government basic COOP plan template. The Department's plan has not been updated within the previous 12 months and does not prioritize recovery tasks or assign procedures to implement actions to continue essential functions in the event of loss of facility or reduced workforce as required. The plan does not fully assign responsibilities or detail procedures in its current format.

Recommendation:

The Department's plan should be updated to meet VDEM requirements.

Management's Response:

This plan will be reviewed and updated as appropriate.

14-08: Annual Review of Access

Condition:

There is no evidence that the Department of Social Services' Local Security Office and supervisors are conducting annual reviews of employee access to OASIS, VaCMS, ADAPT, and EAS to ensure that the access is properly aligned with the employee's job responsibilities.

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AN QUESTIONED COSTS
June 30, 2014

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

14-08: Annual Review of Access (Continued)

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:

The auditee concurs with this recommendation.

14-09: Social Services VDSS System Access

Condition:

Terminated users were not noted as having their access privileges removed to all VDSS systems within three working days of terminations as set forth by the *Code of Virginia*.

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.

14-10: Comprehensive Services Act Service Provider Requirements

Condition:

We noted provider was being paid through Comprehensive Services Act (CSA) funds for which a contract could not be located. There were purchase orders and other documentation on hand for the payments made, but no contract with the provider as required under CSA guidelines.

Recommendations:

All providers used for eligible CSA clients should have a contract in place that stipulates services to be provided, the rates for those services, and the approved timelines for services.

Management's Response:

The auditee will take steps to make sure all contracts are on file.