

COUNTY OF AMHERST, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015



**COUNTY OF AMHERST, VIRGINIA
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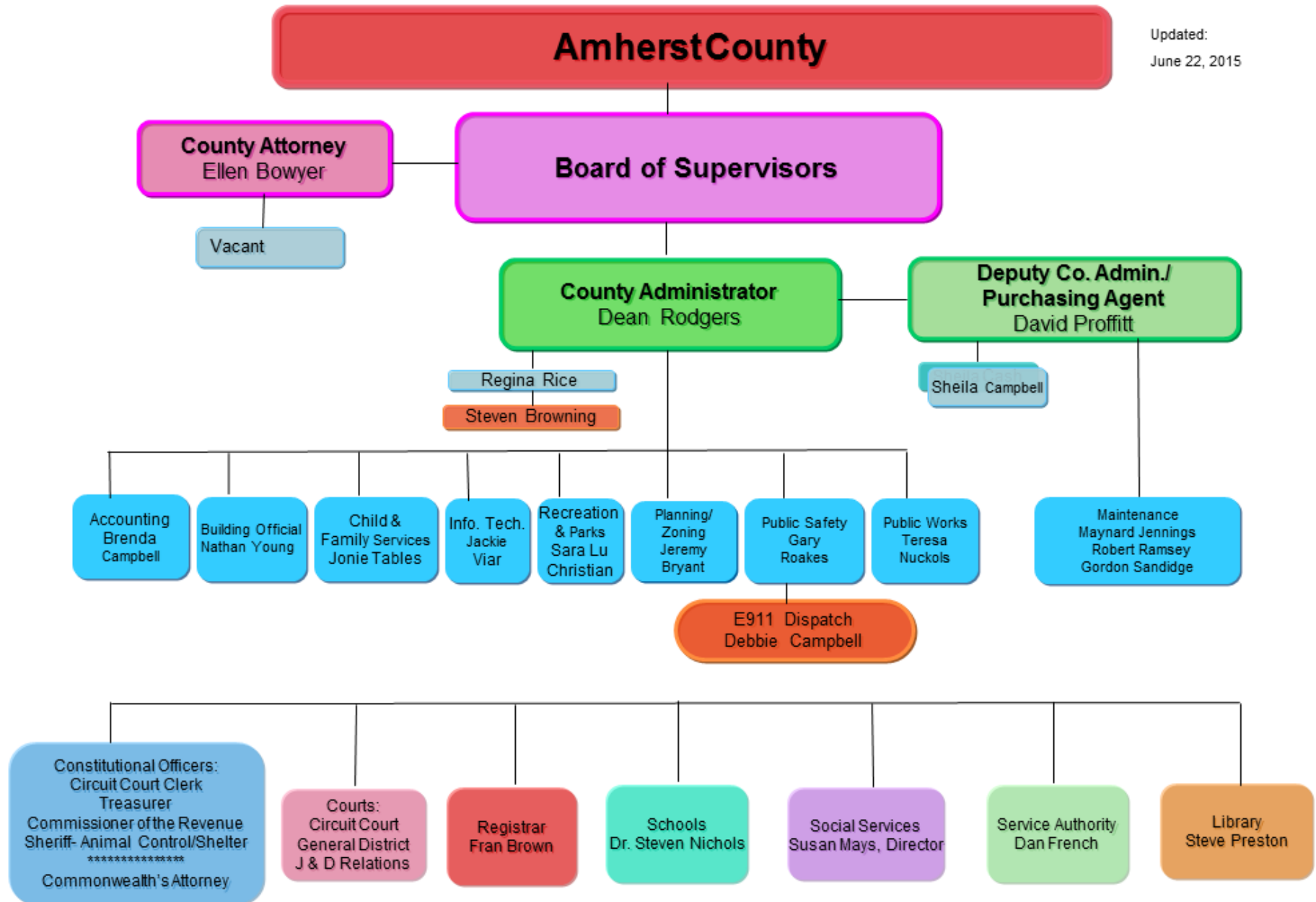
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INTRODUCTORY SECTION

COUNTY OF AMHERST, VIRGINIA

ORGANIZATIONAL CHART



COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2015

BOARD OF SUPERVISORS

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

Robert M. Curd

John A. Marks, Jr.

Donald W. Kidd

SCHOOL BOARD

Alan Wood, Chair
Patricia Massie, Vice-Chair

Priscilla Liggon
Elizabeth Gamble

Alan Bumgarner
Randy Summers

W. Michael Henderson

SOCIAL SERVICES BOARD

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

John A. Marks, Jr.

Juanita Roberson

Wayne Stark

COUNTY LIBRARY BOARD

Jean Higginbotham, President
Stephen Witham, Vice-President

Larry A. Langhans

Robert B. Simpkins

Robert Young

COUNTY OF AMHERST, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2015
(Continued)

ECONOMIC DEVELOPMENT AUTHORITY BOARD

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

Calvin Kennon, Jr.
Warren G. Teates

Michael J. Russell

Nancy A. Schmitt-Doss

OTHER OFFICIALS

Judge of the Circuit Court	J. Michael Gamble
Clerk of the Circuit Court.....	Roy C. Mayo, III
Judge of the General District Court.....	Harold A. Black
Judge of the Juvenile & Domestic Relations Court	Michael Garrett
County Attorney	Ellen Bowyer
Commonwealth's Attorney	Stephanie S. Maddox
Commissioner of the Revenue	Jane Irby
Treasurer	Garry L. Friend
Sheriff	L. J. Ayers, III
Superintendent of Schools	Dr. Steven Nichols
Clerk of the School Board	Teresa Crouch
Director of Social Services	Susan B. Mays
Deputy County Administrator/Purchasing	David Proffitt
Library Director	Steve Preston

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Amherst, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County") as of and for the year ended June 30, 2015, 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.

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, 2015, 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 23 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

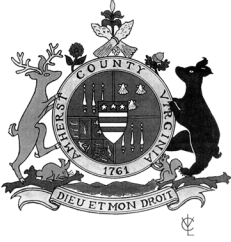
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2016 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
January 20, 2016



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, 2015. 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 \$45,002,054 at June 30, 2015. \$25,383,793, or 56%, of this amount represents the net position of governmental activities at year end. The remaining 44%, or \$19,618,261, reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- Adoption of new GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and errors in prior year grant recording resulted in an adjustment in the County's 2014 net position. The net position was reported as \$29,648,468 has been restated as \$24,523,417.
- \$11,933,944 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 \$1.4 million, the governmental activities increased \$0.9 million while business-type activities increased \$0.5 million.
- At the close of fiscal year 2015, the County's Statement of Activities shows the net position of governmental activities an increase from the previous year by \$860,376. (Exhibit 2)

Fund Financial Statements

The Governmental Funds, which are reported on a current financial resource focus, reflect revenues of \$41,056,129, which exceeded reported total expenditures of \$39,785,291 by \$1,270,838 (Exhibit 5).

Overview of the Financial Statements

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

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

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

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary funds

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

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 16-73.

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

Government-wide Financial Analysis

Net position serves over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$45,002,054 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 64% of total net position. The County uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Assessed property values reduced by \$59,757,027 during the year. The property values were notably decreased during the reassessment of properties. The County did not realize a reduction in revenue from property taxes. Rather the County's property tax increased resulting from the collection of delinquent taxes. 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 FY2015 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPRTA rate of 39.98%.

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

Financial Analysis of the County's Funds

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

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

At June 30, the County's governmental funds reported fund balances of \$22,989,084, an overall increase of \$925,238 in comparison with the prior year. Of the \$22,989,084, approximately \$15.3 million constitutes unassigned fund balance, which is available for spending at the government's discretion. To ensure adequate fund availability for unanticipated expenditures, the County adopted a financial policy to provide cash flow reserves of at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County Public Schools. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is obligated by either Board or management action for specific purposes. The increase in fiscal 2015 was due collection of delinquent taxes, charges for services, and an increase in revenue from the Commonwealth.

Table 1 summarizes *the Statement of Net Position* for the primary government as of June 30, 2015 and 2014.

**Summary Statement of Net Position
as of June 30, 2015
(\$ in millions)**

Table 1

	Primary Government					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 28.6	\$ 28.0	\$ 2.7	\$ 2.8	\$ 31.3	\$ 30.8
Receivables, net	7.8	7.8	0.6	0.4	8.4	8.2
Due from primary government	-	-	-	-	-	-
Due from other governments	1.5	2.9	-	-	1.5	2.9
Inventories	-	-	0.2	0.2	0.2	0.2
Prepaid items	0.4	-	-	-	0.4	-
Restricted assets:						
Cash and investments	2.5	3.4	1.3	1.0	3.8	4.4
Other assets	-	-	-	2.8	-	2.8
Capital assets	26.6	28.2	28.8	24.7	55.4	52.9
Total Assets	67.4	70.3	33.6	31.9	101.0	102.2
DEFERRED OUTFLOWS						
Deferred amount on refunding	-	-	-	-	-	-
Pension contributions subsequent to measurement date	0.9	-	-	-	0.9	-
Accounts payable	0.7	1.6	0.2	0.2	0.9	1.8
Accrued liabilities	-	0.3	-	-	-	0.3
Customer deposits	-	-	0.3	0.3	0.3	0.3
Accrued interest	0.3	0.3	0.1	0.1	0.4	0.4
Due to component unit	3.1	3.7	-	-	3.1	3.7
Long-term liabilities: (Notes 8 and 11)						
Net pension liability	3.4	-	-	-	3.4	-
Due within one year	1.8	1.8	0.5	0.6	2.3	2.4
Due in more than one year	18.7	20.2	12.9	13.2	31.6	33.4
Total liabilities	28.0	27.9	14.0	14.4	42.0	42.3
DEFERRED INFLOWS						
Property taxes	12.8	12.7	-	-	12.8	12.7
Net difference between projected and actual investment earnings on pension plan investments	2.1	-	-	-	2.1	-
Total deferred inflows of resources	14.9	12.7	-	-	14.9	12.7
NET POSITION						
Net investment in capital assets	13.5	14.1	15.5	13.8	29.0	27.9
Restricted for debt service	-	-	1.3	1.0	1.3	1.0
Unrestricted net position	11.9	15.6	2.8	2.7	14.7	18.3
Total net position	\$ 25.4	\$ 29.7	\$ 19.6	\$ 17.5	\$ 45.0	\$ 47.2

(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:

		Changes in Net Position Year Ended June 30, 2015 (\$ millions)					
Table 2		Primary Government					
		Governmental Activities		Business-type Activities		Total Primary Government	
		2015	2014	2015	2014	2015	2014
Revenues							
Program revenues:							
Charges for services		\$ 2.9	\$ 2.7	\$ 3.4	\$ 3.0	\$ 6.3	\$ 6.4
Operating grants and contributions		5.5	6.3	-	-	5.5	-
Capital grants and contributions		0.4	2.0	-	-	0.4	-
General revenues:							
General property taxes		21.7	21.1	-	-	21.7	-
Other local taxes		6.9	6.8	-	-	6.9	-
Use of money and property		0.2	0.1	-	-	0.2	-
Non-categorical aid		2.4	2.5	-	-	2.4	-
Capital contribution		-	-	0.7	0.1	0.7	0.1
Other general revenues		0.2	0.1	0.2	0.3	0.4	0.5
Total revenues		40.1	41.6	4.3	3.4	44.4	7.0
Expenses							
General government		2.3	2.3	-	-	2.3	-
Judicial administration		1.3	1.2	-	-	1.3	-
Public safety		10.6	12.3	-	-	10.6	-
Public works		3.3	3.2	-	-	3.3	-
Health and welfare		3.8	3.8	-	-	3.8	-
Education		14.4	15.5	-	-	14.4	-
Parks, recreation and cultural		1.6	1.7	-	-	1.6	-
Community development		1.4	1.9	-	-	1.4	-
Interest on long-term debt		0.7	0.7	-	-	0.7	-
Water and sewer		-	-	3.8	3.8	3.8	7.6
Total expenses		39.3	42.6	3.8	3.8	43.1	7.6
Change in net position		\$ 0.9	\$ (1.0)	\$ 0.5	\$ (0.4)	\$ 1.4	\$ (0.6)

Table 2 may differ from Exhibit 2 due to rounding

- The increase in operating grants and contributions is due primarily to obtaining additional federal funding through the Department of Social Services.
- Capital grants and contributions funding decreased during FY15 resulting mainly from the completion of the Stump Hill project funded through the Community Block Grant.
- The increase in general property other local taxes was from the collection of delinquent taxes.
- Aid from the Commonwealth increased slightly for FY15 as a result of lower employee turn-over involving Constitutional offices.

- Public Safety expenses decreased during the current year; however expenses included costs in completing the purchase of radios for the new Regional Radio system.
- The expenditures for Education were lower in the current year in comparison those of FY14. However, net position for Education shows as a deficit resulting from the County adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The County's delinquency rate on current levy decreased in comparison to the delinquency rate of FY2014 and prior. However, in comparison to the FY14 audit, the delinquency rates of the prior years were unchanged for FY15. The trend continues favorably.

Fiscal Year	Delinquency Rate
2009-2010	6.25%
2010-2011	7.18%
2011-2012	6.65%
2012-2013	4.97%
2013-2014	5.14%
2014-2015	4.25%

Capital Asset and Debt Administration

Capital assets - Capital assets of the County carry a value total of 26,661,292; the School Board's totals \$18,747,547; and the Service Authority's totals \$28,872,234 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. Most of the major capital asset events were completed by the end of the 2014 fiscal year. For the current fiscal year the County's construction in progress has a value less than \$500,000.

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

Long-term debt - At the end of the current fiscal year, the County had total obligations outstanding of \$20,547,362. Of this amount \$9,240,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The remainder is comprised of debt backed by the full faith and credit of the County. The County's total long-term obligations decreased during the current fiscal year by \$1,750,141.

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

Economic Factors and Next Year's Budgets and Rates

- In October 2015, the County's unemployment rate was 5.30%, which is 0.30% lower than it was in October 2014.
- The tax rate increased over 2014 by \$0.02 for a tax rate of \$0.56 for real property for every \$100 of assessed value for 2015; however the personal property tax rate of \$3.45 remained the same for the 2015 calendar year. Tax rate detail is provided in Table 6 of this report.
- The enrollment in public schools increased in fiscal year 2015 by 2% from 4,178 to 4,268. School enrollment is projected to decline over the next year by 1%.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2015

(Except for Business-Type Activities which is as of December 31, 2014)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
ASSETS					
Cash and investments (Note 3)	\$ 28,572,491	\$ 2,714,343	\$ 31,286,834	\$ 182,240	\$ 1,820,533
Receivables, net (Note 4)	7,797,450	559,671	8,357,121	-	316,651
Due from primary government	-	-	-	-	3,100,832
Due from other governments (Note 5)	1,470,466	-	1,470,466	-	1,559,881
Inventories	-	208,677	208,677	-	-
Prepaid items	373,062	-	373,062	-	58,232
Restricted assets (Note 3)					
Cash and investments	2,494,653	1,278,398	3,773,051	-	-
Net pension asset (Note 10)	-	-	-	-	910,346
Capital assets: (Note 7)					
Nondepreciable	2,864,584	623,523	3,488,107	329,509	309,181
Depreciable, net	23,796,708	28,248,711	52,045,419	476,708	18,438,366
Total assets	67,369,414	33,633,323	101,002,737	988,457	26,514,022
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	34,678	34,678	-	-
Pension contributions subsequent to measurement date (Notes 9, 10, and 11)	936,908	-	936,908	-	3,372,786
Change in proportion and related differences – pension (Note 11)	-	-	-	-	96,000
Total deferred outflows of resources	936,908	34,678	971,586	-	3,468,786
LIABILITIES					
Accounts payable	734,290	188,788	923,078	4,899	154,134
Accrued liabilities	-	-	-	7,101	5,076,793
Customer deposits	-	273,022	273,022	-	-
Accrued interest	296,675	134,360	431,035	-	-
Due to component unit	3,100,832	-	3,100,832	-	-
Long-term liabilities:					
Net pension liability (Notes 9 and 11)	3,376,732	-	3,376,732	-	38,334,000
Due within one year (Notes 8 and 13)	1,857,519	564,257	2,421,776	31,173	52,316
Due in more than one year (Notes 8 and 13)	18,689,843	12,889,313	31,579,156	884,372	470,845
Total liabilities	28,055,891	14,049,740	42,105,631	927,545	44,088,088
DEFERRED INFLOWS OF RESOURCES					
Property taxes	12,780,329	-	12,780,329	-	-
Net difference between projected and actual investment earnings on pension plan investments (Notes 9, 10, and 11)	2,086,309	-	2,086,309	-	6,161,541
Total deferred inflows of resources	14,866,638	-	14,866,638	-	6,161,541
NET POSITION					
Net investment in capital assets	13,449,849	15,566,392	29,016,241	601,370	18,747,547
Restricted for debt reserve	-	1,278,398	1,278,398	-	-
Unrestricted net position (deficit)	11,933,944	2,773,471	14,707,415	(540,458)	(39,014,368)
Total net position	\$ 25,383,793	\$ 19,618,261	\$ 45,002,054	\$ 60,912	\$ (20,266,821)

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

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015
(Except for Business-Type Activities which is as of December 31, 2014)

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	\$ 2,297,022	\$ 285,163	\$ 299,120	\$ -	\$ (1,712,739)	\$ -	\$ (1,712,739)	\$ -	\$ -
Judicial administration	1,269,372	574,232	735,072	-	39,932	-	39,932	-	-
Public safety	10,575,623	1,498,132	1,995,617	-	(7,081,874)	-	(7,081,874)	-	-
Public works	3,326,923	386,050	11,000	333,729	(2,596,144)	-	(2,596,144)	-	-
Health and welfare	3,818,367	19,687	2,302,714	-	(1,495,966)	-	(1,495,966)	-	-
Education	14,418,116	-	-	-	(14,418,116)	-	(14,418,116)	-	-
Parks, recreation, and cultural	1,555,006	144,534	143,552	-	(1,266,920)	-	(1,266,920)	-	-
Community development	1,375,216	-	-	84,140	(1,291,076)	-	(1,291,076)	-	-
Interest on long-term debt	688,554	-	-	-	(688,554)	-	(688,554)	-	-
Total governmental activities	39,324,199	2,907,798	5,487,075	417,869	(30,511,457)	-	(30,511,457)	-	-
Business-type activities									
Water and sewer	3,819,278	3,430,304	-	-	-	(388,974)	(388,974)	-	-
Total primary government	\$ 43,143,477	\$ 6,338,102	\$ 5,487,075	\$ 417,869	(30,511,457)	(388,974)	(30,900,431)	-	-
Component Units:									
Economic Development Authority	\$ 297,746	\$ -	\$ -	\$ -	-	-	-	(297,746)	-
School Board	45,250,582	1,789,306	30,095,145	-	-	-	-	-	(13,366,131)
Total component units	\$ 45,548,328	\$ 1,789,306	\$ 30,095,145	\$ -	-	-	-	(297,746)	(13,366,131)
General revenues:									
General property taxes					21,721,228	-	21,721,228	-	-
Other local taxes:									
Local sales and use					2,431,339	-	2,431,339	-	-
Consumer's utility tax					2,081,683	-	2,081,683	-	-
Business license					330,905	-	330,905	-	-
Motor vehicle license taxes					720,149	-	720,149	-	-
Restaurant food taxes					918,812	-	918,812	-	-
Other taxes					365,704	-	365,704	-	-
Unrestricted revenues from use of money and property					177,154	1,391	178,545	157,250	40,050
Miscellaneous					189,654	213,249	402,903	-	102,447
County contribution					-	-	-	125,500	13,321,678
Capital contributions					-	666,272	666,272	-	-
Grants and contributions not restricted to specific programs					2,435,205	-	2,435,205	-	-
Total general revenues					31,371,833	880,912	32,252,745	282,750	13,464,175
Change in net position					860,376	491,938	1,352,314	(14,996)	98,044
NET POSITION AT JULY 1, as restated (Notes 22 and 23)					24,523,417	19,126,323	43,649,740	75,908	(20,364,865)
NET POSITION AT JUNE 30					\$ 25,383,793	\$ 19,618,261	\$ 45,002,054	\$ 60,912	\$ (20,266,821)

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

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FUND
FINANCIAL STATEMENTS

COUNTY OF AMHERST, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue	Capital Projects	Total
ASSETS				
Cash and investments	\$ 24,040,122	\$ 4,532,369	\$ -	\$ 28,572,491
Receivables, net	7,758,023	39,427	-	7,797,450
Prepaid expenses	373,062			373,062
Due from other funds	18,900	-	-	18,900
Due from other governments	1,444,477	25,989	-	1,470,466
Cash and investments, restricted	-	-	2,494,653	2,494,653
	<u>-</u>	<u>-</u>	<u>2,494,653</u>	<u>2,494,653</u>
Total assets	<u>\$ 33,634,584</u>	<u>\$ 4,597,785</u>	<u>\$ 2,494,653</u>	<u>\$ 40,727,022</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 584,030	\$ 148,081	\$ -	\$ 732,111
Retainage payable	-	1,000	-	1,000
Accrued liabilities	-	1,179	-	1,179
Due to other funds	-	-	18,900	18,900
Due to component unit	3,100,832	-	-	3,100,832
	<u>3,684,862</u>	<u>150,260</u>	<u>18,900</u>	<u>3,854,022</u>
Total liabilities	<u>3,684,862</u>	<u>150,260</u>	<u>18,900</u>	<u>3,854,022</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/unearned revenues	13,883,916	-	-	13,883,916
	<u>13,883,916</u>	<u>-</u>	<u>-</u>	<u>13,883,916</u>
FUND BALANCES (Note 16)				
Nonspendable	373,062	-	-	373,062
Committed	342,246	-	-	342,246
Assigned	62,847	4,447,525	2,475,753	6,986,125
Unassigned	15,287,651	-	-	15,287,651
	<u>16,065,806</u>	<u>4,447,525</u>	<u>2,475,753</u>	<u>22,989,084</u>
Total fund balances	<u>16,065,806</u>	<u>4,447,525</u>	<u>2,475,753</u>	<u>22,989,084</u>
Total liabilities and fund balances	<u>\$ 33,634,584</u>	<u>\$ 4,597,785</u>	<u>\$ 2,494,653</u>	<u>\$ 40,727,022</u>

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds	\$ 22,989,084
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.	26,661,292
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,103,587
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for 2015 employer contributions	936,908
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(2,086,309)
Net pension liability	<u>(3,376,732)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable, net of premiums and discounts	(15,706,096)
Accrued interest	(296,675)
Compensated absences	(945,789)
Landfill closure and post-closure costs	<u>(3,895,477)</u>
Net position of governmental activities	<u><u>\$ 25,383,793</u></u>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Special Revenue	Capital Projects	Total
REVENUES				
General property taxes	\$ 21,700,594	\$ -	\$ -	\$ 21,700,594
Other local taxes	6,848,592	-	-	6,848,592
Permits, privilege fees, and regulatory licenses	153,827	-	-	153,827
Fines and forfeitures	443,406	-	-	443,406
Revenue from the use of money and property	173,009	268	3,877	177,154
Charges for services	1,419,359	435,867	-	1,855,226
Miscellaneous	129,573	60,079	-	189,652
Recovered costs	435,403	6,552	-	441,955
Intergovernmental revenues:				
Commonwealth	7,213,170	116,979	-	7,330,149
Federal	1,155,151	760,423	-	1,915,574
Total revenues	<u>39,672,084</u>	<u>1,380,168</u>	<u>3,877</u>	<u>41,056,129</u>
EXPENDITURES				
Current:				
General government	2,220,308	-	-	2,220,308
Judicial administration	1,234,131	-	-	1,234,131
Public safety	10,629,318	124,389	-	10,753,707
Public works	1,271,895	1,615,401	-	2,887,296
Health and welfare	3,876,099	-	-	3,876,099
Education	13,328,451	-	-	13,328,451
Parks, recreation, and cultural	1,078,377	412,717	-	1,491,094
Community development	801,152	143,226	-	944,378
Nondepartmental	99,190	-	-	99,190
Capital projects	196,781	-	275,834	472,615
Debt service				
Principal	1,723,620	-	-	1,723,620
Interest	754,402	-	-	754,402
Total expenditures	<u>37,213,724</u>	<u>2,295,733</u>	<u>275,834</u>	<u>39,785,291</u>
Excess (deficiency) of revenues over expenditures	<u>2,458,360</u>	<u>(915,565)</u>	<u>(271,957)</u>	<u>1,270,838</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	1,500	1,410,230	-	1,411,730
Transfers out (Note 6)	(1,410,230)	(1,500)	-	(1,411,730)
Total other financing sources (uses)	<u>(1,408,730)</u>	<u>1,408,730</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,049,630	493,165	(271,957)	1,270,838
FUND BALANCES AT JULY 1, as restated (Note 23)				
	<u>15,016,176</u>	<u>3,954,360</u>	<u>2,747,710</u>	<u>21,718,246</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 16,065,806</u></u>	<u><u>\$ 4,447,525</u></u>	<u><u>\$ 2,475,753</u></u>	<u><u>\$ 22,989,084</u></u>

COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Net change in fund balances per Exhibit 5 – total governmental funds \$ 1,270,838

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	\$ 903,752	
Book value of capital assets disposed	(196,772)	
Depreciation expense	(1,166,328)	
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds	(1,089,665)	(1,549,013)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(871,555)
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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	936,908	
Pension expense	(454,862)	482,046

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

Principal repayments:		
General obligation debt	1,356,739	
Lease revenue bonds	341,000	
Notes payable	25,881	
Amortization of bond premium	26,521	1,750,141

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	(58,256)	
Landfill liability	(203,152)	
Accrued interest	39,327	(222,081)

Change in net position of governmental activities		\$ 860,376
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COUNTY OF AMHERST, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2014

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
ASSETS	
Current assets:	
Cash and investments	\$ 2,714,343
Receivables, net (Note 4)	559,671
Inventories	208,677
	<hr/>
Total current assets	3,482,691
	<hr/>
Noncurrent assets	
Restricted cash and investments	1,278,398
Capital assets: (Note 7)	
Nondepreciable	623,523
Depreciable, net	28,248,711
	<hr/>
Total noncurrent assets	30,150,632
	<hr/>
Total assets	33,633,323
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	34,678
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	188,788
Customer deposits	273,022
Accrued interest	134,360
Long-term liabilities due within one year (Note 8)	564,257
	<hr/>
Total current liabilities	1,160,427
	<hr/>
Noncurrent liabilities:	
Long-term liabilities due in more than one year (Note 8)	12,889,313
	<hr/>
Total liabilities	14,049,740
	<hr/>
NET POSITION	
Net investment in capital assets	15,566,392
Restricted for debt service	1,278,398
Unrestricted net position	2,773,471
	<hr/>
Total net position	\$ 19,618,261
	<hr/>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2014

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING REVENUES	
Charges for services	\$ 3,338,187
Miscellaneous	92,117
	<hr/>
Total operating revenues	3,430,304
	<hr/>
OPERATING EXPENSES	
Water transmission and distribution	208,628
Water distribution maintenance	291,928
Wastewater maintenance	28,210
General plant operations and maintenance	387,625
Wastewater treatment	469,571
General and administrative	1,005,938
Depreciation and amortization	979,710
	<hr/>
Total operating expenses	3,371,610
	<hr/>
Operating income	58,694
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,391
Connection and availability charges	171,365
Interest expense	(447,668)
Rental income	41,884
	<hr/>
Total non-operating expenses, net	(233,028)
	<hr/>
Loss before capital contributions	(174,334)
	<hr/>
CAPITAL CONTRIBUTIONS	666,272
	<hr/>
Change in net position	491,938
	<hr/>
NET POSITION AT JANUARY 1, AS RESTATED (Note 22)	19,126,323
	<hr/>
NET POSITION AT DECEMBER 31	\$ 19,618,261
	<hr/>

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2014

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 3,417,957
Payments to suppliers	(1,661,530)
Payments to employees	(735,204)
Other operating receipts	30,964
	<hr/>
Net cash provided by operating activities	1,052,187
	<hr/>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets and water rights	(83,140)
Connection and availability fees	171,365
Principal paid on debt	(474,788)
Interest payments on long-term liabilities	(518,544)
	<hr/>
Net cash used in capital and related financing activities	(905,107)
	<hr/>
INVESTING ACTIVITIES	
Rent received	41,884
Interest received	1,391
	<hr/>
Net cash provided by investing activities	43,275
	<hr/>
Net increase in cash and cash equivalents	190,355
	<hr/>
CASH AND CASH EQUIVALENTS	
Beginning at January 1	3,802,386
	<hr/>
Ending at December 31	\$ 3,992,741
	<hr/>
RECONCILIATION TO EXHIBIT 7	
Cash and investments	\$ 2,714,343
Restricted cash and investments	1,278,398
	<hr/>
	\$ 3,992,741
	<hr/>

(Continued)

COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended December 31, 2014

	<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	\$ 58,694
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	979,710
Change in assets and liabilities:	
(Increase) decrease in:	
Receivables, net	11,454
Inventories	15,058
(Decrease) increase in:	
Accounts payable	(38,055)
Customer deposits	7,163
Compensated absences and OPEB	18,163
	<hr/>
Net cash provided by operating activities	<u>\$ 1,052,187</u>
NONCASH CAPITAL AND RELATED FINANCING	
Contributed capital improvements	<u>\$ 666,272</u>
Capital assets acquired through accounts payable	<u>\$ 77,950</u>

COUNTY OF AMHERST, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 43,400
Total assets	<u>\$ 43,400</u>
LIABILITIES	
Amounts held for others	<u>\$ 43,400</u>
Total liabilities	<u><u>\$ 43,400</u></u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2014 financial report is presented as an enterprise fund in the County’s financial statements. Financial statements of the Authority may be obtained by contacting the County of Amherst, VA, County Administrator, P.O. Box 390, Amherst, VA 24521.

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

Fund Financial Statements

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

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

Fund Financial Statements (Continued)

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund type:

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

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015 billing installment, as well as those due on December 5, 2015, are reflected in unearned revenues on the statement of net position as they are intended to fund operations in a future period.

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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, 2015, as there was no debt attributable to capital asset construction.

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category: deferred charge on refunding; pension contributions subsequent to measurement date; and change in proportion – teacher cost sharing pool. The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition prices. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension contributions subsequent to the measurement date will be applied to the net pension liability in the next fiscal year. The change in proportion – teacher cost sharing pool results from participation in the Virginia Retirement System’s teacher cost sharing pool, where changes in the proportion and difference between employer contributions and the proportionate share of employer contributions are reported as deferred inflow or outflow, as appropriate.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has three types of items. One item occurs only under the modified accrual basis of accounting. The item, unavailable revenue, is reported in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes, grants, and other receivables not collected within 60 days of year end and 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. The second item occurs in the statement of net position, this item consists of property taxes levied, but not yet due and are intended to fund future years. The third is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.

Unearned/Unavailable Revenue

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

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

Compensated Absences

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

Long-term Obligations

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations (Continued)

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

Pensions

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

Fund Balance

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

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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

Net Position

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

Use of Estimates

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised by the Board of Supervisors only. However, the School Board is authorized to transfer budget amounts within the School System's categories. Amounts that do not fall under a department's control are categorized as non-departmental even though they may relate to a particular function.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

Note 3. Deposits and Investments

Deposits:

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (Continued)

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 registered with the Securities and Exchange Commission (the "SEC").

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

	<u>Fair Value</u>
Deposits:	
Demand deposits	\$ 17,688,527
Certificate of deposit	1,278,398
Money market funds	15,590,295
Cash on hand	10,785
	<u>34,568,005</u>
Investments:	
SNAP	<u>2,494,653</u>
Total deposits and investments	<u>\$ 37,062,658</u>

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

Cash and investments – Primary Government	\$ 31,286,834
Cash and investments – School Board	1,820,533
Cash and investments – EDA	182,240
Restricted cash and investments – Primary Government	<u>3,773,051</u>
Total deposits and investments	<u>\$ 37,062,658</u>

Restricted cash and investments:

Restricted cash and investments in the governmental activities consists of \$2,494,653 of unspent debt proceeds maintained in SNAP accounts to be used for capital projects. Restricted cash and investments in the business-type activities consists of \$1,278,398 maintained in a certificate of deposit required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (Continued)

Credit risk:

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

	<u>Moody's Ratings</u>
Money market funds	Unrated
SNAP	AAAm

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	\$ 7,609,001	\$ -	\$ 7,609,001	\$ -
Less: allowance for uncollectible accounts	<u>(315,542)</u>	<u>-</u>	<u>(315,542)</u>	<u>-</u>
Net taxes receivable	<u>7,293,459</u>	<u>-</u>	<u>7,293,459</u>	<u>-</u>
Accounts receivable	596,429	619,671	1,216,100	316,651
Less: allowance for uncollectible accounts	<u>(92,438)</u>	<u>(60,000)</u>	<u>(152,438)</u>	<u>-</u>
Net accounts receivable	<u>503,991</u>	<u>559,671</u>	<u>1,063,660</u>	<u>316,651</u>
Net total receivables	<u><u>\$ 7,797,450</u></u>	<u><u>\$ 559,671</u></u>	<u><u>\$ 8,357,121</u></u>	<u><u>\$ 316,651</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 for 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.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 5. Due From Other Governments

Amounts due from other governments consist of the following:

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 857,087
Local sales taxes	432,216	-
Communication taxes	207,175	-
Public assistance and welfare administration	48,685	-
Comprehensive youth service	251,167	-
EMS – CPE replacement	150,000	-
Sheriff	164,688	-
Commonwealth's Attorney	35,601	-
Clerk of Circuit Court	23,492	-
Treasurer	9,964	-
Commissioner of Revenue	10,114	-
Other	21,961	-
Federal Government:		
Education grants	-	702,794
Rescue squad assistance	25,600	-
Public assistance	89,803	-
	<u>\$ 1,470,466</u>	<u>\$ 1,559,881</u>

Note 6. Interfund Obligations and Transfers

Interfund receivable and payable balances at June 30 are:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 18,900	\$ -
Capital Projects	<u>-</u>	<u>18,900</u>
	<u>\$ 18,900</u>	<u>\$ 18,900</u>

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 6. Interfund Obligations and Transfers (Continued)

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 1,500	\$ 1,410,230
Special Revenue fund	<u>1,410,230</u>	<u>1,500</u>
	<u>\$ 1,411,730</u>	<u>\$ 1,411,730</u>

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

Note 7. Capital Assets

Capital asset activity for the year consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 2,368,310	\$ -	\$ -	\$ 2,368,310
Construction in progress	<u>2,775,826</u>	<u>46,310</u>	<u>(2,325,862)</u>	<u>496,274</u>
Total capital assets not depreciated	<u>5,144,136</u>	<u>46,310</u>	<u>(2,325,862)</u>	<u>2,864,584</u>
Capital assets depreciated:				
Buildings and improvements	22,201,385	2,643,925	(249,855)	24,595,455
Jointly owned school buildings and improvements	9,583,120	-	(1,356,739)	8,226,381
Furniture, equipment, and vehicles	<u>6,752,315</u>	<u>539,379</u>	<u>(531,744)</u>	<u>6,759,950</u>
Total capital assets depreciated	<u>38,536,820</u>	<u>3,183,304</u>	<u>(2,138,338)</u>	<u>39,581,786</u>
Less accumulated depreciation:				
Buildings and improvements	(8,437,117)	(650,414)	87,449	(9,000,082)
Jointly owned school buildings and improvements	(2,745,842)	-	267,074	(2,478,768)
Furniture, equipment, and vehicles	<u>(4,287,693)</u>	<u>(515,914)</u>	<u>497,379</u>	<u>(4,306,228)</u>
Total accumulated depreciation	<u>(15,470,652)</u>	<u>(1,166,328)</u>	<u>851,902</u>	<u>(15,785,078)</u>
Capital assets depreciated, net	<u>23,066,168</u>	<u>2,016,976</u>	<u>(1,286,436)</u>	<u>23,796,708</u>
Net capital assets	<u>\$ 28,210,304</u>	<u>\$ 2,063,286</u>	<u>\$ (3,612,298)</u>	<u>\$ 26,661,292</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Capital Assets (Continued)

	<u>Beginning Balance *</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Capital assets depreciated:				
Buildings and improvements	1,128,265	-	-	1,128,265
Utility plant in service	43,708,665	828,856	29,032	44,508,489
Furniture, equipment, and vehicles	1,040,391	30,136	130,724	939,803
Total capital assets depreciated	45,877,321	858,992	159,756	46,576,557
Less accumulated depreciation	(17,507,892)	(979,710)	159,756	18,327,846
Capital assets depreciated, net	28,369,429	(120,718)	-	28,248,711
Net capital assets	<u>\$ 28,992,952</u>	<u>\$ (120,718)</u>	<u>\$ -</u>	<u>\$ 28,872,234</u>

* As restated. See Note 22.

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	\$ 58,279	\$ -	\$ 58,279
Judicial administration	97,916	-	97,916
Public safety	593,836	-	593,836
Public works	301,288	-	301,288
Health and welfare	8,024	-	8,024
Parks, recreation, and cultural	90,166	-	90,166
Community development	16,819	-	16,819
Water and sewer	-	979,710	979,710
Total depreciation expense – primary government	<u>\$ 1,166,328</u>	<u>\$ 979,710</u>	<u>\$ 2,146,038</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Capital Assets (Continued)

Discretely Presented Component Unit – Economic Development Authority

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 329,509	\$ -	\$ -	\$ 329,509
Capital assets depreciated:				
Buildings and improvements	577,828	-	-	577,828
Less accumulated depreciation:				
Buildings and improvements	(86,674)	(14,446)	-	(101,120)
Capital assets depreciated, net	491,154	(14,446)	-	476,708
Net capital assets	<u>\$ 820,663</u>	<u>\$ (14,446)</u>	<u>\$ -</u>	<u>\$ 806,217</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 7. Capital Assets (Continued)

Discretely Presented Component Unit – School Board

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated:				
Land	\$ 309,181	\$ -	\$ -	\$ 309,181
Construction in progress	273,135	-	(273,135)	-
Total capital assets not depreciated	582,316	-	(273,135)	309,181
Capital assets depreciated:				
Buildings and improvements	23,112,663	3,854,362	-	26,967,025
Jointly owned school buildings and improvements	21,453,586	1,356,739	(3,500,000)	19,310,325
Furniture, equipment, and vehicles	6,928,404	786,547	-	7,714,951
Total capital assets depreciated	51,494,653	5,997,648	(3,500,000)	53,992,301
Less accumulated depreciation:				
Buildings and improvements	(19,925,183)	(2,690,050)	-	(22,615,233)
Jointly owned school buildings and improvements	(8,617,861)	(955,491)	1,837,500	(7,735,852)
Furniture, equipment, and vehicles	(4,764,936)	(437,914)	-	(5,202,850)
Total accumulated depreciation	(33,307,980)	(4,083,455)	1,837,500	(35,553,935)
Capital assets depreciated, net	18,186,673	1,914,193	1,662,500	18,438,366
Net capital assets	\$ 18,768,989	\$ 1,914,193	\$ (1,935,635)	\$ 18,747,547

Local governments in Virginia and their school boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. Long-Term Liabilities

Changes in long-term liabilities consisted of the following:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 9,583,120	\$ -	\$ 1,356,739	\$ 8,226,381	\$ 1,359,833
Premium on bonds	263,645	-	26,521	237,124	26,521
	<u>9,846,765</u>	<u>-</u>	<u>1,383,260</u>	<u>8,463,505</u>	<u>1,386,354</u>
Lease revenue bonds	6,204,000	-	341,000	5,863,000	354,000
Notes payable	1,405,472	-	25,881	1,379,591	22,586
	<u>7,609,472</u>	<u>-</u>	<u>366,881</u>	<u>7,242,591</u>	<u>376,586</u>
Landfill closure/post-closure	3,692,325	203,152	-	3,895,477	-
Compensated absences	887,533	58,256	-	945,789	94,579
	<u>4,579,858</u>	<u>261,408</u>	<u>-</u>	<u>4,841,266</u>	<u>94,579</u>
	<u>\$ 22,036,095</u>	<u>\$ 261,408</u>	<u>\$ 1,750,141</u>	<u>\$ 20,547,362</u>	<u>\$ 1,857,519</u>
Business-Type Activities:					
Revenue bond	\$ 9,490,000	\$ -	\$ 250,000	\$ 9,240,000	\$ 265,000
Premium on bond *	1,548,941	-	59,575	1,489,366	59,575
Notes payable	2,771,052	64,890	224,788	2,611,154	228,377
Compensated absences	94,887	18,163	-	113,050	11,305
	<u>\$ 13,904,880</u>	<u>\$ 83,053</u>	<u>\$ 534,363</u>	<u>\$ 13,453,570</u>	<u>\$ 564,257</u>

* As restated. See Note 22.

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	\$ 947,280	\$ -	\$ 31,735	\$ 915,545	\$ 31,173

Discretely Presented Component Unit – School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 452,190	\$ 70,971	\$ -	\$ 523,161	\$ 52,316

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. 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	5.40-5.975%	1995	2015	\$ 4,000,000	\$ 200,000
VPSA Bonds	5.57	1996	2016	5,500,000	550,000
VPSA Bonds	4.95	1998	2018	2,000,000	400,000
VPSA Bonds	4.73	1999	2019	2,000,000	500,000
VPSA Bonds	5.15	2000	2020	3,351,287	1,131,381
VPSA Bonds	3.10-5.25	2001	2021	550,000	175,000
VPSA Bonds	2.35-7.85	2002	2022	965,000	365,000
VPSA Bonds	3.10-5.35	2003	2023	1,315,000	585,000
VPSA Bonds	4.10-5.60	2004	2024	1,120,000	550,000
VPSA Bonds	4.60-5.10	2005	2025	1,615,000	880,000
VPSA Bonds	4.225-5.10	2006	2026	1,265,000	745,000
VPSA Bonds	4.10-5.10	2007	2027	3,325,000	2,145,000
Total general obligation bonds					<u>\$ 8,226,381</u>
Lease Revenue Bonds					
Amherst County EDA Series 2007	3.94%	2007	2028	\$ 5,350,000	\$ 4,062,000
Amherst County EDA Series 2008	3.94	2008	2028	2,373,000	1,801,000
Total lease revenue bonds					<u>\$ 5,863,000</u>
Note Payable					
USDA - Rural Development – Animal Shelter	4.125%	2007	2047	\$ 1,597,200	<u>\$ 1,379,591</u>
Business-Type Activities:					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	<u>\$ 9,240,000</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. Long-Term Liabilities (Continued)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
PRIMARY GOVERNMENT					
(Continued)					
Business-Type Activities: (Continued)					
Notes payable					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 87,622
Sewage facilities note	5.96	1995	2015	196,993	9,850
Sewage facilities note	-	1998	2027	747,643	283,481
Sewage facilities note	3.00	2001	2020	1,996,292	558,471
Sewage facilities note	3.41	2002	2021	322,159	146,648
Sewage facilities note	4.14	2010	2029	329,751	270,473
Sewage facilities note	3.25	2011	2041	129,890	114,201
Sewage facilities note	2.80	2011	2041	41,049	36,944
Sewage facilities note	-	2013	2033	1,062,266	1,009,152
Sewage facilities note	3.22	2013	2043	30,001	29,422
Sewage facilities note	3.08	2014	2034	64,890	64,890
Total notes payable					<u>\$ 2,611,154</u>
COMPONENT UNIT					
ECONOMIC DEVELOPMENT AUTHORITY					
Notes Payable					
USDA – Rural Development – Animal Shelter	4.125%	2007	2047	\$ 822,800	\$ 710,698
Carter Bank and Trust	6.00	2008	2023	309,067	204,847
Total notes payable					<u>\$ 915,545</u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. Long-Term Liabilities (Continued)

Annual debt payments:

Year Ending June 30	Primary Government Governmental Activities			
	General Obligation and Lease Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 1,713,833	\$ 610,777	\$ 22,586	\$ 60,788
2017	1,526,089	530,042	23,535	59,839
2018	1,268,515	462,265	24,524	58,850
2019	1,287,119	402,294	25,556	57,818
2020	1,206,916	344,234	26,630	56,744
2021-2025	4,766,909	1,033,189	150,913	265,957
2026-2030	2,320,000	174,934	185,416	231,454
2031-2035	-	-	227,805	189,063
2036-2040	-	-	279,888	136,980
2041-2045	-	-	343,878	72,992
2046-2050	-	-	68,860	5,686
	<u>\$ 14,089,381</u>	<u>\$ 3,557,735</u>	<u>\$ 1,379,591</u>	<u>\$ 1,196,171</u>
Year Ending June 30	Primary Government Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 265,000	\$ 455,150	\$ 228,377	\$ 41,144
2017	280,000	441,569	219,841	36,420
2018	290,000	429,469	221,204	34,463
2019	305,000	414,606	222,618	30,093
2020	315,000	401,525	224,085	25,741
2021-2025	1,830,000	1,758,726	687,784	70,324
2026-2030	2,320,000	1,268,282	489,705	35,426
2031-2035	1,595,000	771,725	265,925	13,452
2036-2040	2,040,000	324,157	34,415	6,145
2041-2045	-	-	17,200	1,065
	<u>\$ 9,240,000</u>	<u>\$ 6,265,209</u>	<u>\$ 2,611,154</u>	<u>\$ 294,273</u>

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 8. Long-Term Liabilities (Continued)

Annual debt payments: (Continued)

Year Ending June 30	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2016	\$ 31,173	\$ 43,074
2017	32,867	41,380
2018	34,656	39,591
2019	36,545	37,702
2020	38,540	35,707
2021-2025	172,084	146,990
2026-2030	95,517	119,234
2031-2035	117,355	97,396
2036-2040	144,186	70,566
2041-2045	177,150	37,600
2046-2050	35,472	2,929
	<u>\$ 915,545</u>	<u>\$ 672,169</u>

Note 9. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the County of Amherst, Virginia, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria 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.

COUNTY OF AMHERST, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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 set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>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.</p>	<p>About Plan 2</p> <p>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.</p>	<p>About the Hybrid Retirement Plan</p> <p>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. (see "Eligible Members")</p> <ul style="list-style-type: none"> • 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.

(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>Eligible Members</p> <p>Employees are in 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.</p> <p>Hybrid Opt-In Election</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • 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. <p>*Non-Eligible Members</p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>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.</p>
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COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Retirement Contributions	Retirement Contributions	Retirement Contributions
<p>Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.</p>	<p>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.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Creditable Service	Creditable Service	Creditable Service
<p>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.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u></p> <p>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.</p> <p><u>Defined Contributions Component:</u></p> <p>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<p>Vesting</p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component:</u></p> <p>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.</p> <p><u>Defined Contributions Component:</u></p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p>
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(Continued)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

		<p>Vesting (Continued)</p> <p><u>Defined Contributions Component: (Continued)</u></p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit</p> <p>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.</p> <p>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.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p><u>Defined Benefit Component:</u></p> <p>See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u></p> <p>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.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Average Final Compensation	Average Final Compensation	Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	Service Retirement Multiplier	Service Retirement Multiplier
VRS: 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%.	VRS: 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.	<u>Defined Benefit Component:</u> VRS: 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.
Sheriffs and regional jail superintendents:	Sheriffs and regional jail superintendents:	Sheriffs and regional jail superintendents:
The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Same as Plan 1.	Not applicable.
Political subdivision hazardous duty employees:	Political subdivision hazardous duty employees:	Political subdivision hazardous duty employees:
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.	Same as Plan 1.	Not applicable.
		<u>Defined Contribution Component:</u> Not applicable.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<p>Normal Retirement Age</p> <p>VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility</p> <p>VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility</p> <p>VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u></p> <p>VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u></p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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%.</p> <p><u>Eligibility:</u></p> <p>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.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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%.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u></p> <p>Same as Plan 2.</p> <p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p> <p><u>Eligibility:</u></p> <p>Same as Plan 1 and Plan 2.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<p><u>Eligibility:</u> (Continued)</p> <p>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.</p>		
<p><u>Exceptions to COLA Effective Dates:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • 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. 	<p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1.</p>	<p><u>Exceptions to COLA Effective Dates:</u></p> <p>Same as Plan 1 and Plan 2.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

<p>Cost-of-Living Adjustment in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> (Continued)</p> <ul style="list-style-type: none"> • 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. 		
<p>Disability Coverage</p> <p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>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 and employer-paid comparable program for its members.</p> <p>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.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
<p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Same as Plan 1.</p>	<p><u>Defined Benefit Component:</u></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.
		<p><u>Defined Contribution Component:</u></p> <p>Not applicable.</p>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 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	111
Inactive members:	
Vested inactive members	25
Non-vested inactive members	41
Inactive members active elsewhere in VRS	94
	<u>160</u>
Total inactive members	160
Active members	<u>177</u>
Total covered employees	<u><u>448</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted 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, 2015 was 12.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This 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 political subdivision were \$936,908 and \$884,349 for the years ended June 30, 2015 and June 30, 2014, respectively.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
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 return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% 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 7.00% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related.

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS: (Continued)

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.50%
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 return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% 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 7.00% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related.

Largest 10 – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2013	\$ 35,595,749	\$ 29,703,221	\$ 5,892,528
Changes for the year:			
Service cost	950,553	-	950,553
Interest	2,439,990	-	2,439,990
Differences between expected and actual experience	-	-	-
Contributions – employer	-	884,349	(884,349)
Contributions – employee	-	368,536	(368,536)
Net investment income	-	4,678,377	(4,678,377)
Benefit payments, including refunds of employee contributions	(1,477,503)	(1,477,503)	-
Administrative expenses	-	(25,170)	25,170
Other changes	-	247	(247)
Net changes	1,913,040	4,428,836	(2,515,796)
Balances at June 30, 2014	\$ 37,508,789	\$ 34,132,057	\$ 3,376,732

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability	\$ 8,208,054	\$ 3,376,732	\$ (642,008)

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

For the year ended June 30, 2015, the political subdivision recognized pension expense of \$454,862. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,086,309
Employer contributions subsequent to the measurement date	936,908	-
Total	\$ 936,908	\$ 2,086,309

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 9. Defined Benefit Pension Plan (Continued)

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

The County 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Reduction to Pension Expense</u>
2016	\$ (521,577)
2017	(521,577)
2018	(521,577)
2019	(521,578)

Note 10. Virginia Retirement System – School Nonprofessional Employees

Nonprofessional employees at Amherst County Public Schools also participate in the Virginia Retirement System. The plan descriptions and actuarial assumptions are substantively the same as those described in Note 9.

Employees Covered by Benefit Terms

As of the June 30, 2013 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>64</u>
Inactive members:	
Vested inactive members	4
Non-vested inactive members	60
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	81
Active members	<u>119</u>
Total covered employees	<u><u>264</u></u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Virginia Retirement System – School Nonprofessional Employees (Continued)

Contributions

The political subdivision's contractually required contribution rate for the year ended June 30, 2015 was 5.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This 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 political subdivision were \$139,666 and \$159,871 for the years ended June 30, 2015 and June 30, 2014, respectively.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2013	\$ 6,487,879	\$ 6,759,968	\$ (272,089)
Changes for the year:			
Service cost	248,646	-	248,646
Interest	443,148	-	443,148
Differences between expected and actual experience	-	-	-
Contributions – employer	-	159,871	(159,871)
Contributions – employee	-	113,591	(113,591)
Net investment income	-	1,062,244	(1,062,244)
Benefit payments, including refunds of employee contributions	(314,377)	(314,377)	-
Administrative expenses	-	(5,711)	5,711
Other changes	-	56	(56)
Net changes	377,417	1,015,674	(638,257)
Balances at June 30, 2014	\$ 6,865,296	\$ 7,775,642	\$ (910,346)

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Virginia Retirement System – School Nonprofessional Employees (Continued)

Sensitivity of the Net Pension Asset 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 asset	\$ (80,287)	\$ (910,346)	\$ (1,606,565)

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

For the year ended June 30, 2015, the political subdivision recognized pension benefit of \$5,845. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 472,541
Employer contributions subsequent to the measurement date	139,666	-
Total	\$ 139,666	\$ 472,541

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 10. Virginia Retirement System – School Nonprofessional Employees (Continued)

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

The \$139,666 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Reduction to Pension Expense</u>
2016	\$ (118,135)
2017	(118,135)
2018	(118,135)
2019	(118,136)

Payables to the Pension Plan

At June 30, 2015, there were no amounts payable to the Virginia Retirement System for the legally required contributions related to June 2015 payroll.

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool

General Information about the Teacher Cost Sharing Pool

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their 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 plan description and actuarial assumptions are substantively the same as those described in Note 9.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin requiring that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the school division were \$3,233,120 and \$2,707,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$38,334,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.31721% as compared to 0.31636% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$3,053,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

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

At June 30, 2015, the school division 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 5,689,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	96,000	-
Employer contributions subsequent to the measurement date	<u>3,233,120</u>	<u>-</u>
Total	<u><u>\$ 3,329,120</u></u>	<u><u>\$ 5,689,000</u></u>

The \$3,233,120 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, 2016. 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 Ended June 30,</u>	
2016	\$ 1,401,000
2017	1,401,000
2018	1,401,000
2019	1,401,000

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Pool (Continued)

General Information about the Teacher Cost Sharing Pool (Continued)

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's proportionate share of the VRS teacher employee retirement plan net pension liability	<u>\$ 56,290,000</u>	<u>\$ 38,334,000</u>	<u>\$ 23,551,000</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-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, 2015, there were no amounts payable to the Virginia Retirement System for the legally required contributions related to June 2015 payroll.

Note 12. Other Post-Employment Benefits

County – VRS Health Insurance Credit

A. Plan Description

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

A. Plan Description (Continued)

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit programs. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

As participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the *Code of Virginia* and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2014 was .12% of annual covered payroll.

C. Annual Required Contribution (ARC)

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

For fiscal year 2015, the County's contribution of \$8,337 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 8,337	100%	\$ -
June 30, 2014	8,064	100%	-
June 30, 2013	7,917	100%	-

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 184,598
Actuarial value of plan assets	\$ 113,861
Unfunded actuarial accrued liability (UAAL)	\$ 69,079
Funded ratio (actuarial value of plan assets/AAL)	61.68%
Covered payroll (active plan members)	\$ 3,155,835
UAAL as a percentage of covered payroll	2.19%

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

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

E. Actuarial Methods and Assumptions

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 12. Other Post-Employment Benefits (Continued)

County – VRS Health Insurance Credit (Continued)

E. Actuarial Methods and Assumptions (Continued)

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2013 was 29 years.

Note 13. Landfill Closure and Post-Closure Care Cost

Permit 181 – Closed Landfill

The County closed its former landfill site in 1997. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The cumulative amount of estimated closure, post-closure care, and corrective action costs for this site, less costs paid to date, totals \$1,580,468. Actual costs may be higher due to inflation, changes in technology, changes in regulations or other unforeseen circumstances. The County intends to fund these costs from funds accumulated for this purpose in the Special Revenue fund as well as transfers from the General Fund.

Permit 563 – Open Landfill

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

State and federal laws will require the County to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for thirty years after closure. Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County will report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used. An accrual of \$2,315,009 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 47% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$2,610,541 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, 2015

Note 14. Commitments and Contingencies

Litigation

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

Federal Grants

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

Commitments

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$382,000 at year end.

Note 15. Risk Management

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

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

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

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 16. 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	\$ 373,062	\$ -	\$ -	\$ 373,062	\$ -
Committed to:					
Community development	285,850	-	-	285,850	-
Public works	56,396	-	-	56,396	-
Total committed	342,246	-	-	342,246	-
Assigned to:					
Community development	39,450	-	-	39,450	-
Judicial administration	7,900	-	-	7,900	-
General government administration	3,255	-	-	3,255	-
Public safety	4,337	640,417	-	644,754	-
Public works	-	3,778,980	-	3,778,980	-
Parks, recreation, and cultural	-	28,128	-	28,128	-
Education	7,905	-	-	7,905	1,683,434
Other capital projects	-	-	2,475,753	2,475,753	-
Total assigned	62,847	4,447,525	2,475,753	6,986,125	1,683,434
Unassigned	15,287,651	-	-	15,287,651	(58,232)
Total fund balances	\$ 16,065,806	\$ 4,447,525	\$ 2,475,753	\$ 22,989,084	\$ 1,625,202

Note 17. 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 \$95,153 for operations to HBH for 2015.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 17. Jointly Governed Organizations and Joint Venture (Continued)

Jointly Governed Organizations: (Continued)

Blue Ridge Regional Jail Authority (BRRJA)

The County, in conjunction with the Counties of Appomattox, Bedford, Campbell, and Halifax, and the City of Lynchburg, participates in the BRRJA. Each member jurisdiction pays a per diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per diem charge into an operating and debt service components. The per diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year. The County contributed \$1,938,141 for operations to BRRJA for 2015.

Joint Venture:

Region 2000 Radio Communications Board

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

Note 18. 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.

Note 19. Significant Transactions of the County and Component Unit – School Board

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

1. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. The proceeds from the debt issued "on behalf" of the School Board are recorded in the County's General Fund. Funds are then transferred to the School's Capital Projects Fund for approved projects. This fund then accounts for capital expenditures relating to major school construction projects.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 19. Significant Transactions of the County and Component Unit – School Board (Continued)

2. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.
3. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. As the debt related to a particular capital asset is retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
4. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit (Exhibit 20)	\$ 45,483,800
Expenditures for School Buses reported in the General Fund (Exhibit 4)	196,781
School-related principal and other debt service expenditures included in primary government (Exhibit 5)	<u>1,809,210</u>
Total expenditures for school activities	<u><u>\$ 47,489,791</u></u>

Note 20. Significant Transactions of the County and Component Unit – EDA

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

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

Note 21. Conduit Debt Outstanding – EDA

The EDA has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and/or construction of industrial, commercial, or educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved on the underlying loans. Ownership of the acquired facilities rests with the entities served by the bond issuance. Neither the EDA, the County, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2015, outstanding conduit debt was as follows:

Randolph College, Series 2010	\$ 4,728,022
Lynchburg College, Series 2003	<u>10,110,000</u>
Total conduit debt outstanding	<u><u>\$ 14,838,022</u></u>

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 22. Restatement of Net Position – Service Authority

Beginning net position of the Service Authority has been restated as follows:

	Enterprise Fund	Business-Type Activities
Net position at December 31, 2013, as previously reported	\$ 17,504,084	\$ 17,504,084
Bond premium amortization	(29,449)	(29,449)
Construction in progress	(21,100)	(21,100)
Unbilled receivables	234,746	234,746
Allowance for doubtful accounts	(25,000)	(25,000)
Capitalization of regional facilities	1,463,042	1,463,042
Net change in fund net position	1,622,239	1,622,239
Net position December 31, 2013 as restated	<u>\$ 19,126,323</u>	<u>\$ 19,126,323</u>

Note 23. Adoption of New Standard and Restatement of Net Position and Fund Balances

In the current year, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. This standard replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The new Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Additionally, beginning fund balances and net position have been restated for errors in prior year grant recording.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 23. Adoption of New Standard and Restatement of Net Position and Fund Balances (Continued)

The following is a summary of the restatements to fund balance and net position, as applicable, that includes the results from the adoption of GASB Statement No. 68:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Governmental Activities</u>	<u>School Board Government-Wide</u>
Fund balance/net position at June 30, 2014, as previously reported	\$ 15,203,727	\$ 4,112,409	\$ 29,648,468	\$ 20,077,175
To correct for receivable recorded at 6/30/14 for Highway Planning that related to fiscal year 2015 activity	-	(158,049)	(116,872)	-
To correct receivable for CSA at 6/30/14 recorded as revenue instead of deferred revenue	(187,551)	-	-	-
Recognition of pension related liabilities and deferred outflows in accordance with GASB No. 68	-	-	(5,008,179)	(40,442,040)
Fund balance/net position June 30, 2014 as restated	<u>\$ 15,016,176</u>	<u>\$ 3,954,360</u>	<u>\$ 24,523,417</u>	<u>\$ (20,364,865)</u>

Note 24. New Accounting Standards

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

GASB Statement No. 72, Fair Value Measurement and Application addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pensions improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

COUNTY OF AMHERST, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 24. New Accounting Standards (Continued)

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 20, 2017.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 22,019,255	\$ 22,019,755	\$ 21,700,594	\$ (319,161)
Other local taxes	7,153,073	7,153,073	6,848,592	(304,481)
Permits, fees, license	195,300	195,300	153,827	(41,473)
Fines and forfeitures	-	328,505	443,406	114,901
Use of money and property	94,501	94,501	173,009	78,508
Charges for services	1,339,199	1,364,911	1,419,359	54,448
Miscellaneous	56,900	91,522	129,573	38,051
Recovered costs	127,376	203,217	435,403	232,186
Intergovernmental revenues:				
Commonwealth	6,393,745	7,628,300	7,213,170	(415,130)
Federal	612,307	707,804	1,155,151	447,347
Total revenues	37,991,656	39,786,888	39,672,084	(114,804)
EXPENDITURES				
Current:				
General government administration	2,321,484	2,445,090	2,220,308	224,782
Judicial administration	1,208,586	1,265,045	1,234,131	30,914
Public safety	10,392,382	11,470,685	10,629,318	841,367
Public works	961,255	1,578,951	1,271,895	307,056
Health and welfare	3,340,653	3,967,178	3,876,099	91,079
Education	14,551,540	14,752,425	13,328,451	1,423,974
Parks, recreation, and cultural	1,117,626	1,118,670	1,078,377	40,293
Community development	767,060	1,364,146	801,152	562,994
Nondepartmental	199,077	145,813	99,190	46,623
Capital projects	320,000	200,000	196,781	3,219
Debt service:				
Principal	1,697,739	1,710,468	1,723,620	(13,152)
Interest	782,911	770,182	754,402	15,780
Total expenditures	37,660,313	40,788,653	37,213,724	3,574,929
Excess of revenues (under) expenditures	331,343	(1,001,765)	2,458,360	3,460,125
OTHER FINANCING SOURCES (USES)				
Transfers in	1,296,387	1,313,647	1,500	(1,312,147)
Transfers out	(1,627,730)	(2,047,586)	(1,410,230)	637,356
Total other financing sources (uses)	(331,343)	(733,939)	(1,408,730)	(674,791)
Net change in fund balance	\$ -	\$ (1,735,704)	\$ 1,049,630	\$ 2,785,334

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2015

	Primary Government	Schools – Nonprofessional Employees
Total Pension Liability		
Service cost	\$ 950,553	\$ 248,646
Interest on total pension liability	2,439,990	443,148
Benefit payments, including refunds of employee contributions	<u>(1,477,503)</u>	<u>(314,377)</u>
Net change in total pension liability	1,913,040	377,417
Total pension liability – beginning	<u>35,595,749</u>	<u>6,487,879</u>
Total pension liability – ending	<u>37,508,789</u>	<u>6,865,296</u>
Plan Fiduciary Net Position		
Contributions – employer	884,349	159,871
Contributions – employee	368,536	113,591
Net investment income	4,678,377	1,062,244
Benefit payments, including refunds of employee contributions	(1,477,503)	(314,377)
Administrative expenses	(25,170)	(5,711)
Other	<u>247</u>	<u>56</u>
Net change in plan fiduciary net position	4,428,836	1,015,674
Plan fiduciary net position – beginning	<u>29,703,221</u>	<u>6,759,968</u>
Plan fiduciary net position – ending	<u>34,132,057</u>	<u>7,775,642</u>
Net pension liability (asset) – ending	<u>\$ 3,376,732</u>	<u>\$ (910,346)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>91%</u>	<u>113%</u>
Covered employee payroll	<u>\$ 7,232,732</u>	<u>\$ 3,078,149</u>
Net pension liability (asset) as a percentage of covered employee payroll	<u>47%</u>	<u>-30%</u>

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.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2015

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2015	\$ 936,908	\$ 936,908	\$ -	\$ 8,578,065	10.92%
Schools – Nonprofessional Employees					
2015	\$ 139,666	\$ 139,666	\$ -	\$ 3,078,149	4.54%

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.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
June 30, 2015

Year Ended June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.32%	\$ 38,334,000	\$ 24,876,103	154.10%	70.88%

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.

COUNTY OF AMHERST, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
June 30, 2015

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
2015	\$ 3,233,120	\$ 3,233,120	\$ -	\$ 24,867,103	13.00%

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.

COUNTY OF AMHERST, VIRGINIA

**SCHEDULES OF FUNDING PROGRESS –
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2015**

VIRGINIA RETIREMENT SYSTEM – HEALTH INSURANCE CREDIT

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 104,397	\$ 174,184	\$ 69,787	59.93%	\$ 2,735,077	2.55%
June 30, 2013	107,993	177,072	69,079	60.99%	2,964,990	2.33%
June 30, 2014	113,861	184,598	69,079	61.68%	3,155,835	2.19%

COUNTY OF AMHERST, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2015

Note 1. Changes of Benefit Terms – Virginia Retirement System

There have been no significant changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (fiscal year 2014 for the teacher cost sharing pool). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Note 2. Changes of Assumptions – Virginia Retirement System

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Teacher cost-sharing pool:

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

**OTHER
SUPPLEMENTARY INFORMATION**

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AGENCY FUNDS

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,955	\$ 40,445	\$ 43,400
Total assets	<u>\$ 2,955</u>	<u>\$ 40,445</u>	<u>\$ 43,400</u>
LIABILITIES			
Amounts held for others	\$ 2,955	\$ 40,445	\$ 43,400
Total liabilities	<u>\$ 2,955</u>	<u>\$ 40,445</u>	<u>\$ 43,400</u>

COUNTY OF AMHERST, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
Special Welfare Fund				
ASSETS				
Cash and investments	\$ 3,693	\$ 20,819	\$ 21,557	\$ 2,955
Total assets	<u>\$ 3,693</u>	<u>\$ 20,819</u>	<u>\$ 21,557</u>	<u>\$ 2,955</u>
LIABILITIES				
Amounts held for others	\$ 3,693	\$ 20,819	\$ 21,557	\$ 2,955
Total liabilities	<u>\$ 3,693</u>	<u>\$ 20,819</u>	<u>\$ 21,557</u>	<u>\$ 2,955</u>
Forfeited Assets				
ASSETS				
Cash and investments	\$ 45,148	\$ 17,763	\$ 22,466	\$ 40,445
Total assets	<u>\$ 45,148</u>	<u>\$ 17,763</u>	<u>\$ 22,466</u>	<u>\$ 40,445</u>
LIABILITIES				
Amounts held for others	\$ 45,148	\$ 17,763	\$ 22,466	\$ 40,445
Total liabilities	<u>\$ 45,148</u>	<u>\$ 17,763</u>	<u>\$ 22,466</u>	<u>\$ 40,445</u>
Totals – All Agency Funds				
ASSETS				
Cash and investments	\$ 48,841	\$ 38,582	\$ 44,023	\$ 43,400
Total assets	<u>\$ 48,841</u>	<u>\$ 38,582</u>	<u>\$ 44,023</u>	<u>\$ 43,400</u>
LIABILITIES				
Amounts held for others	\$ 48,841	\$ 38,582	\$ 44,023	\$ 43,400
Total liabilities	<u>\$ 48,841</u>	<u>\$ 38,582</u>	<u>\$ 44,023</u>	<u>\$ 43,400</u>

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, 2015

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Textbook</u>	<u>School Construction</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ -	\$ 714,089	\$ 729,846	\$ 376,598	\$ 1,820,533
Accounts receivable, net	316,651	-	-	-	316,651
Due from primary government	3,100,832	-	-	-	3,100,832
Due from other governmental units	1,559,881	-	-	-	1,559,881
Prepaid items	58,232	-	-	-	58,232
Total assets	<u>\$ 5,035,596</u>	<u>\$ 714,089</u>	<u>\$ 729,846</u>	<u>\$ 376,598</u>	<u>\$ 6,856,129</u>
LIABILITIES					
Accounts payable	\$ 97,537	\$ 24,004	\$ -	\$ 32,593	\$ 154,134
Accrued liabilities	4,938,059	138,734	-	-	5,076,793
Total liabilities	<u>5,035,596</u>	<u>162,738</u>	<u>-</u>	<u>32,593</u>	<u>5,230,927</u>
FUND BALANCES					
Nonspendable	58,232	-	-	-	58,232
Assigned	-	551,351	729,846	344,005	1,625,202
Unassigned	(58,232)	-	-	-	(58,232)
Total fund balances	<u>-</u>	<u>551,351</u>	<u>729,846</u>	<u>344,005</u>	<u>1,625,202</u>
Total liabilities and fund balances	<u>\$ 5,035,596</u>	<u>\$ 714,089</u>	<u>\$ 729,846</u>	<u>\$ 376,598</u>	<u>\$ 6,856,129</u>

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

Total fund balances – governmental funds	\$ 1,625,202
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,747,547
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources for 2015 employer contributions	3,372,786
Deferred outflow of resources related to pension	96,000
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(6,161,541)
Net pension asset	910,346
Net pension liability	(38,334,000)
	(40,116,409)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(523,161)
Net position of governmental activities	<u>\$ (20,266,821)</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, 2015**

	<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	\$ 21,036	\$ -	\$ 73	\$ 18,941	\$ 40,050
Charges for services	260,117	804,658	-	-	1,064,775
Miscellaneous	102,445	-	-	-	102,445
Recovered costs	724,531	-	-	-	724,531
Intergovernmental revenues:					
County contribution	13,321,678	-	-	-	13,321,678
Commonwealth	25,942,209	41,539	-	-	25,983,748
Federal	2,882,549	1,228,848	-	-	4,111,397
Total revenues	<u>43,254,565</u>	<u>2,075,045</u>	<u>73</u>	<u>18,941</u>	<u>45,348,624</u>
EXPENDITURES					
Current:					
Education	<u>43,254,565</u>	<u>2,110,915</u>	<u>-</u>	<u>118,320</u>	<u>45,483,800</u>
Total expenditures	<u>43,254,565</u>	<u>2,110,915</u>	<u>-</u>	<u>118,320</u>	<u>45,483,800</u>
Net change in fund balances	<u>-</u>	<u>(35,870)</u>	<u>73</u>	<u>(99,379)</u>	<u>(135,176)</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>587,221</u>	<u>729,773</u>	<u>443,384</u>	<u>1,760,378</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 551,351</u>	<u>\$ 729,846</u>	<u>\$ 344,005</u>	<u>\$ 1,625,202</u>

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

Net change in fund balances – total governmental funds \$ (135,176)

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	\$ 867,776	
Depreciation expense	(1,978,881)	
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>1,089,665</u>	(21,440)

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	3,372,786	
Pension expense	<u>(3,047,155)</u>	325,631

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>(70,971)</u>
----------------------	--	-----------------

Change in net position of governmental activities \$ 98,044

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2015**

	School Operating				School Cafeteria			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ 15,000	\$ 21,036	\$ 6,036	\$ -	\$ -	\$ -	\$ -
Charges for services	444,500	531,153	260,117	(271,036)	948,088	948,088	804,658	(143,430)
Miscellaneous	117,927	117,927	102,445	(15,482)	-	-	-	-
Recovered costs	618,952	618,952	724,531	105,579	-	-	-	-
Intergovernmental revenues:								
County contribution	14,544,767	14,544,767	13,321,678	(1,223,089)	-	-	-	-
Commonwealth	25,280,043	25,699,617	25,942,209	242,592	92,000	92,000	41,539	(50,461)
Federal	3,058,326	3,219,161	2,882,549	(336,612)	1,249,726	1,249,726	1,228,848	(20,878)
Total revenues	44,064,515	44,746,577	43,254,565	(1,492,012)	2,289,814	2,289,814	2,075,045	(214,769)
EXPENDITURES								
Current:								
Education	44,064,515	44,770,347	43,254,565	1,515,782	2,289,814	2,289,814	2,110,915	178,899
Total expenditures	44,064,515	44,770,347	43,254,565	1,515,782	2,289,814	2,289,814	2,110,915	178,899
Excess (deficiency) of revenues over expenditures	-	(23,770)	-	23,770	-	-	(35,870)	(35,870)
Net change in fund balances	\$ -	\$ (23,770)	\$ -	\$ 23,770	\$ -	\$ -	\$ (35,870)	\$ (35,870)

EXHIBIT 21

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		
\$ -	\$ -	\$ 73	\$ 73	\$ -	\$ -	\$ 18,941	\$ 18,941
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	73	73	-	-	18,941	18,941
-	-	-	-	-	305,265	118,320	186,945
-	-	-	-	-	305,265	118,320	186,945
-	-	73	73	-	(305,265)	(99,379)	205,886
\$ -	\$ -	\$ 73	\$ 73	\$ -	\$ (305,265)	\$ (99,379)	\$ 205,886

**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, 2015**

	Enterprise Fund
ASSETS	
Current assets:	
Cash and investments	\$ 182,240
Noncurrent assets	
Capital assets:	
Nondepreciable	329,509
Depreciable, net	476,708
Total noncurrent assets	806,217
Total assets	988,457
LIABILITIES	
Current liabilities:	
Accounts payable	4,899
Accrued wages	7,101
Current portion of notes payable	31,173
Total current liabilities	43,173
Noncurrent liabilities:	
Notes payable, net of current portion	884,372
Total liabilities	927,545
NET POSITION	
Net investment in capital assets	601,370
Unrestricted	(540,458)
Total net position	\$ 60,912

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, 2015**

	Enterprise Fund
	<hr/>
OPERATING REVENUES	
Rents	\$ 157,250
	<hr/>
OPERATING EXPENSES	
Salaries and benefits	40,124
Contractual services	76,489
Depreciation expense	14,446
Facilities costs	113,067
Other operating costs	11,108
	<hr/>
Total operating expenses	255,234
	<hr/>
Operating loss	(97,984)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Contributions from Amherst County	125,500
Interest expense	(42,512)
	<hr/>
Net nonoperating revenues	82,988
	<hr/>
Change in net position	(14,996)
	<hr/>
NET POSITION JULY 1	75,908
	<hr/>
NET POSITION JUNE 30	\$ 60,912
	<hr/> <hr/>

COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND
DISCRETELY PRESENTED COMPONENT UNIT –
AMHERST ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2015**

	Enterprise Fund
OPERATING ACTIVITIES	
Receipts from grantors and customers	\$ 157,250
Payments to employees	(33,023)
Payments to grantees and suppliers	(205,132)
Net cash used in operating activities	(80,905)
NONCAPITAL FINANCING ACTIVITIES	
Contributions from Amherst County	125,500
Net cash provided by noncapital financing activities	125,500
CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on long-term debt	(31,735)
Interest paid on long-term debt	(42,512)
Net cash used in capital and related financing activities	(74,247)
Net decrease in cash and cash equivalents	(29,652)
CASH AND CASH EQUIVALENTS	
Beginning at July 1	211,892
Ending at June 30	\$ 182,240
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (97,984)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	14,446
Change in assets and liabilities:	
Increase in accounts payable	4,667
Decrease in security deposits	(9,135)
Increase in accrued wages	7,101
Net cash used in operating activities	\$ (80,905)

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, 2015**

	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	\$ 13,288,415	\$ 13,288,415	\$ 12,988,559	\$ (299,856)
Real and personal public service corporation property taxes	592,976	592,976	628,188	35,212
Personal property taxes	5,591,832	5,592,332	5,384,029	(208,303)
Mobile home taxes	63,875	63,875	55,201	(8,674)
Machinery and tools taxes	1,811,643	1,811,643	1,976,998	165,355
Merchant's capital	284,214	284,214	289,057	4,843
Penalties	226,300	226,300	230,216	3,916
Interest	160,000	160,000	148,346	(11,654)
Total general property taxes	22,019,255	22,019,755	21,700,594	(319,161)
Other local taxes:				
Local sales and use taxes	2,638,023	2,638,023	2,431,339	(206,684)
Consumers' utility taxes	2,254,500	2,254,500	2,081,683	(172,817)
Business license taxes	343,720	343,720	330,905	(12,815)
Bank stock taxes	66,630	66,630	111,309	44,679
Motor vehicle licenses	675,000	675,000	720,149	45,149
Taxes on recordation and wills	197,400	197,400	181,420	(15,980)
Lodging taxes	103,000	103,000	72,975	(30,025)
Meals tax	874,800	874,800	918,812	44,012
Total other local taxes	7,153,073	7,153,073	6,848,592	(304,481)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	17,200	17,200	16,482	(718)
Building and related permits	130,000	130,000	93,680	(36,320)
Permits and other licenses	48,100	48,100	43,665	(4,435)
Total permits, privilege fees and regulatory licenses	195,300	195,300	153,827	(41,473)
Fines and Forfeitures:				
Court fines and forfeitures	-	328,505	443,406	114,901
Total fines and forfeitures	-	328,505	443,406	114,901
Revenue from use of money and property:				
Revenue from use of money	25,000	25,000	32,655	7,655
Revenue from use of property	69,501	69,501	140,354	70,853
Total revenue from use of money and property	94,501	94,501	173,009	78,508
Charges for services:				
Sheriff's fees	2,199	2,199	-	(2,199)
Collection fees – taxes and liens	15,000	15,000	72,983	57,983
Commonwealth attorney fees	3,800	3,800	3,788	(12)
Courthouse security fees	105,000	105,000	104,575	(425)
Jail processing fees	6,000	6,000	5,163	(837)
Charges for parks and recreation	41,000	44,340	56,858	12,518

(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, 2015**

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Library	\$ 23,200	\$ 23,200	\$ 25,835	\$ 2,635
Emergency medical service fees	1,135,000	1,135,000	1,025,299	(109,701)
Telecommunication charges	-	-	84,057	84,057
Warehouse charges	-	-	12,277	12,277
Other charges for services	8,000	30,372	28,524	(1,848)
Total charges for services	1,339,199	1,364,911	1,419,359	54,448
Miscellaneous revenue:				
Miscellaneous	56,900	91,522	129,573	38,051
Total miscellaneous revenue	56,900	91,522	129,573	38,051
Recovered costs:				
Share of judge's expenses	20,426	20,426	22,463	2,037
Social services	-	3,764	10,474	6,710
CSA recoveries	-	-	9,213	9,213
Public safety	71,000	87,117	300,459	213,342
Utility costs	16,850	16,850	-	(16,850)
Miscellaneous recoveries	19,100	75,060	92,794	17,734
Total recovered costs	127,376	203,217	435,403	232,186
Total revenue from local sources	30,985,604	31,450,784	31,303,763	(147,021)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	84,000	84,000	80,559	(3,441)
Mobile home titling taxes	25,000	25,000	32,717	7,717
Auto rental tax	31,000	31,000	23,687	(7,313)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	63,913	63,913	48,553	(15,360)
Total noncategorical aid	2,402,931	2,402,931	2,384,534	(18,397)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	343,923	335,746	380,523	44,777
Sheriff	1,472,439	1,472,439	1,500,262	27,823
Commissioner of the Revenue	97,718	96,782	100,739	3,957
Treasurer	103,391	102,164	109,915	7,751
Registrar/electoral board	37,400	36,137	39,809	3,672
Clerk of the Circuit Court	319,816	315,249	301,687	(13,562)
Total shared expenses	2,374,687	2,358,517	2,432,935	74,418

(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, 2015**

	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	\$ 899,838	\$ 1,097,928	\$ 592,660	\$ (505,268)
Health department	-	-	680	680
Library grant	147,930	143,429	143,552	123
Fire program	86,000	87,000	907,195	820,195
EMS – 4 for life	28,000	28,000	30,530	2,530
Juvenile justice – crime control	35,000	33,873	17,705	(16,168)
Emergency management grant	14,588	14,588	1,997	(12,591)
Victim witness	47,571	46,080	48,759	2,679
Juror reimbursement	8,000	8,000	4,103	(3,897)
Comprehensive services	-	1,041,874	541,561	(500,313)
Rescue squad assistance fund	198,000	198,000	81,394	(116,606)
Miscellaneous	151,200	168,080	25,565	(142,515)
Total other categorical aid	1,616,127	2,866,852	2,395,701	(471,151)
Total categorical aid	3,990,814	5,225,369	4,828,636	(396,733)
Total revenue from the Commonwealth	6,393,745	7,628,300	7,213,170	(415,130)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	44,770	44,770
Categorical aid:				
Public assistance and welfare	612,307	696,087	1,104,877	408,790
Rent and royalties	-	-	283	283
Healthy families	-	11,717	4,343	(7,374)
Electoral services	-	-	878	878
Total categorical aid	612,307	707,804	1,110,381	402,577
Total revenue from the Federal Government	612,307	707,804	1,155,151	447,347
Total General Fund	37,991,656	39,786,888	39,672,084	(114,804)
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	268	268
Total revenue from use of money and property	-	-	268	268
Charges for services:				
Recreation trips	-	-	61,841	61,841
Landfill operations	221,200	221,200	373,773	152,573
Other charges for services	-	-	253	253
Total charges for services	221,200	221,200	435,867	214,667

(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, 2015

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Dare donations	\$ -	\$ -	\$ 23,991	\$ 23,991
Miscellaneous	-	-	36,088	36,088
Total miscellaneous revenue	-	-	60,079	60,079
Recovered costs:				
Recovered costs	-	10,257	6,552	(3,705)
Total revenue from local sources	221,200	231,457	502,766	271,309
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	-	-	60,431	60,431
Litter control	8,000	8,000	11,000	3,000
DMV grants	-	41,272	22,739	(18,533)
Other state revenues	4,000	4,000	22,809	18,809
Total revenue from the Commonwealth	12,000	53,272	116,979	63,707
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant – stump hill project	-	243,247	377,684	134,437
Highway planning and construction	-	352,022	333,729	(18,293)
Criminal justice technology grants	-	14,758	45,272	30,514
Sheriff grants	-	-	3,738	3,738
Total revenue from the Federal Government	-	610,027	760,423	150,396
Total Special Revenue Fund	233,200	894,756	1,380,168	485,412
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	3,877	3,877
Total Capital Projects Fund	-	-	3,877	3,877
Total Revenues – Primary Government	38,224,856	40,681,644	41,056,129	374,485
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	15,000	21,036	6,036
Charges for services:				
Tuition	11,500	60,153	107,448	47,295
Textbook Sales	381,000	381,000	-	(381,000)
Transportation	48,000	78,000	17,959	(60,041)
Other	4,000	12,000	134,710	122,710
Total charges for services	444,500	531,153	260,117	(271,036)

(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, 2015

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 117,927	\$ 117,927	\$ 102,445	\$ (15,482)
Recovered costs:				
Recovered costs	618,952	618,952	724,531	105,579
Total revenue from local sources	1,181,379	1,283,032	1,108,129	(174,903)
Intergovernmental revenue:				
County contribution to School Board	14,544,767	14,544,767	13,321,678	(1,223,089)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	4,851,914	4,851,914	4,881,974	30,060
Basic school aid	12,475,398	12,709,571	12,636,852	(72,719)
Special ed SOQ	1,548,243	1,548,243	1,564,567	16,324
Remedial education	485,560	485,560	490,680	5,120
Technology	336,000	336,000	320,155	(15,845)
Lottery	162,649	162,649	136,103	(26,546)
Primary class size	441,824	441,824	462,070	20,246
Fringe benefits	2,400,053	2,400,053	2,425,360	25,307
Textbooks	104,326	104,326	133,687	29,361
Preschool	365,429	365,429	365,429	-
Gifted and talented	130,408	130,408	131,783	1,375
At-risk	438,463	438,463	443,019	4,556
Regional program	836,813	836,813	794,159	(42,654)
Vocational education SOQ	280,238	280,238	283,192	2,954
Adult Basic Education Regionalization	-	-	113,751	113,751
Other state funds	422,725	608,126	759,428	151,302
Total categorical aid	25,280,043	25,699,617	25,942,209	242,592
Total revenue from the Commonwealth	25,280,043	25,699,617	25,942,209	242,592
Revenue from the Federal Government:				
Non-categorical				
Federal land use	70,000	70,000	67,827	(2,173)
Categorical aid:				
Preschool handicap	19,916	19,916	19,547	(369)
Adult basic aid	544,904	569,938	354,892	(215,046)
Title I	981,196	981,196	952,257	(28,939)
Title II	172,000	172,000	169,587	(2,413)
Title VI-B special education	1,104,933	1,240,734	1,251,015	10,281
Vocational education	78,600	78,600	67,424	(11,176)
Other education	86,777	86,777	-	(86,777)
Total categorical aid	2,988,326	3,149,161	2,814,722	(334,439)
Total revenue from the Federal Government	3,058,326	3,219,161	2,882,549	(336,612)
Total School Operating Fund	44,064,515	44,746,577	43,254,565	(1,492,012)

(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, 2015**

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 804,658	\$ (143,430)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	92,000	92,000	41,539	(50,461)
Revenue from the Federal Government:				
Categorical aid:				
School food	1,249,726	1,249,726	1,228,848	(20,878)
Total School Cafeteria Fund	2,289,814	2,289,814	2,075,045	(214,769)
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	73	73
Total School Textbook Fund	-	-	73	73
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	18,941	18,941
Total revenue from use of money and property	-	-	18,941	18,941
Total School Construction Fund	-	-	18,941	18,941
Total Revenues – Component Unit – School Board	\$ 46,354,329	\$ 47,036,391	\$ 45,348,624	\$ (1,687,767)

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, 2015**

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 170,535	\$ 248,004	\$ 222,904	\$ 25,100
General and financial administration:				
County administrator	233,156	227,991	214,981	13,010
Commissioner of the revenue	374,501	370,956	319,449	51,507
Assessor	-	3,635	3,635	-
Board of equalization	36,750	33,115	6,871	26,244
Treasurer	369,101	399,293	388,237	11,056
Central accounting	238,896	238,039	231,572	6,467
Purchasing	171,049	172,901	171,462	1,439
County attorney	171,589	167,804	147,262	20,542
Information technology	350,115	380,288	339,109	41,179
Human resources	36,489	36,489	26,602	9,887
Total general and financial administration	1,981,646	2,030,511	1,849,180	181,331
Board of Elections/Registrar:				
Electoral board and officials and registrar	169,303	166,575	148,224	18,351
Total general government administration	2,321,484	2,445,090	2,220,308	224,782
Judicial administration:				
Courts:				
Circuit court	77,529	75,681	74,628	1,053
General district court	17,705	17,705	13,676	4,029
Magistrate	1,019	1,019	283	736
Juvenile and domestic relations court	19,789	19,789	17,085	2,704
Clerk of the circuit court	429,856	452,000	446,509	5,491
Jurors	6,000	6,000	4,620	1,380
VJCCCA	73,301	89,186	89,186	-
Total courts	625,199	661,380	645,987	15,393
Commonwealth's attorney:				
Commonwealth's attorney	519,782	540,342	524,823	15,519
Victim advocate grant	63,605	63,323	63,321	2
Total commonwealth's attorney	583,387	603,665	588,144	15,521
Total judicial administration	1,208,586	1,265,045	1,234,131	30,914
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,674,216	4,384,484	4,192,712	191,772
Total law enforcement and traffic control	3,674,216	4,384,484	4,192,712	191,772
Fire and rescue services:				
Volunteer emergency services	293,644	298,310	244,848	53,462
Volunteer rescue services	218,627	250,484	187,087	63,397
Emergency medical services	1,618,704	1,647,880	1,431,431	216,449
Emergency service council	291,042	317,986	184,970	133,016
Total fire and rescue services	2,422,017	2,514,660	2,048,336	466,324

(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, 2015**

	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	\$ 1,760,050	\$ 1,947,067	\$ 1,938,141	\$ 8,926
Inspections:				
Building	216,362	242,720	236,063	6,657
Other protection:				
Animal control	135,165	135,978	128,734	7,244
Animal Shelter	158,217	162,807	139,683	23,124
Emergency services	848,749	866,443	753,784	112,659
Communications dispatch	961,106	960,035	999,074	(39,039)
Other public safety	216,500	256,491	192,791	63,700
Total other protection	2,319,737	2,381,754	2,214,066	167,688
Total public safety	10,392,382	11,470,685	10,629,318	841,367
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street lights	40,000	66,408	66,408	-
Maintenance of general buildings and grounds:				
General properties	921,255	1,512,543	1,205,487	307,056
Total public works	961,255	1,578,951	1,271,895	307,056
Health and welfare:				
Health:				
Supplement of local health department	239,493	239,493	239,493	-
Mental health and mental retardation:				
Community services board	95,153	95,153	95,153	-
Welfare:				
Welfare administration	1,866,523	1,908,459	1,745,145	163,314
Public assistance	543,181	525,904	387,085	138,819
County contributions	75,017	75,017	73,767	1,250
Comprehensive services	521,286	1,123,152	1,096,809	26,343
Tax relief for the elderly	-	-	238,647	(238,647)
Total welfare	3,006,007	3,632,532	3,541,453	91,079
Total health and welfare	3,340,653	3,967,178	3,876,099	91,079
Education:				
Contributions to community colleges	6,773	6,773	6,773	-
County contribution to School Board	14,544,767	14,745,652	13,321,678	1,423,974
Total education	14,551,540	14,752,425	13,328,451	1,423,974

(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, 2015**

	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	\$ 342,931	\$ 349,865	\$ 321,194	\$ 28,671
Library:				
Library	722,843	721,796	710,206	11,590
Museum	51,852	47,009	46,977	32
Total library	774,695	768,805	757,183	11,622
Total parks, recreation, and cultural	1,117,626	1,118,670	1,078,377	40,293
Community development:				
Planning and community development:				
Planning	261,342	248,345	245,756	2,589
Planning commission	24,314	24,314	21,155	3,159
Zoning board	3,210	3,210	711	2,499
Central Virginia planning	18,706	18,706	18,706	-
EDA board	58,526	58,526	3,876	54,650
Contribution to EDA	125,500	125,500	125,500	-
Tourism	33,000	33,000	28,448	4,552
Community development projects	153,868	763,951	277,239	486,712
Total planning and community development	678,466	1,275,552	721,391	554,161
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	80,094	80,094	71,261	8,833
Total community development	767,060	1,364,146	801,152	562,994
Non-Departmental:				
Non-departmental:				
Insurance	62,946	62,634	51,352	11,282
Line of duty	35,000	35,022	35,022	-
Other	101,131	48,157	12,816	35,341
Total non-departmental	199,077	145,813	99,190	46,623
Capital Outlay:				
Capital outlay:				
School buses	200,000	200,000	196,781	3,219
Sheriff vehicles	120,000	-	-	-
Total capital outlay	320,000	200,000	196,781	3,219
Debt service:				
Principal retirement	1,697,739	1,710,468	1,723,620	(13,152)
Interest and fiscal charges	782,911	770,182	754,402	15,780
Total debt service	2,480,650	2,480,650	2,478,022	2,628
Total General Fund	37,660,313	40,788,653	37,213,724	3,574,929

(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, 2015**

	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	\$ -	\$ 39,082	\$ 33,152	\$ 5,930
DARE program	-	70,232	65,628	4,604
VJCCA	-	24,000	24,000	
E-911 expenditures	-	-	1,609	(1,609)
Total public safety	-	133,314	124,389	8,925
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street lights	-	-	807	(807)
Sanitation and waste removal:				
Solid waste	1,643,429	1,815,183	1,614,594	200,589
Total public works	1,643,429	1,815,183	1,615,401	199,782
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	-	59,695	(59,695)
Cultural				
Depot relocation/enhancement	-	352,022	353,022	(1,000)
Total parks, recreation, and cultural	-	352,022	412,717	(60,695)
Community development:				
Planning and community development:				
CDBG project – stump hill	-	243,247	143,226	100,021
Total community development	-	243,247	143,226	100,021
Total Special Revenue Funds	1,643,429	2,543,766	2,295,733	248,033
Capital Projects Fund:				
Public works:				
General construction projects	-	-	275,834	(275,834)
Total Capital Projects Fund	-	-	275,834	(275,834)
Total Expenditures – Primary Government	39,303,742	43,332,419	39,785,291	3,547,128
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	33,899,712	34,385,273	33,427,132	958,141
Administration, attendance, and health	1,971,820	2,029,875	1,947,650	82,225
Pupil transportation services	2,903,739	2,957,509	2,582,187	375,322
Operation and maintenance services	3,978,673	4,087,119	4,019,568	67,551
Technology	1,310,571	1,310,571	1,278,028	32,543
Total School Operating Fund	44,064,515	44,770,347	43,254,565	1,515,782

(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, 2015**

	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	\$ 2,289,814	\$ 2,289,814	\$ 2,110,915	\$ 178,899
 School Construction Fund:				
Education:				
Capital projects	-	305,265	118,320	186,945
 Total Expenditures – Component Unit – School Board	\$ 46,354,329	\$ 47,365,426	\$ 45,483,800	\$ 1,881,626

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
2006	\$ 1,520,658	\$ 1,386,110	\$ 7,468,300	\$ 2,112,458	\$ 4,001,238	\$ 11,944,336	\$ 1,128,402	\$ 716,058	\$ 1,236,881	\$ 2,795,463	\$ 34,309,904
2007	1,753,718	1,444,904	8,081,177	2,145,719	4,191,694	11,591,180	1,206,591	1,683,352	1,348,301	2,874,288	36,320,924
2008	1,926,555	1,320,578	8,858,705	2,620,346	4,194,455	13,869,415	1,236,661	1,482,031	1,657,450	2,944,126	40,110,322
2009	1,845,246	1,382,588	9,754,820	1,992,168	5,107,006	10,643,924	1,273,589	1,957,203	1,677,976	3,189,616	38,824,136
2010	1,669,782	1,350,102	8,974,042	3,739,973	4,444,208	12,899,817	1,245,055	490,425	1,196,863	3,408,338	39,418,605
2011	1,690,623	1,356,685	8,756,354	2,141,153	4,147,244	13,208,833	1,072,529	667,805	1,387,309	3,409,473	37,838,008
2012	1,767,430	1,287,304	10,077,086	1,861,116	4,081,753	13,701,208	1,105,089	168,682	1,141,516	3,341,373	38,532,557
2013	2,267,593	1,260,079	10,699,839	4,801,185	4,564,438	13,412,266	420,238	597,117	1,064,766	3,718,640	42,806,161
2014	2,310,834	1,252,945	12,337,529	3,292,690	3,813,066	15,473,905	1,655,635	1,872,726	684,512	3,770,700	46,464,542
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

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
2006	\$ 4,024,517	\$ 6,450,831	\$ 599,042	\$ 15,299,134	\$ 6,553,224	\$ 2,462,135	\$ 990,883	\$ 553,708	\$ 36,933,474
2007	4,379,534	7,412,723	1,313,474	15,763,407	6,777,047	2,454,744	1,324,987	281,114	39,707,030
2008	4,627,769	7,117,806	2,416,352	16,564,067	7,159,264	2,435,830	1,176,998	355,710	41,853,796
2009	4,869,759	7,857,167	1,111,255	19,187,260	7,151,819	2,424,258	899,854	352,807	43,854,179
2010	5,178,969	7,174,916	1,904,889	18,945,245	5,420,027	3,632,335	488,571	380,687	43,125,639
2011	5,406,509	6,632,662	1,373,108	19,578,113	5,165,046	3,765,269	465,955	312,852	42,699,514
2012	5,404,275	6,682,107	146,894	20,436,547	5,171,164	3,625,924	330,555	143,760	41,941,226
2013	5,786,955	5,103,339	1,007,534	20,047,980	5,490,027	3,854,695	336,447	353,607	41,980,584
2014	5,703,356	6,301,493	1,986,253	21,099,556	6,847,214	2,451,644	103,384	179,001	44,671,901
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

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
2006	\$ 15,268,278	\$ 6,837,977	\$ 209,145	\$ 211,112	\$ 1,009,035	\$ 2,307,544	\$ 814,690	\$ 170,777	\$ 36,399,431	\$ 63,227,989
2007	15,727,042	6,777,047	225,398	199,559	1,295,742	2,634,567	832,479	235,057	41,730,769	69,657,660
2008	16,521,907	7,159,264	256,913	167,703	1,138,403	3,055,314	787,039	249,789	42,140,542	71,476,874
2009	18,974,212	7,151,819	200,835	274,117	803,309	3,209,688	943,554	257,907	45,536,631	77,352,072
2010	18,579,009	5,420,027	197,282	442,051	484,685	2,881,950	641,153	200,857	44,102,004	72,949,018
2011	19,609,216	5,165,046	147,832	467,564	664,694	2,616,552	764,380	451,593	41,025,200	70,912,077
2012	20,325,759	5,171,164	167,088	554,292	337,609	2,430,066	962,279	230,478	42,229,309	72,408,044
2013	20,192,306	5,490,027	178,669	626,244	356,574	3,272,242	1,099,117	197,554	38,819,135	70,231,868
2014	21,519,385	6,847,214	183,707	510,928	345,948	3,135,838	321,053	1,062,477	37,986,613	71,913,163
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

⁽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
2006	\$ 1,462,240	\$ 1,298,435	\$ 7,548,775	\$ 2,081,886	\$ 3,925,798	\$ 38,835,717	\$ 1,085,477	\$ 716,058	\$ -	\$ 1,795,875	\$ 4,594,995	\$ 63,345,256
2007	1,923,699	1,366,085	8,082,003	2,162,008	4,274,917	43,185,401	1,197,634	2,277,781	80,688	1,242,417	4,422,481	70,215,114
2008	2,004,482	1,231,603	9,411,657	4,957,059	4,205,499	48,403,627	1,202,770	919,370	-	2,554,468	4,624,010	79,514,545
2009	1,911,715	1,287,362	9,518,249	4,237,721	5,076,383	47,521,928	1,300,894	1,952,125	-	1,702,037	5,050,203	79,558,617
2010	1,752,085	1,287,963	9,451,528	3,688,457	4,544,073	45,637,598	1,190,048	731,934	-	303,517	4,811,679	73,398,882
2011	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	43,786,226	1,048,365	636,539	-	-	4,663,468	68,505,340
2012	1,832,094	1,210,565	9,858,074	2,338,924	4,170,975	45,135,290	1,078,219	705,600	-	-	3,528,109	69,857,850
2013	2,243,747	1,191,970	10,249,829	2,683,550	4,602,056	44,630,715	1,232,773	565,851	-	-	3,257,314	70,657,805
2014	2,180,893	1,161,835	12,139,969	3,248,502	3,826,389	45,901,389	1,538,316	1,746,524	89,924	2,609,326	2,476,387	76,919,454
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

⁽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
2006	\$ 1,442,657,700	\$ 189,511,733	\$ 16,285,360	\$ 77,511,019	\$ 6,859,554	\$ 77,632,298	\$ 1,810,457,664
2007	1,470,914,700	194,356,760	16,177,490	78,979,755	7,131,623	73,348,270	1,840,908,598
2008	1,495,139,400	195,089,255	15,776,190	81,796,911	8,025,820	65,492,935	1,861,320,511
2009	1,531,146,400	206,267,750	12,346,600	82,343,504	7,598,061	95,323,143	1,935,025,458
2010	2,324,219,300	205,608,421	12,311,200	84,420,400	7,085,055	103,341,541	2,736,985,917
2011	2,621,264,200	210,902,741	12,320,000	83,786,106	6,379,989	98,586,596	3,033,239,632
2012	2,638,619,100	220,204,158	12,576,500	84,984,166	6,473,300	99,488,417	3,062,345,641
2013	2,380,975,900	222,483,401	12,573,000	88,407,275	6,943,910	107,140,300	2,818,523,786
2014	2,399,856,100	221,807,920	12,478,000	91,682,335	7,195,285	108,863,554	2,841,883,194
2015	2,322,802,000	228,367,429	10,230,500	102,058,311	7,959,415	110,708,512	2,782,126,167

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
2006	\$ 0.61	\$ 3.25	\$ 0.61	\$ 2.00	\$ 3.95
2007	0.61	3.25	0.61	2.00	3.95
2008	0.65	3.25	0.65	2.00	3.95
2009	0.52	3.25	0.52	2.00	3.95
2010	0.52	3.25	0.52	2.00	3.95
2011	0.52	3.25	0.52	2.00	3.95
2012	0.52	3.25	0.52	2.00	3.95
2013	0.54	3.25	0.52	2.00	3.95
2014	0.54	3.45	0.54	2.00	3.95
2015	0.56	3.45	0.56	2.00	3.95

TABLE 7

COUNTY OF AMHERST, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax ⁽¹⁾ Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding ^(1, 2) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2006	\$ 17,528,774	\$ 16,929,060	96.58%	\$ 308,701	\$ 17,237,761	98.34%	\$ 462,675	2.64%
2007	17,898,255	17,334,380	96.85%	311,403	17,645,783	98.59%	577,542	3.23%
2008	18,630,497	18,146,159	97.40%	318,236	18,464,395	99.11%	636,107	3.41%
2009	21,130,560	20,430,145	96.69%	388,499	20,818,644	98.52%	829,090	3.92%
2010	21,212,184	20,228,826	95.36%	445,920	20,674,746	97.47%	1,325,725	6.25%
2011	21,458,839	20,679,986	96.37%	730,120	21,410,106	99.77%	1,541,182	7.18%
2012	22,076,519	20,921,553	94.77%	1,098,860	22,020,413	99.75%	1,468,593	6.65%
2013	22,856,724	21,564,459	94.35%	505,693	22,070,152	96.56%	1,136,956	4.97%
2014	22,796,962	22,150,167	97.16%	1,568,236	23,718,403	104.04%	1,171,922	5.14%
2015	23,299,349	22,195,862	95.26%	1,703,750	23,899,612	102.58%	991,033	4.25%

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Includes three years taxes.

TABLE 8

COUNTY OF AMHERST, VIRGINIA

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL BONDED DEBT PER CAPITA ^(1, 2, 3)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt ⁽³⁾	Less: Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	31,894	\$ 1,810,457,664	\$ 27,463,415	\$ 4,025,000	\$ 23,438,415	1.52%	\$ 735
2007	31,894	1,840,908,598	25,974,366	3,950,000	22,024,366	1.41%	691
2008	31,894	1,861,320,511	34,384,357	3,870,000	30,514,357	1.85%	957
2009	31,894	1,935,025,458	31,407,157	3,785,000	27,622,157	1.62%	866
2010	31,894	2,736,985,917	36,223,397	11,739,000	24,484,397	1.32%	768
2011	31,894	3,033,239,632	33,097,273	11,566,000	21,531,273	1.09%	675
2012	32,353	3,062,345,641	34,412,922	11,340,000	23,072,922	1.12%	713
2013	32,353	2,818,523,786	30,690,078	9,730,000	20,960,078	1.09%	648
2014	32,353	2,841,883,194	25,277,120	9,490,000	15,787,120	0.89%	488
2015	32,353	2,782,126,167	23,329,381	9,240,000	14,089,381	0.84%	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 unit, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 20, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **We consider the Items identified as 14-01 to 14-03 described in the accompanying schedule of findings and questioned costs to be material weaknesses.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2015-001 to 2015-004.**

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
January 20, 2016



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

Honorable Members of Board of Supervisors
County of Amherst, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Amherst, Virginia's (the "County") compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Amherst, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
January 20, 2016

COUNTY OF AMHERST, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2015

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

STATE COMPLIANCE MATTERS

Code of Virginia

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

State Agency Requirements

- Education
- Social Services

FEDERAL COMPLIANCE MATTERS

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

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

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 10,507
Temporary Assistance to Needy Families (TANF)	93.558		224,741
Refugee and Entrant Assistance – Discretionary Grants	93.566		349
Low Income Home Energy Assistance	93.568		25,224
Child Care Mandatory and Matching funds of the			
Child Care and Development Fund	93.596		37,547
Child Welfare Services – State Grants	93.645		1,618
Foster Care – Title IV-E	93.658		114,047
Adoption Assistance	93.659		19,017
Social Services Block Grant	93.667		173,720
Chafee Foster Care Independence Program	93.674		1,286
Children's Health Insurance Program	93.767		7,527
Medical Assistance Program	93.778		262,054
Total Department of Health and Human Services			<u>877,637</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>143,226</u>
Department of Justice:			
Pass through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,139
Direct Payments:			
Juvenile Accountability Block Grant	16.523		<u>21,600</u>
Total Department of Justice			<u>22,739</u>
Environmental Protection Agency:			
Pass through Payments:			
Virginia Department of Environmental Quality:			
Rents and royalties	66.000		<u>283</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Schools and Roads – Grants to States	10.665		<u>67,827</u>
Child Nutrition Cluster:			
Food Distribution – Schools	10.555		123,502

COUNTY OF AMHERST, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Federal CFDA Number	Cluster Amounts	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 307,707	
National School Lunch Program	10.555	921,141	
Total Child Nutrition Cluster			\$ 1,352,350
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition Assistance Program	10.561		231,583
Total Department of Agriculture			1,651,760
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		6,910
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		5,302
Alcohol Open Container Requirements	20.607		5,627
National Priority Safety Programs	20.616		1,833
Virginia Department of Transportation			
Highway Planning and Construction	20.205		292,553
Total Department of Transportation			312,225
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		358,156
Title I Grants to Local Educational Agencies	84.010		952,257
Special Education – Grants to States (Special Education Cluster)	84.027	\$ 1,251,015	
Special Education – Preschool Grants (Special Education Cluster)	84.173	19,547	
Total Special Education Cluster			1,270,562
Career and Technical Education: Basic grants to states	84.048		65,870
Advanced Placement Program	84.330		1,554
Improving Teacher Quality State Grants	84.367		169,587
Total Department of Education			2,817,986
Total Expenditures of Federal Awards			\$ 5,825,856

NOTE 1 – BASIS OF PRESENTATION:

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

NOTE 2 – FOOD DISTRIBUTION:

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

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Three material weaknesses** relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **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
Highway Planning and Construction	20.205
Title I Grants to Local Education Agencies	84.010
Special Education Cluster – Special Education – Grants to States	84.027
Special Education Cluster – Special Education – Preschool Grants	84.173

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

14-01: Segregation of Duties (Material Weakness)

Condition:

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

Recommendation:

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

Management's Response:

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

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

14-02: Segregation of Duties – Information Technology (Material Weakness)

Condition:

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

Recommendation:

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

Management's Response:

We agree that duties need to be further segregated and we are making efforts to do so within our current staffing constraints. A contractor is currently engaged in restructuring our positive pay files to improve segregation within IT and the Treasurer's office.

14-03: Adjustments (Material Weakness)

Condition:

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

Recommendation:

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

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

Management's Response:

We concur that multiple adjustments were necessary as part of the audit process and that steps need to be taken to correct this matter moving forward.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2015-001: Budget Appropriations

Condition:

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Communications dispatch	<u>\$ 960,035</u>	<u>\$ 999,074</u>	<u>\$ (39,039)</u>
Special Revenue Fund			
Depot relocation/enhancement	<u>\$ 352,022</u>	<u>\$ 353,022</u>	<u>\$ (1,000)</u>

Recommendation:

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

Management's Response:

Management concurs with the finding and recommendations of the auditor.

2015-002: Annual Review of Access

Condition:

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

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:

Virginia Department of Social Services requires, oversees, and documents the completion of system annual reviews. We are, however, transitioning to a digital format for all access request forms and were unable to retrieve the appropriate e-mails when requested. The agency will establish a recordkeeping protocol as either a file management system for digital files or a policy in which it prints and keeps hard copies of all documents.

COUNTY OF AMHERST, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2015-003: Social Services VDSS System Access

Condition:

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

Recommendations:

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

Management's Response:

The auditee will take steps to correct this matter.

2015-004: Special Welfare Account Reconciliation

Condition:

There was no evidence that each special welfare account was reconciled monthly with the Treasurer's records.

Recommendations:

Steps should be taken to ensure that special welfare accounts are reconciled monthly to the Treasurer's records.

Management's Response:

The auditee will take steps to correct this matter.

COUNTY OF AMHERST, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2015

Auditor Reference No.

2014-001: Assistance to Firefighters Grant – CFDA 97.044

Condition:

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

Current Status:

There were no expenditures under this program in fiscal year 2015 therefore no testing was necessary.