

COUNTY OF AMHERST, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

**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.....	7

Fund Financial Statements

Exhibit 3	Balance Sheet – Governmental Funds.....	8
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	9
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	10
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Exhibit 7	Statement of Net Position – Proprietary Fund	12
Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	13
Exhibit 9	Statement of Cash Flows – Proprietary Fund.....	14
Exhibit 10	Statement of Fiduciary Net Position – Fiduciary Fund.....	16

Notes to Financial Statements	17
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Required Supplementary Information

Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	84
Exhibit 12	Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	85
Exhibit 13	Schedule of Changes in Net Pension Liability and Related Ratios – Schools – Nonprofessional Employees.....	86
Exhibit 14	Schedule of Pension Contributions.....	87

FINANCIAL SECTION
(Continued)

Required Supplementary Information (Continued)

Exhibit 15	Schedule of Changes in Net Position Liability and Related Ratios – Service Authority	88
Exhibit 16	Schedule of Pension Contributions – Service Authority	89
Exhibit 17	Schedule of Employer’s Share of Net Pension Liability – VRS Teachers Retirement Plan.....	90
Exhibit 18	Schedule of Pension Contributions – VRS Teachers Retirement Plan	91
Exhibit 19	Schedule of Changes in Net OPEB Liability and Related Ratios – Agent Plan	92
Exhibit 20	Schedule of OPEB Contributions – Agent Plan.....	93
Exhibit 21	Schedule of Employer’s Share of Net OPEB Liability – Cost Sharing Plans.....	94
Exhibit 22	Schedule of OPEB Contributions – Cost Sharing Plans.....	95
Notes to Required Supplementary Information.....		96

Other Supplementary Information

Agency Funds

Exhibit 23	Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	98
Exhibit 24	Combining Statement of Changes in Assets and Liabilities – Agency Funds	99

Discretely Presented Component Unit – School Board

Exhibit 25	Combining Balance Sheet.....	100
Exhibit 26	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	101
Exhibit 27	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds.....	102

Discretely Presented Component Unit – Economic Development Authority

Exhibit 28	Statement of Net Position – Proprietary Fund	103
Exhibit 29	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	104
Exhibit 30	Statement of Cash Flows – Proprietary Fund.....	105

Supporting Schedules

Governmental Funds and Discretely Presented Component Unit – School Board

Schedule 1	Schedule of Revenues – Budget and Actual.....	106
Schedule 2	Schedule of Expenditures – Budget and Actual	112

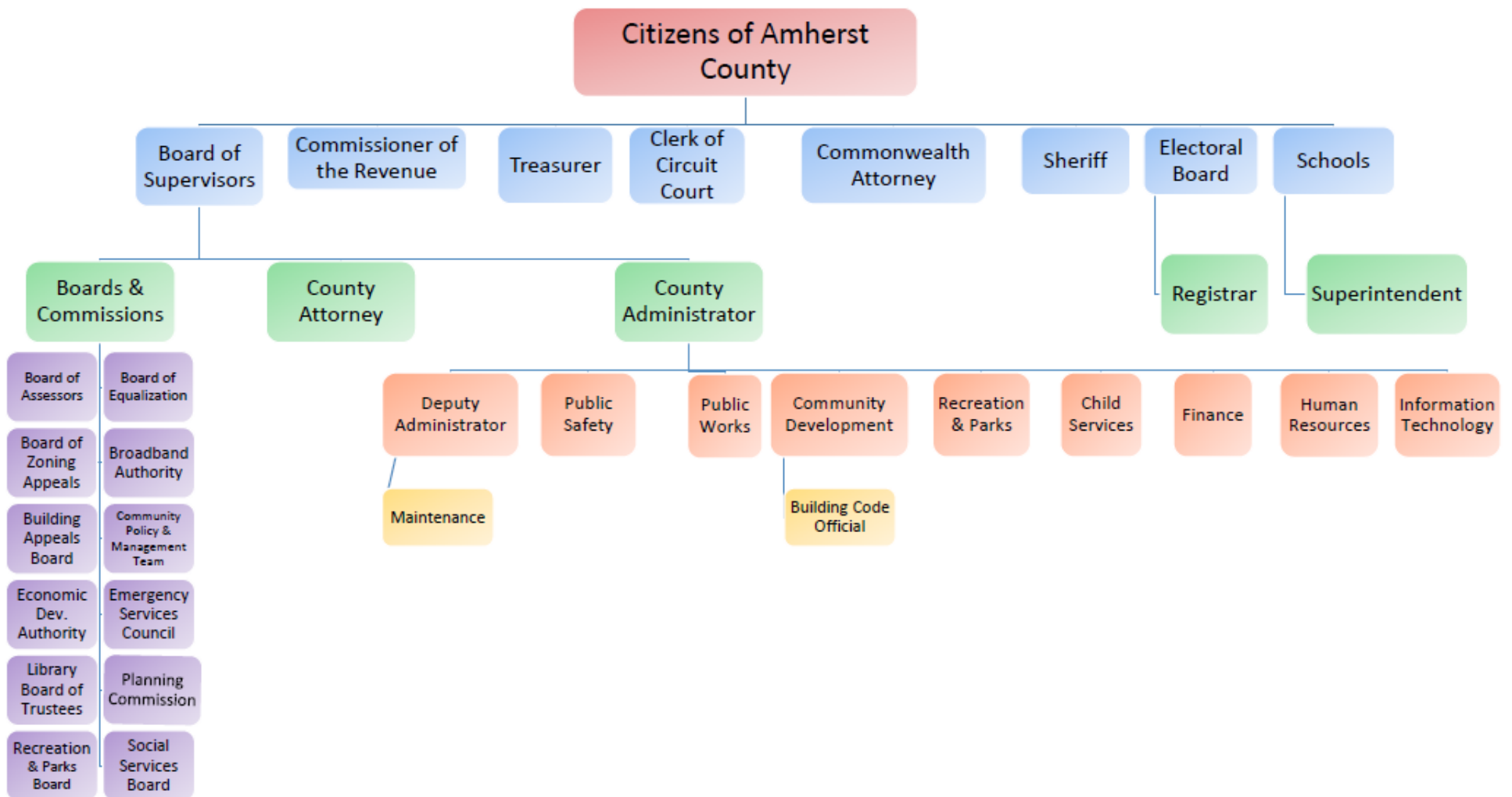
OTHER INFORMATION SECTION

Table 1	Government-Wide Expenses by Function	117
Table 2	Government-Wide Revenues	118
Table 3	General Government Revenues by Source	119
Table 4	General Governmental Expenditures by Function.....	120
Table 5	Assessed Value of Taxable Property.....	121
Table 6	Property Tax Rates.....	122
Table 7	Property Tax Levies and Collections	123
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	124

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>	125
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	127
Summary of Compliance Matters	129
Schedule of Expenditures of Federal Awards	130
Schedule of Findings and Questioned Costs	132
Summary Schedule of Prior Audit Findings	136

INTRODUCTORY SECTION



COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2018

BOARD OF SUPERVISORS

Claudia D. Tucker, Chair
L. J. Ayers, III, Vice-Chair

David Pugh, Jr.

Jennifer Moore

Kenneth M. Campbell

SCHOOL BOARD

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

Francisco Mayo
Craig Terwilliger

Jennifer Cumby
David Cassise

Abby Thompson

SOCIAL SERVICES BOARD

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

John A. Marks, Jr.

David Pugh, Jr.

Leon Parrish

COUNTY LIBRARY BOARD

Larry Langhans, President
Edward Kryspin, Vice-President

Sandy Jennings-Neblett

Robert B. Simpkins

Stephen Witham

(Continued)

COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2018

ECONOMIC DEVELOPMENT AUTHORITY BOARD

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

Michael Russell

Chad Eby
David Wall

Dan Sweeney

OTHER OFFICIALS

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

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Report on the Financial Statements (Continued)

Auditor's Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 29 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Matters (Continued)

Other Information (Continued)

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

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

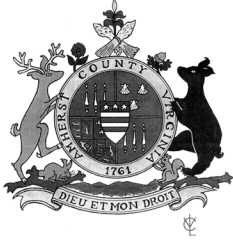
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2018



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, 2018. 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 \$50,527,946 at June 30, 2018. \$29,141,413, or 58%, of this amount represents the net position of governmental activities at year-end. The remaining 42% or \$21,386,533 reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- \$10,482,645 is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1.85 million, the governmental activities increased \$1.5 million while business-type activities increased \$0.35 million.
- At the close of fiscal year 2018, the County's Statement of Activities shows the net position of governmental activities an increase from the previous year \$1,857,704. (Exhibit 2)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The Government-wide financial statements can be found on pages 5-7 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 8-11 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 12-15 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 16 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 17-83.

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

Government-wide Financial Analysis

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

Net position serves over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$50,527,946 at the close of the most recent fiscal year (Exhibit 1).

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

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

Assessed property values decreased by \$9,502,300 during the year. The County's slight increase in revenue, of \$251,695, from property taxes only equated to a 1% difference from fiscal year 17. The collection of delinquent taxes also showed decrease of approximately 21% and an increase in outstanding delinquent taxes of approximately 10% (See Table 7). 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 fiscal year 2018 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPTRA rate of 37.16%.

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

Table 1 summarizes the Statement of Net Position for the primary government as of June 30, 2018 and 2017.

Table 1	Summary Statement of Net Position						
	as of June 30, 2018						
	(\$ in millions)						
	Primary Government						
	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change
	2018	2017	2018	2017	2018	2017	
Cash and investments	\$30.1	\$29.6	\$3.4	\$3.3	\$33.5	\$32.9	1.8%
Receivables, net	8.9	8.5	0.7	0.6	9.6	9.1	5.5%
Due from other governments	1.4	1.9	-	-	1.4	1.9	-26.3%
Inventories	-	-	0.2	0.2	0.2	0.2	-%
Prepaid items	0.1	0.1	-	-	0.1	0.1	-%
Loans Receivable	0.1	0.1	-	-	0.1	0.1	-%
Restricted assets:	-	-	-	-	-	-	-%
Cash and investments	8.7	16.9	1.6	1.4	10.3	18.3	-43.7%
Capital assets	48.7	41.5	28.4	29.2	77.1	70.7	9.1%
Total Assets	98.0	98.6	34.3	34.7	132.3	133.3	-0.8%
DEFERRED OUTFLOWS							
Deferred outflows related to pensions	0.9	1.7	0.2	0.1	1.1	1.8	-38.9%
Deferred outflows related to other post-employment benefits	0.1	-	-	-	0.1	-	-%
Total deferred outflows of resources	1.0	137	0.2	0.1	1.2	1.8	-33.3%
Accounts payable	2.5	2.8	0.1	0.4	2.6	3.2	-18.8%
Accrued liabilities	0.1	0.1	-	-	0.1	0.1	100.0%
Customer deposits	-	-	0.3	0.3	0.3	0.3	-%
Accrued interest	0.4	0.4	0.1	0.1	0.5	0.5	-%
Due to component unit	3.5	3.3	-	--	3.5	3.3	6.1%
Long-term liabilities							
Net pension liability	3.0	4.8	0.7	0.5	3.7	5.3	-30.2%
Net other postemployment benefits liability	0.7	-	-	-	0.7	-	-%
Due within one year	2.6	2	0.6	0.6	3.2	2.6	23.1%
Due in more than one year	42	44.2	11.3	11.8	53.3	56	-4.8%
Total liabilities	54.8	57.6	13.1	13.7	67.9	71.3	-4.8%
DEFERRED INFLOWS							
Property taxes	14.1	13.9	-	-	14.1	13.9	1.4%
Deferred inflows related to pensions	0.8	0.4	-	0.1	0.8	0.5	60.0%
Deferred inflows related to postemployment benefits	0.1	-	-	-	0.1	-	-%
Total deferred inflows of resources	15	14.3	-	0.1	15	14.4	4.2%

(Continued)

Summary Statement of Net Position

as of June 30, 2018

(\$ in millions)

Table 1 (Continued)

	Primary Government						
					Total		Percentage Change
	Governmental		Business-Type		Primary		
	Activities		Activities		Government		
	2018	2017	2018	2017	2018	2017	
NET POSITION							
Net investment in capital assets	18.5	17.7	16.6	16.9	35.1	34.6	1.4%
Restricted for debt service	-	-	1.6	1.6	1.6	1.6	-%
Community Development Loans	0.1	0.1	-	-	0.1	0.1	10.0%
Unrestricted net position	10.5	10.6	3.2	2.5	13.7	13.1	-%
Total net position	\$29.1	\$28.4	\$21.4	\$21.0	\$50.5	\$49.4	2.2%

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 combined governmental funds reported fund balances of \$28,143,630, an overall decrease of \$7,374,832 in comparison with the prior year. Of the \$28,143,630, approximately \$14.7 million constitutes unassigned fund balance, which is available for spending at the government's discretion. To ensure adequate fund availability for unanticipated expenditures, the County adopted a financial policy to provide cash flow reserves of at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County Public Schools. This financial policy leaves \$8.3 million of spendable fund balance. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is obligated by either Board or management action for specific purposes. The overall decrease in fiscal 2018 was due to funds spent for capital projects.

(Continued)

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, 2018 (\$ millions)					
	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$3.0	\$3.0	\$4.0	\$3.9	\$7.0	\$6.9
Operating grants and contributions	6.3	6.1	-	-	6.3	6.1
Capital grants and contributions	-	0.4	-	-	-	0.4
General revenues:						
General property taxes	24.0	23.8	-	-	24.0	23.8
Other local taxes	7.2	7.1	-	-	7.2	7.1
Use of money and property	0.4	0.2	-	-	0.4	0.2
Non-categorical aid	2.5	2.4	-	-	2.5	2.4
Capital contribution	-	0.1	0.2	0.5	0.2	0.6
Other general revenues	0.6	0.3	0.3	0.3	0.9	0.6
Total revenues	\$44.0	\$43.4	\$4.5	\$4.7	\$48.5	\$48.1
Expenses						
General government	2.7	2.8	-	-	2.7	2.8
Judicial administration	1.3	1.3	-	-	1.3	1.3
Public safety	11.4	10.9	-	-	11.4	10.9
Public works	3.5	3.0	-	-	3.5	3.0
Health and welfare	4.7	4.6	-	-	4.7	4.6
Education	15.4	15.8	-	-	15.4	15.8
Parks, recreation, and cultural	1.1	1.2	-	-	1.1	1.2
Community development	1.4	1.2	-	-	1.4	1.2
Interest on long-term debt	1.0	1.5	-	-	1.0	1.5
Water and sewer	-	-	4.1	3.8	4.1	3.8
Total expenses	42.5	42.3	4.1	3.8	46.6	46.1
Change in net position	\$1.5	\$1.1	\$0.4	\$0.9	\$1.9	\$2.0

Table 2 may differ from Exhibit 2 due to rounding

(Continued)

- The increase in operating grants and contributions is due to increased funding for Social Services.
- The increase in other local taxes was a result of increased sales tax revenue.
- The increase on other governmental revenues was due to a refund of regional jail fees not used for inmates.
- Public Safety expenses increased during the current year. The increases were a result of additional staff and purchases of new equipment.
- The public works expenditures increased due to additional equipment purchases.
- The expenditures for community development increased in fiscal year 2018 due to economic development incentives that became due.
- The decrease in interest on long-term debt is due to paying off school debt and the refunding of bonds at the end of fiscal year 2017.

The County's delinquency rate on current levy increased in comparison to the delinquency rate of fiscal year 2017. The delinquency rate has increased for a third year and the increase is slightly greater than the increase in fiscal year 2017. The Treasurer has been aggressively collecting delinquent taxes and will continue to work to keep the delinquency rate reasonable.

Fiscal Year	Delinquency Rate
2011-2012	6.65%
2012-2013	4.97%
2013-2014	5.14%
2014-2015	4.25%
2015-2016	4.48%
2016-2017	4.80%
2017-2018	5.15%

Capital Asset and Debt Administration

Capital assets – Capital assets of the County carry a value total of \$48,696,249; the School Board's total \$17,879,733; and the Service Authority's total \$28,401,820 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. There remains an ongoing project for school infrastructure improvements. For the current fiscal year, the County's construction in progress has a value of \$9,028,687.

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

Long-term liabilities – At the end of the current fiscal year, the County had total obligations outstanding of \$44,623,220. Of this amount, \$8,931,000 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 estimated liability for landfill closure and post closure costs, and the liability associated with the County's accrued compensated absences for employee unused leave balances. The County's total long-term obligations decreased during the current fiscal year by \$2,201,036.

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 September 2018, the County's unemployment rate was 3.00%, which is 25% lower than it was in September 2017.
- The tax rates for 2017 remain unchanged at \$0.61 for real property and \$3.45 for personal property for every \$100 of assessed value. Tax rate detail is provided in Table 6 of this report.
- The enrollment in public schools decreased in fiscal year 2018 by 2.5% from 4,142 to 4,035. School enrollment is projected to increase over the next year by 3%.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2018

(Except for Business-Type Activities which are as of December 31, 2017)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash and investments (Note 3)	\$ 30,125,779	\$ 3,425,493	\$ 33,551,272	\$ 388,888	\$ 2,263,653
Receivables, net (Note 4)	8,842,802	657,172	9,499,974	-	189,731
Due from primary government	-	-	-	-	3,506,944
Due from other governments (Note 6)	1,415,082	-	1,415,082	-	1,701,664
Inventories	-	209,008	209,008	-	-
Prepaid items	126,405	-	126,405	-	104,144
Loans receivable (Note 5)	113,386	-	113,386	-	-
Restricted assets (Note 3)					
Cash and investments	8,650,267	1,606,625	10,256,892	-	-
Net pension asset (Notes 12 and 16)	-	-	-	-	1,146,667
Capital assets: (Note 8)					
Nondepreciable	11,542,620	822,922	12,365,542	492,258	309,181
Depreciable, net	37,153,629	27,578,898	64,732,527	433,371	17,570,552
Total assets	97,969,970	34,300,118	132,270,088	1,314,517	26,792,536
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	10,067	10,067	-	-
Deferred outflows related to pensions (Notes 10, 11, 12, 13, and 16)	847,122	219,828	1,066,950	-	4,266,367
Deferred outflows related to other postemployment benefits (Notes 14, 15, and 17)	95,102	-	95,102	-	412,383
Total deferred outflows of resources	942,224	229,895	1,172,119	-	4,678,750
LIABILITIES					
Accounts payable	2,488,164	147,191	2,635,355	13,739	217,813
Accrued liabilities	119,944	-	119,944	989	5,315,954
Customer deposits	-	274,634	274,634	3,250	-
Accrued interest	416,243	78,759	495,002	-	-
Due to component unit	3,506,944	-	3,506,944	-	-
Long-term liabilities:					
Net pension liability (Notes 10, 11, 13, and 16)	2,945,960	688,605	3,634,565	-	36,284,000
Net other postemployment benefits liability (Notes 10, 11, and 13)	714,238	-	714,238	-	5,809,000
Due within one year (Notes 9 and 15)	2,641,810	647,777	3,289,587	39,102	60,315
Due in more than one year (Notes 9 and 15)	41,981,410	11,270,873	53,252,283	770,680	542,838
Total liabilities	54,814,713	13,107,839	67,922,552	827,760	48,229,920

(Continued)

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2018

(Except for Business-Type Activities which are as of December 31, 2017)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ 14,102,089	\$ -	\$ 14,102,089	\$ -	\$ -
Deferred inflows related to pensions (Notes 10, 11, 12, 13, and 16)	772,824	35,641	808,465	-	6,374,505
Deferred inflows related to other postemployment benefits (Notes 14, 15, and 17)	81,155	-	81,155	-	545,000
Total deferred inflows of resources	14,956,068	35,641	14,991,709	-	6,919,505
NET POSITION					
Net investment in capital assets	18,545,382	16,603,930	35,149,312	783,085	17,879,733
Restricted for:					
Debt service	-	1,606,625	1,606,625	-	-
Community development loans	113,386	-	113,386	-	-
Unrestricted net position (deficit)	10,482,645	3,175,978	13,658,623	(296,328)	(41,557,872)
Total net position	\$ 29,141,413	\$ 21,386,533	\$ 50,527,946	\$ 486,757	\$ (23,678,139)

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

(Except for Business-Type Activities which are as of December 31, 2017)

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	\$ 2,715,342	\$ 351,158	\$ 463,037	\$ -	\$ (1,901,147)	\$ -	\$ (1,901,147)	\$ -	\$ -
Judicial administration	1,349,155	655,489	795,463	-	101,797	-	101,797	-	-
Public safety	11,362,549	1,358,198	2,060,623	-	(7,943,728)	-	(7,943,728)	-	-
Public works	3,471,751	471,585	10,466	-	(2,989,700)	-	(2,989,700)	-	-
Health and welfare	4,676,817	74,133	2,849,140	-	(1,753,544)	-	(1,753,544)	-	-
Education	15,378,025	-	-	-	(15,378,025)	-	(15,378,025)	-	-
Parks, recreation, and cultural	1,091,043	98,072	150,157	-	(842,814)	-	(842,814)	-	-
Community development	1,427,839	-	-	-	(1,427,839)	-	(1,427,839)	-	-
Interest on long-term debt	1,040,351	-	-	-	(1,040,351)	-	(1,040,351)	-	-
Total governmental activities	42,512,872	3,008,635	6,328,886	-	(33,175,351)	-	(33,175,351)	-	-
Business-type activities:									
Water and sewer	4,066,492	4,022,545	-	-	-	(43,947)	(43,947)	-	-
Total primary government	\$ 46,579,364	\$ 7,031,180	\$ 6,328,886	\$ -	(33,175,351)	(43,947)	(33,219,298)	-	-
Component Units:									
Economic Development Authority	\$ 347,529	\$ -	\$ -	\$ -	-	-	-	(347,529)	-
School Board	45,222,763	1,431,808	30,652,098	-	-	-	-	-	(13,138,857)
Total component units	\$ 45,570,292	\$ 1,431,808	\$ 30,652,098	\$ -	-	-	-	(347,529)	(13,138,857)
General revenues:									
General property taxes					24,038,201	-	24,038,201	-	-
Other local taxes:									
Local sales and use					2,673,687	-	2,673,687	-	-
Consumer's utility tax					1,993,630	-	1,993,630	-	-
Business license					363,799	-	363,799	-	-
Motor vehicle license taxes					751,844	-	751,844	-	-
Restaurant food taxes					979,160	-	979,160	-	-
Other taxes					405,928	-	405,928	-	-
Unrestricted revenues from use of money and property					341,432	1,267	342,699	189,715	225,731
Miscellaneous					576,546	226,252	802,798	21,938	170,459
County contribution					-	-	-	393,691	14,443,370
Capital contributions					-	164,150	164,150	-	-
Grants and contributions not restricted to specific programs					2,561,106	-	2,561,106	-	-
Total general revenues					34,685,333	391,669	35,077,002	605,344	14,839,560
Change in net position					1,509,982	347,722	1,857,704	257,815	1,700,703
NET POSITION AT JULY 1, as restated (Note 29)					27,631,431	21,038,811	48,670,242	228,942	(25,378,842)
NET POSITION AT JUNE 30					\$ 29,141,413	\$ 21,386,533	\$ 50,527,946	\$ 486,757	\$ (23,678,139)

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, 2018

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and investments	\$ 24,783,154	\$ 5,079,550	\$ 263,075	\$ 30,125,779
Receivables, net	8,840,471	2,331	-	8,842,802
Prepaid items	126,405	-	-	126,405
Due from other governments	1,389,048	26,034	-	1,415,082
Loans receivable	-	113,386	-	113,386
Cash and investments, restricted	-	-	8,650,267	8,650,267
	<u>-</u>	<u>-</u>	<u>8,650,267</u>	<u>8,650,267</u>
Total assets	<u>\$ 35,139,078</u>	<u>\$ 5,221,301</u>	<u>\$ 8,913,342</u>	<u>\$ 49,273,721</u>
LIABILITIES				
Accounts payable	\$ 678,556	\$ 108,506	\$ 1,252,099	\$ 2,039,161
Retainage payable	-	1,000	448,003	449,003
Accrued liabilities	113,294	6,650	-	119,944
Due to component unit	3,506,944	-	-	3,506,944
	<u>4,298,794</u>	<u>116,156</u>	<u>1,700,102</u>	<u>6,115,052</u>
Total liabilities	<u>4,298,794</u>	<u>116,156</u>	<u>1,700,102</u>	<u>6,115,052</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenues	15,015,039	-	-	15,015,039
	<u>15,015,039</u>	<u>-</u>	<u>-</u>	<u>15,015,039</u>
FUND BALANCES (Note 21)				
Nonspendable	126,405	-	-	126,405
Restricted	-	113,386	7,213,240	7,326,626
Committed	754,415	-	-	754,415
Assigned	278,680	4,991,759	-	5,270,439
Unassigned	14,665,745	-	-	14,665,745
	<u>15,825,245</u>	<u>5,105,145</u>	<u>7,213,240</u>	<u>28,143,630</u>
Total fund balances	<u>15,825,245</u>	<u>5,105,145</u>	<u>7,213,240</u>	<u>28,143,630</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 35,139,078</u>	<u>\$ 5,221,301</u>	<u>\$ 8,913,342</u>	<u>\$ 49,273,721</u>

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

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2018**

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds \$ 28,143,630

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. 48,696,249

Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 912,950

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

Deferred outflows related to:

Pensions 847,122

Other postemployment benefits 95,102

Deferred inflows related to:

Pensions (772,824)

Other postemployment benefits (81,155)

Net pension liability (2,945,960)

Net other postemployment benefits liability (714,238)

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

Bonds payable and lease revenue bonds, net of premiums and discounts (13,910,502)

Notes payable (1,295,226)

Capital leases payable (23,595,406)

Accrued interest (416,243)

Compensated absences (1,010,672)

Landfill closure and post-closure costs (4,811,414)

Net position of governmental activities \$ 29,141,413

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Special Revenue	Capital Projects	Total
REVENUES				
General property taxes	\$ 24,052,792	\$ -	\$ -	\$ 24,052,792
Other local taxes	7,168,048	-	-	7,168,048
Permits, privilege fees, and regulatory licenses	222,071	-	-	222,071
Fines and forfeitures	530,585	-	-	530,585
Revenue from the use of money and property	147,293	-	194,139	341,432
Charges for services	1,443,701	499,529	-	1,943,230
Miscellaneous	573,177	59,369	-	632,546
Recovered costs	306,144	-	-	306,144
Intergovernmental revenues:				
Commonwealth	7,497,717	92,379	-	7,590,096
Federal	1,487,029	411,660	-	1,898,689
Total revenues	<u>43,428,557</u>	<u>1,062,937</u>	<u>194,139</u>	<u>44,685,633</u>
EXPENDITURES				
Current:				
General government	2,489,389	-	-	2,489,389
Judicial administration	1,336,579	-	-	1,336,579
Public safety	11,281,276	80,424	-	11,361,700
Public works	1,106,593	1,883,505	-	2,990,098
Health and welfare	4,725,330	-	-	4,725,330
Education	14,449,335	-	-	14,449,335
Parks, recreation, and cultural	1,235,133	67,543	-	1,302,676
Community development	1,403,388	23,335	-	1,426,723
Nondepartmental	193,501	-	-	193,501
Capital projects	-	-	8,872,209	8,872,209
Debt service				
Principal	1,854,808	42,304	-	1,897,112
Interest	1,002,878	7,683	-	1,010,561
Bond issuance costs	5,250	-	-	5,250
Total expenditures	<u>41,083,460</u>	<u>2,104,794</u>	<u>8,872,209</u>	<u>52,060,463</u>
Excess (deficiency) of revenues over expenditures	<u>2,345,097</u>	<u>(1,041,857)</u>	<u>(8,678,070)</u>	<u>(7,374,830)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 7)	362,500	1,280,162	422,500	2,065,162
Transfers out (Note 7)	(1,762,662)	(302,500)	-	(2,065,162)
Total other financing sources (uses)	<u>(1,400,162)</u>	<u>977,662</u>	<u>422,500</u>	<u>-</u>
Net change in fund balances	944,935	(64,195)	(8,255,570)	(7,374,830)
FUND BALANCES AT JULY 1	<u>14,880,310</u>	<u>5,169,340</u>	<u>15,468,810</u>	<u>35,518,460</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 15,825,245</u></u>	<u><u>\$ 5,105,145</u></u>	<u><u>\$ 7,213,240</u></u>	<u><u>\$ 28,143,630</u></u>

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

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018**

Net change in fund balances per Exhibit 5 – total governmental funds \$ (7,374,830)

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	\$ 10,100,585	
Depreciation expense	(2,169,092)	
Book value of capital assets disposed	(56,000)	
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(684,670)</u>	
		7,190,823

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (606,779)

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

Employer pension contributions	807,947	
Pension expense	<u>(153,361)</u>	
		654,586

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

Employer other postemployment benefit contributions	66,102	
Other postemployment benefits	<u>(19,092)</u>	
		47,010

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	886,515	
Lease revenue bonds	464,000	
Notes payable	29,293	
Capital leases	517,304	
Amortization of bond premium	<u>26,521</u>	
		1,923,633

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	102,061	
Landfill liability	(375,461)	
Accrued interest	<u>(51,061)</u>	
		<u>(324,461)</u>

Change in net position of governmental activities \$ 1,509,982

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 December 31, 2017

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
ASSETS	
Current assets:	
Cash and investments	\$ 3,425,493
Receivables, net	657,172
Inventories	209,008
Total current assets	<u>4,291,673</u>
Noncurrent assets	
Restricted cash and investments	1,606,625
Capital assets:	
Nondepreciable	822,922
Depreciable, net	27,578,898
Total noncurrent assets	<u>30,008,445</u>
Total assets	<u>34,300,118</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	10,067
Deferred outflows related to pensions	219,828
Total deferred outflows of resources	<u>229,895</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	147,191
Customer deposits	274,634
Accrued interest	78,759
Long-term liabilities due within one year	647,777
Total current liabilities	<u>1,148,361</u>
Noncurrent liabilities:	
Long-term liabilities due in more than one year	11,270,873
Net pension liability	688,605
Total noncurrent liabilities	<u>11,959,478</u>
Total liabilities	<u>13,107,839</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>35,641</u>
NET POSITION	
Net investment in capital assets	16,603,930
Restricted for debt service	1,606,625
Unrestricted net position	3,175,978
Total net position	<u>\$ 21,386,533</u>

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2017

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING REVENUES	
Charges for services	\$ 3,902,110
Miscellaneous	120,435
Total operating revenues	<u>4,022,545</u>
OPERATING EXPENSES	
Water transmission and distribution	139,097
Water distribution maintenance	275,704
Wastewater maintenance	45,283
General plant operations and maintenance	432,466
Wastewater treatment	452,756
General and administrative	1,190,642
Depreciation	1,052,449
Total operating expenses	<u>3,588,397</u>
Operating income	<u>434,148</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,267
Connection and availability charges	201,447
Interest expense	(358,614)
Rental income	24,805
Bond issuance costs	(119,481)
Total non-operating expenses, net	<u>(250,576)</u>
Income before capital contributions	183,572
CAPITAL CONTRIBUTIONS	<u>164,150</u>
Change in net position	347,722
NET POSITION AT JANUARY 1	<u>21,038,811</u>
NET POSITION AT DECEMBER 31	<u><u>\$ 21,386,533</u></u>

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2017

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 3,951,833
Payments to suppliers	(1,668,498)
Payments to employees	(830,193)
Other operating receipts	40,735
	<hr/>
Net cash provided by operating activities	1,493,877
	<hr/>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets and water rights	(575,017)
Connection and availability fees	201,447
Contribution from County	164,150
Principal paid on debt	(6,570,609)
Proceeds from indebtedness	6,177,000
Bond issuance costs	(119,481)
Interest payments on long-term liabilities	(462,453)
	<hr/>
Net cash used in capital and related financing activities	(1,184,963)
	<hr/>
INVESTING ACTIVITIES	
Rent received	24,805
Interest received	1,267
	<hr/>
Net cash provided by investing activities	26,072
	<hr/>
Net increase in cash and cash equivalents	334,986
	<hr/>
CASH AND CASH EQUIVALENTS	
Beginning at January 1	4,697,132
	<hr/>
Ending at December 31	\$ 5,032,118
	<hr/> <hr/>
RECONCILIATION TO EXHIBIT 7	
Cash and investments	\$ 3,425,493
Restricted cash and investments	1,606,625
	<hr/>
	\$ 5,032,118
	<hr/> <hr/>

(Continued)

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

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2017

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 434,148
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,052,449
Pension expense net of employer contributions	2,537
Change in assets and liabilities:	
Decrease in:	
Receivables, net	(29,977)
Inventories	31,880
(Decrease) increase in:	
Accounts payable and accrued expenses	8,771
Compensated absences	(5,931)
	<u>1,493,877</u>
Net cash provided by operating activities	<u>\$ 1,493,877</u>
NONCASH CAPITAL AND RELATED FINANCING	
Capital assets acquired through accounts payable	<u>\$ 14,348</u>

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

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 52,525
Total assets	<u>\$ 52,525</u>
LIABILITIES	
Amounts held for others	\$ 52,525
Total liabilities	<u>\$ 52,525</u>

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2017 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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018 billing installment, as well as those due on December 5, 2018, are reflected in deferred inflows on the statement of net position as they are intended to fund operations in a future period.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018, as there was no debt attributable to capital asset construction.

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

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

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

Deferred Outflows/Inflows of Resources

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

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool or OPEB cost sharing pool plans. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.

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

- The governmental funds report unavailable revenue from property taxes, grants, and other receivables not collected within 60 days of year end and those property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- On the statement of net position, property taxes levied, but not yet due are intended to fund future years.

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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

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

Long-Term Obligations

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

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

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the County's and Schools' Plans' and the additions to/deductions from the County's and Schools' Plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance (Continued)

The classifications are as follows:

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

Restricted Amounts

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

Minimum Fund Balance Policy

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Minimum Fund Balance Policy (Continued)

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

Encumbrances

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

Net Position

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

Use of Estimates

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

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Budgetary Information (Continued)

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

Note 3. Deposits and Investments

Deposits

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

Investments

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

External Investment Pools

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3. Deposits and Investments (Continued)

Deposit and investment balances consist of the following:

Deposits:	
Demand deposits	\$ 20,818,318
Certificate of deposit	1,279,975
Money market funds	15,701,095
Cash on hand	<u>11,050</u>
	37,810,438
Investments:	
SNAP	<u>8,650,267</u>
Total deposits and investments	<u><u>\$ 46,460,705</u></u>

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

Cash and investments – Primary Government	\$ 33,551,272
Cash and investments – School Board	2,263,653
Cash and investments – EDA	388,888
Restricted cash and investments – Primary Government	<u>10,256,892</u>
Total deposits and investments	<u><u>\$ 46,460,705</u></u>

Restricted cash and investments

Restricted cash and investments in the governmental activities consist of \$8,650,267 of unspent debt proceeds maintained in SNAP accounts to be used for capital projects. Restricted cash and investments in the business-type activities consists of a \$1,279,975 certificate of deposit required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services, as well as \$326,650 of other unspent funding restricted for future capital needs.

Credit risk

Although the County does not have a formal policy addressing credit risk, the County adheres to the State guidelines. As required by the *Code of Virginia*, obligations of the Commonwealth of Virginia and its political subdivisions must have a debt rating of at least AA by Standard & Poor's (S&P) or Aa by Moody's Investors Service (Moody's). Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P or P-1 by Moody's. Corporate notes and bonds must have a rating of at least AA by S&P or As by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines. The County's money market funds were unrated at June 30, 2018. SNAP funds are rated by Moody's as AAAm.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 4. Receivables

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit – School Board</u>
Receivables				
Taxes	\$ 8,557,434	\$ -	\$ 8,557,434	\$ -
Less: allowance for uncollectible accounts	<u>(448,553)</u>	<u>-</u>	<u>(448,553)</u>	<u>-</u>
Net taxes receivable	<u>8,108,881</u>	<u>-</u>	<u>8,108,881</u>	<u>-</u>
Accounts receivable	899,127	698,172	1,597,299	189,731
Less: allowance for uncollectible accounts	<u>(165,206)</u>	<u>(41,000)</u>	<u>(206,206)</u>	<u>-</u>
Net accounts receivable	<u>733,921</u>	<u>657,172</u>	<u>1,391,093</u>	<u>189,731</u>
Net total receivables	<u><u>\$ 8,842,802</u></u>	<u><u>\$ 657,172</u></u>	<u><u>\$ 9,499,974</u></u>	<u><u>\$ 189,731</u></u>

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

Note 5. Loans Receivable

The County provided housing loans through the Community Development Block Grant Housing Loan Program to low income citizens within the County as part of a project in Old Town Madison Heights in 2012 and 2013. Several of those loans are still in repayment and in good standing at year end. All of the loans are secured by a deed of trust on the related real estate. These loans are forgivable loans under which no interest is charged and a portion of the principal balance is forgiven at the time of each monthly payment. At June 30, 2018, the five loans outstanding totaled \$113,386.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6. Due From Other Governments

Amounts due from other governments consist of the following:

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 873,936
Local sales taxes	489,459	-
Communication taxes	185,846	-
Public assistance and welfare administration	63,852	-
Comprehensive youth service	208,237	-
Sheriff	156,929	-
Commonwealth's Attorney	33,478	-
Clerk of Circuit Court	26,780	-
Treasurer	9,663	-
Commissioner of Revenue	8,876	-
Other	79,602	-
Federal Government:		
Education grants	-	827,728
Transportation grants	10,453	-
Public safety grants	15,581	-
Public assistance	126,326	-
	<u>\$ 1,415,082</u>	<u>\$ 1,701,664</u>

Note 7. Transfers

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 362,500	\$ 1,762,662
Special Revenue Fund	1,280,162	302,500
Capital Projects Fund	422,500	-
	<u>\$ 2,065,162</u>	<u>\$ 2,065,162</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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 8. Capital Assets

Capital asset activity for the year consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 2,499,933	\$ 70,000	\$ (56,000)	\$ 2,513,933
Construction in progress	8,693,988	8,379,224	(8,044,525)	9,028,687
Total capital assets not depreciated	11,193,921	8,449,224	(8,100,525)	11,542,620
Capital assets depreciated:				
Buildings and improvements	32,813,552	8,277,680	-	41,091,232
Jointly owned school buildings and improvements	5,708,459	-	(886,515)	4,821,944
Furniture, equipment, and vehicles	10,118,733	1,418,206	(48,363)	11,488,576
Total capital assets depreciated	48,640,744	9,695,886	(934,878)	57,401,752
Less accumulated depreciation:				
Buildings and improvements	(10,770,868)	(1,055,018)	-	(11,825,886)
Jointly owned school buildings and improvements	(1,848,970)	-	201,845	(1,647,125)
Furniture, equipment, and vehicles	(5,709,401)	(1,114,074)	48,363	(6,775,112)
Total accumulated depreciation	(18,329,239)	(2,169,092)	250,208	(20,248,123)
Capital assets depreciated, net	30,311,505	7,526,794	(684,670)	37,153,629
Net capital assets	<u>\$ 41,505,426</u>	<u>\$ 15,976,018</u>	<u>\$ (8,785,195)</u>	<u>\$ 48,696,249</u>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 623,523	\$ 177,000	\$ -	\$ 800,523
Construction in progress	-	22,399	-	22,399
Total capital assets not depreciated	623,523	199,399	-	822,922
Capital assets depreciated:				
Buildings and improvements	1,243,269	-	-	1,243,269
Utility plant in service	46,558,775	60,601	-	46,619,376
Furniture, equipment, and vehicles	1,023,259	48,970	(16,006)	1,056,223
Total capital assets depreciated	48,825,303	109,571	(16,006)	48,918,868
Less accumulated depreciation	(20,303,527)	(1,052,449)	16,006	21,339,970
Capital assets depreciated, net	28,521,776	(942,878)	-	27,578,898
Net capital assets	<u>\$ 29,145,299</u>	<u>\$ (743,479)</u>	<u>\$ -</u>	<u>\$ 28,401,820</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 8. Capital Assets (Continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
General government administration	\$ 247,208	\$ -	\$ 247,208
Judicial administration	99,255	-	99,255
Public safety	1,045,353	-	1,045,353
Public works	374,554	-	374,554
Health and welfare	8,201	-	8,201
Education	244,020	-	244,020
Parks, recreation, and cultural	133,681	-	133,681
Community development	16,820	-	16,820
Water and sewer	-	1,052,449	1,052,449
	<u>-</u>	<u>1,052,449</u>	<u>1,052,449</u>
Total depreciation expense – primary government	<u>\$ 2,169,092</u>	<u>\$ 1,052,449</u>	<u>\$ 3,221,541</u>

Discretely Presented Component Unit – Economic Development Authority

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 314,484	\$ 177,774	\$ -	\$ 492,258
Capital assets depreciated:				
Buildings and improvements	577,828	-	-	577,828
Less accumulated depreciation:				
Buildings and improvements	(130,012)	(14,445)	-	(144,457)
Capital assets depreciated, net	447,816	(14,445)	-	433,371
Net capital assets	<u>\$ 762,300</u>	<u>\$ 163,329</u>	<u>\$ -</u>	<u>\$ 925,629</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 8. Capital Assets (Continued)

Discretely Presented Component Unit – School Board

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 309,181	\$ -	\$ -	\$ 309,181
Capital assets depreciated:				
Buildings and improvements	37,026,527	304,471	(496,737)	36,834,261
Jointly owned school buildings and improvements	12,328,247	886,515	-	13,214,762
Furniture, equipment, and vehicles	8,436,006	497,955	-	8,933,961
Total capital assets depreciated	57,790,780	1,688,941	(496,737)	58,982,984
Less accumulated depreciation:				
Buildings and improvements	(29,183,996)	(678,678)	-	(29,862,674)
Jointly owned school buildings and improvements	(4,654,986)	(652,763)	-	(5,307,749)
Furniture, equipment, and vehicles	(5,917,145)	(324,864)	-	(6,242,009)
Total accumulated depreciation	(39,756,127)	(1,656,305)	-	(41,412,432)
Capital assets depreciated, net	18,034,653	32,636	-	17,570,552
Net capital assets	<u>\$ 18,343,834</u>	<u>\$ 32,636</u>	<u>\$ (496,737)</u>	<u>\$ 17,879,733</u>

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. These assets are now reported in the School Board's building and improvement line as they are no longer considered jointly owned. For the debt issued in fiscal year 2017 and future issuances, the assets will remain in the capital assets of the County until the related debt is paid in full.

The School Board recorded an impairment loss of \$496,737 during fiscal year 2018 for improvements at a school that was closed that had a carrying value that exceeded the fair value of \$250,000 discussed in Note 30.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. 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	\$ 5,708,456	\$ -	\$ 886,515	\$ 4,821,941	\$ 890,119
Premium on bonds	184,082	-	26,521	157,561	26,521
	<u>5,892,538</u>	<u>-</u>	<u>913,036</u>	<u>4,979,502</u>	<u>916,640</u>
Lease revenue bonds	9,395,000	-	464,000	8,931,000	665,000
Notes payable	1,324,519	-	29,293	1,295,226	30,518
Capital leases	24,112,710	-	517,304	23,595,406	928,585
	<u>34,832,229</u>	<u>-</u>	<u>1,010,597</u>	<u>33,821,632</u>	<u>1,624,103</u>
Landfill closure/post-closure	4,435,953	375,461	-	4,811,414	-
Compensated absences	1,112,733	-	102,061	1,010,672	101,067
	<u>5,548,686</u>	<u>375,461</u>	<u>102,061</u>	<u>5,822,086</u>	<u>101,067</u>
	<u>\$ 46,273,453</u>	<u>\$ 375,461</u>	<u>\$ 2,025,694</u>	<u>\$ 44,623,220</u>	<u>\$ 2,641,810</u>
Business-Type Activities:					
Revenue bond	\$ 8,695,000	\$ 6,177,000	\$ 5,600,000	\$ 9,272,000	\$ 388,000
Premium on bond	1,370,217	-	887,594	482,623	20,984
Deferred gain on refunding	-	63,231	-	63,231	3,161
Notes payable	2,213,193	-	223,090	1,990,103	224,563
Compensated absences	116,624	-	5,931	110,693	11,069
	<u>\$ 12,395,034</u>	<u>\$ 6,240,231</u>	<u>\$ 6,716,615</u>	<u>\$ 11,918,650</u>	<u>\$ 647,777</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	\$ 846,891	\$ -	\$ 37,109	\$ 809,782	\$ 39,102

Discretely Presented Component Unit – School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 650,463	\$ -	\$ 37,310	\$ 603,153	\$ 60,315

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

Purpose	Interest Rates	Date Issued	Final Maturity Date	Amount Issued	Amount Outstanding
PRIMARY GOVERNMENT					
Governmental Activities:					
General Obligation Bonds					
Schools:					
VPSA Bonds	4.95%	1998	2018	\$ 2,000,000	\$ 100,000
VPSA Bonds	4.73	1999	2019	2,000,000	200,000
VPSA Bonds	5.15	2000	2020	3,351,287	581,941
VPSA Bonds	3.10-5.25	2001	2021	550,000	100,000
VPSA Bonds	2.35-7.85	2002	2022	965,000	225,000
VPSA Bonds	3.10-5.35	2003	2023	1,315,000	390,000
VPSA Bonds	4.10-5.60	2004	2024	1,120,000	385,000
VPSA Bonds	4.60-5.10	2005	2025	1,615,000	640,000
VPSA Bonds	4.225-5.10	2006	2026	1,265,000	550,000
VPSA Bonds	4.10-5.10	2007	2027	3,325,000	1,650,000
Total general obligation bonds					<u>\$ 4,821,941</u>
Lease Revenue Bonds					
Amherst County EDA Series 2017A	2.32%	2017	2032	\$ 4,000,000	\$ 4,000,000
Amherst County EDA Series 2017B	2.32	2017	2027	5,395,000	4,931,000
Total lease revenue bonds					<u>\$ 8,931,000</u>
Capital Leases					
Pinnacle – Energy Conservation	2.25%	2016	2030	\$ 15,000,000	\$ 14,725,000
U.S. Bancorp – Energy Conservation	2.19	2016	2030	8,850,000	8,650,000
Caterpillar – Equipment	3.20	2016	2021	292,937	220,406
Total capital leases					<u>\$ 23,595,406</u>
Note Payable					
USDA – Rural Development – Animal Shelter	4.125%	2007	2043	\$ 1,597,200	\$ 1,295,226
Business-Type Activities:					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	3,095,000
BB&T bond	2.89%	2017	2037	6,177,000	6,177,000
Total revenue bonds					<u>\$ 9,272,000</u>
Notes payable					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 58,414
Sewage facilities note	-	1998	2027	747,643	218,063
Sewage facilities note	3.00	2001	2020	1,996,292	279,235
Sewage facilities note	3.41	2002	2021	322,159	88,130

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Long-Term Liabilities (Continued)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
PRIMARY GOVERNMENT					
(Continued)					
Business-Type Activities: (Continued)					
Notes payable (Continued)					
Sewage facilities note	4.14%	2010	2029	\$ 329,751	\$ 228,686
Sewage facilities note	3.25	2011	2041	129,890	101,512
Sewage facilities note	2.80	2011	2041	41,049	32,839
Sewage facilities note	-	2013	2033	1,062,266	849,813
Sewage facilities note	3.22	2013	2043	30,001	27,559
Sewage facilities note	3.08	2014	2034	64,890	57,401
Sewage facilities note	3.14	2016	2036	50,297	48,451
Total notes payable					<u>\$ 1,990,103</u>

**COMPONENT UNIT –
ECONOMIC DEVELOPMENT
AUTHORITY**

Notes Payable

USDA – Rural Development –
Animal Shelter
Carter Bank and Trust

4.125%	2007	2043	\$ 822,800	\$ 667,238
6.00	2008	2023	309,067	142,544
Total notes payable				<u>\$ 809,782</u>

Annual debt payments

<u>Year Ending June 30,</u>	<u>Primary Government Governmental Activities</u>			
	<u>General Obligation and Lease Revenue Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,555,119	\$ 423,997	\$ 30,518	\$ 52,855
2020	1,473,916	365,415	31,801	51,572
2021	1,390,906	312,149	33,139	50,235
2022	1,209,000	266,196	34,531	48,843
2023	1,202,000	225,679	35,983	47,391
2024-2028	5,414,000	585,488	203,918	212,951
2029-2033	1,508,000	98,868	250,539	176,438
2034-2038	-	-	307,819	109,051
2039-2043	-	-	366,978	38,689
	<u>\$ 13,752,941</u>	<u>\$ 2,277,792</u>	<u>\$ 1,295,226</u>	<u>\$ 788,025</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Long-Term Liabilities (Continued)

Annual debt payments (Continued)

Year Ending June 30,	Capital Leases	
	Principal	Interest
2019	\$ 928,585	\$ 517,264
2020	1,090,000	494,310
2021	1,251,462	467,744
2022	1,550,359	435,037
2023	1,545,000	400,738
2024-2028	9,775,000	1,412,821
2029-2031	7,455,000	250,562
	<u>\$ 23,595,406</u>	<u>\$ 3,978,476</u>

Year Ending June 30,	Primary Government Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 388,000	\$ 318,199	\$ 224,563	\$ 31,641
2020	407,000	319,104	226,091	27,228
2021	430,000	300,302	227,676	22,756
2022	453,000	261,399	136,243	15,593
2023	460,000	254,403	113,938	13,919
2024-2028	2,610,000	994,276	545,330	52,374
2029-2033	2,347,000	514,096	377,837	23,009
2034-2038	2,177,000	192,127	108,316	9,739
2039-2043	-	-	30,109	2,862
	<u>\$ 9,272,000</u>	<u>\$ 3,153,906</u>	<u>\$ 1,990,103</u>	<u>\$ 199,121</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 9. Long-Term Liabilities (Continued)

Annual debt payments (Continued)

Year Ending June 30,	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2019	\$ 39,102	\$ 35,146
2020	41,205	33,043
2021	43,424	30,823
2022	45,768	28,479
2023	48,241	26,005
2024-2028	115,354	109,831
2029-2033	129,066	85,685
2034-2038	158,574	56,176
2039-2043	189,048	19,931
	<u>\$ 809,782</u>	<u>\$ 425,119</u>

Capital leases – energy conservation

During fiscal year 2018, the County issued two capital leases totaling \$23,850,000 for energy conservation projects at various schools that include roofing, lighting, and HVAC. Funds are held in the County's SNAP investment account and will be used as the projects progress.

The assets acquired through capital leases are as follows:

Furniture, equipment, and vehicles	\$ 292,937
Construction in progress	8,960,054
Buildings and improvements	11,492,519
Less: accumulated depreciation	<u>(322,926)</u>
Net	<u>\$ 20,422,584</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan

Plan Description

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

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

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

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
 - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
 - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- **Disability Coverage** – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.
- **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. Members also may be eligible to purchase periods of leave without pay.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

- **Hybrid Opt-In Election** – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction.
- **Creditable Service** – Same as Plan 1.
- **Vesting** – Same as Plan 1.
- **Calculating the Benefit** – See definition under Plan 1.
- **Average Final Compensation** – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** – Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** – Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
 - **Eligibility** – Same as Plan 1.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 2 (Continued)

- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.
- **Purchase of Prior Service** – Same as Plan 1.

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

- **Eligible Members** – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Creditable Service –**
 - **Defined Benefit Component** – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
 - **Defined Contributions Component** – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting –**
 - **Defined Benefit Component** – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component** – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit –**
 - **Defined Benefit Component** – See definition under Plan 1.
 - **Defined Contribution Component** – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation** – Same as Plan 2 for the defined benefit component of the plan.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Service Retirement Multiplier** – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age** –
 - **Defined Benefit Component** – Same as Plan 2, however, not applicable for hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility** –
 - **Defined Benefit Component** – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility** –
 - **Defined Benefit Component** – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component** – Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement** –
 - **Defined Benefit Component** – Same as Plan 2.
 - **Defined Contribution Component** – Not Applicable.
 - **Eligibility** – Same as Plan 1 and 2.
 - **Exceptions to COLA Effective Dates** – Same as Plan 1 and 2.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Disability Coverage** – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service** –
 - **Defined Benefit Component** – Same as Plan 1, with the following exceptions:
 - Hybrid Retirement Plan members are ineligible for ported service.
 - **Defined Contribution Component** – Not Applicable.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>135</u>
Inactive members:	
Vested inactive members	21
Non-vested inactive members	45
Inactive members active elsewhere in VRS	<u>114</u>
Total inactive members	180
Active members	<u>177</u>
Total covered employees	<u><u>492</u></u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2018 was 9.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$807,947 and \$778,770 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

- * The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2016	\$ 39,998,544	\$ 35,212,323	\$ 4,786,221
Changes for the year:			
Service cost	906,378	-	906,378
Interest	2,727,579	-	2,727,579
Differences between expected and actual experience	59,368	-	59,368
Assumption changes	(77,099)	-	(77,099)
Contributions – employer	-	778,770	(778,770)
Contributions – employee	-	449,906	(449,906)
Net investment income	-	4,256,473	(4,256,473)
Benefit payments, including refunds of employee contributions	(2,066,268)	(2,066,268)	-
Administrative expenses	-	(24,889)	24,889
Other changes	-	(3,773)	3,773
Net changes	1,549,958	3,390,219	(1,840,261)
Balances at June 30, 2017	\$ 41,548,502	\$ 38,602,542	\$ 2,945,960

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability (asset)	\$ 8,139,559	\$ 2,945,960	\$ (1,383,107)

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

For the year ended June 30, 2018, the political subdivision recognized pension expense of \$153,567. At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,175	\$ 181,525
Change in assumptions	-	50,875
Net difference between projected and actual earnings on pension plan investments	-	540,424
Employer contributions subsequent to the measurement date	807,947	-
Total	<u>\$ 847,122</u>	<u>\$ 772,824</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 10. Defined Benefit Pension Plan (Continued)

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

The \$807,947 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2019	\$ (512,232)
2020	137,371
2021	5,597
2022	(364,385)
2023	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, \$69,757 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

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

Plan Description

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>10</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	5
Inactive members active elsewhere in VRS	<u>2</u>
Total inactive members	8
Active members	<u>21</u>
Total covered employees	<u><u>39</u></u>

Contributions

The political subdivision's contractually required contribution rate for the year ended December 31, 2017 was 7.16% of covered employee compensation. This rate were based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Contributions to the pension plan from the political subdivision were \$78,020 and \$87,597 for the years ended December 31, 2017 and December 31, 2016, respectively.

Net Pension Liability

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2015	\$ 5,023,379	\$ 4,514,303	\$ 509,076
Changes for the year:			
Service cost	86,773	-	86,773
Interest	346,205	-	346,205
Differences between expected and actual experience	(47,040)	-	(47,040)
Contributions – employer	-	85,259	(85,259)
Contributions – employee	-	45,108	(45,108)
Net investment income	-	78,869	(78,869)
Benefit payments, including refunds of employee contributions	(155,194)	(155,194)	-
Administrative expenses	-	(2,794)	2,794
Other changes	-	(33)	33
Net changes	230,744	51,215	179,529
Balances at June 30, 2016	\$ 5,254,123	\$ 4,565,518	\$ 688,605

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability	\$ 1,359,859	\$ 688,605	\$ 123,859

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

For the year ended December 31, 2017, the Authority recognized pension expense of \$66,096. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 35,641
Net difference between projected and actual earnings on pension plan investments	120,553	-
Employer contributions subsequent to the measurement date	<u>99,275</u>	<u>-</u>
	<u>\$ 219,828</u>	<u>\$ 35,641</u>

The \$99,275 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Increase (Reduction) to Pension Expense</u>
2018	\$ (9,568)
2019	(9,566)
2020	56,814
2021	47,232
2022	-
Thereafter	-

Payables to the Pension Plan

At December 31, 2017, there were no amounts payable to the Virginia Retirement System.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 12. Defined Benefit Pension Plan – School Nonprofessionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the County of Amherst, Virginia, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>63</u>
Inactive members:	
Vested inactive members	6
Non-vested inactive members	48
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	71
Active members	<u>124</u>
Total covered employees	<u><u>258</u></u>

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2018 was 3.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Contributions to the pension plan from the school division were \$83,743 and \$78,384 for the years ended June 30, 2018 and June 30, 2017, respectively.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2016	\$ 7,569,878	\$ 8,144,048	\$ (574,170)
Changes for the year:			
Service cost	253,898	-	253,898
Interest	519,493	-	519,493
Differences between expected and actual experience	(50,064)	-	(50,064)
Assumption changes	(113,391)	-	(113,391)
Contributions – employer	-	78,384	(78,384)
Contributions – employee	-	119,548	(119,548)
Net investment income	-	991,087	(991,087)
Benefit payments, including refunds of employee contributions	(297,090)	(297,090)	-
Administrative expenses	-	(5,704)	5,704
Other changes	-	(882)	882
Net changes	312,846	885,343	(572,497)
Balances at June 30, 2017	\$ 7,882,724	\$ 9,029,391	\$ (1,146,667)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's net pension (asset)	\$ (209,706)	\$ (1,146,667)	\$ (1,935,759)

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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

For the year ended June 30, 2018, the school division recognized pension benefit of \$66,673. At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,882	\$ 141,782
Change in assumptions	-	78,926
Net difference between projected and actual earnings on pension plan investments	-	130,797
Employer contributions subsequent to the measurement date	<u>83,743</u>	<u>-</u>
Total	<u><u>\$ 99,625</u></u>	<u><u>\$ 351,505</u></u>

The \$83,743 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2019	\$ (177,928)
2020	(57,536)
2021	(15,218)
2022	(84,941)
2023	-
Thereafter	-

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, \$6,862 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

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

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including County of Amherst, Virginia, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employers pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously funded service.

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,604,742 and \$3,357,315 for the years ended June 30, 2018 and June 30, 2017, respectively.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2018, the school division reported a liability of \$36,284,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.29504% as compared to 0.30941% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$2,147,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,569,000
Change in assumptions	529,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,318,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,000	2,136,000
Employer contributions subsequent to the measurement date	3,604,742	-
Total	<u>\$ 4,166,742</u>	<u>\$ 6,023,000</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$3,604,742 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2019	\$ (1,955,000)
2020	(641,000)
2021	(930,000)
2022	(1,594,000)
2023	(341,000)
Thereafter	-

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 45,417,520
Plan fiduciary net position	<u>33,119,545</u>
Employers' net pension liability (asset)	<u><u>\$ 12,297,975</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.92%

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability (Continued)

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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

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

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 54,184,000	\$ 36,284,000	\$ 21,477,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, \$307,552 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County of Amherst, Virginia also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans

Plan Descriptions

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	28
Vested inactive members	2
Total inactive members	30
Active members	76
Total covered employees	<u>106</u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution	\$45,416
June 30, 2017 Contribution	\$41,985

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (Continued)

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.13% of covered employee compensation.
June 30, 2018 Contribution	\$20,686
June 30, 2017 Contribution	\$8,839

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

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2018 proportionate share of liability	\$ 659,000
June 30, 2017 proportion	0.04377%
June 30, 2016 proportion	0.04182%
June 30, 2018 expense	\$ 12,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2016	\$ 177,304	\$ 111,179	\$ 66,125
Changes for the year:			
Service cost	4,050	-	4,050
Interest	12,056	-	12,056
Assumption changes	(4,960)	-	(4,960)
Contributions – employer	-	8,839	(8,839)
Net investment income	-	12,748	(12,748)
Benefit payments	(10,148)	(10,148)	-
Administrative expenses	-	(204)	204
Other changes	-	650	(650)
Net changes	998	11,885	(10,887)
Balances at June 30, 2017	\$ 178,302	\$ 123,064	\$ 55,238

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,000
Change in assumptions	-	34,000
Net difference between projected and actual earnings on OPEB plan investments	-	25,000
Changes in proportion	29,000	-
Employer contributions subsequent to the measurement date	45,416	-
Total	\$ 74,416	\$ 73,000

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 4,159
Net difference between projected and actual earnings on OPEB plan investments	-	3,996
Employer contributions subsequent to the measurement date	20,686	-
Total	<u>\$ 20,686</u>	<u>\$ 8,155</u>

The deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2019	\$ (10,000)
2020	(10,000)
2021	(10,000)
2022	(10,000)
2023	(4,000)
Thereafter	-

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

General Employee Health Insurance Credit Program (Continued)

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2019	\$ (1,800)
2020	(1,800)
2021	(1,800)
2022	(1,800)
2023	(801)
Thereafter	(154)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 7.0%

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

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 10.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 2,942,426	\$ 1,364,702
Plan fiduciary net position	1,437,586	96,091
Employers' net OPEB liability (asset)	1,504,840	1,268,611
Plan fiduciary net position as a percentage of total OPEB liability	48.86%	7.04%

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS investments was determined using the method described in Note 10.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability	\$ 852,000	\$ 659,000	\$ 502,000
General Employee HIC Net OPEB liability	\$ 72,700	\$ 55,238	\$ 40,314

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2018, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

Group Life Insurance	\$ 9,553
General Employee Health Insurance Credit	1,743

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County of Amherst, Virginia, (the "school division") also participates in various cost-sharing and agent multi-employer other postemployment benefit plans. The plan provisions and features, as well as the actuarial assumptions, are substantially the same as those in Note 14.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution – general employees	\$13,960
June 30, 2018 Contribution – teachers	\$120,045
June 30, 2017 Contribution – general employees	\$12,661
June 30, 2017 Contribution – teachers	\$120,420

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.23% of covered employee compensation.
June 30, 2018 Contribution	\$278,378
June 30, 2017 Contribution	\$257,031

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

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)

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

Group Life Insurance Program

General Employees

June 30, 2018 proportionate share of liability	\$ 198,000
June 30, 2017 proportion	0.01320%
June 30, 2016 proportion	0.01371%
June 30, 2018 expense	\$ 1,000

Teachers

June 30, 2018 proportionate share of liability	\$ 1,889,000
June 30, 2017 proportion	0.12555%
June 30, 2016 proportion	0.13128%
June 30, 2018 expense	\$ 5,000

Teacher Health Insurance Credit Program

June 30, 2018 proportionate share of liability	\$ 3,722,000
June 30, 2017 proportion	0.29341%
June 30, 2016 proportion	0.30939%
June 30, 2018 expense	\$ 276,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program – General Employees

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,000
Change in assumptions	-	10,000
Net difference between projected and actual earnings on OPEB plan investments	-	7,000
Changes in proportion	-	8,000
Employer contributions subsequent to the measurement date	13,960	-
Total	<u>\$ 13,960</u>	<u>\$ 30,000</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)

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

Group Life Insurance Program – Teachers

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 42,000
Change in assumptions	-	97,000
Net difference between projected and actual earnings on OPEB plan investments	-	71,000
Changes in proportion	-	84,000
Employer contributions subsequent to the measurement date	120,045	-
	<hr/>	<hr/>
Total	\$ 120,045	\$ 294,000
	<hr/>	<hr/>

Teacher Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 38,000
Net difference between projected and actual earnings on OPEB plan investments	-	7,000
Changes in proportion	-	176,000
Employer contributions subsequent to the measurement date	278,378	-
	<hr/>	<hr/>
Total	\$ 278,378	\$ 221,000
	<hr/>	<hr/>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)

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

The deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense		
	Group Life Insurance Program – General Employees	Group Life Insurance Program – Teachers	Teacher Health Insurance Credit Program
2019	\$ (6,000)	\$ (59,000)	\$ (34,000)
2020	(6,000)	(59,000)	(34,000)
2021	(6,000)	(59,000)	(34,000)
2022	(4,000)	(59,000)	(34,000)
2023	(4,000)	(42,000)	(33,000)
Thereafter	(2,000)	(16,000)	(52,000)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability – general employees	\$ 257,000	\$ 198,000	\$ 151,000
GLI Net OPEB liability – teachers	\$ 2,444,000	\$ 1,889,000	\$ 1,440,000
Teacher HIC Net OPEB liability	\$ 4,154,000	\$ 3,722,000	\$ 3,355,000

(Continued)

COUNTY OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)

Payables to the OPEB Plan

At June 30, 2018, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

Group Life Insurance – general employees	\$ 2,988
Group Life Insurance – teachers	27,564
Teacher Employee Health Insurance Credit	25,880

Note 16. Summary of Pension Elements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>School Board</u>
Net pension asset				
VRS basic pension plan	\$ -	\$ -	\$ -	\$ 1,146,667
Deferred outflows of resources				
Differences between expected and actual experience	\$ 39,175	\$ -	\$ 39,175	\$ 15,882
Change in assumptions	-	-	-	529,000
Net difference between projected and actual earnings on plan investments	-	120,553	120,553	-
Change in proportion	-	-	-	33,000
Employer contributions subsequent to measurement date	807,947	99,275	907,222	3,688,485
Total deferred outflows of resources	\$ 847,122	\$ 219,828	\$ 1,066,950	\$ 4,266,367
Net pension liability				
VRS basic pension plan	\$ 2,948,960	\$ 688,605	\$ 3,634,565	\$ 36,284,000
Deferred inflows of resources				
Differences between expected and actual experience	\$ 181,525	\$ 35,641	\$ 217,166	\$ 2,710,782
Change in assumptions	50,875	-	50,875	78,926
Net difference between projected and actual earnings on plan investments	540,424	-	540,424	1,448,797
Change in proportion	-	-	-	2,136,000
	\$ 772,824	\$ 35,641	\$ 808,465	\$ 6,374,505

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 17. Summary of Other Postemployment Benefit Elements

A summary of the other postemployment benefits-related financial statement elements is as follows:

	<u>Governmental Activities</u>	<u>School Board</u>
Deferred outflows of resources		
Change in proportion:		
GLI – general employees	\$ 29,000	\$ -
Contributions subsequent to measurement date:		
GLI – general employees	45,416	13,960
GLI – teachers	-	120,045
HIC – general employees	20,686	-
HIC – teachers	-	278,378
	<u>95,102</u>	<u>412,383</u>
Total deferred outflows of resources	<u>\$ 95,102</u>	<u>\$ 412,383</u>
Net other postemployment benefits liability		
GLI – general employees	\$ 659,000	\$ 198,000
GLI – teachers	-	1,889,000
HIC – general employees	55,238	-
HIC – teachers	-	3,722,000
	<u>714,238</u>	<u>5,809,000</u>
Total net other postemployment benefits liability	<u>\$ 714,238</u>	<u>\$ 5,809,000</u>
Deferred inflows of resources		
Difference between expected and actual experience:		
GLI – general employees	\$ 14,000	\$ 5,000
GLI – teachers	-	42,000
Net difference between projected and actual investment earnings		
GLI – general employees	25,000	7,000
GLI – teachers	-	71,000
HIC – general employees	3,996	-
HIC – teachers	-	7,000
Change in actuarial assumptions:		
GLI – general employees	34,000	10,000
GLI – teachers	-	97,000
HIC – teachers	4,159	38,000
Change in proportion		
GLI – general employees	-	8,000
GLI – teachers	-	84,000
HIC – teachers	-	176,000
	<u>81,155</u>	<u>545,000</u>
Total deferred inflows of resources	<u>\$ 81,155</u>	<u>\$ 545,000</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 18. 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 \$566,840. 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 \$4,244,574 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 76% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$1,333,053 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, 2018

Note 19. Commitments and Contingencies

Federal Grants

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

Commitments

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$2,900,000 at year end.

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.

Note 20. 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 insurance.

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, 2018

Note 21. Fund Balances

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

	General	Special Revenue	Capital Projects	Total Governmental Funds	Component Unit – School Board
Nonspendable:					
Prepaid expenditures	\$ 126,405	\$ -	\$ -	\$ 126,405	\$ 104,144
Restricted:					
Community development	-	113,386	-	113,386	-
Other capital projects	-	-	7,213,240	7,213,240	-
Total restricted	-	113,386	7,213,240	7,326,626	-
Committed to:					
Community development	6,412	-	-	6,412	-
Judicial administration	408,291	-	-	408,291	-
Parks, recreation, and cultural	189,980	-	-	189,980	-
Other capital projects	149,732	-	-	149,732	-
Total committed	754,415	-	-	754,415	-
Assigned to:					
Public safety	-	528,237	-	528,237	-
Public works	60,000	4,441,922	-	4,501,922	-
Parks, recreation, and cultural	51,693	21,600	-	73,293	-
Education	-	-	-	-	1,956,814
Other capital projects	166,987	-	-	166,987	-
Total assigned	278,680	4,991,759	-	5,270,439	1,956,814
Unassigned	14,665,745	-	-	14,665,745	(104,144)
Total fund balances	<u>\$ 15,825,245</u>	<u>\$ 5,105,145</u>	<u>\$ 7,213,240</u>	<u>\$ 28,143,630</u>	<u>\$ 1,956,814</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 22. 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 \$100,948 for operations to HBH for 2018.

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 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 \$1,371,407 for operations to BRRJA for 2018.

Joint Venture:

Region 2000 Radio Communications Board

The County, along with the County of Bedford and City of Lynchburg, is a participant in the operation of a regional radio communication system, the Region 2000 Radio Communications Board (the "Board"). As part of the agreement, each member locality is required 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 prior system. At June 30, 2108, \$8,575,000 of this debt was still outstanding. Each participant agreed to contribute its pro rata share towards debt service payments of the Board. The County's share is 28%, and annual contributions for debt service will approximate \$310,625 through May 2027. Should the Communications Board fail to make debt service payments, the member jurisdictions have a moral non-binding obligation to pay the debt service. During fiscal year 2018, the County paid \$466,750 to the Board for debt service and other operating costs.

Note 23. Performance Incentives

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

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 24. Significant Transactions of the County and Component Unit – School Board

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

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

Expenditures of School Board – Component Unit (Exhibit 23)	\$ 46,591,376
Expenditures for School HVAC, roofs, and electrical upgrades	8,596,758
School-related principal and other debt service expenditures included in primary government (Exhibit 5)	<u>2,147,255</u>
Total expenditures for school activities	<u>\$ 57,335,389</u>

Note 25. 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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 26. 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 in 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, 2018, outstanding conduit debt was as follows:

Randolph College, Series 2010	\$ 4,267,235
Lynchburg College, Series 2003	<u>9,480,000</u>
Total conduit debt outstanding	<u><u>\$ 13,747,235</u></u>

Note 27. Tax Abatements

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

The County has agreements with six local businesses regarding the abatement of property taxes. Only one company had met all requirements to receive their abatement for the year ended June 30, 2018. The Company received a tax abatement during fiscal year 2018 totaling \$245,494, and there are four years remaining on that agreement.

Note 28. New Accounting Standards

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

Statement No. 83, *Certain Asset Retirement Obligations* in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 28. New Accounting Standards (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in March 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. The requirements of this Statement should be applied prospectively.

Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting for a majority equity interest in a legally separate organization.

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Management has not determined the effects these new GASB Statements may have on future financial statements.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 29. Adoption of a New Standard and Net Position Restatement

In the current year the County of Amherst adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment 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 plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available. Because the County's business-type activities are presented as of a December 31 year end, the effects of this standard will be reported in those statements for the year ending December 31, 2018.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75:

	<u>Governmental Activities</u>	<u>School Board Government- Wide</u>
Net position at June 30, 2017, as previously reported	\$ 28,378,732	\$ (19,307,954)
Recognition of other postemployment benefit liabilities and related deferred outflows/inflows in accordance with GASB Statement No. 75	<u>(747,301)</u>	<u>(6,070,888)</u>
Net position at June 30, 2017, as restated	<u><u>\$ 27,631,431</u></u>	<u><u>\$ (25,378,842)</u></u>

Note 30. Subsequent Event

On September 18, 2018, the County approved the sale of the former Pleasant View Elementary School building for \$250,000.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 23,510,000	\$ 23,510,000	\$ 24,052,792	\$ 542,792
Other local taxes	7,081,000	7,081,000	7,168,048	87,048
Permits, fees, license	169,000	169,000	222,071	53,071
Fines and forfeitures	-	457,157	530,585	73,428
Use of money and property	114,547	114,547	147,293	32,746
Charges for services	1,390,077	1,431,327	1,443,701	12,374
Miscellaneous	126,701	299,014	573,177	274,163
Recovered costs	198,850	243,301	306,144	62,843
Intergovernmental revenues:				
Commonwealth	6,482,116	6,898,524	7,497,717	599,193
Federal	911,758	911,758	1,487,029	575,271
Total revenues	39,984,049	41,115,628	43,428,557	2,312,929
EXPENDITURES				
Current:				
General government administration	2,503,163	2,592,137	2,489,389	102,748
Judicial administration	1,339,092	1,453,113	1,336,579	116,534
Public safety	10,285,241	11,848,363	11,281,276	567,087
Public works	902,820	1,291,764	1,106,593	185,171
Health and welfare	3,939,715	4,149,338	4,725,330	(575,992)
Education	14,216,083	14,730,837	14,449,335	281,502
Parks, recreation, and cultural	1,185,274	1,450,205	1,235,133	215,072
Community development	1,135,905	1,538,770	1,403,388	135,382
Nondepartmental	1,449,017	475,762	193,501	282,261
Debt service:				
Principal	1,263,515	1,922,423	1,854,808	67,615
Interest	1,611,670	945,763	1,002,878	(57,115)
Bond issuance costs	-	5,250	5,250	-
Total expenditures	39,831,495	42,403,725	41,083,460	1,320,265
Excess of revenues (under) expenditures	152,554	(1,288,097)	2,345,097	3,633,194
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	-
Transfers in	1,111,251	2,966,579	362,500	(2,604,079)
Transfers out	(1,263,805)	(1,705,079)	(1,762,662)	(57,583)
Total other financing sources (uses)	(152,554)	1,261,500	(1,400,162)	(2,661,662)
Net change in fund balance	\$ -	\$ (26,597)	\$ 944,935	\$ 971,532

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT
June 30, 2018

	Plan Year			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 906,378	\$ 914,633	\$ 874,938	\$ 950,553
Interest on total pension liability	2,727,579	2,649,097	2,567,290	2,439,990
Difference between expected and actual experience	59,368	(411,642)	(442,541)	-
Changes in assumptions	(77,099)	-	-	-
Benefit payments, including refunds of employee contributions	(2,066,268)	(1,995,574)	(1,666,446)	(1,477,503)
Net change in total pension liability	1,549,958	1,156,514	1,333,241	1,913,040
Total pension liability – beginning	39,998,544	38,842,030	37,508,789	35,595,749
Total pension liability – ending	41,548,502	39,998,544	38,842,030	37,508,789
Plan Fiduciary Net Position				
Contributions – employer	778,770	953,295	942,715	884,349
Contributions – employee	449,906	369,207	369,385	368,536
Net investment income	4,256,473	597,465	1,554,214	4,678,377
Benefit payments, including refunds of employee contributions	(2,066,268)	(1,995,574)	(1,666,446)	(1,477,503)
Administrative expenses	(24,889)	(22,083)	(21,323)	(25,170)
Other	(3,773)	(258)	(331)	247
Net change in plan fiduciary net position	3,390,219	(97,948)	1,178,214	4,428,836
Plan fiduciary net position – beginning	35,212,323	35,310,271	34,132,057	29,703,221
Plan fiduciary net position – ending	38,602,542	35,212,323	35,310,271	34,132,057
Net pension liability – ending	\$ 2,945,960	\$ 4,786,221	\$ 3,531,759	\$ 3,376,732
Plan fiduciary net position as a percentage of total pension liability	93%	88%	91%	91%
Covered payroll	\$ 8,026,035	\$ 6,665,766	\$ 7,085,697	\$ 7,232,732
Net pension liability as a percentage of covered payroll	37%	72%	50%	47%

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

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

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
SCHOOLS – NONPROFESSIONAL EMPLOYEES
June 30, 2018

	Plan Year			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 253,898	\$ 247,311	\$ 241,309	\$ 248,646
Interest on total pension liability	519,493	504,728	469,365	443,148
Difference between expected and actual experience	(50,064)	(232,007)	115,149	-
Changes in assumptions	(113,391)	-	-	-
Benefit payments, including refunds of employee contributions	(297,090)	(321,116)	(320,157)	(314,377)
Net change in total pension liability	312,846	198,916	505,666	377,417
Total pension liability – beginning	7,569,878	7,370,962	6,865,296	6,487,879
Total pension liability – ending	7,882,724	7,569,878	7,370,962	6,865,296
Plan Fiduciary Net Position				
Contributions – employer	78,384	143,860	138,428	159,871
Contributions – employee	119,548	122,555	118,082	113,591
Net investment income	991,087	141,606	355,124	1,062,244
Benefit payments, including refunds of employee contributions	(297,090)	(321,116)	(320,157)	(314,377)
Administrative expenses	(5,704)	(4,981)	(4,860)	(5,711)
Other	(882)	(60)	(75)	56
Net change in plan fiduciary net position	885,343	81,864	286,542	1,015,674
Plan fiduciary net position – beginning	8,144,048	8,062,184	7,775,642	6,759,968
Plan fiduciary net position – ending	9,029,391	8,144,048	8,062,184	7,775,642
Net pension asset – ending	<u><u>\$(1,146,667)</u></u>	<u><u>\$ (574,170)</u></u>	<u><u>\$ (691,222)</u></u>	<u><u>\$ (910,346)</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u>115%</u>	<u>108%</u>	<u>109%</u>	<u>113%</u>
Covered payroll	<u>\$ 2,652,660</u>	<u>\$ 2,431,341</u>	<u>\$ 2,353,184</u>	<u>\$ 2,232,203</u>
Net pension asset as a percentage of covered payroll	<u>-43%</u>	<u>-24%</u>	<u>-29%</u>	<u>-41%</u>

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

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

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2018	\$ 807,947	\$ 807,947	\$ -	\$ 8,631,987	9.36 %
2017	778,770	778,770	-	8,026,035	9.70
2016	946,476	946,476	-	6,665,766	14.20
2015	936,908	936,908	-	7,085,697	13.22
Schools – Nonprofessional Employees					
2018	\$ 83,743	\$ 83,743	\$ -	\$ 2,904,472	2.88 %
2017	78,384	78,384	-	2,652,660	2.95
2016	132,090	132,090	-	2,431,341	5.43
2015	139,666	139,666	-	2,353,184	5.94

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

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2017

	Amherst County Service Authority		
	Plan Year		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 86,773	\$ 92,629	\$ 90,808
Interest on total pension liability	346,205	326,042	304,802
Difference between expected and actual experience	(47,040)	(1,265)	-
Benefit payments, including refunds of employee contributions	(155,194)	(103,535)	(80,845)
Net change in total pension liability	230,744	313,871	314,765
Total pension liability – beginning	5,023,379	4,709,508	4,394,743
Total pension liability – ending	5,254,123	5,023,379	4,709,508
Plan Fiduciary Net Position			
Contributions – employer	85,259	89,044	87,241
Contributions – employee	45,108	47,414	48,578
Net investment income	78,869	198,567	582,084
Benefit payments, including refunds of employee	(155,194)	(103,535)	(80,845)
Administrative expenses	(2,794)	(2,647)	(3,060)
Other	(33)	(41)	31
Net change in plan fiduciary net position	51,215	228,802	634,029
Plan fiduciary net position – beginning	4,514,303	4,285,501	3,651,472
Plan fiduciary net position – ending	4,565,518	4,514,303	4,285,501
Net pension liability – ending	<u>\$ 688,605</u>	<u>\$ 509,076</u>	<u>\$ 424,007</u>
Plan fiduciary net position as a percentage of total pension liability	<u>87%</u>	<u>90%</u>	<u>91%</u>
Covered payroll	<u>\$ 1,515,122</u>	<u>\$ 1,454,691</u>	<u>\$ 1,403,408</u>
Net pension liability as a percentage of covered payroll	<u>45%</u>	<u>35%</u>	<u>30%</u>

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

The above information is derived from the plan year, which is then reported in the subsequent fiscal year of the Authority, (i.e., plan year ended June 30, 2016 is reported in the Authority's fiscal year ended December 31, 2017).

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
December 31, 2017**

AMHERST COUNTY SERVICE AUTHORITY

Entity Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 63,622	\$ 63,622	\$ -	\$ 985,556	6.46 %
2016	78,020	78,020	-	989,800	7.88
2015	87,597	87,597	-	947,173	9.25

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

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

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
June 30, 2018

School Division Fiscal Year Ended June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.30 %	\$ 36,284,000	\$ 26,278,262	138.08 %	72.92 %
2017	0.31	43,362,000	23,505,345	184.48	68.28
2016	0.31	39,132,000	23,106,966	169.35	70.68
2015	0.32	38,334,000	24,876,103	154.10	70.88

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

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

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
June 30, 2018

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 3,604,742	\$ 3,604,742	\$ -	\$ 26,583,619	13.56 %
2017	3,304,277	3,304,277	-	26,278,262	12.57
2016	3,311,310	3,311,310	-	23,505,345	14.09
2015	3,233,120	3,233,120	-	23,106,966	13.99

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

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

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – AGENT PLAN
June 30, 2018

	<u>Plan Year 2017</u>
	<u>Primary Government</u>
	<u>VRS Health Insurance Credit General Employees</u>
Total OPEB Liability	
Service cost	\$ 4,050
Interest on total OPEB liability	12,056
Changes in assumptions	(4,960)
Benefit payments	(10,148)
	<u>998</u>
Net change in total OPEB liability	998
Total OPEB liability – beginning	<u>177,304</u>
Total OPEB liability – ending	<u>178,302</u>
Plan Fiduciary Net Position	
Contributions – employer	8,839
Net investment income	12,748
Benefit payments	(10,148)
Administrative expenses	(204)
Other	650
	<u>11,885</u>
Net change in plan fiduciary net position	11,885
Plan fiduciary net position – beginning	<u>111,179</u>
Plan fiduciary net position – ending	<u>123,064</u>
Net OPEB liability – ending	<u><u>\$ 55,238</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	<u><u>69%</u></u>
Covered payroll	<u><u>\$ 8,026,035</u></u>
Net OPEB liability as a percentage of covered payroll	<u><u>1%</u></u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – AGENT PLAN
June 30, 2018

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit – General Employees					
2018	\$ 20,686	\$ 20,686	\$ -	\$ 8,631,987	0.24 %

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

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

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – COST SHARING PLANS
June 30, 2018

Entity Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Health Insurance Credit – Teachers					
2018	0.2934 %	\$ 3,722,000	\$ 26,278,262	14.16 %	7.04 %
Virginia Retirement System – Group Life Insurance – General Employees					
2018	0.0438	659,000	8,026,035	8.21	48.86
Virginia Retirement System – Group Life Insurance – General School Employees					
2018	0.0132	198,000	2,652,660	7.46	48.86
Virginia Retirement System – Group Life Insurance – Teachers					
2018	0.1256	1,889,000	26,278,262	7.19	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – COST SHARING PLANS
June 30, 2018

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Health Insurance Credit – Teachers					
2018	\$ 278,378	\$ 278,378	\$ -	\$ 26,583,619	1.05 %
Virginia Retirement System – Group Life Insurance – General Employees					
2018	45,416	45,416	-	8,631,987	0.53
Virginia Retirement System – Group Life Insurance – General School Employees					
2018	13,960	13,960	-	2,904,472	0.48
Virginia Retirement System – Group Life Insurance – Teachers					
2018	120,045	120,045	-	26,583,619	0.45

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

COUNTY OF AMHERST, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2018

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 –Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

(Continued)

COUNTY OF AMHERST, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%
- Applicable to: Pension and GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

Teacher cost-sharing pool

- Update mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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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, 2018

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 11,532	\$ 40,993	\$ 52,525
Total assets	<u>\$ 11,532</u>	<u>\$ 40,993</u>	<u>\$ 52,525</u>
LIABILITIES			
Amounts held for others	\$ 11,532	\$ 40,993	\$ 52,525
Total liabilities	<u>\$ 11,532</u>	<u>\$ 40,993</u>	<u>\$ 52,525</u>

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
Special Welfare Fund				
ASSETS				
Cash and investments	\$ 12,152	\$ 70,343	\$ 70,963	\$ 11,532
Total assets	<u>\$ 12,152</u>	<u>\$ 70,343</u>	<u>\$ 70,963</u>	<u>\$ 11,532</u>
LIABILITIES				
Amounts held for others	\$ 12,152	\$ 70,343	\$ 70,963	\$ 11,532
Total liabilities	<u>\$ 12,152</u>	<u>\$ 70,343</u>	<u>\$ 70,963</u>	<u>\$ 11,532</u>
Forfeited Assets				
ASSETS				
Cash and investments	\$ 87,826	\$ 18,356	\$ 65,189	\$ 40,993
Total assets	<u>\$ 87,826</u>	<u>\$ 18,356</u>	<u>\$ 65,189</u>	<u>\$ 40,993</u>
LIABILITIES				
Amounts held for others	\$ 87,826	\$ 18,356	\$ 65,189	\$ 40,993
Total liabilities	<u>\$ 87,826</u>	<u>\$ 18,356</u>	<u>\$ 65,189</u>	<u>\$ 40,993</u>
Totals – All Agency Funds				
ASSETS				
Cash and investments	\$ 99,978	\$ 88,699	\$ 136,152	\$ 52,525
Total assets	<u>\$ 99,978</u>	<u>\$ 88,699</u>	<u>\$ 136,152</u>	<u>\$ 52,525</u>
LIABILITIES				
Amounts held for others	\$ 99,978	\$ 88,699	\$ 136,152	\$ 52,525
Total liabilities	<u>\$ 99,978</u>	<u>\$ 88,699</u>	<u>\$ 136,152</u>	<u>\$ 52,525</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, 2018

	School Operating	School Cafeteria	School Textbook	School Construction	Total
ASSETS					
Cash and investments	\$ -	\$ 919,458	\$ 970,074	\$ 374,121	\$ 2,263,653
Accounts receivable, net	189,731	-	-	-	189,731
Due from primary government	3,506,944	-	-	-	3,506,944
Due from other governmental units	1,701,664	-	-	-	1,701,664
Prepaid items	104,144	-	-	-	104,144
Total assets	<u>\$ 5,502,483</u>	<u>\$ 919,458</u>	<u>\$ 970,074</u>	<u>\$ 374,121</u>	<u>\$ 7,766,136</u>
LIABILITIES					
Accounts payable	\$ 211,480	\$ 6,333	\$ -	\$ -	\$ 217,813
Accrued liabilities	5,015,448	298,784	-	1,722	5,315,954
Total liabilities	<u>5,226,928</u>	<u>305,117</u>	<u>-</u>	<u>1,722</u>	<u>5,533,767</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	275,555	-	-	-	275,555
FUND BALANCES					
Nonspendable	104,144	-	-	-	104,144
Assigned	-	614,341	970,074	372,399	1,956,814
Unassigned	(104,144)	-	-	-	(104,144)
Total fund balances	<u>-</u>	<u>614,341</u>	<u>970,074</u>	<u>372,399</u>	<u>1,956,814</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,502,483</u>	<u>\$ 919,458</u>	<u>\$ 970,074</u>	<u>\$ 374,121</u>	<u>\$ 7,766,136</u>

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

Total fund balances – governmental funds	\$ 1,956,814
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,879,733
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	275,555
Financial statement elements related to pension and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to:	
Pensions	4,266,367
Other postemployment benefits	412,383
Deferred inflows related to:	
Pensions	(6,374,505)
Other postemployment benefits	(545,000)
Net pension asset	1,146,667
Net pension liability	(36,284,000)
Net other postemployment benefit liability	(5,809,000)
	(43,187,088)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(603,153)
Net position of governmental activities	<u><u>\$ (23,678,139)</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, 2018**

	<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	\$ 4,986	\$ -	\$ 200,082	\$ 20,663	\$ 225,731
Charges for services	224,539	690,899	-	-	915,438
Miscellaneous	170,459	-	-	-	170,459
Recovered costs	516,370	-	-	-	516,370
Intergovernmental revenues:					
County contribution	13,873,370	-	-	570,000	14,443,370
Commonwealth	26,303,845	1,040	-	-	26,304,885
Federal	2,617,247	1,454,411	-	-	4,071,658
Total revenues	<u>43,710,816</u>	<u>2,146,350</u>	<u>200,082</u>	<u>590,663</u>	<u>46,647,911</u>
EXPENDITURES					
Education	<u>43,710,816</u>	<u>2,140,213</u>	<u>-</u>	<u>740,347</u>	<u>46,591,376</u>
Total expenditures	<u>43,710,816</u>	<u>2,140,213</u>	<u>-</u>	<u>740,347</u>	<u>46,591,376</u>
Net change in fund balances	<u>-</u>	<u>6,137</u>	<u>200,082</u>	<u>(149,684)</u>	<u>56,535</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>608,204</u>	<u>769,992</u>	<u>522,083</u>	<u>1,900,279</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 614,341</u>	<u>\$ 970,074</u>	<u>\$ 372,399</u>	<u>\$ 1,956,814</u>

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

Net change in fund balances – total governmental funds \$ 56,535

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	\$ 802,426	
Depreciation expense	(1,454,460)	
Capital asset impairment	(496,737)	
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>684,670</u>	(464,101)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 275,555

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

Employer pension contributions	3,688,485	
Pension expense	<u>(2,032,352)</u>	1,656,133

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

Employer other postemployment benefit contributions	412,383	
Other postemployment benefit expense	<u>(283,112)</u>	129,271

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>47,310</u>
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Change in net position of governmental activities		<u>\$ 1,700,703</u>
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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2018**

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EXHIBIT 27

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		
\$ -	\$ -	\$ 200,082	\$ 200,082	\$ -	\$ -	\$ 20,663	\$ 20,663
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	876,843	570,000	(306,843)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	200,082	200,082	-	876,843	590,663	(286,180)
-	-	-	-	-	876,843	740,347	136,496
-	-	-	-	-	876,843	740,347	136,496
-	-	-	-	-	-	-	-
-	-	200,082	200,082	-	-	(149,684)	(149,684)
\$ -	\$ -	\$ 200,082	\$ 200,082	\$ -	\$ -	\$ (149,684)	\$ (149,684)

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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, 2018**

	Enterprise Fund
	<hr/>
ASSETS	
Current assets:	
Cash and investments	\$ 388,888
	<hr/>
Noncurrent assets	
Capital assets:	
Nondepreciable	492,258
Depreciable, net	433,371
	<hr/>
Total noncurrent assets	925,629
	<hr/>
Total assets	1,314,517
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	13,739
Accrued wages	989
Security deposits	3,250
Current portion of notes payable	39,102
	<hr/>
Total current liabilities	57,080
Noncurrent liabilities:	
Notes payable, net of current portion	770,680
	<hr/>
Total liabilities	827,760
	<hr/>
NET POSITION	
Net investment in capital assets	783,085
Unrestricted	(296,328)
	<hr/>
Total net position	\$ 486,757
	<hr/>

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, 2018

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Rents	\$ 189,715
OPERATING EXPENSES	
Salaries and benefits	103,209
Contractual services	53,404
Depreciation expense	14,445
Facilities costs	107,967
Other operating costs	31,366
Total operating expenses	310,391
Operating loss	(120,676)
NONOPERATING REVENUES (EXPENSES)	
Contributions from Amherst County	393,691
Other income	21,938
Interest expense	(37,138)
Net nonoperating revenues	378,491
Change in net position	257,815
NET POSITION JULY 1	228,942
NET POSITION JUNE 30	\$ 486,757

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2018**

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts from grantors and customers	\$ 90,679
Payments to employees	(103,104)
Payments to grantees and suppliers	(199,408)
	<hr/>
Net cash used in operating activities	(211,833)
NONCAPITAL FINANCING ACTIVITIES	
Contributions from Amherst County	393,691
Other receipts	21,938
	<hr/>
Net cash provided by noncapital financing activities	415,629
CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on long-term debt	(37,109)
Purchase of capital assets	(177,774)
Interest paid on long-term debt	(37,138)
	<hr/>
Net cash used in capital and related financing activities	(252,021)
Net decrease in cash and cash equivalents	(48,225)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	437,113
	<hr/>
Ending at June 30	\$ 388,888
	<hr/>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (120,676)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	14,445
Change in assets and liabilities:	
Decrease in accounts payable	(6,671)
Decrease in unearned revenue	(99,036)
Increase in accrued wages	105
	<hr/>
Net cash used in operating activities	\$ (211,833)
	<hr/>

SUPPORTING SCHEDULES

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,200,000	\$ 14,200,000	\$ 14,143,819	\$ (56,181)
Real and personal public service corporation property taxes	760,000	760,000	775,430	15,430
Personal property taxes	5,825,000	5,825,000	6,088,527	263,527
Mobile home taxes	50,000	50,000	60,934	10,934
Machinery and tools taxes	2,100,000	2,100,000	2,308,209	208,209
Merchant's capital	300,000	300,000	309,008	9,008
Penalties	150,000	150,000	230,988	80,988
Interest	125,000	125,000	135,877	10,877
Total general property taxes	23,510,000	23,510,000	24,052,792	542,792
Other local taxes:				
Local sales and use taxes	2,600,000	2,600,000	2,673,687	73,687
Consumers' utility taxes	2,015,000	2,015,000	1,993,630	(21,370)
Business license taxes	380,000	380,000	363,799	(16,201)
Bank stock taxes	91,000	91,000	114,764	23,764
Motor vehicle licenses	725,000	725,000	751,844	26,844
Taxes on recordation and wills	190,000	190,000	226,675	36,675
Lodging taxes	80,000	80,000	64,489	(15,511)
Meals tax	1,000,000	1,000,000	979,160	(20,840)
Total other local taxes	7,081,000	7,081,000	7,168,048	87,048
Permits, privilege fees, and regulatory licenses:				
Animal licenses	13,000	13,000	11,748	(1,252)
Building and related permits	115,000	115,000	167,594	52,594
Permits and other licenses	41,000	41,000	42,729	1,729
Total permits, privilege fees, and regulatory licenses	169,000	169,000	222,071	53,071
Fines and Forfeitures:				
Court fines and forfeitures	-	457,157	530,585	73,428
Total fines and forfeitures	-	457,157	530,585	73,428
Revenue from use of money and property:				
Revenue from use of money	32,000	32,000	44,284	12,284
Revenue from use of property	82,547	82,547	103,009	20,462
Total revenue from use of money and property	114,547	114,547	147,293	32,746
Charges for services:				
Sheriff's fees	2,199	2,199	2,199	-
Collection fees – taxes and liens	144,728	144,728	186,365	41,637
Commonwealth attorney fees	3,000	3,000	3,220	220
Courthouse security fees	85,000	85,000	95,720	10,720
Jail processing fees	4,000	4,000	2,985	(1,015)
Charges for parks and recreation	50,000	50,000	36,888	(13,112)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	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	\$ 23,500	\$ 23,500	\$ 21,840	\$ (1,660)
Emergency medical service fees	1,062,000	1,062,000	982,350	(79,650)
Telecommunication charges	-	-	84,328	84,328
Warehouse charges	-	-	11,598	11,598
Other charges for services	15,650	56,900	16,208	(40,692)
Total charges for services	1,390,077	1,431,327	1,443,701	12,374
Miscellaneous revenue:				
Miscellaneous	126,701	299,014	573,177	274,163
Total miscellaneous revenue	126,701	299,014	573,177	274,163
Recovered costs:				
Share of judge's expenses	20,000	20,000	25,964	5,964
Social services	8,000	14,567	13,122	(1,445)
CSA recoveries	-	-	61,011	61,011
Public safety	147,400	170,054	141,988	(28,066)
Miscellaneous recoveries	23,450	38,680	64,059	25,379
Total recovered costs	198,850	243,301	306,144	62,843
Total revenue from local sources	32,590,175	33,305,346	34,443,811	1,138,465
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	80,000	80,000	75,418	(4,582)
Mobile home titling taxes	30,000	30,000	28,338	(1,662)
Auto rental tax	23,000	23,000	30,167	7,167
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	50,000	50,000	68,544	18,544
Total noncategorical aid	2,382,018	2,382,018	2,401,485	19,467
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	380,000	394,150	408,766	14,616
Sheriff	1,615,000	1,624,779	1,578,402	(46,377)
Commissioner of the Revenue	100,000	106,325	105,756	(569)
Treasurer	110,000	110,000	110,414	414
Registrar/electoral board	40,000	40,000	42,320	2,320
Clerk of the Circuit Court	310,000	310,000	288,459	(21,541)
Total shared expenses	2,555,000	2,585,254	2,534,117	(51,137)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 1,100,000	\$ 1,300,730	\$ 646,317	\$ (654,413)
Health department	-	-	32,753	32,753
Library grant	150,000	150,000	150,157	157
Fire program	96,000	98,750	198,452	99,702
EMS – 4 for life	32,000	32,000	32,202	202
Juvenile justice – crime control	35,000	35,000	4,043	(30,957)
Emergency management grant	-	-	-	-
Victim witness	100,000	100,000	96,978	(3,022)
Juror reimbursement	8,000	8,000	1,260	(6,740)
Comprehensive services	9,098	9,098	1,089,159	1,080,061
Rescue squad assistance fund	-	-	106,994	106,994
Miscellaneous	15,000	197,674	203,800	6,126
Total other categorical aid	1,545,098	1,931,252	2,562,115	630,863
Total categorical aid	4,100,098	4,516,506	5,096,232	579,726
Total revenue from the Commonwealth	6,482,116	6,898,524	7,497,717	599,193
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	129,747	129,747
Categorical aid:				
Public assistance and welfare	911,758	911,758	1,357,282	445,524
Total categorical aid	911,758	911,758	1,357,282	445,524
Total revenue from the Federal Government	911,758	911,758	1,487,029	575,271
Total General Fund	39,984,049	41,115,628	43,428,557	2,312,929
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Recreation trips	-	-	39,344	39,344
Landfill operations	332,500	332,500	459,987	127,487
Other charges for services	-	-	198	198
Total charges for services	332,500	332,500	499,529	167,029
Miscellaneous revenue:				
Dare donations	\$ -	\$ -	\$ 27,160	\$ 27,160
Miscellaneous	-	302,501	32,209	(270,292)
Total miscellaneous revenue	-	302,501	59,369	(243,132)
Total revenue from local sources	332,500	635,001	558,898	(76,103)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	\$ -	\$ -	\$ 81,166	\$ 81,166
Litter control	11,000	11,000	10,466	(534)
Other state revenues	6,000	6,000	747	(5,253)
Total revenue from the Commonwealth	17,000	17,000	92,379	75,379
Revenue from the Federal Government:				
Categorical aid:				
Highway planning and construction	-	-	352,296	352,296
DMV grants	-	40,826	59,364	18,538
Total revenue from the Federal Government	-	40,826	411,660	370,834
Total Special Revenue Fund	349,500	692,827	1,062,937	370,110
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	194,139	194,139
Total Capital Projects Fund	-	-	194,139	194,139
Total Revenues – Primary Government	\$ 40,333,549	\$ 41,808,455	\$ 44,685,633	\$ 2,877,178
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 4,986	\$ 4,986
Charges for services:				
Tuition	11,500	74,500	117,512	43,012
Textbook Sales	336,000	336,000	-	(336,000)
Transportation	-	15,000	22,088	7,088
Other	2,000	2,000	84,939	82,939
Total charges for services	349,500	427,500	224,539	(202,961)
Miscellaneous revenue:				
Miscellaneous	117,927	119,927	170,459	50,532
Recovered costs:				
Recovered costs	665,952	665,952	516,370	(149,582)
Total revenue from local sources	1,133,379	1,213,379	916,354	(297,025)
Intergovernmental revenue:				
County contribution to School Board	14,154,089	14,154,089	13,873,370	(280,719)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,947,105	\$ 4,947,105	\$ 4,677,503	\$ (269,602)
Basic school aid	12,108,233	12,108,233	12,012,109	(96,124)
Special ed SOQ	1,768,663	1,768,663	1,755,634	(13,029)
Remedial education	500,363	500,363	496,677	(3,686)
Technology	310,000	310,000	267,725	(42,275)
Lottery	733,473	733,473	728,734	(4,739)
Primary class size	576,912	576,912	536,158	(40,754)
Fringe benefits	2,654,333	2,654,333	2,634,779	(19,554)
Textbooks	293,743	293,743	291,579	(2,164)
Preschool	302,879	302,879	302,879	-
Gifted and talented	128,435	128,435	127,489	(946)
At-risk	446,379	446,379	454,824	8,445
Regional program	765,051	765,051	771,606	6,555
Vocational education SOQ	294,331	294,331	292,163	(2,168)
Salary Supplement	127,715	127,715	126,765	(950)
Adult Basic Education Regionalization	-	-	90,685	90,685
Other state funds	488,627	565,720	736,536	170,816
Total categorical aid	26,446,242	26,523,335	26,303,845	(219,490)
Total revenue from the Commonwealth	26,446,242	26,523,335	26,303,845	(219,490)
Revenue from the Federal Government:				
Non-categorical				
Federal land use	70,000	70,000	69,982	(18)
Categorical aid:				
Preschool handicap	19,916	19,916	17,952	(1,964)
Adult basic aid	544,904	544,904	325,901	(219,003)
Title I	981,196	981,196	923,283	(57,913)
Title II	172,000	172,000	169,181	(2,819)
Title VI-B special education	1,104,934	1,104,934	1,032,770	(72,164)
Vocational education	78,600	78,600	78,178	(422)
Other education	86,777	86,777	-	(86,777)
Total categorical aid	2,988,327	2,988,327	2,547,265	(441,062)
Total revenue from the Federal Government	3,058,327	3,058,327	2,617,247	(441,080)
Total School Operating Fund	44,792,037	44,949,130	43,710,816	(1,238,314)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	748,257	748,257	690,899	(57,358)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	92,000	92,000	1,040	(90,960)
Revenue from the Federal Government:				
Categorical aid:				
School food	1,374,377	1,374,377	1,454,411	80,034
Total School Cafeteria Fund	2,214,634	2,214,634	2,146,350	(68,284)

(Continued)

SCHEDULE 1

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF REVENUES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 200,082	\$ 200,082
Total School Textbook Fund	-	-	200,082	200,082
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	20,663	20,663
Total revenue from use of money and property	-	-	20,663	20,663
Intergovernmental revenue:				
County contribution to School Board	-	876,843	570,000	(306,843)
Total School Construction Fund	-	876,843	590,663	(286,180)
Total Revenues – Component Unit – School Board	\$ 47,006,671	\$ 48,040,607	\$ 46,647,911	\$ (1,392,696)

COUNTY OF AMHERST, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 199,346	\$ 179,853	\$ 171,452	\$ 8,401
General and financial administration:				
County administrator	265,828	285,271	279,345	5,926
Commissioner of the revenue	343,078	351,205	328,260	22,945
Treasurer	417,520	445,118	442,042	3,076
Central accounting	275,105	280,429	276,446	3,983
Purchasing	179,703	182,752	181,230	1,522
County attorney	175,807	175,268	169,666	5,602
Information technology	360,078	371,801	370,171	1,630
Human resources	86,930	117,269	91,458	25,811
Total general and financial administration	2,104,049	2,209,113	2,138,618	70,495
Board of Elections/Registrar:				
Electoral board and officials and registrar	199,768	203,171	179,319	23,852
Total general government administration	2,503,163	2,592,137	2,489,389	102,748
Judicial administration:				
Courts:				
Circuit court	77,569	134,744	94,484	40,260
General district court	13,968	14,268	14,062	206
Magistrate	490	490	194	296
Juvenile and domestic relations court	17,480	32,424	30,085	2,339
Clerk of the circuit court	458,018	480,007	461,887	18,120
Jurors	6,000	6,000	1,830	4,170
VJCCCA	73,301	49,921	11,599	38,322
Total courts	646,826	717,854	614,141	103,713
Commonwealth's attorney:				
Commonwealth's attorney	575,685	619,021	607,859	11,162
Victim advocate grant	116,581	116,238	114,579	1,659
Total commonwealth's attorney	692,266	735,259	722,438	12,821
Total judicial administration	1,339,092	1,453,113	1,336,579	116,534
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,911,393	4,552,352	4,484,701	67,651
Total law enforcement and traffic control	3,911,393	4,552,352	4,484,701	67,651
Fire and rescue services:				
Volunteer emergency services	303,644	605,759	549,682	56,077
Volunteer rescue services	224,064	240,064	185,837	54,227
Emergency medical services	1,894,779	2,019,409	1,971,638	47,771
Emergency service council	279,442	149,442	136,579	12,863
Total fire and rescue services	2,701,929	3,014,674	2,843,736	170,938

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	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	\$ 1,400,000	\$ 1,400,000	\$ 1,371,407	\$ 28,593
Inspections:				
Building	209,400	214,619	211,027	3,592
Other protection:				
Animal control	132,731	138,859	137,513	1,346
Animal Shelter	155,485	178,732	177,114	1,618
Emergency services	784,490	860,949	828,987	31,962
Communications dispatch	843,313	1,330,551	1,069,370	261,181
Other public safety	146,500	157,627	157,421	206
Total other protection	2,062,519	2,666,718	2,370,405	296,313
Total public safety	10,285,241	11,848,363	11,281,276	567,087
Public works:				
Maintenance of general buildings and grounds:				
General properties	902,820	1,291,764	1,106,593	185,171
Health and welfare:				
Health:				
Supplement of local health department	239,493	239,493	239,493	-
Mental health and mental retardation:				
Community services board	100,948	100,948	100,948	-
Welfare:				
Welfare administration	2,170,766	2,312,055	2,144,520	167,535
Public assistance	410,867	477,372	457,420	19,952
County contributions	254,988	256,873	256,873	-
Comprehensive services	522,653	522,597	1,283,964	(761,367)
Tax relief for the elderly	240,000	240,000	242,112	(2,112)
Total welfare	3,599,274	3,808,897	4,384,889	(575,992)
Total health and welfare	3,939,715	4,149,338	4,725,330	(575,992)
Education:				
Contributions to community colleges	6,748	6,748	5,965	783
County contribution to School Board	14,209,335	14,724,089	14,443,370	280,719
Total education	14,216,083	14,730,837	14,449,335	281,502

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	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	\$ 353,778	\$ 620,624	\$ 434,443	\$ 186,181
Library:				
Library	778,678	773,838	745,115	28,723
Museum	52,818	55,743	55,575	168
Total library	831,496	829,581	800,690	28,891
Total parks, recreation, and cultural	1,185,274	1,450,205	1,235,133	215,072
Community development:				
Planning and community development:				
Planning	282,725	313,836	286,948	26,888
Planning commission	24,209	24,209	23,691	518
Zoning board	3,160	3,160	844	2,316
Central Virginia planning	18,417	18,417	18,416	1
EDA board	4,526	4,526	3,607	919
Contribution to EDA	393,691	393,691	393,691	-
Tourism	43,080	84,110	75,712	8,398
County fair	-	100,000	4,835	95,165
Community development projects	271,060	501,784	501,776	8
Total planning and community development	1,040,868	1,443,733	1,309,520	134,213
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	86,537	86,537	85,368	1,169
Total community development	1,135,905	1,538,770	1,403,388	135,382
Non-Departmental:				
Non-departmental:				
Insurance	62,000	66,330	66,330	-
Line of duty	42,000	68,696	68,696	-
Other	1,345,017	340,736	58,475	282,261
Total non-departmental	1,449,017	475,762	193,501	282,261
Debt service:				
Principal retirement	1,263,515	1,922,423	1,854,808	67,615
Interest and fiscal charges	1,611,670	945,763	1,002,878	(57,115)
Bond issuance costs	-	5,250	5,250	-
Total debt service	2,875,185	2,873,436	2,862,936	10,500
Total General Fund	39,831,495	42,403,725	41,083,460	1,320,265

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

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

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2018

	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	\$ 2	\$ 23,658	\$ 31,320	\$ (7,662)
DARE program	-	-	49,104	(49,104)
Total public safety	2	23,658	80,424	(56,766)
Public works:				
Sanitation and waste removal:				
Solid waste	1,613,305	1,996,662	1,883,505	113,157
Total public works	1,613,305	1,996,662	1,883,505	113,157
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	2,001	53,333	(51,332)
Cultural				
Miscellaneous grants	-	15,170	14,210	960
Total parks, recreation, and cultural	-	17,171	67,543	(50,372)
Community development:				
Planning and community development:				
CDBG project – stump hill	-	-	23,335	(23,335)
Total community development	-	-	23,335	(23,335)
Debt service:				
Principal retirement	-	-	42,304	(42,304)
Interest and fiscal charges	-	-	7,683	(7,683)
Total debt service	-	-	49,987	(49,987)
Total Special Revenue Funds	1,613,307	2,037,491	2,104,794	(67,303)
Capital Projects Fund:				
Public works:				
General construction projects	-	461,801	8,872,209	(8,410,408)
Total Capital Projects Fund	-	461,801	8,872,209	(8,410,408)
Total Expenditures – Primary Government	\$ 41,444,802	\$ 44,903,017	\$ 52,060,463	\$ (7,157,446)
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,583,083	\$ 34,661,083	\$ 33,609,963	\$ 1,051,120
Administration, attendance, and health	2,037,516	2,099,609	2,020,304	79,305
Pupil transportation services	2,806,006	3,023,006	2,987,720	35,286
Operation and maintenance services	4,013,389	3,813,389	3,775,579	37,810
Technology	1,352,043	1,352,043	1,317,250	34,793
Total School Operating Fund	44,792,037	44,949,130	43,710,816	1,238,314

(Continued)

SCHEDULE 2

COUNTY OF AMHERST, VIRGINIA

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

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2018**

	Budget Amounts			Variance From Final Budget Positive (Negative)
	Original	Final	Actual	
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,214,634	\$ 2,214,634	\$ 2,140,213	\$ 74,421
 School Construction Fund:				
Education:				
Capital projects	-	876,843	740,347	136,496
 Total Expenditures – Component Unit – School Board	\$ 47,006,671	\$ 48,040,607	\$ 46,591,376	\$ 1,449,231

OTHER INFORMATION SECTION

TABLE 1

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Interest on Debt	Water and Sewer	Total
2009	\$ 1,845,246	\$ 1,382,588	\$ 9,754,820	\$ 1,992,168	\$ 5,107,006	\$ 10,643,924	\$ 1,273,589	\$ 1,957,203	\$ 1,677,976	\$ 3,189,616	\$ 38,824,136
2010	1,669,782	1,350,102	8,974,042	3,739,973	4,444,208	12,899,817	1,245,055	490,425	1,196,863	3,408,338	39,418,605
2011	1,690,623	1,356,685	8,756,354	2,141,153	4,147,244	13,208,833	1,072,529	667,805	1,387,309	3,409,473	37,838,008
2012	1,767,430	1,287,304	10,077,086	1,861,116	4,081,753	13,701,208	1,105,089	168,682	1,141,516	3,341,373	38,532,557
2013	2,267,593	1,260,079	10,699,839	4,801,185	4,564,438	13,412,266	420,238	597,117	1,064,766	3,718,640	42,806,161
2014	2,310,834	1,252,945	12,337,529	3,292,690	3,813,066	15,473,905	1,655,635	1,872,726	684,512	3,770,700	46,464,542
2015	2,297,022	1,269,372	10,575,623	3,326,923	3,818,367	14,418,116	1,555,006	1,375,216	688,554	3,819,278	43,143,477
2016	2,252,063	1,279,439	10,108,631	3,380,591	4,133,175	15,663,137	1,221,157	655,103	600,798	3,792,350	43,086,444
2017	2,769,062	1,295,433	10,908,850	3,074,740	4,572,841	15,813,456	1,232,390	1,247,749	1,458,621	3,810,554	46,183,696
2018	2,715,342	1,349,155	11,362,549	3,471,751	4,676,817	15,378,025	1,091,043	1,427,839	1,040,351	4,066,492	46,579,364

TABLE 2

COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	Total
2009	\$ 4,869,759	\$ 7,857,167	\$ 1,111,255	\$ 19,187,260	\$ 7,151,819	\$ 2,424,258	\$ 899,854	\$ 352,807	\$ 43,854,179
2010	5,178,969	7,174,916	1,904,889	18,945,245	5,420,027	3,632,335	488,571	380,687	43,125,639
2011	5,406,509	6,632,662	1,373,108	19,578,113	5,165,046	3,765,269	465,955	312,852	42,699,514
2012	5,404,275	6,682,107	146,894	20,436,547	5,171,164	3,625,924	330,555	143,760	41,941,226
2013	5,786,955	5,103,339	1,007,534	20,047,980	5,490,027	3,854,695	336,447	353,607	41,980,584
2014	5,703,356	6,301,493	1,986,253	21,099,556	6,847,214	2,451,644	103,384	179,001	44,671,901
2015	6,338,102	5,487,075	417,869	21,721,228	6,848,592	2,435,205	177,154	189,654	43,614,879
2016	6,820,048	5,603,239	398,248	21,990,825	7,021,941	2,467,038	124,223	141,268	44,566,830
2017	6,906,027	6,114,114	527,439	23,786,506	7,107,816	2,413,980	234,641	328,698	47,419,221
2018	7,031,180	6,328,886	-	24,038,201	7,168,048	2,561,106	341,432	576,546	48,045,399

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
2009	\$ 18,974,212	\$ 7,151,819	\$ 200,835	\$ 274,117	\$ 803,309	\$ 3,209,688	\$ 943,554	\$ 257,907	\$ 45,536,631	\$ 77,352,072
2010	18,579,009	5,420,027	197,282	442,051	484,685	2,881,950	641,153	200,857	44,102,004	72,949,018
2011	19,609,216	5,165,046	147,832	467,564	664,694	2,616,552	764,380	451,593	41,025,200	70,912,077
2012	20,325,759	5,171,164	167,088	554,292	337,609	2,430,066	962,279	230,478	42,229,309	72,408,044
2013	20,192,306	5,490,027	178,669	626,244	356,574	3,272,242	1,099,117	197,554	38,819,135	70,231,868
2014	21,519,385	6,847,214	183,707	510,928	345,948	3,135,838	321,053	1,062,477	37,986,613	71,913,163
2015	21,700,594	6,848,592	153,827	443,406	374,454	2,920,001	292,097	1,166,486	39,340,868	73,240,325
2016	21,919,213	7,021,941	166,321	278,583	301,536	2,973,236	321,780	1,107,912	38,383,212	72,473,734
2017	23,735,333	7,107,816	239,820	469,572	461,042	2,761,065	802,394	980,145	39,009,863	75,567,050
2018	24,052,792	7,168,048	222,071	530,585	756,878	2,858,668	824,943	822,514	39,865,328	77,101,827

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

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

TABLE 4

COUNTY OF AMHERST, VIRGINIA

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education ⁽²⁾	Recreation and Cultural	Community Development ⁽²⁾	Non- developmental	Capital Projects	Debt Service	Total
2009	\$ 1,911,715	\$ 1,287,362	\$ 9,518,249	\$ 4,237,721	\$ 5,076,383	\$ 47,521,928	\$ 1,300,894	\$ 1,952,125	\$ -	\$ 1,702,037	\$ 5,050,203	\$ 79,558,617
2010	1,752,085	1,287,963	9,451,528	3,688,457	4,544,073	45,637,598	1,190,048	731,934	-	303,517	4,811,679	73,398,882
2011	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	43,786,226	1,048,365	636,539	-	-	4,663,468	68,505,340
2012	1,832,094	1,210,565	9,858,074	2,338,924	4,170,975	45,135,290	1,078,219	705,600	-	-	3,528,109	69,857,850
2013	2,243,747	1,191,970	10,249,829	2,683,550	4,602,056	44,630,715	1,232,773	565,851	-	-	3,257,314	70,657,805
2014	2,180,893	1,161,835	12,139,969	3,248,502	3,826,389	45,901,389	1,538,316	1,746,524	89,924	2,609,326	2,476,387	76,919,454
2015	2,220,308	1,234,131	10,753,707	2,887,296	3,876,099	45,490,573	1,491,094	1,116,624	99,190	472,615	2,478,022	72,119,659
2016	2,470,122	1,234,688	10,994,314	2,786,914	4,253,852	46,113,110	1,313,819	1,022,438	136,625	2,747,028	2,407,984	75,480,894
2017	2,591,426	1,239,942	11,928,485	2,646,505	4,615,919	46,961,515	1,593,137	1,228,419	114,247	12,425,601	2,961,192	88,306,388
2018	2,489,389	1,336,579	11,361,700	2,990,098	4,725,330	46,597,341	1,302,676	1,380,561	193,501	8,872,209	2,912,923	84,162,307

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

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

TABLE 5

COUNTY OF AMHERST, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total
2009	\$ 1,531,146,400	\$ 195,089,255	\$ 15,776,190	\$ 81,796,911	\$ 8,025,820	\$ 95,323,143	\$ 1,927,157,719
2010	2,324,219,300	206,267,750	12,346,600	82,343,504	7,598,061	103,341,541	2,736,116,756
2011	2,621,264,200	205,608,421	12,311,200	84,420,400	7,085,055	98,586,596	3,029,275,872
2012	2,638,619,100	210,902,741	12,320,000	83,786,106	6,379,989	99,488,417	3,051,496,353
2013	2,380,975,900	220,204,158	12,576,500	84,984,166	6,473,300	107,140,300	2,812,354,324
2014	2,399,856,100	222,483,401	12,573,000	88,407,275	6,943,910	108,863,554	2,839,127,240
2015	2,322,802,000	221,807,920	12,478,000	91,682,335	7,195,285	110,708,512	2,766,674,052
2016	2,328,617,800	228,367,429	10,230,500	102,058,311	7,959,415	118,573,643	2,795,807,098
2017	2,336,518,000	238,821,725	10,392,150	109,064,626	6,792,875	126,915,081	2,828,504,457
2018	2,351,114,100	210,829,645	10,288,050	112,531,721	7,323,560	126,915,081	2,819,002,157

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
2009	\$ 0.52	\$ 3.25	\$ 0.52	\$ 2.00	\$ 3.95
2010	0.52	3.25	0.52	2.00	3.95
2011	0.52	3.25	0.52	2.00	3.95
2012	0.52	3.25	0.52	2.00	3.95
2013	0.54	3.25	0.52	2.00	3.95
2014	0.54	3.45	0.54	2.00	3.95
2015	0.56	3.45	0.56	2.00	3.95
2016	0.61	3.45	0.61	2.00	3.95
2017	0.61	3.45	0.61	2.00	3.95
2018	0.61	3.45	0.61	2.00	3.95

TABLE 7

COUNTY OF AMHERST, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax Collections ⁽¹⁾	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes ^(1, 2)	Percent of Delinquent Taxes to Tax Levy
2009	\$ 21,130,560	\$ 20,430,145	96.69 %	\$ 388,499	\$ 20,818,644	98.52 %	\$ 829,090	3.92 %
2010	21,212,184	20,228,826	95.36	445,920	20,674,746	97.47	1,325,725	6.25
2011	21,458,839	20,679,986	96.37	730,120	21,410,106	99.77	1,541,182	7.18
2012	22,076,519	20,921,553	94.77	1,098,860	22,020,413	99.75	1,468,593	6.65
2013	22,856,724	21,564,459	94.35	505,693	22,070,152	96.56	1,136,956	4.97
2014	22,796,962	22,150,167	97.16	1,568,236	23,718,403	104.04	1,171,922	5.14
2015	23,299,349	22,195,862	95.26	1,703,750	23,899,612	102.58	991,033	4.25
2016	24,957,139	23,599,590	94.56	518,641	24,118,231	96.64	1,117,498	4.48
2017	25,005,330	24,166,916	96.65	1,631,312	25,798,228	103.17	1,200,017	4.80
2018	25,561,439	24,588,889	96.20	1,296,055	25,884,944	101.27	1,315,787	5.15

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Includes three years taxes.

TABLE 8

COUNTY OF AMHERST, VIRGINIA

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

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt ⁽³⁾	Less: Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009	31,894	\$ 1,927,157,719	\$ 31,407,157	\$ 3,785,000	\$ 27,622,157	1.63 %	\$ 866
2010	31,894	2,736,116,756	36,223,397	11,739,000	24,484,397	1.32	768
2011	31,894	3,029,275,872	33,097,273	11,566,000	21,531,273	1.09	675
2012	32,353	3,051,496,353	34,412,922	11,340,000	23,072,922	1.13	713
2013	32,353	2,812,354,324	30,690,078	9,730,000	20,960,078	1.09	648
2014	32,353	2,839,127,240	25,277,120	9,490,000	15,787,120	0.89	488
2015	32,353	2,766,674,052	23,329,381	9,240,000	14,089,381	0.84	435
2016	31,914	2,795,807,098	21,350,548	8,975,000	12,375,548	0.76	388
2017	31,914	2,828,504,457	23,798,456	8,695,000	15,103,456	0.84	473
2018	31,594	2,819,002,157	23,024,941	9,272,000	13,752,941	0.82	435

⁽¹⁾ Bureau of the Census.

⁽²⁾ From Table 5.

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

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COMPLIANCE SECTION

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

Honorable Members of Board of Supervisors
County of Amherst, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. **We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs at Items 2018-001 and 2018-002, that we consider to be significant deficiencies.**

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 2018-003 to 2018-006.**

County of Amherst, Virginia's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2018



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

Honorable Members of Board of Supervisors
County of Amherst, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Amherst, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Amherst, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 30, 2018

COUNTY OF AMHERST, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2018

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

STATE COMPLIANCE MATTERS

Code of Virginia

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

State Agency Requirements

- Education
- Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

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		\$ 6,723
Temporary Assistance to Needy Families (TANF)	93.558		218,673
Refugee and Entrant Assistance – Discretionary Grants	93.566		348
Low Income Home Energy Assistance	93.568		30,398
Child Care Mandatory and Matching funds of the			
Child Care and Development Fund	93.596		36,680
Child Welfare Services – State Grants	93.645		683
Foster Care – Title IV-E	93.658		205,087
Adoption Assistance	93.659		40,177
Social Services Block Grant	93.667		171,346
Chafee Foster Care Independence Program	93.674		1,780
Children’s Health Insurance Program	93.767		12,570
Medical Assistance Program	93.778		320,201
			<u>1,044,666</u>
Department of Housing and Urban Development:			
Pass through Payments:			
Virginia Department of Housing and Community Development			
Community Development Block Grants/State’s Program			
and Non-entitlement Grants	14.228		<u>7,180</u>
Department of Justice:			
Pass through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575		74,620
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>1,546</u>
			76,166
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Child and Adult Care Food Program (CACFP)	10.558		18,377
Fresh Fruit and Vegetable Program	10.582		33,202
Schools and Roads – Grants to States	10.665		69,982
Department of Education:			
Child Nutrition Cluster:			
Food Distribution – Schools	10.555	\$ 119,626	
School Breakfast Program	10.553	367,490	
National School Lunch Program	10.555	<u>934,504</u>	
Total Child Nutrition Cluster			1,421,620
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition			
Assistance Program	10.561		<u>312,616</u>
Total Department of Agriculture			<u>1,855,797</u>

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		\$ 13,015
Alcohol Open Container Requirements	20.607		13,230
Virginia Department of Transportation			
Highway Planning and Construction	20.205		-
Total Department of Transportation			<u>26,245</u>
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		325,901
Title I Grants to Local Educational Agencies	84.010		923,283
Special Education – Grants to States (Special Education Cluster)	84.027	\$ 1,032,770	
Special Education – Preschool Grants (Special Education Cluster)	84.173	<u>17,952</u>	
Total Special Education Cluster			1,050,722
Career and Technical Education: Basic grants to states	84.048		78,178
Advanced Placement Program	84.330		-
Improving Teacher Quality State Grants	84.367		<u>169,180</u>
Total Department of Education			<u>2,547,264</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,557,318</u></u>

NOTE 1 – BASIS OF PRESENTATION:

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

NOTE 2 – FOOD DISTRIBUTION:

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

NOTE 3 – DE MINIMIS INDIRECT COST RATE:

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

NOTE 4 – OUTSTANDING LOAN BALANCES:

At June 30, 2018, the County had no outstanding loan balances requiring continuing disclosure.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

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

<u>Name of Program:</u>	<u>CFDA #</u>
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Special Education – Grants to States (Special Education Cluster)	84.027
Special Education – Preschool Grants (Special Education Cluster)	84.173

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001: Segregation of Duties (Significant Deficiency)

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. We noted improvements in reconciliations on the County. We also noted that the Schools have hired an additional person to help with some tasks to help create some segregation.

(Continued)

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2018-001: Segregation of Duties (Significant Deficiency) (Continued)

Recommendation:

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

Management's Response:

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

2018-002: Segregation of Duties – Information Technology (Significant Deficiency)

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. However, we noted that IT personnel cannot enter payroll records or update the Payroll Interoffice communication program and process records. IT also is responsible for creating positive pay files remitted to the bank and uploading direct deposit information for paychecks. We also noted there are system logs IT cannot modify hat log change made in the system and who made those changes.

Recommendation:

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

Management's Response:

IT will be moving the process for positive pay files to the Treasurer's office during fiscal year 2019. Also, check stock is maintained in a locked cabinet within the Finance department now. Check stock is taken to IT when it is time to print checks.

(Continued)

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2018-003: Budget Appropriations

Condition:

Expenditures exceeded budgeted appropriations in the Comprehensive Services Act department in the General Fund.

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:

Management is addressing budget issues within smaller funds so that they are complete and amended correctly in fiscal year 2019.

2018-004: Annual Review of Access – Social Services

Condition:

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

Recommendations:

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

Management's Response:

Management will monitor to ensure user access is appropriately reviewed.

(Continued)

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2018-005: Social Services VDSS System Access Termination

Condition:

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

Recommendations:

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

Management's Response:

The auditee noted this was an isolated instance as others needed access to the information but will take steps to correct this matter.

2018-006: Unclaimed Property

Condition:

Localities are required to file an annual report for unclaimed property with the state Treasurer by November 1st. The County did not complete the annual report during fiscal year 2018.

Recommendations:

Steps should be taken to ensure that the report is completed annually and timely.

Management's Response:

The report was missed for fiscal year 2018 due to the Finance department being unaware that they are responsible for filing after the Treasurer performs the due diligence portion for unclaimed property. This will be corrected in fiscal year 2019 and for all future years.

COUNTY OF AMHERST, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2018

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001: Segregation of Duties (Material Weakness)

Condition:

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

Recommendation:

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

Status:

Management has taken steps to correct some of the concerns outlined previously. Therefore, for 2018, we consider this to be a significant deficiency.

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

Condition:

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

Recommendation:

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

Status:

Management has taken steps to correct some of the concerns outlined previously. Therefore, for 2018, we consider this to be a significant deficiency.