



**COUNTY OF AMHERST, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2016**





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## **INTRODUCTORY SECTION**

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# Amherst County

Updated:  
June 30, 2016

**County Attorney**  
Ellen Bowyer

Rachael Carton

## Board of Supervisors

**County Administrator**  
Dean Rodgers

Regina Rice

Vacant

**Deputy Co. Admin./  
Purchasing Agent**  
David Proffitt

Sheila Campbell

Accounting  
Brenda  
Campbell

Building Official  
Nathan Young

Child &  
Family Services  
Jonie Tables

Info. Tech.  
Jackie  
Viar

Recreation  
& Parks  
Sara Lu  
Christian

Planning/  
Zoning  
Jeremy  
Bryant

Public Safety  
Gary  
Roakes

Public Works  
Teresa  
Nuckols

Maintenance  
Maynard Jennings  
Robert Ramsey  
Gordon Sandige

E911 Dispatch  
Debbie Campbell

Constitutional Officers:  
Circuit Court Clerk  
Treasurer  
Commissioner of the Revenue  
Sheriff- Animal Control/Shelter  
\*\*\*\*\*  
Commonwealth's Attorney

Courts:  
Circuit Court  
General District  
J & D Relations

Registrar  
Fran Brown

Schools  
Dr. Steven Nichols

Social Services  
Susan Mays, Director

Service Authority  
Dan French

Library  
Steve Preston



**COUNTY OF AMHERST, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2016**

**BOARD OF SUPERVISORS**

John A. Marks, Jr., Chair  
David Pugh, Jr., Vice-Chair

L. J. Ayers, III

Claudia D. Tucker

Kenneth M. Campbell

**SCHOOL BOARD**

Alan Wood, Chair  
W. Michael Henderson, Vice-Chair

Priscilla Liggon

Jennifer Cumby  
Randy Summers

Patricia Massie

**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

Ed Kryspin

**COUNTY OF AMHERST, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2016**

**ECONOMIC DEVELOPMENT AUTHORITY BOARD**

Calvin Kennon, Jr., Chair  
Michael J. Russell, Vice-Chair  
Edgar O. Kinnier, Jr., Treasurer

Donald T. Manley

Mitch Heishman  
David Wall

Jennifer Moore

**OTHER OFFICIALS**

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

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

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
County of Amherst, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

## **Report on the Financial Statements (Continued)**

### *Auditor's Responsibility (Continued)*

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

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.

**Other Matters (Continued)***Other Information (Continued)*

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 February 8, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
February 8, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2016. The County's local contribution to the Amherst County Schools (Education) is included in this narrative.

### **Financial Highlights**

- The reporting entity has total net position of \$47,346,661 at June 30, 2016. \$27,251,858, or 58%, of this amount represents the net position of governmental activities at year end. The remaining 42%, or \$20,094,803, reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- In the prior year, capital expenses were not recorded as construction in progress and loans receivable were not recorded for the CDBG low-income housing project. This resulted in an adjustment in the County's 2015 net position. The net position was reported as \$25,383,793 and has been restated as \$25,933,918.
- \$9,367,673 is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$2.4 million, the governmental activities increased \$1.3 million while business-type activities increased \$1.1 million.
- At the close of fiscal year 2016, the County's Statement of Activities shows the net position of governmental activities an increase from the previous year by \$1,317,940. (Exhibit 2)

### **Overview of the Financial Statements**

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

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

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

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements help in answering the question "Is the County as a whole better or worse as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar

to the accounting used by most private-sector companies. They take into account all of the current year's revenues and expenses regardless of when the cash is actually received or paid.

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

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

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

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

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

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

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

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

#### Proprietary Funds

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



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

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

#### Fiduciary funds

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

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 16-67.

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

#### **Government-wide Financial Analysis**

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

Table 1 summarizes *the Statement of Net Position* for the primary government as of June 30, 2016 and 2015.

**Summary Statement of Net Position**

**as of June 30, 2016**

**(\$ in millions)**

**Table 1**

	Primary Government						
	Governmental		Business-Type		Total		Percentage Change
	Activities		Activities		Primary Government		
	2016	2015	2016	2015	2016	2015	
Cash and investments	\$29.0	\$28.6	\$2.8	\$2.7	\$31.8	\$31.3	1.6%
Receivables, net	8.5	7.8	0.7	0.6	9.2	8.4	9.5%
Due from other governments	1.4	1.5	-	-	1.4	1.5	-6.7%
Inventories	-	-	0.3	0.2	0.3	0.2	50.0%
Prepaid items	0.1	0.4	-	-	0.1	0.4	-75.0%
Loans receivable	0.1	0.1	-	-	0.1	0.1	0.0%
Restricted assets:							
Cash and investments	2.4	2.5	1.3	1.3	3.7	3.8	-2.6%
Capital assets	29.1	27.0	29.0	28.8	58.1	55.8	4.9%
Total Assets	70.6	67.9	34.1	33.6	104.7	101.5	3.6%
DEFERRED OUTFLOWS							
Deferred amount on refunding	-	-	0.1	-	0.1	-	100.0%
Pension contributions subsequent to measurement date	0.9	0.9	0.1	-	1.0	0.9	11.1%
Total deferred outflows of resource	0.9	0.9	0.2	-	1.1	0.9	
Accounts payable	2.8	0.7	0.2	0.2	3.0	0.9	233.3%
Accrued liabilities	0.3	-	-	-	0.3	-	100.0%
Customer deposits	-	-	0.3	0.3	0.3	0.3	-33.3%
Accrued interest	0.2	0.3	0.1	0.1	0.3	0.4	0.0%
Due to component unit	3.2	3.1	-	-	3.2	3.1	3.2%
Long-term liabilities: (Notes 8 and 11)							
Net pension liability	3.5	3.4	0.4	-	3.9	3.4	14.7%
Due within one year	1.7	1.8	0.6	0.5	2.3	2.3	0.0%
Due in more than one year	17.5	18.7	12.3	12.9	29.8	31.6	-5.7%
Total liabilities	29.2	28.0	13.9	14.0	43.1	42.0	2.6%
DEFERRED INFLOWS							
Property taxes	13.9	12.8	-	-	13.9	12.8	8.6%
Net difference between projected and actual investment earnings on pension plan investments	1.2	2.1	0.3	-	1.5	2.1	-28.6%
Total deferred inflows of resources	15.1	14.9	0.3	-	15.4	14.9	3.4%
NET POSITION							
Net investment in capital assets	17.6	13.9	16.3	15.5	33.9	29.0	16.9%
Restricted net position	0.2	-	1.3	1.3	1.5	1.3	0.0%
Unrestricted net position	9.4	12.0	2.5	2.8	11.9	14.7	-18.4%
Total net position	\$27.2	\$25.9	\$19.6	\$19.6	\$47.3	\$45.0	4.9%

(Continued)

*Net position* serves over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$47,346,661 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 72% 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, grant purposes, and CDBG loans receivable.

Assessed property values increased by \$30,136,652 during the year. The County's slight increase in revenue, of \$269,597, from property taxes only equated to a 1% difference from fiscal year 2015. The collection of delinquent taxes also showed a decline of approximately 70% and an increase in outstanding delinquent taxes of approximately 13% (See Table 7). Personal Property Tax Relief Act (PPTRA) revenue is included in this analysis. The Commonwealth of Virginia no longer reimburses at 70%, rather a ceiling was established and the County is eligible to receive \$2,199,000 per budget year. For the fiscal year 2016 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPTRA 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 \$20,262,746, an overall decrease of \$2,903,561 in comparison with the prior year. Of the \$20,262,746, approximately \$12.7 million constitutes unassigned fund balance, which is available for spending at the government's discretion. To ensure adequate fund availability for unanticipated expenditures, the County adopted a financial policy to provide cash flow reserves of at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County Public Schools. This financial policy leaves \$7.1 million of spendable fund balance. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is obligated by either Board or management action for specific purposes. The decrease in fiscal 2016 was due to stagnant revenues, increased education expense, increased transfer to solid waste fund, and an increase in capital projects.

## Statement of Activities

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

<b>Changes in Net Position</b> <b>Year Ended June 30, 2016</b> <b>(\$ millions)</b>						
<b>Table 2</b>						
	<b>Primary Government</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$2.9	\$2.9	\$4.0	\$3.4	\$6.9	\$6.3
Operating grants and contributions	5.6	5.5	-	-	5.6	5.5
Capital grants and contributions	0.4	0.4	-	-	0.4	0.4
<b>General revenues:</b>						
General property taxes	22	21.7	-	-	22	21.7
Other local taxes	7	6.9	-	-	7	6.9
Use of money and property	0.1	0.2	-	-	0.1	0.2
Non-categorical aid	2.5	2.4	-	-	2.5	2.4
Capital contribution	-	-	0.7	0.7	0.7	0.7
Other general revenues	0.1	0.2	0.2	0.2	0.3	0.4
<b>Total revenues</b>	<b>\$40.6</b>	<b>\$40.2</b>	<b>\$4.9</b>	<b>\$4.3</b>	<b>\$45.5</b>	<b>\$44.5</b>
<b>Expenses</b>						
General government	2.3	2.3	-	-	2.3	2.3
Judicial administration	1.3	1.3	-	-	1.3	1.3
Public safety	10.1	10.6	-	-	10.1	10.6
Public works	3.4	3.3	-	-	3.4	3.3
Health and welfare	4.1	3.8	-	-	4.1	3.8
Education	15.7	14.4	-	-	15.7	14.4
Parks, recreation, and cultural	1.2	1.6	-	-	1.2	1.6
Community development	0.6	1.4	-	-	0.6	1.4
Interest on long-term debt	0.6	0.7	-	-	0.6	0.7
Water and sewer	-	-	3.8	3.8	3.8	3.8
<b>Total expenses</b>	<b>39.3</b>	<b>39.3</b>	<b>3.8</b>	<b>3.8</b>	<b>43.1</b>	<b>43.2</b>
<b>Change in net position</b>	<b>\$1.30</b>	<b>\$0.90</b>	<b>\$1.10</b>	<b>\$0.50</b>	<b>\$2.40</b>	<b>\$1.30</b>

Table 2 may differ from Exhibit 2 due to rounding

- The increase in operating grants and contributions is due to a combination of items; increased funding for Social Services, increased judicial funding, and increased general government operations funding.
- The increase in general property taxes was due to an increase in assessed value.
- The increase in other local taxes was a result of increased sales tax and meals tax revenue.
- Public Safety expenses decreased during the current year. The expenses in the prior fiscal year included costs in completing the purchase of radios for the new Regional Radio system; and the purchase of Sheriff vehicles, which were greater in fiscal year 2015 than fiscal year 2016.
- The expenditures for Education was greater in the current year in comparison those of fiscal year 2015.

The County's delinquency rate on current levy increased in comparison to the delinquency rate of fiscal year 2015. However, in comparison to the fiscal year 2015 audit, the delinquency rates of the prior years were unchanged for fiscal year 2016. The trend should be monitored closely to ensure the increase does not continue.

<b>Fiscal Year</b>	<b>Delinquency Rate</b>
2010-2011	7.18%
2011-2012	6.65%
2012-2013	4.97%
2013-2014	5.14%
2014-2015	4.25%
2015-2016	4.48%

#### **Capital Asset and Debt Administration**

Capital assets – Capital assets of the County carry a value total of 29,144,572; the School Board's totals \$18,170,640; and the Service Authority's totals \$29,030,167 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. There are several ongoing projects with school infrastructure, renovations of the administration building, and renovations of the train depot. For the current fiscal year the County's construction in progress has a value of \$3,542,355.

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

Long-term debt – At the end of the current fiscal year, the County had total obligations outstanding of \$19,174,639. Of this amount \$8,975,000 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 \$1,372,723.

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

### **Economic Factors and Next Year's Budgets and Rates**

- In October 2016, the County's unemployment rate was 4.40%, which is 0.90% lower than it was in October 2015.
- The tax rate increased over 2016 by \$0.05 for a tax rate of \$0.61 for real property for every \$100 of assessed value for 2016; however the personal property tax rate of \$3.45 remained the same for the 2016 calendar year. Tax rate detail is provided in Table 6 of this report.
- The enrollment in public schools decreased in fiscal year 2016 by 1% from 4,268 to 4,216. School enrollment is projected to decline over the next year by 2%.

### **Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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## COUNTY OF AMHERST, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2016

(Except for Business-Type Activities which are as of December 31, 2015)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
<b>ASSETS</b>					
Cash and investments (Note 3)	\$ 28,994,105	\$ 2,842,603	\$ 31,836,708	\$ 145,449	\$ 1,858,348
Receivables, net (Note 4)	8,457,131	665,156	9,122,287	-	253,654
Due from primary government	-	-	-	-	3,185,053
Due from other governments (Note 6)	1,389,148	-	1,389,148	-	1,478,477
Inventories	-	260,268	260,268	-	-
Prepaid items	101,284	-	101,284	-	61,716
Loans receivable (Note 5)	156,477	-	156,477	-	-
Restricted assets (Note 3)					
Cash and investments	2,371,906	1,278,952	3,650,858	-	-
Net pension asset (Note 12)	-	-	-	-	691,222
Capital assets: (Note 8)					
Nondepreciable	5,910,665	623,523	6,534,188	329,509	309,181
Depreciable, net	23,233,907	28,406,644	51,640,551	462,262	17,861,459
Total assets	70,614,623	34,077,146	104,691,769	937,220	25,699,110
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	-	32,159	32,159	-	-
Pension-related deferred outflows (Notes 10, 11, 12, and 13)	946,476	131,937	1,078,413	-	3,600,460
Total deferred outflows of resources	946,476	164,096	1,110,572	-	3,600,460
<b>LIABILITIES</b>					
Accounts payable	2,768,130	178,155	2,946,285	17,942	45,478
Accrued liabilities	322,604	-	322,604	14,737	5,078,599
Customer deposits	-	258,065	258,065	-	-
Accrued interest	256,812	128,602	385,414	-	-
Due to component unit	3,185,053	-	3,185,053	-	-
Unearned revenue	-	-	-	8,253	-
Long-term liabilities:					
Net pension liability (Notes 10, 11, and 13)	3,531,759	424,007	3,955,766	-	39,132,000
Due within one year (Notes 9 and 15)	1,676,229	570,447	2,246,676	32,867	62,622
Due in more than one year (Notes 9 and 15)	17,498,410	12,327,433	29,825,843	849,247	563,595
Total liabilities	29,238,997	13,886,709	43,125,706	923,046	44,882,294
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	13,859,195	-	13,859,195	-	-
Pension-related deferred inflows (Notes 10, 11, 12, and 13)	1,211,049	259,730	1,470,779	-	3,853,989
Total deferred inflows of resources	15,070,244	259,730	15,329,974	-	3,853,989
<b>NET POSITION</b>					
Net investment in capital assets	17,577,708	16,274,758	33,852,466	606,461	18,170,640
Restricted for:					
Debt service	-	1,278,952	1,278,952	-	-
Community development loans	156,477	-	156,477	-	-
Grants	150,000	-	150,000	-	-
Unrestricted net position (deficit)	9,367,673	2,541,093	11,908,766	(592,287)	(37,607,353)
Total net position	\$ 27,251,858	\$ 20,094,803	\$ 47,346,661	\$ 14,174	\$ (19,436,713)

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

## COUNTY OF AMHERST, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

(Except for Business-Type Activities which are as of December 31, 2015)

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
<b>Primary Government:</b>									
Governmental activities:									
General government	\$ 2,252,063	\$ 516,740	\$ 493,892	\$ -	\$ (1,241,431)	\$ -	\$ (1,241,431)	\$ -	\$ -
Judicial administration	1,279,439	385,425	774,521	-	(119,493)	-	(119,493)	-	-
Public safety	10,108,631	1,400,732	1,764,779	-	(6,943,120)	-	(6,943,120)	-	-
Public works	3,380,591	371,802	11,380	372,909	(2,624,500)	-	(2,624,500)	-	-
Health and welfare	4,133,175	66,367	2,411,822	-	(1,654,986)	-	(1,654,986)	-	-
Education	15,663,137	-	-	-	(15,663,137)	-	(15,663,137)	-	-
Parks, recreation, and cultural	1,221,157	124,186	146,845	-	(950,126)	-	(950,126)	-	-
Community development	655,103	-	-	25,339	(629,764)	-	(629,764)	-	-
Interest on long-term debt	600,798	-	-	-	(600,798)	-	(600,798)	-	-
Total governmental activities	39,294,094	2,865,252	5,603,239	398,248	(30,427,355)	-	(30,427,355)	-	-
Business-type activities:									
Water and sewer	3,792,350	3,954,796	-	-	-	162,446	162,446	-	-
Total primary government	\$ 43,086,444	\$ 6,820,048	\$ 5,603,239	\$ 398,248	(30,427,355)	162,446	(30,264,909)	-	-
<b>Component Units:</b>									
Economic Development Authority	\$ 366,776	\$ -	\$ -	\$ -	-	-	-	(366,776)	-
School Board	45,457,320	1,650,523	29,822,088	-	-	-	-	-	(13,984,709)
Total component units	\$ 45,824,096	\$ 1,650,523	\$ 29,822,088	\$ -	-	-	-	(366,776)	(13,984,709)
General revenues:									
General property taxes					21,990,825	-	21,990,825	-	-
Other local taxes:									
Local sales and use					2,550,304	-	2,550,304	-	-
Consumer's utility tax					2,044,472	-	2,044,472	-	-
Business license					380,601	-	380,601	-	-
Motor vehicle license taxes					723,346	-	723,346	-	-
Restaurant food taxes					957,337	-	957,337	-	-
Other taxes					365,881	-	365,881	-	-
Unrestricted revenues from use of money and property					124,223	1,306	125,529	154,042	23,271
Miscellaneous					141,268	249,798	391,066	21,166	159,346
County contribution					-	-	-	144,830	14,632,200
Capital contributions					-	674,682	674,682	-	-
Grants and contributions not restricted to specific programs					2,467,038	-	2,467,038	-	-
Total general revenues					31,745,295	925,786	32,671,081	320,038	14,814,817
Change in net position					1,317,940	1,088,232	2,406,172	(46,738)	830,108
<b>NET POSITION AT JULY 1, as restated (Note 24)</b>					25,933,918	19,006,571	44,940,489	60,912	(20,266,821)
<b>NET POSITION AT JUNE 30</b>					\$ 27,251,858	\$ 20,094,803	\$ 47,346,661	\$ 14,174	\$ (19,436,713)

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

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**FUND**  
**FINANCIAL STATEMENTS**

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## COUNTY OF AMHERST, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 23,664,500	\$ 5,154,168	\$ 175,437	\$ 28,994,105
Receivables, net	8,425,562	31,569	-	8,457,131
Prepaid expenses	101,284	-	-	101,284
Due from other funds	417,980	-	-	417,980
Due from other governments	1,389,148	-	-	1,389,148
Loans receivable	-	156,477	-	156,477
Cash and investments, restricted	-	-	2,371,906	2,371,906
	<u>-</u>	<u>-</u>	<u>2,371,906</u>	<u>2,371,906</u>
Total assets	<u>\$ 33,998,474</u>	<u>\$ 5,342,214</u>	<u>\$ 2,547,343</u>	<u>\$ 41,888,031</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 320,510	\$ 148,295	\$ 2,165,654	\$ 2,634,459
Retainage payable	-	1,000	132,671	133,671
Accrued liabilities	311,227	11,377	-	322,604
Due to other funds	-	-	417,980	417,980
Due to component unit	3,185,053	-	-	3,185,053
	<u>3,185,053</u>	<u>-</u>	<u>-</u>	<u>3,185,053</u>
Total liabilities	<u>3,816,790</u>	<u>160,672</u>	<u>2,716,305</u>	<u>6,693,767</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable/unearned revenues	14,931,518	-	-	14,931,518
	<u>14,931,518</u>	<u>-</u>	<u>-</u>	<u>14,931,518</u>
<b>FUND BALANCES (Note 18)</b>				
Nonspendable	101,284	-	-	101,284
Restricted	150,000	156,477	-	306,477
Committed	588,061	-	-	588,061
Assigned	1,514,023	5,025,065	-	6,539,088
Unassigned	12,896,798	-	(168,962)	12,727,836
	<u>12,896,798</u>	<u>-</u>	<u>(168,962)</u>	<u>12,727,836</u>
Total fund balances (deficit)	<u>15,250,166</u>	<u>5,181,542</u>	<u>(168,962)</u>	<u>20,262,746</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 33,998,474</u>	<u>\$ 5,342,214</u>	<u>\$ 2,547,343</u>	<u>\$ 41,888,031</u>

## COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2016**

<b>Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds</b>	<b>\$ 20,262,746</b>
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.	29,144,572
Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,072,323
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension	946,476
Deferred inflows of resources related to pension	(1,211,049)
Net pension liability	(3,531,759)
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	(13,938,770)
Accrued interest	(256,812)
Compensated absences	(1,000,838)
Landfill closure and post-closure costs	(4,235,031)
<b>Net position of governmental activities</b>	<b><u><u>\$ 27,251,858</u></u></b>

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>				
General property taxes	\$ 21,919,213	\$ -	\$ -	\$ 21,919,213
Other local taxes	7,021,941	-	-	7,021,941
Permits, privilege fees, and regulatory licenses	166,321	-	-	166,321
Fines and forfeitures	278,583	-	-	278,583
Revenue from the use of money and property	115,046	-	9,177	124,223
Charges for services	1,491,147	408,669	-	1,899,816
Miscellaneous	82,632	58,636	-	141,268
Recovered costs	529,830	979	-	530,809
Intergovernmental revenues:				
Commonwealth	6,768,468	136,324	-	6,904,792
Federal	1,226,440	429,892	-	1,656,332
Total revenues	<u>39,599,621</u>	<u>1,034,500</u>	<u>9,177</u>	<u>40,643,298</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,470,122	-	-	2,470,122
Judicial administration	1,234,688	-	-	1,234,688
Public safety	10,917,683	76,631	-	10,994,314
Public works	1,082,970	1,703,944	-	2,786,914
Health and welfare	4,253,852	-	-	4,253,852
Education	14,545,851	-	-	14,545,851
Parks, recreation, and cultural	1,107,223	206,596	-	1,313,819
Community development	612,556	43,106	-	655,662
Nondepartmental	136,625	-	-	136,625
Capital projects	93,136	-	2,653,892	2,747,028
Debt service				
Principal	1,740,802	-	-	1,740,802
Interest	667,182	-	-	667,182
Total expenditures	<u>38,862,690</u>	<u>2,030,277</u>	<u>2,653,892</u>	<u>43,546,859</u>
Excess (deficiency) of revenues over expenditures	<u>736,931</u>	<u>(995,777)</u>	<u>(2,644,715)</u>	<u>(2,903,561)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 6)	-	1,552,571	-	1,552,571
Transfers out (Note 6)	<u>(1,552,571)</u>	<u>-</u>	<u>-</u>	<u>(1,552,571)</u>
Total other financing sources (uses)	<u>(1,552,571)</u>	<u>1,552,571</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(815,640)</u>	<u>556,794</u>	<u>(2,644,715)</u>	<u>(2,903,561)</u>
<b>FUND BALANCES AT JULY 1, as restated (Note 24)</b>	<u>16,065,806</u>	<u>4,624,748</u>	<u>2,475,753</u>	<u>23,166,307</u>
<b>FUND BALANCES (DEFICIT) AT JUNE 30</b>	<u><u>\$ 15,250,166</u></u>	<u><u>\$ 5,181,542</u></u>	<u><u>\$ (168,962)</u></u>	<u><u>\$ 20,262,746</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, 2016**

**Net change in fund balances per Exhibit 5 – total governmental funds** \$ (2,903,561)

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

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

Capital outlay	\$ 4,491,885	
Depreciation expense	(1,357,822)	
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(1,023,685)</u>	2,110,378

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues in the funds. (31,261)

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	946,476	
Pension expense	<u>(216,675)</u>	729,801

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	1,359,830	
Lease revenue bonds	354,000	
Notes payable	26,972	
Amortization of bond premium	<u>26,521</u>	1,767,323

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	(55,049)	
Landfill liability	(339,554)	
Accrued interest	<u>39,863</u>	(354,740)

**Change in net position of governmental activities** \$ 1,317,940

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2015**

	<u><b>Enterprise Fund</b></u> <u><b>Amherst County</b></u> <u><b>Service Authority</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 2,842,603
Receivables, net (Note 4)	665,156
Inventories	260,268
Total current assets	<u>3,768,027</u>
Noncurrent assets	
Restricted cash and investments	1,278,952
Capital assets: (Note 7)	
Nondepreciable	623,523
Depreciable, net	28,406,644
Total noncurrent assets	<u>30,309,119</u>
Total assets	<u>34,077,146</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on refunding	32,159
Pension contributions subsequent to measurement date	131,937
Total deferred outflows of resources	<u>164,096</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	178,155
Customer deposits	258,065
Accrued interest	128,602
Long-term liabilities due within one year (Note 8)	570,447
Total current liabilities	<u>1,135,269</u>
Noncurrent liabilities:	
Long-term liabilities due in more than one year (Note 8)	12,327,433
Net pension liability	424,007
Total noncurrent liabilities	<u>12,751,440</u>
Total liabilities	<u>13,886,709</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net difference between projected and actual investment earnings on pension plan investments	<u>259,730</u>
<b>NET POSITION</b>	
Net investment in capital assets	16,274,758
Restricted for debt service	1,278,952
Unrestricted net position	2,541,093
Total net position	<u>\$ 20,094,803</u>

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2015**

	<u><b>Enterprise Fund</b></u> <u><b>Amherst County</b></u> <u><b>Service Authority</b></u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 3,845,676
Miscellaneous	109,120
	<hr/>
Total operating revenues	3,954,796
	<hr/>
<b>OPERATING EXPENSES</b>	
Water transmission and distribution	198,147
Water distribution maintenance	301,574
Wastewater maintenance	20,463
General plant operations and maintenance	418,691
Wastewater treatment	459,841
General and administrative	960,889
Depreciation and amortization	996,391
	<hr/>
Total operating expenses	3,355,996
	<hr/>
Operating income	598,800
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	1,306
Connection and availability charges	224,993
Interest expense	(433,551)
Rental income	24,805
Loss on sale of assets	(2,803)
	<hr/>
Total non-operating expenses, net	(185,250)
	<hr/>
Income before capital contributions	413,550
	<hr/>
<b>CAPITAL CONTRIBUTIONS</b>	674,682
	<hr/>
Change in net position	1,088,232
	<hr/>
<b>NET POSITION AT JANUARY 1</b>	19,006,571
	<hr/>
<b>NET POSITION AT DECEMBER 31</b>	\$ 20,094,803
	<hr/> <hr/>

## COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended December 31, 2015

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 3,816,536
Payments to suppliers	(1,590,782)
Payments to employees	(837,854)
Other operating receipts	17,818
	<hr/>
Net cash provided by operating activities	1,405,718
	<hr/>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets and water rights	(538,266)
Connection and availability fees	224,993
Principal paid on debt	(493,378)
Interest payments on long-term liabilities	(496,364)
	<hr/>
Net cash used in capital and related financing activities	(1,303,015)
	<hr/>
<b>INVESTING ACTIVITIES</b>	
Rent received	24,805
Interest received	1,306
	<hr/>
Net cash provided by investing activities	26,111
	<hr/>
Net increase in cash and cash equivalents	128,814
	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at January 1	3,992,741
	<hr/>
Ending at December 31	\$ 4,121,555
	<hr/> <hr/>
<b>RECONCILIATION TO EXHIBIT 7</b>	
Cash and investments	\$ 2,842,603
Restricted cash and investments	1,278,952
	<hr/>
	\$ 4,121,555
	<hr/> <hr/>

(Continued)

## COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended December 31, 2015

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 598,800
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	996,391
Pension expense net of employer contributions	(59,890)
Change in assets and liabilities:	
Decrease in:	
Receivables, net	(105,485)
Inventories	(51,591)
(Decrease) increase in:	
Accounts payable	45,188
Customer deposits	(14,957)
Compensated absences and OPEB	(2,738)
	<u>\$ 1,405,718</u>
<b>NONCASH CAPITAL AND RELATED FINANCING</b>	
Contributed capital improvements	<u>\$ 674,682</u>
Capital assets acquired through accounts payable	<u>\$ 22,129</u>

**COUNTY OF AMHERST, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2016**

	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Cash and investments	\$      47,810
Total assets	<u>\$      47,810</u>
<b>LIABILITIES</b>	
Amounts held for others	\$      47,810
Total liabilities	<u>\$      47,810</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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, 2015 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, 2016**

**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, 2016**

**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, 2016**

**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 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are payable on December 5<sup>th</sup>. The County bills and collects its own property taxes. The property taxes due and collected on the June 5, 2016 billing installment, as well as those due on December 5, 2016, are reflected in deferred inflows on the statement of net position as they are intended to fund operations in a future period.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**Capital Assets**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized for the year ended June 30, 2016, 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 two items that qualify for reporting in this category: deferred charge on refunding and pension contributions subsequent to measurement date. 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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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 four 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. The fourth consists of differences between expected and actual experience for economic or demographic factors in the total pension liability measurement. These differences 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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**Long-term Obligations**

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

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

**Pensions**

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

**Fund Balance**

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

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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**Fund Balance (Continued)**

- **Committed** – Amounts constrained to specific purposes by the County, under the formal action of Board of Supervisors’ resolution. Amounts cannot be used for any other purposes unless the Board of Supervisors takes action to remove or change the constraint.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by County management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

**Restricted Amounts**

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

**Minimum Fund Balance Policy**

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

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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**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.

**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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**Budgetary Information (Continued)**

6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

**Note 3. Deposits and Investments**

Deposits:

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

Investments:

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

External Investment Pools:

The Virginia SNAP fund is an open-end management investment company registered with the Securities and Exchange Commission (the “SEC”).



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 3. Deposits and Investments (Continued)**

Deposit and investment balances consist of the following:

	<u><b>Fair Value</b></u>
Deposits:	
Demand deposits	\$ 18,207,182
Certificate of deposit	1,278,952
Money market funds	15,622,548
Cash on hand	<u>10,775</u>
	35,119,457
Investments:	
SNAP	<u>2,371,906</u>
Total deposits and investments	<u><u>\$ 37,491,363</u></u>

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

Cash and investments – Primary Government	\$ 31,836,708
Cash and investments – School Board	1,858,348
Cash and investments – EDA	145,449
Restricted cash and investments – Primary Government	<u>3,650,858</u>
Total deposits and investments	<u><u>\$ 37,491,363</u></u>

**Restricted cash and investments:**

Restricted cash and investments in the governmental activities consists of \$2,371,906 of unspent debt proceeds maintained in SNAP accounts to be used for capital projects. Restricted cash and investments in the business-type activities consists of a \$1,278,952 certificate of deposit required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services.

**Credit risk:**

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

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 4. Receivables**

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit – School Board</u>
Receivables				
Taxes	\$ 8,329,705	\$ -	\$ 8,329,705	\$ -
Less: allowance for uncollectible accounts	<u>(330,959)</u>	<u>-</u>	<u>(330,959)</u>	<u>-</u>
Net taxes receivable	<u>7,998,746</u>	<u>-</u>	<u>7,998,746</u>	<u>-</u>
Accounts receivable	563,245	709,156	1,272,401	253,654
Less: allowance for uncollectible accounts	<u>(104,860)</u>	<u>(44,000)</u>	<u>(148,860)</u>	<u>-</u>
Net accounts receivable	<u>458,385</u>	<u>665,156</u>	<u>1,123,541</u>	<u>253,654</u>
Net total receivables	<u><u>\$ 8,457,131</u></u>	<u><u>\$ 665,156</u></u>	<u><u>\$ 9,122,287</u></u>	<u><u>\$ 253,654</u></u>

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

**Note 5. Loans Receivable**

The County provided housing loans through the Community Development Block Grant Housing Loan Program to low income citizens within the County as part of a project in Old Town Madison Heights in 2012 and 2013. Several of those loans are still in repayment and in good standing at year end. All of the loans are secured by a deed of trust on the related real estate. These loans are forgivable loans under which no interest is charged and a portion of the principal balance is forgiven at the time of each monthly payment. At June 30, 2016, the five loans outstanding totaled \$156,477.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 6. Due From Other Governments**

Amounts due from other governments consist of the following:

	<u><b>Primary Government Governmental Activities</b></u>	<u><b>Component Unit School Board</b></u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 864,248
Local sales taxes	454,576	-
Communication taxes	200,055	-
Public assistance and welfare administration	64,067	-
Comprehensive youth service	308,568	-
Sheriff	159,547	-
Commonwealth's Attorney	34,496	-
Clerk of Circuit Court	23,983	-
Treasurer	9,571	-
Commissioner of Revenue	7,674	-
Other	22,982	-
Federal Government:		
Education grants	-	614,229
Public assistance	103,629	-
	<u>\$ 1,389,148</u>	<u>\$ 1,478,477</u>

**Note 7. Interfund Obligations and Transfers**

Interfund receivable and payable balances at June 30 are:

	<u><b>Interfund Receivable</b></u>	<u><b>Interfund Payable</b></u>
General	\$ 417,980	\$ -
Capital Projects	-	417,980
	<u>\$ 417,980</u>	<u>\$ 417,980</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, 2016**

**Note 7. Interfund Obligations and Transfers (Continued)**

Interfund transfers consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 1,552,571
Special Revenue fund	1,552,571	-
	<u>\$ 1,552,571</u>	<u>\$ 1,552,571</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 8. 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>
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,368,310	\$ -	\$ -	\$ 2,368,310
Construction in progress	869,176	2,788,799	(115,620)	3,542,355
Total capital assets not depreciated	<u>3,237,486</u>	<u>2,788,799</u>	<u>(115,620)</u>	<u>5,910,665</u>
Capital assets depreciated:				
Buildings and improvements	24,595,455	401,470	-	24,996,925
Jointly owned school buildings and improvements	8,226,381	-	(1,359,833)	6,866,548
Furniture, equipment, and vehicles	6,759,950	1,417,236	(17,379)	8,159,807
Total capital assets depreciated	<u>39,581,786</u>	<u>1,818,706</u>	<u>(1,377,212)</u>	<u>40,023,280</u>
Less accumulated depreciation:				
Buildings and improvements	(9,000,082)	(669,004)	-	(9,669,086)
Jointly owned school buildings and improvements	(2,478,768)	-	336,148	(2,142,620)
Furniture, equipment, and vehicles	(4,306,228)	(688,818)	17,379	(4,977,667)
Total accumulated depreciation	<u>(15,785,078)</u>	<u>(1,357,822)</u>	<u>353,527</u>	<u>(16,789,373)</u>
Capital assets depreciated, net	<u>23,796,708</u>	<u>460,884</u>	<u>(1,023,685)</u>	<u>23,233,907</u>
Net capital assets	<u>\$ 27,034,194</u>	<u>\$ 3,249,683</u>	<u>\$ (1,139,305)</u>	<u>\$ 29,144,572</u>

\* As restated. See Note 24.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 8. Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Capital assets depreciated:				
Buildings and improvements	1,128,265	115,004	-	1,243,269
Utility plant in service	44,508,489	1,078,942	(40,750)	45,546,681
Furniture, equipment, and vehicles	939,803	61,559	(65,264)	936,098
Total capital assets depreciated	46,576,557	1,255,505	(106,014)	47,726,048
Less accumulated depreciation	(18,327,846)	(1,094,769)	103,211	(19,319,404)
Capital assets depreciated, net	28,248,711	160,736	(2,803)	28,406,644
Net capital assets	<u>\$ 28,872,234</u>	<u>\$ 160,736</u>	<u>\$ (2,803)</u>	<u>\$ 29,030,167</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
General government administration	\$ 130,627	\$ -	\$ 130,627
Judicial administration	97,916	-	97,916
Public safety	727,493	-	727,493
Public works	275,081	-	275,081
Health and welfare	12,011	-	12,011
Parks, recreation, and cultural	97,874	-	97,874
Community development	16,820	-	16,820
Water and sewer	-	1,094,769	1,094,769
Total depreciation expense – primary government	<u>\$ 1,357,822</u>	<u>\$ 1,094,769</u>	<u>\$ 2,452,591</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 8. 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>
<b>Business-Type Activities:</b>				
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	(101,120)	(14,446)	-	(115,566)
Capital assets depreciated, net	476,708	(14,446)	-	462,262
Net capital assets	<u>\$ 806,217</u>	<u>\$ (14,446)</u>	<u>\$ -</u>	<u>\$ 791,771</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 8. Capital Assets (Continued)**

**Discretely Presented Component Unit – School Board**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not depreciated:				
Land	\$ 309,181	\$ -	\$ -	\$ 309,181
Capital assets depreciated:				
Buildings and improvements	26,967,025	4,153,588	-	31,120,613
Jointly owned school buildings and improvements	19,310,325	1,359,833	(4,000,000)	16,670,158
Furniture, equipment, and vehicles	7,714,951	157,145	-	7,872,096
Total capital assets depreciated	53,992,301	5,670,566	(4,000,000)	55,662,867
Less accumulated depreciation:				
Buildings and improvements	(22,615,233)	(2,960,888)	-	(25,576,121)
Jointly owned school buildings and improvements	(7,735,852)	(924,566)	2,000,000	(6,660,418)
Furniture, equipment, and vehicles	(5,202,850)	(362,019)	-	(5,564,869)
Total accumulated depreciation	(35,553,935)	(4,247,473)	2,000,000	(37,801,408)
Capital assets depreciated, net	18,438,366	1,423,093	(2,000,000)	17,861,459
Net capital assets	\$ 18,747,547	\$ 1,423,093	\$ (2,000,000)	\$ 18,170,640

Local governments in Virginia and their school boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board. The \$4,000,000 decrease in jointly owned assets above reflects capital assets for which the debt was fully paid in fiscal year 2016. These assets are now reported in the School Board's building and improvement line as they are no longer considered jointly owned.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 9. Long-Term Liabilities**

Changes in long-term liabilities consisted of the following:

**Primary Government:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 8,226,381	\$ -	\$ 1,359,833	\$ 6,866,548	\$ 1,158,089
Premium on bonds	237,124	-	26,521	210,603	26,521
	<u>8,463,505</u>	<u>-</u>	<u>1,386,354</u>	<u>7,077,151</u>	<u>1,184,610</u>
Lease revenue bonds	5,863,000	-	354,000	5,509,000	368,000
Notes payable	1,379,591	-	26,972	1,352,619	23,535
	<u>7,242,591</u>	<u>-</u>	<u>380,972</u>	<u>6,861,619</u>	<u>391,535</u>
Landfill closure/post-closure	3,895,477	339,554	-	4,235,031	-
Compensated absences	945,789	55,049	-	1,000,838	100,084
	<u>4,841,266</u>	<u>394,603</u>	<u>-</u>	<u>5,235,869</u>	<u>100,084</u>
	<u>\$ 20,547,362</u>	<u>\$ 394,603</u>	<u>\$ 1,767,326</u>	<u>\$ 19,174,639</u>	<u>\$ 1,676,229</u>
<b>Business-Type Activities:</b>					
Revenue bond	\$ 9,240,000	\$ -	\$ 265,000	\$ 8,975,000	\$ 280,000
Premium on bond	1,489,366	-	59,574	1,429,792	59,575
Notes payable	2,611,154	-	228,378	2,382,776	219,841
Compensated absences	113,050	-	2,738	110,312	11,031
	<u>\$ 13,453,570</u>	<u>\$ -</u>	<u>\$ 555,690</u>	<u>\$ 12,897,880</u>	<u>\$ 570,447</u>

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

**Discretely Presented Component Unit – Economic Development Authority:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Notes payable	\$ 915,545	\$ -	\$ 33,431	\$ 882,114	\$ 32,867

**Discretely Presented Component Unit – School Board:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 523,161	\$ 103,056	\$ -	\$ 626,217	\$ 62,622



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 9. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities:</b>					
<b>General Obligation Bonds</b>					
Schools:					
VP SA Bonds	5.57%	1996	2016	\$ 5,500,000	\$ 275,000
VP SA Bonds	4.95	1998	2018	2,000,000	300,000
VP SA Bonds	4.73	1999	2019	2,000,000	400,000
VP SA Bonds	5.15	2000	2020	3,351,287	951,548
VP SA Bonds	3.10-5.25	2001	2021	550,000	150,000
VP SA Bonds	2.35-7.85	2002	2022	965,000	315,000
VP SA Bonds	3.10-5.35	2003	2023	1,315,000	520,000
VP SA Bonds	4.10-5.60	2004	2024	1,120,000	495,000
VP SA Bonds	4.60-5.10	2005	2025	1,615,000	800,000
VP SA Bonds	4.225-5.10	2006	2026	1,265,000	680,000
VP SA Bonds	4.10-5.10	2007	2027	3,325,000	1,980,000
Total general obligation bonds					<u>\$ 6,866,548</u>
<b>Lease Revenue Bonds</b>					
Amherst County EDA Series 2007	3.94%	2007	2028	\$ 5,350,000	\$ 3,817,000
Amherst County EDA Series 2008	3.94	2008	2028	2,373,000	1,692,000
Total lease revenue bonds					<u>\$ 5,509,000</u>
<b>Note Payable</b>					
USDA – Rural Development – Animal Shelter	4.125%	2007	2046	\$ 1,597,200	<u>\$ 1,352,619</u>
<b>Business-Type Activities:</b>					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	<u>\$ 8,975,000</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 9. Long-Term Liabilities (Continued)**

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
<b>PRIMARY GOVERNMENT</b>					
<b>(Continued)</b>					
<b>Business-Type Activities: (Continued)</b>					
<b>Notes payable</b>					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 77,886
Sewage facilities note	-	1998	2027	747,643	261,675
Sewage facilities note	3.00	2001	2020	1,996,292	465,392
Sewage facilities note	3.41	2002	2021	322,159	127,815
Sewage facilities note	4.14	2010	2029	329,751	257,105
Sewage facilities note	3.25	2011	2041	129,890	109,971
Sewage facilities note	2.80	2011	2041	41,049	35,576
Sewage facilities note	-	2013	2033	1,062,266	956,039
Sewage facilities note	3.22	2013	2043	30,001	28,822
Sewage facilities note	3.08	2014	2034	64,890	62,495
Total notes payable					<u>\$ 2,382,776</u>
<b>COMPONENT UNIT</b>					
<b>ECONOMIC DEVELOPMENT AUTHORITY</b>					
<b>Notes Payable</b>					
USDA – Rural Development – Animal Shelter	4.125%	2007	2047	\$ 822,800	\$ 696,804
Carter Bank and Trust	6.00	2008	2023	309,067	185,310
Total notes payable					<u>\$ 882,114</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 9. 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
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	1,122,909	291,255	27,749	55,625
2022-2026	4,470,000	832,977	157,258	259,612
2027-2031	1,494,000	83,891	193,210	223,660
2032-2036	-	-	237,382	179,486
2037-2041	-	-	291,654	125,214
2042-2046	-	-	345,121	58,535
	<u>\$ 12,375,548</u>	<u>\$ 2,946,958</u>	<u>\$ 1,352,619</u>	<u>\$ 1,135,383</u>
Year Ending June 30	Primary Government Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
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	335,000	385,381	225,607	21,332
2022-2026	1,915,000	1,669,089	566,841	58,428
2027-2031	2,190,000	1,157,782	448,535	29,345
2032-2036	1,675,000	691,031	209,227	11,765
2037-2041	1,670,000	219,607	34,641	5,040
2042-2044	-	-	10,177	502
	<u>\$ 8,975,000</u>	<u>\$ 5,810,059</u>	<u>\$ 2,382,776</u>	<u>\$ 253,129</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 9. Long-Term Liabilities (Continued)**

Annual debt payments: (Continued)

Year Ending June 30	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2017	\$ 32,867	\$ 41,380
2018	34,656	39,591
2019	36,545	37,702
2020	38,540	35,707
2021	40,648	33,599
2022-2026	149,000	138,778
2027-2031	99,533	115,218
2032-2036	122,288	92,463
2037-2041	150,248	64,504
2042-2046	177,789	30,153
	<u>\$ 882,114</u>	<u>\$ 629,095</u>

**Note 10. Defined Benefit Pension Plan**

**Plan Description**

All full-time, salaried permanent employees of the County of Amherst, Virginia, (the “Political Subdivision”) are automatically covered by VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly. The System issues a publicly available comprehensive annual financial report for VRS. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>.

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 is as follows:

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Plan 1 (Continued)**

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting** – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Plan 1 (Continued)**

- **Service Retirement Multiplier** – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility** – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service, for hazardous duty employees.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. 50 with at least five years of creditable service for hazardous duty employees.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
- **Disability Coverage** for members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

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

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Plan 2 (Continued)**

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

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

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



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **Vesting –**
  - **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
  - **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit –**
  - **Defined Benefit Component:** See definition under Plan 1.
  - **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation –** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
  - **Defined Benefit Component:** Same as Plan 2, however, not applicable for hazardous duty employees.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
  - **Defined Benefit Component:** Same as Plan 2.
- **Disability Coverage –** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –** As with Plans 1 and 2, members may choose to purchase prior service credits subject to the Plan provisions.

**Employees Covered by Benefit Terms**

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

	<u><b>Number</b></u>
Inactive members or their beneficiaries currently receiving benefits	<u>118</u>
Inactive members:	
Vested inactive members	27
Non-vested inactive members	37
Inactive members active elsewhere in VRS	<u>98</u>
Total inactive members	162
Active members	<u>173</u>
Total covered employees	<u><u>453</u></u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2016 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$946,976 and \$936,908 for the years ended June 30, 2016 and June 30, 2015, respectively.

**Net Pension Liability**

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

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Public Safety Employees – Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; adjustment to rates of service retirement for females (Non 10 Largest); decrease in rates of male disability (Largest 10, only); decrease in male and female rates of disability (Non 10 Largest) increase in rates of withdrawal, and reduce rates of salary increase by 0.25% per year.

**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:

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10. Defined Benefit Pension Plan (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
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 %

**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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2014	\$ 37,508,789	\$ 34,132,057	\$ 3,376,732
Changes for the year:			
Service cost	874,938	-	874,938
Interest	2,567,290	-	2,567,290
Differences between expected and actual experience	(442,541)	-	(442,541)
Contributions – employer	-	942,715	(942,715)
Contributions – employee	-	369,385	(369,385)
Net investment income	-	1,554,214	(1,554,214)
Benefit payments, including refunds of employee contributions	(1,666,446)	(1,666,446)	-
Administrative expenses	-	(21,323)	21,323
Other changes	-	(331)	331
Net changes	1,333,241	1,178,214	155,027
Balances at June 30, 2015	\$ 38,842,030	\$ 35,310,271	\$ 3,531,759

**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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's net pension liability (asset)	\$ 8,478,533	\$ 3,531,759	\$ (587,716)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 10. Defined Benefit Pension Plan (Continued)**

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

For the year ended June 30, 2016, the County recognized pension expense of \$222,482. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 303,813
Net difference between projected and actual earnings on pension plan investments	-	907,236
Employer contributions subsequent to the measurement date	946,476	-
	<u>\$ 946,476</u>	<u>\$ 1,211,049</u>

The \$946,476 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
2017	\$ (495,931)
2018	(495,931)
2019	(383,561)
2020	164,374
2021	-
Thereafter	-

**Payables to the Pension Plan**

At June 30, 2016, approximately \$78,200 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**Plan Description**

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

**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><b>Number</b></u>
Inactive members or their beneficiaries currently receiving benefits	<u>8</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	7
Active members	<u>21</u>
Total covered employees	<u><u>36</u></u>

**Contributions**

The political subdivision’s contractually required contribution rate for the year ended December 31, 2015 was 9.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Contributions to the pension plan from the political subdivision were \$87,597 and \$87,737 for the years ended December 31, 2015 and December 31, 2014, respectively.

**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.



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2013	\$ 4,394,743	\$ 3,651,472	\$ 743,271
Changes for the year:			
Service cost	90,808	-	90,808
Interest	304,802	-	304,802
Contributions – employer	-	87,241	(87,241)
Contributions – employee	-	48,578	(48,578)
Net investment income	-	582,084	(582,084)
Benefit payments, including refunds of employee contributions	(80,845)	(80,845)	-
Administrative expenses	-	(3,060)	3,060
Other changes	-	31	(31)
Net changes	314,765	634,029	(319,264)
Balances at June 30, 2014	\$ 4,709,508	\$ 4,285,501	\$ 424,007

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's net pension liability (asset)	\$ 1,055,838	\$ 424,007	\$ (105,179)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 11. Defined Benefit Pension Plan –Amherst County Service Authority (Continued)**

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

For the year ended December 31, 2015, the Authority recognized pension expense of \$27,707. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 259,730
Employer contributions subsequent to the measurement date	131,937	-
	<u>\$ 131,937</u>	<u>\$ 259,730</u>

The \$131,937 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>Reduction to Pension Expense</b>
2016	\$ (64,933)
2017	(64,933)
2018	(64,933)
2019	(64,931)
2020	-
Thereafter	-

**Payables to the Pension Plan**

At December 31, 2015, there were no amounts payable to the Virginia Retirement System.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12. Defined Benefit Pension Plan – School Nonprofessionals**

**Plan Description**

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

**Employees Covered by Benefit Terms**

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

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>64</u>
Inactive members:	
Vested inactive members	3
Non-vested inactive members	64
Inactive members active elsewhere in VRS	<u>23</u>
Total inactive members	90
Active members	<u>121</u>
Total covered employees	<u><u>275</u></u>

**Contributions**

The school division’s contractually required contribution rate for the year ended June 30, 2016 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.

Contributions to the pension plan from the school division were \$132,090 and \$139,666 for the years ended June 30, 2016 and June 30, 2015, respectively.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)**

**Changes in Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
Balances at June 30, 2014	\$ 6,865,296	\$ 7,775,642	\$ (910,346)
Changes for the year:			
Service cost	241,309	-	241,309
Interest	469,365	-	469,365
Differences between expected and actual experience	115,149	-	115,149
Contributions – employer	-	138,428	(138,428)
Contributions – employee	-	118,082	(118,082)
Net investment income	-	355,124	(355,124)
Benefit payments, including refunds of employee contributions	(320,157)	(320,157)	-
Administrative expenses	-	(4,860)	4,860
Other changes	-	(75)	75
Net changes	505,666	286,542	219,124
Balances at June 30, 2015	\$ 7,370,962	\$ 8,062,184	\$ (691,222)

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's net pension liability (asset)	\$ 195,368	\$ (691,222)	\$ (1,435,560)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

For the year ended June 30, 2016, the school division recognized pension expense of \$7,940. At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 82,060	\$ -
Net difference between projected and actual earnings on pension plan investments	-	204,989
Employer contributions subsequent to the measurement date	132,090	-
	<u>\$ 214,150</u>	<u>\$ 204,989</u>

The \$132,090 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
2017	\$ (47,692)
2018	(47,692)
2019	(64,900)
2020	37,355
2021	-
Thereafter	-

**Payables to the Pension Plan**

At June 30, 2016, approximately \$13,060 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan**

**General Information about the Teacher Cost Sharing Plan**

***Plan Description***

All full-time, salaried permanent (professional) employees of Virginia school divisions, including County of Amherst, Virginia, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is a multiple employer cost-sharing plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia.

Prior to the adoption of GASB Statement No. 68 in fiscal year 2015, Virginia local school divisions were required to disclose information about their contributions to the teacher cost-sharing plan, but not report a proportionate share of the plan’s net pension liability. Upon adoption of the new pension standards in 2015, the School Division now reports its proportionate share of the plan’s net pension liability as well as certain other deferred inflows and/or outflows as disclosed below.

Plan participants are covered under three different benefit structures – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. 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, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer.

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, 2016. Contributions to the pension plan from the school division were \$3,311,310 and \$3,233,120 for the years ended June 30, 2016 and June 30, 2015, respectively.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

At June 30, 2016, the school division reported a liability of \$39,132,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.31091% as compared to 0.31721% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$2,720,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 539,000
Net difference between projected and actual earnings on pension plan investments	-	2,396,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	75,000	714,000
Employer contributions subsequent to the measurement date	3,311,310	-
	<u>\$ 3,386,310</u>	<u>\$ 3,649,000</u>

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

The \$3,311,310 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to Pension Expense</b>
2017	\$ (1,207,000)
2018	(1,207,000)
2019	(1,207,000)
2020	178,000
2021	(131,000)
Thereafter	-

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 57,266,000	\$ 39,132,000	\$ 24,204,000

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

**General Information about the Teacher Cost Sharing Plan (Continued)**

***Payables to the Pension Plan***

At June 30, 2016, approximately \$283,260 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

**Note 14. Other Post-Employment Benefits**

**County – VRS Health Insurance Credit**

**A. Plan Description**

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

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

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

**B. Funding Policy**

As participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the *Code of Virginia* and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was .12% of annual covered payroll.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 14. Other Post-Employment Benefits (Continued)**

**County – VRS Health Insurance Credit (Continued)**

**C. Annual Required Contribution (ARC)**

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

For fiscal year 2016, the County's contribution of \$9,559 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 2016 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, 2016	\$ 9,559	100%	\$ -
June 30, 2015	8,337	100	-
June 30, 2014	8,064	100	-

**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$ 175,757
Actuarial value of plan assets	\$ 114,411
Unfunded actuarial accrued liability (UAAL)	\$ 61,346
Funded ratio (actuarial value of plan assets/AAL)	65.10%
Covered payroll (active plan members)	\$ 2,993,009
UAAL as a percentage of covered payroll	2.05%

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 14. Other Post-Employment Benefits (Continued)**

**County – VRS Health Insurance Credit (Continued)**

**D. Funded Status and Funding Progress (Continued)**

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

**E. Actuarial Methods and Assumptions**

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

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2014 was 28 years.

**Note 15. Landfill Closure and Post-Closure Care Cost**

**Permit 181 – Closed Landfill**

The County closed its former landfill site in 1997. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The cumulative amount of estimated closure, post-closure care, and corrective action costs for this site, less costs paid to date, totals \$1,594,693. 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.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 15. Landfill Closure and Post-Closure Care Cost (Continued)**

**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 \$2,640,338 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 50% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$2,640,338 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.

**Note 16. Commitments and Contingencies**

**Litigation**

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

**Federal Grants**

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

**Commitments**

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$19,800,000 at year end.

**Note 17. Risk Management**

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

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2016**

**Note 17. Risk Management (Continued)**

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.

**Note 18. Fund Balances**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>	<b>Component Unit – School Board</b>
<b>Nonspendable:</b>					
Prepaid expenditures	\$ 101,284	\$ -	\$ -	\$ 101,284	\$ 61,716
<b>Restricted:</b>					
Public safety	150,000	-	-	150,000	-
Community development	-	156,477	-	156,477	-
<b>Total restricted</b>	<b>150,000</b>	<b>156,477</b>	<b>-</b>	<b>306,477</b>	<b>-</b>
<b>Committed to:</b>					
Community development	105,959	-	-	105,959	-
Judicial administration	166,366	-	-	166,366	-
Public safety	243,639	-	-	243,639	-
Other capital projects	72,097	-	-	72,097	-
<b>Total committed</b>	<b>588,061</b>	<b>-</b>	<b>-</b>	<b>588,061</b>	<b>-</b>
<b>Assigned to:</b>					
Community development	1,250	-	-	1,250	-
General government administration	103,332	-	-	103,332	-
Public safety	664,363	701,000	-	1,365,363	-
Public works	20,000	4,301,668	-	4,321,668	-
Parks, recreation, and cultural	86,859	22,397	-	109,256	-
Education	-	-	-	-	1,713,171
Other capital projects	638,219	-	-	638,219	-
<b>Total assigned</b>	<b>1,514,023</b>	<b>5,025,065</b>	<b>-</b>	<b>6,539,088</b>	<b>1,713,171</b>
<b>Unassigned</b>	<b>12,896,798</b>	<b>-</b>	<b>(168,962)</b>	<b>12,727,836</b>	<b>(61,716)</b>
<b>Total fund balances</b>	<b>\$ 15,250,166</b>	<b>\$ 5,182,542</b>	<b>\$ (168,962)</b>	<b>\$ 20,262,746</b>	<b>\$ 1,713,171</b>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 19. Jointly Governed Organizations and Joint Venture**

The following organizations are excluded from the accompanying financial statements:

**Jointly Governed Organizations:**

*Horizon Behavioral Health (HBH)*

The County, in conjunction with the Counties of Appomattox, Bedford, and Campbell, and the City of Lynchburg, participates in HBH, whose board is composed of two members from each of the participating localities. The County contributed \$95,153 for operations to HBH for 2016.

*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 \$1,494,797 for operations to BRRJA for 2016.

**Joint Venture:**

*Region 2000 Radio Communications Board*

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

**Note 20. Performance Incentives**

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

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

Expenditures of School Board – Component Unit (Exhibit 21)	\$ 46,106,323
Expenditures for School Buses reported in the General Fund (Exhibit 4)	93,136
Expenditures for School HVAC and electrical upgrades	2,025,168
School-related principal and other debt service expenditures included in primary government (Exhibit 5)	<u>1,739,608</u>
Total expenditures for school activities	<u><u>\$ 49,964,235</u></u>

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

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

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

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 23. Conduit Debt Outstanding – EDA**

The EDA has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and/or construction of industrial, commercial, or educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved on the underlying loans. Ownership of the acquired facilities rests with the entities served by the bond issuance. Neither the EDA, the County, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2016, outstanding conduit debt was as follows:

Randolph College, Series 2010	\$ 4,582,024
Lynchburg College, Series 2003	<u>10,030,000</u>
Total conduit debt outstanding	<u><u>\$ 14,612,024</u></u>

**Note 24. Restatement of Net Position and Fund Balance**

Beginning net position of the County's governmental activities and beginning fund balance of the special revenue fund have been restated as follows:

	<u>Special Revenue</u>	<u>Governmental Activities</u>
Fund balance/net position at June 30, 2015, as previously reported	\$ 4,447,525	\$ 25,383,793
To record receivables at June 30, 2015 for outstanding CDBG loans	177,223	177,223
Capitalize expenses associated with renovation of the depot as construction in progress	<u>-</u>	<u>372,902</u>
Fund balance/net position at June 30, 2015 as restated	<u><u>\$ 4,624,748</u></u>	<u><u>\$ 25,933,918</u></u>

**Note 25. Subsequent Events**

On July 1, 2016, the County entered into a \$15,000,000 lease purchase agreement for energy conservation measures, primarily HVAC and electrical upgrades, at several County schools.

In September 2016, the EDA executed a land incentive agreement with a local business in the Amelon Commerce Center with the business purchasing an additional 1.047 acres for \$15,705. The EDA conveyed one acre of land, valued at \$15,000 to the business.



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 26. New Accounting Standards**

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

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.

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. 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 30, 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be effective for the year ending June 30, 2017.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 26. New Accounting Standards (Continued)**

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement will be effective for the year ending June 30, 2017.

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

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions regarding assumptions for plans with a measurement date that differs from the employer's reporting date – those provisions are effective for the year ending June 30, 2018.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 21,953,189	\$ 21,953,189	\$ 21,919,213	\$ (33,976)
Other local taxes	6,942,200	6,948,612	7,021,941	73,329
Permits, fees, license	156,600	156,600	166,321	9,721
Fines and forfeitures	-	178,258	278,583	100,325
Use of money and property	95,501	95,501	115,046	19,545
Charges for services	1,346,498	1,412,499	1,491,147	78,648
Miscellaneous	61,750	159,654	82,632	(77,022)
Recovered costs	161,676	283,933	529,830	245,897
Intergovernmental revenues:				
Commonwealth	6,191,431	7,280,016	6,768,468	(511,548)
Federal	722,975	620,296	1,226,440	606,144
Total revenues	37,631,820	39,088,558	39,599,621	511,063
EXPENDITURES				
Current:				
General government administration	2,305,366	2,562,121	2,470,122	91,999
Judicial administration	1,231,363	1,294,367	1,234,688	59,679
Public safety	10,137,728	11,797,994	10,917,683	880,311
Public works	884,966	1,207,206	1,082,970	124,236
Health and welfare	3,314,622	4,219,072	4,253,852	(34,780)
Education	15,071,456	15,071,470	14,545,851	525,619
Parks, recreation, and cultural	1,111,142	1,136,067	1,107,223	28,844
Community development	648,263	784,167	612,556	171,611
Nondepartmental	338,789	321,736	136,625	185,111
Capital projects	100,000	93,136	93,136	-
Debt service:				
Principal	1,713,225	1,740,195	1,740,802	(607)
Interest	696,156	669,186	667,182	2,004
Total expenditures	37,553,076	40,896,717	38,862,690	2,034,027
Excess of revenues (under) expenditures	78,744	(1,808,159)	736,931	2,545,090
OTHER FINANCING SOURCES (USES)				
Transfers in	1,544,039	1,651,195	-	(1,651,195)
Transfers out	(1,552,571)	(1,571,502)	(1,552,571)	18,931
Total other financing sources (uses)	(8,532)	79,693	(1,552,571)	(1,632,264)
Net change in fund balance	\$ 70,212	\$ (1,728,466)	\$ (815,640)	\$ 912,826

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –**  
**PRIMARY GOVERNMENT**  
**June 30, 2016**

	Plan Year	
	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 874,938	\$ 950,553
Interest on total pension liability	2,567,290	2,439,990
Difference between expected and actual experience	(442,541)	-
Benefit payments, including refunds of employee contributions	(1,666,446)	(1,477,503)
Net change in total pension liability	1,333,241	1,913,040
<b>Total pension liability – beginning</b>	<b>37,508,789</b>	<b>35,595,749</b>
<b>Total pension liability – ending</b>	<b>38,842,030</b>	<b>37,508,789</b>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	942,715	884,349
Contributions – employee	369,385	368,536
Net investment income	1,554,214	4,678,377
Benefit payments, including refunds of employee contributions	(1,666,446)	(1,477,503)
Administrative expenses	(21,323)	(25,170)
Other	(331)	247
Net change in plan fiduciary net position	1,178,214	4,428,836
<b>Plan fiduciary net position – beginning</b>	<b>34,132,057</b>	<b>29,703,221</b>
<b>Plan fiduciary net position – ending</b>	<b>35,310,271</b>	<b>34,132,057</b>
<b>Net pension liability (asset) – ending</b>	<b>\$ 3,531,759</b>	<b>\$ 3,376,732</b>
Plan fiduciary net position as a percentage of total pension liability	91%	91%
Covered employee payroll	\$ 7,085,697	\$ 7,232,732
Net pension liability (asset) as a percentage of covered employee payroll	50%	47%

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

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

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –**  
**SCHOOLS – NONPROFESSIONAL EMPLOYEES**  
**June 30, 2016**

	Plan Year	
	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 241,309	\$ 248,646
Interest on total pension liability	469,365	443,148
Difference between expected and actual experience	115,149	-
Benefit payments, including refunds of employee contributions	(320,157)	(314,377)
Net change in total pension liability	505,666	377,417
<b>Total pension liability – beginning</b>	<u>6,865,296</u>	<u>6,487,879</u>
<b>Total pension liability – ending</b>	<u>7,370,962</u>	<u>6,865,296</u>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	138,428	159,871
Contributions – employee	118,082	113,591
Net investment income	355,124	1,062,244
Benefit payments, including refunds of employee contributions	(320,157)	(314,377)
Administrative expenses	(4,860)	(5,711)
Other	(75)	56
Net change in plan fiduciary net position	286,542	1,015,674
<b>Plan fiduciary net position – beginning</b>	<u>7,775,642</u>	<u>6,759,968</u>
<b>Plan fiduciary net position – ending</b>	<u>8,062,184</u>	<u>7,775,642</u>
<b>Net pension asset – ending</b>	<u>\$ (691,222)</u>	<u>\$ (910,346)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>109%</u>	<u>113%</u>
Covered employee payroll	<u>\$ 2,353,184</u>	<u>\$ 2,232,203</u>
Net pension liability (asset) as a percentage of covered employee payroll	<u>-29%</u>	<u>-41%</u>

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

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

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**June 30, 2016**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
2016	\$ 946,476	\$ 946,476	\$ -	\$ 6,665,766	14.20 %
2015	936,908	936,908	-	7,085,697	13.22
<b>Schools – Nonprofessional Employees</b>					
2016	\$ 132,090	\$ 132,090	\$ -	\$ 2,431,341	5.43 %
2015	139,666	139,666	-	2,353,184	5.94

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

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**December 31, 2015**

	<b>Amherst County Service Authority</b>
	<b>Plan Year</b>
	<b>2014</b>
<b>Total Pension Liability</b>	
Service cost	\$ 90,808
Interest on total pension liability	304,802
Benefit payments, including refunds of employee contributions	(80,845)
	<hr/>
Net change in total pension liability	314,765
<b>Total pension liability – beginning</b>	<hr/> 4,394,743
<b>Total pension liability – ending</b>	<hr/> 4,709,508
<b>Plan Fiduciary Net Position</b>	
Contributions – employer	87,241
Contributions – employee	48,578
Net investment income	582,084
Benefit payments, including refunds of employee contributions	(80,845)
Administrative expenses	(3,060)
Other	31
	<hr/>
Net change in plan fiduciary net position	634,029
<b>Plan fiduciary net position – beginning</b>	<hr/> 3,651,472
<b>Plan fiduciary net position – ending</b>	<hr/> 4,285,501
<b>Net pension liability – ending</b>	<hr/> \$ 424,007
Plan fiduciary net position as a percentage of total pension liability	<hr/> 91%
Covered employee payroll	<hr/> \$ 1,403,408
Net pension liability as a percentage of covered employee payroll	<hr/> 30%

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

The above information is derived from the plan year, which is then reported in the subsequent fiscal year of the Authority, (i.e., plan year ended June 30, 2014 is reported in the Authority's fiscal year ended December 31, 2015).



## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**December 31, 2015**

## AMHERST COUNTY SERVICE AUTHORITY

<b>Year Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$ 87,597	\$ 87,597	\$ -	\$ 947,173	9.25 %

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, 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, 2016**

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

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

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

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**VRS TEACHER RETIREMENT PLAN**  
**June 30, 2016**

<b>Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2016	\$ 3,311,310	\$ 3,311,310	\$ -	\$ 23,505,345	14.09 %
2015	3,233,120	3,233,120	-	23,106,966	13.99

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

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

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POST-EMPLOYMENT BENEFITS  
June 30, 2016**

## VIRGINIA RETIREMENT SYSTEM – HEALTH INSURANCE CREDIT

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 114,411	\$ 175,757	\$ 61,346	65.10 %	\$ 2,993,009	2.05 %
June 30, 2014	113,861	184,598	70,737	61.68	3,155,835	2.24
June 30, 2013	107,993	177,072	69,079	60.99	2,964,990	2.33

## **COUNTY OF AMHERST, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2016**

#### **Note 1. Changes of Benefit Terms – Virginia Retirement System**

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

#### **Note 2. Changes of Assumptions**

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Teacher cost-sharing pool

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

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**OTHER  
SUPPLEMENTARY INFORMATION**

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## **AGENCY FUNDS**

## COUNTY OF AMHERST, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2016**

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,586	\$ 42,224	\$ 47,810
Total assets	<u>\$ 5,586</u>	<u>\$ 42,224</u>	<u>\$ 47,810</u>
<b>LIABILITIES</b>			
Amounts held for others	\$ 5,586	\$ 42,224	\$ 47,810
Total liabilities	<u>\$ 5,586</u>	<u>\$ 42,224</u>	<u>\$ 47,810</u>

## COUNTY OF AMHERST, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year Ended June 30, 2016**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Special Welfare Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,955	\$ 34,872	\$ 32,241	\$ 5,586
Total assets	<u>\$ 2,955</u>	<u>\$ 34,872</u>	<u>\$ 32,241</u>	<u>\$ 5,586</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 2,955	\$ 34,872	\$ 32,241	\$ 5,586
Total liabilities	<u>\$ 2,955</u>	<u>\$ 34,872</u>	<u>\$ 32,241</u>	<u>\$ 5,586</u>
<b>Forfeited Assets</b>				
<b>ASSETS</b>				
Cash and investments	\$ 40,445	\$ 20,243	\$ 18,464	\$ 42,224
Total assets	<u>\$ 40,445</u>	<u>\$ 20,243</u>	<u>\$ 18,464</u>	<u>\$ 42,224</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 40,445	\$ 20,243	\$ 18,464	\$ 42,224
Total liabilities	<u>\$ 40,445</u>	<u>\$ 20,243</u>	<u>\$ 18,464</u>	<u>\$ 42,224</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 43,400	\$ 55,115	\$ 50,705	\$ 47,810
Total assets	<u>\$ 43,400</u>	<u>\$ 55,115</u>	<u>\$ 50,705</u>	<u>\$ 47,810</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 43,400	\$ 55,115	\$ 50,705	\$ 47,810
Total liabilities	<u>\$ 43,400</u>	<u>\$ 55,115</u>	<u>\$ 50,705</u>	<u>\$ 47,810</u>

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# **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

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## **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, 2016**

	<b>School Operating</b>	<b>School Cafeteria</b>	<b>School Textbook</b>	<b>School Construction</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 747,941	\$ 729,919	\$ 380,488	\$ 1,858,348
Accounts receivable, net	253,654	-	-	-	253,654
Due from primary government	3,185,053	-	-	-	3,185,053
Due from other governmental units	1,478,477	-	-	-	1,478,477
Prepaid items	61,716	-	-	-	61,716
Total assets	<u>\$ 4,978,900</u>	<u>\$ 747,941</u>	<u>\$ 729,919</u>	<u>\$ 380,488</u>	<u>\$ 6,837,248</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 44,230	\$ 1,248	\$ -	\$ -	\$ 45,478
Accrued liabilities	4,934,670	143,929	-	-	5,078,599
Total liabilities	<u>4,978,900</u>	<u>145,177</u>	<u>-</u>	<u>-</u>	<u>5,124,077</u>
<b>FUND BALANCES</b>					
Nonspendable	61,716	-	-	-	61,716
Assigned	-	602,764	729,919	380,488	1,713,171
Unassigned	(61,716)	-	-	-	(61,716)
Total fund balances	<u>-</u>	<u>602,764</u>	<u>729,919</u>	<u>380,488</u>	<u>1,713,171</u>
Total liabilities and fund balances	<u>\$ 4,978,900</u>	<u>\$ 747,941</u>	<u>\$ 729,919</u>	<u>\$ 380,488</u>	<u>\$ 6,837,248</u>

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

Total fund balances – governmental funds	\$ 1,713,171
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,170,640
Financial statement elements related to pension are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pension	3,600,460
Deferred inflows of resources related to pension	(3,853,989)
Net pension asset	691,222
Net pension liability	<u>(39,132,000)</u>
	(38,694,307)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	<u>(626,217)</u>
<b>Net position of governmental activities</b>	<u><u>\$ (19,436,713)</u></u>

## COUNTY OF AMHERST, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2016**

	<u>School Operating</u>	<u>School Cafeteria</u>	<u>School Textbook</u>	<u>School Construction</u>	<u>Total</u>
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 2,535	\$ -	\$ 73	\$ 20,663	\$ 23,271
Charges for services	240,163	833,257	-	-	1,073,420
Miscellaneous	159,346	-	-	-	159,346
Recovered costs	577,103	-	-	-	577,103
Intergovernmental revenues:					
County contribution	14,038,852	-	-	500,212	14,539,064
Commonwealth	25,702,533	36,711	-	-	25,739,244
Federal	2,739,144	1,343,700	-	-	4,082,844
Total revenues	<u>43,459,676</u>	<u>2,213,668</u>	<u>73</u>	<u>520,875</u>	<u>46,194,292</u>
<b>EXPENDITURES</b>					
Education	<u>43,459,676</u>	<u>2,162,255</u>	<u>-</u>	<u>484,392</u>	<u>46,106,323</u>
Total expenditures	<u>43,459,676</u>	<u>2,162,255</u>	<u>-</u>	<u>484,392</u>	<u>46,106,323</u>
Net change in fund balances	<u>-</u>	<u>51,413</u>	<u>73</u>	<u>36,483</u>	<u>87,969</u>
<b>FUND BALANCES AT JULY 1</b>	<u>-</u>	<u>551,351</u>	<u>729,846</u>	<u>344,005</u>	<u>1,625,202</u>
<b>FUND BALANCES AT JUNE 30</b>	<u>\$ -</u>	<u>\$ 602,764</u>	<u>\$ 729,919</u>	<u>\$ 380,488</u>	<u>\$ 1,713,171</u>

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

Net change in fund balances – total governmental funds \$ 87,969

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	\$ 217,597	
Depreciation expense	(1,911,325)	
Contribution of school buses from County	93,136	
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>1,023,685</u>	(576,907)

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	3,443,400	
Pension expense	<u>(2,021,298)</u>	1,422,102

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>(103,056)</u>
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**Change in net position of governmental activities** \$ 830,108

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
Year Ended June 30, 2016**

[illegible]



**EXHIBIT 24**

School Textbook				School Construction			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 73	\$ 73	\$ -	\$ -	\$ 20,663	\$ 20,663
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	430,000	500,212	70,212
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	73	73	-	430,000	520,875	90,875
-	-	-	-	70,212	500,212	484,392	15,820
-	-	-	-	70,212	500,212	484,392	15,820
-	-	73	73	(70,212)	(70,212)	36,483	106,695
\$ -	\$ -	\$ 73	\$ 73	\$ (70,212)	\$ (70,212)	\$ 36,483	\$ 106,695

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

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## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF NET POSITION – PROPRIETARY FUND  
DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
June 30, 2016**

	<b>Enterprise Fund</b>
	<hr/>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 145,449
	<hr/>
Noncurrent assets	
Capital assets:	
Nondepreciable	329,509
Depreciable, net	462,262
	<hr/>
Total noncurrent assets	791,771
	<hr/>
Total assets	937,220
	<hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	17,942
Accrued wages	14,737
Unearned revenue	8,253
Current portion of notes payable	32,867
	<hr/>
Total current liabilities	73,799
Noncurrent liabilities:	
Notes payable, net of current portion	849,247
	<hr/>
Total liabilities	923,046
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	606,461
Unrestricted	(592,287)
	<hr/>
Total net position	\$ 14,174
	<hr/>

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUND  
DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
Year Ended June 30, 2016**

	<b>Enterprise Fund</b>
	<hr/>
<b>OPERATING REVENUES</b>	
Rents	\$ 154,042
	<hr/>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	73,549
Contractual services	123,885
Depreciation expense	14,446
Facilities costs	98,897
Other operating costs	15,183
	<hr/>
Total operating expenses	325,960
	<hr/>
Operating loss	(171,918)
	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Contributions from Amherst County	144,830
Other income	21,166
Interest expense	(40,816)
	<hr/>
Net nonoperating revenues	125,180
	<hr/>
Change in net position	(46,738)
	<hr/>
<b>NET POSITION JULY 1</b>	60,912
	<hr/>
<b>NET POSITION JUNE 30</b>	\$ 14,174
	<hr/> <hr/>

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
Year Ended June 30, 2016**

	<b>Enterprise Fund</b>
<b>OPERATING ACTIVITIES</b>	
Receipts from grantors and customers	\$ 162,295
Payments to employees	(65,913)
Payments to grantees and suppliers	(224,922)
	<u>(128,540)</u>
Net cash used in operating activities	<u>(128,540)</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>	
Contributions from Amherst County	144,830
Other receipts	21,166
	<u>165,996</u>
Net cash provided by noncapital financing activities	<u>165,996</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments on long-term debt	(33,431)
Interest paid on long-term debt	(40,816)
	<u>(74,247)</u>
Net cash used in capital and related financing activities	<u>(74,247)</u>
Net decrease in cash and cash equivalents	(36,791)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at July 1	<u>182,240</u>
Ending at June 30	<u><u>\$ 145,449</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (171,918)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	14,446
Change in assets and liabilities:	
Increase in accounts payable	13,043
Increase in unearned revenue	8,253
Increase in accrued wages	7,636
	<u>7,636</u>
Net cash used in operating activities	<u><u>\$ (128,540)</u></u>

## **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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,191,773	\$ 13,191,773	\$ 13,054,379	\$ (137,394)
Real and personal public service corporation property taxes	619,968	619,968	669,979	50,011
Personal property taxes	5,475,914	5,475,914	5,516,883	40,969
Mobile home taxes	64,574	64,574	59,230	(5,344)
Machinery and tools taxes	1,932,107	1,932,107	1,993,183	61,076
Merchant's capital	283,853	283,853	312,549	28,696
Penalties	225,000	225,000	202,807	(22,193)
Interest	160,000	160,000	110,203	(49,797)
Total general property taxes	21,953,189	21,953,189	21,919,213	(33,976)
Other local taxes:				
Local sales and use taxes	2,450,000	2,450,000	2,550,304	100,304
Consumers' utility taxes	2,253,000	2,253,000	2,044,472	(208,528)
Business license taxes	344,000	344,000	380,601	36,601
Bank stock taxes	75,000	75,000	92,186	17,186
Motor vehicle licenses	675,000	675,000	723,346	48,346
Taxes on recordation and wills	197,400	197,400	201,942	4,542
Lodging taxes	83,000	89,412	71,753	(17,659)
Meals tax	864,800	864,800	957,337	92,537
Total other local taxes	6,942,200	6,948,612	7,021,941	73,329
Permits, privilege fees, and regulatory licenses:				
Animal licenses	17,200	17,200	13,245	(3,955)
Building and related permits	95,000	95,000	112,767	17,767
Permits and other licenses	44,400	44,400	40,309	(4,091)
Total permits, privilege fees, and regulatory licenses	156,600	156,600	166,321	9,721
Fines and Forfeitures:				
Court fines and forfeitures	-	178,258	278,583	100,325
Total fines and forfeitures	-	178,258	278,583	100,325
Revenue from use of money and property:				
Revenue from use of money	25,000	25,000	32,780	7,780
Revenue from use of property	70,501	70,501	82,266	11,765
Total revenue from use of money and property	95,501	95,501	115,046	19,545
Charges for services:				
Sheriff's fees	2,198	2,198	8,199	6,001
Collection fees – taxes and liens	25,000	25,000	77,961	52,961
Commonwealth attorney fees	3,200	3,200	4,371	1,171
Courthouse security fees	105,000	105,000	87,659	(17,341)
Jail processing fees	6,000	6,000	4,934	(1,066)
Charges for parks and recreation	41,000	41,000	50,908	9,908

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Library	\$ 23,200	\$ 23,200	\$ 24,781	\$ 1,581
Emergency medical service fees	1,135,000	1,135,000	1,064,155	(70,845)
Telecommunication charges	-	-	82,456	82,456
Warehouse charges	-	-	11,807	11,807
Other charges for services	5,900	71,901	73,916	2,015
Total charges for services	1,346,498	1,412,499	1,491,147	78,648
Miscellaneous revenue:				
Miscellaneous	61,750	159,654	82,632	(77,022)
Total miscellaneous revenue	61,750	159,654	82,632	(77,022)
Recovered costs:				
Share of judge's expenses	20,426	20,426	14,812	(5,614)
Social services	-	9,257	10,058	801
CSA recoveries	-	-	56,309	56,309
Public safety	121,850	148,230	167,400	19,170
Miscellaneous recoveries	19,400	106,020	281,251	175,231
Total recovered costs	161,676	283,933	529,830	245,897
Total revenue from local sources	30,717,414	31,188,246	31,604,713	416,467
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	84,000	84,000	83,846	(154)
Mobile home titling taxes	25,000	25,000	35,984	10,984
Auto rental tax	31,000	31,000	23,262	(7,738)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	46,000	46,000	53,328	7,328
Total noncategorical aid	2,385,018	2,385,018	2,395,438	10,420
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	350,801	360,087	397,256	37,169
Sheriff	1,502,439	1,525,023	1,545,397	20,374
Commissioner of the Revenue	103,578	103,578	100,798	(2,780)
Treasurer	113,604	113,604	112,735	(869)
Registrar/electoral board	37,400	37,400	41,389	3,989
Clerk of the Circuit Court	283,949	283,949	305,951	22,002
Total shared expenses	2,391,771	2,423,641	2,503,526	79,885

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 1,033,667	\$ 1,117,315	\$ 602,006	\$ (515,309)
Health department	-	-	10,408	10,408
Library grant	147,930	147,930	146,845	(1,085)
Fire program	90,465	95,431	-	(95,431)
EMS – 4 for life	28,000	28,000	-	(28,000)
Juvenile justice – crime control	35,000	35,000	37,022	2,022
Emergency management grant	14,911	150,911	182,427	31,516
Victim witness	47,571	56,348	56,270	(78)
Juror reimbursement	8,000	14,000	15,044	1,044
Comprehensive services	9,098	755,863	587,167	(168,696)
Rescue squad assistance fund	-	24,552	-	(24,552)
Miscellaneous	-	46,007	232,315	186,308
Total other categorical aid	1,414,642	2,471,357	1,869,504	(601,853)
Total categorical aid	3,806,413	4,894,998	4,373,030	(521,968)
Total revenue from the Commonwealth	6,191,431	7,280,016	6,768,468	(511,548)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	61,192	61,192
Categorical aid:				
Public assistance and welfare	722,975	620,296	1,165,248	544,952
Total categorical aid	722,975	620,296	1,165,248	544,952
Total revenue from the Federal Government	722,975	620,296	1,226,440	606,144
Total General Fund	37,631,820	39,088,558	39,599,621	511,063
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Recreation trips	-	1,645	48,497	46,852
Landfill operations	226,200	226,200	359,995	133,795
Other charges for services	-	-	177	177
Total charges for services	226,200	227,845	408,669	180,824

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Dare donations	\$ -	\$ 19,521	\$ 23,338	\$ 3,817
Miscellaneous	-	10,132	35,298	25,166
Total miscellaneous revenue	-	29,653	58,636	28,983
Recovered costs:				
Recovered costs	-	501	979	478
Total revenue from local sources	226,200	257,999	468,284	210,285
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	-	-	62,076	62,076
Litter control	8,000	8,000	11,380	3,380
DEQ and RSAF grants	-	23,660	56,213	32,553
Other state revenues	4,000	4,000	6,655	2,655
Total revenue from the Commonwealth	12,000	35,660	136,324	100,664
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant – stump hill project	-	-	25,339	25,339
Highway planning and construction	-	582,781	372,909	(209,872)
DMV grants	-	37,017	28,738	(8,279)
Sheriff grants	-	2,906	2,906	-
Total revenue from the Federal Government	-	622,704	429,892	(192,812)
Total Special Revenue Fund	238,200	916,363	1,034,500	118,137
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	9,177	9,177
Total Capital Projects Fund	-	-	9,177	9,177
Total Revenues – Primary Government	\$ 37,870,020	\$ 40,004,921	\$ 40,643,298	\$ 638,377
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ 1,354	\$ 2,535	\$ 1,181
Charges for services:				
Tuition	61,500	72,993	89,347	16,354
Textbook Sales	336,000	336,000	-	(336,000)
Transportation	48,000	35,000	28,312	(6,688)
Other	4,000	62,000	122,504	60,504
Total charges for services	449,500	505,993	240,163	(265,830)

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 117,927	\$ 120,746	\$ 159,346	\$ 38,600
Recovered costs:				
Recovered costs	613,952	613,952	577,103	(36,849)
Total revenue from local sources	1,181,379	1,242,045	979,147	(262,898)
Intergovernmental revenue:				
County contribution to School Board	15,064,683	14,634,683	14,038,852	(595,831)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	4,865,792	4,865,792	4,882,095	16,303
Basic school aid	12,533,175	12,583,175	12,498,680	(84,495)
Special ed SOQ	1,554,422	1,554,422	1,546,212	(8,210)
Remedial education	487,498	487,498	484,923	(2,575)
Technology	336,000	336,000	308,511	(27,489)
Lottery	180,179	180,179	245,813	65,634
Primary class size	455,015	455,015	434,794	(20,221)
Fringe benefits	2,365,062	2,365,062	2,352,570	(12,492)
Textbooks	87,861	87,861	20,813	(67,048)
Preschool	274,072	274,072	274,072	-
Gifted and talented	130,928	130,928	130,236	(692)
At-risk	439,994	439,994	437,582	(2,412)
Regional program	836,813	836,813	763,970	(72,843)
Vocational education SOQ	281,356	281,356	279,870	(1,486)
Salary Supplement	-	-	216,693	216,693
Adult Basic Education Regionalization	-	-	113,751	113,751
Other state funds	644,688	807,928	711,948	(95,980)
Total categorical aid	25,472,855	25,686,095	25,702,533	16,438
Total revenue from the Commonwealth	25,472,855	25,686,095	25,702,533	16,438
Revenue from the Federal Government:				
Non-categorical				
Federal land use	70,000	70,000	70,204	204
Categorical aid:				
Preschool handicap	19,916	19,916	18,957	(959)
Adult basic aid	544,904	544,904	350,307	(194,597)
Title I	981,196	981,196	919,974	(61,222)
Title II	172,000	172,000	152,546	(19,454)
Title VI-B special education	1,104,933	1,104,933	1,134,918	29,985
Vocational education	78,600	78,600	66,916	(11,684)
Other education	86,777	86,777	25,322	(61,455)
Total categorical aid	2,988,326	2,988,326	2,668,940	(319,386)
Total revenue from the Federal Government	3,058,326	3,058,326	2,739,144	(319,182)
Total School Operating Fund	44,777,243	44,621,149	43,459,676	(1,161,473)

**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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Component Unit – School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 833,257	\$ (114,831)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	92,000	92,000	36,711	(55,289)
Revenue from the Federal Government:				
Categorical aid:				
School food	1,328,815	1,328,815	1,343,700	14,885
Total School Cafeteria Fund	2,368,903	2,368,903	2,213,668	(155,235)
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	-	-	20,663	20,663
Total revenue from use of money and property	-	-	20,663	20,663
Intergovernmental revenue:				
County contribution to School Board	-	430,000	500,212	70,212
Total School Construction Fund	-	430,000	520,875	90,875
Total Revenues – Component Unit – School Board	\$ 47,146,146	\$ 47,420,052	\$ 46,194,292	\$ (1,225,760)

**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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 181,865	\$ 222,045	\$ 259,114	\$ (37,069)
General and financial administration:				
County administrator	234,012	234,000	227,183	6,817
Commissioner of the revenue	357,929	360,388	317,089	43,299
Treasurer	378,358	408,713	402,952	5,761
Central accounting	240,138	226,846	210,322	16,524
Purchasing	171,696	175,766	172,734	3,032
County attorney	167,901	163,684	156,652	7,032
Information technology	343,417	360,133	325,474	34,659
Human resources	36,489	36,738	30,902	5,836
Total general and financial administration	1,929,940	1,966,268	1,843,308	122,960
Board of Elections/Registrar:				
Electoral board and officials and registrar	193,561	373,808	367,700	6,108
Total general government administration	2,305,366	2,562,121	2,470,122	91,999
Judicial administration:				
Courts:				
Circuit court	75,441	85,098	84,599	499
General district court	15,645	15,645	11,289	4,356
Magistrate	490	490	-	490
Juvenile and domestic relations court	16,784	16,784	15,440	1,344
Clerk of the circuit court	438,166	455,960	444,401	11,559
Jurors	6,000	19,374	15,192	4,182
VJCCCA	73,301	73,301	43,752	29,549
Total courts	625,827	666,652	614,673	51,979
Commonwealth's attorney:				
Commonwealth's attorney	542,904	556,959	547,941	9,018
Victim advocate grant	62,632	70,756	72,074	(1,318)
Total commonwealth's attorney	605,536	627,715	620,015	7,700
Total judicial administration	1,231,363	1,294,367	1,234,688	59,679
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,871,333	4,366,237	4,213,056	153,181
Total law enforcement and traffic control	3,871,333	4,366,237	4,213,056	153,181
Fire and rescue services:				
Volunteer emergency services	283,109	308,525	292,721	15,804
Volunteer rescue services	222,480	190,890	169,908	20,982
Emergency medical services	1,466,326	1,763,868	1,702,477	61,391
Emergency service council	274,442	299,567	151,995	147,572
Total fire and rescue services	2,246,357	2,562,850	2,317,101	245,749

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Contribution to regional jail operations	\$ 1,680,500	\$ 1,680,500	\$ 1,494,797	\$ 185,703
Inspections:				
Building	205,158	209,800	180,510	29,290
Other protection:				
Animal control	134,799	134,909	130,659	4,250
Animal Shelter	160,440	172,549	147,009	25,540
Emergency services	826,120	1,588,901	1,523,223	65,678
Communications dispatch	746,521	776,045	804,607	(28,562)
Other public safety	266,500	306,203	106,721	199,482
Total other protection	2,134,380	2,978,607	2,712,219	266,388
Total public safety	10,137,728	11,797,994	10,917,683	880,311
Public works:				
Maintenance of highways, streets, bridges, and sidewalks:				
Street lights	40,000	44,826	28,826	16,000
Maintenance of general buildings and grounds:				
General properties	844,966	1,162,380	1,054,144	108,236
Total public works	884,966	1,207,206	1,082,970	124,236
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	1,898,976	1,949,799	1,841,927	107,872
Public assistance	484,762	428,800	396,683	32,117
County contributions	75,025	237,525	237,525	-
Comprehensive services	521,213	1,268,302	1,208,533	59,769
Tax relief for the elderly	-	-	234,538	(234,538)
Total welfare	2,979,976	3,884,426	3,919,206	(34,780)
Total health and welfare	3,314,622	4,219,072	4,253,852	(34,780)
Education:				
Contributions to community colleges	6,773	6,787	6,787	-
County contribution to School Board	15,064,683	15,064,683	14,539,064	525,619
Total education	15,071,456	15,071,470	14,545,851	525,619

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 332,366	\$ 353,697	\$ 330,924	\$ 22,773
Library:				
Library	731,267	734,071	728,201	5,870
Museum	47,509	48,299	48,098	201
Total library	778,776	782,370	776,299	6,071
Total parks, recreation, and cultural	1,111,142	1,136,067	1,107,223	28,844
Community development:				
Planning and community development:				
Planning	248,096	253,774	250,030	3,744
Planning commission	24,189	21,655	21,408	247
Zoning board	3,160	3,160	1,035	2,125
Central Virginia planning	18,674	18,674	18,674	-
EDA board	58,526	58,526	4,041	54,485
Contribution to EDA	144,830	144,830	144,830	-
Tourism	35,000	41,412	41,412	-
Community development projects	24,013	150,361	43,752	106,609
Total planning and community development	556,488	692,392	525,182	167,210
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	83,275	83,275	78,874	4,401
Total community development	648,263	784,167	612,556	171,611
Non-Departmental:				
Non-departmental:				
Insurance	58,000	54,687	53,877	810
Line of duty	33,000	43,551	43,551	-
Other	247,789	223,498	39,197	184,301
Total non-departmental	338,789	321,736	136,625	185,111
Capital Outlay:				
Capital outlay:				
School buses	100,000	93,136	93,136	-
Total capital outlay	100,000	93,136	93,136	-
Debt service:				
Principal retirement	1,713,225	1,740,195	1,740,802	(607)
Interest and fiscal charges	696,156	669,186	667,182	2,004
Total debt service	2,409,381	2,409,381	2,407,984	1,397
Total General Fund	37,553,076	40,896,717	38,862,690	2,034,027

(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, 2016**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
Special Revenue Fund:				
Public safety:				
Other protection:				
Miscellaneous public safety grants	\$ -	\$ 40,424	\$ 32,214	\$ 8,210
DARE program	-	47,596	42,748	4,848
E-911 expenditures	-	-	1,669	(1,669)
Total public safety	-	88,020	76,631	11,389
Public works:				
Sanitation and waste removal:				
Solid waste	1,790,771	1,790,771	1,703,944	86,827
Total public works	1,790,771	1,790,771	1,703,944	86,827
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	274,915	160,573	114,342
Cultural				
Depot relocation/enhancement	-	383,093	46,023	337,070
Total parks, recreation, and cultural	-	658,008	206,596	451,412
Community development:				
Planning and community development:				
CDBG project – stump hill	-	-	43,106	(43,106)
Total community development	-	-	43,106	(43,106)
Total Special Revenue Funds	1,790,771	2,536,799	2,030,277	506,522
Capital Projects Fund:				
Public works:				
General construction projects	-	22,074,492	2,653,892	19,420,600
Total Capital Projects Fund	-	22,074,492	2,653,892	19,420,600
Total Expenditures – Primary Government	\$ 39,343,847	\$ 65,508,008	\$ 43,546,859	\$ 21,961,149
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,376,585	\$ 34,190,711	\$ 33,370,217	\$ 820,494
Administration, attendance, and health	2,002,149	2,051,304	2,045,560	5,744
Pupil transportation services	2,929,277	2,779,196	2,872,436	(93,240)
Operation and maintenance services	4,155,226	4,288,192	3,880,511	407,681
Technology	1,314,006	1,311,746	1,290,952	20,794
Total School Operating Fund	44,777,243	44,621,149	43,459,676	1,161,473

(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, 2016**

	<b>Budget Amounts</b>			<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,368,903	\$ 2,368,903	\$ 2,162,255	\$ 206,648
 School Construction Fund:				
Education:				
Capital projects	70,212	500,212	484,392	15,820
 Total Expenditures – Component Unit – School Board	<u>\$ 47,146,146</u>	<u>\$ 47,490,264</u>	<u>\$ 46,106,323</u>	<u>\$ 1,383,941</u>

## **OTHER INFORMATION SECTION**

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TABLE 1

**COUNTY OF AMHERST, VIRGINIA**

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

<b>Fiscal Year</b>	<b>General Government Administration</b>	<b>Judicial Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health and Welfare</b>	<b>Education</b>	<b>Recreation and Cultural</b>	<b>Community Development</b>	<b>Interest on Debt</b>	<b>Water and Sewer</b>	<b>Total</b>
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
2016	2,252,063	1,279,439	10,108,631	3,380,591	4,133,175	15,663,137	1,221,157	655,103	600,798	3,792,350	43,086,444

TABLE 2

## COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE REVENUES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Grants and Contributions Not Restricted to Specific Programs</b>	<b>Revenues from the Use of Money and Property</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2016	6,820,048	5,603,239	398,248	21,990,825	7,021,941	2,467,038	124,223	141,268	44,566,830

TABLE 3

## COUNTY OF AMHERST, VIRGINIA

**GENERAL GOVERNMENT REVENUES BY SOURCE <sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Permit Privilege Fees and Regulatory Licenses</b>	<b>Fines and Forfeitures</b>	<b>Revenues from the Use of Money and Property</b>	<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter-Governmental <sup>(2)</sup></b>	<b>Total</b>
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
2016	21,919,213	7,021,941	166,321	278,583	301,536	2,973,236	321,780	1,107,912	38,383,212	72,473,734

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

<sup>(2)</sup> Excludes contribution from Primary Government to Discretely Presented Component Units.

TABLE 4

## COUNTY OF AMHERST, VIRGINIA

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION <sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education <sup>(2)</sup>	Recreation and Cultural	Community Development <sup>(2)</sup>	Non- developmental	Capital Projects	Debt Service	Total
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
2016	2,470,122	1,234,688	10,994,314	2,786,914	4,253,852	46,113,110	1,313,819	1,022,438	136,625	2,747,028	2,407,984	75,480,894

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

<sup>(2)</sup> 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)**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Merchants' Capital</b>	<b>Public Service</b>	<b>Total</b>
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
2016	2,328,617,800	238,821,725	10,392,150	109,064,626	6,792,875	118,573,643	2,812,262,819



**TABLE 6****COUNTY OF AMHERST, VIRGINIA****PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Merchants' Capital</b>
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
2016	0.61	3.45	0.61	2.00	3.95

TABLE 7

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes <sup>(1, 2)</sup></b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
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%
2016	24,957,139	23,599,590	94.56%	518,641	24,118,231	96.64%	1,117,498	4.48%

<sup>(1)</sup> Exclusive of penalties and interest.

<sup>(2)</sup> Includes three years taxes.

TABLE 8

## COUNTY OF AMHERST, VIRGINIA

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

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Assessed Value <sup>(2)</sup></b>	<b>Gross Bonded Debt <sup>(3)</sup></b>	<b>Less: Debt Payable from Enterprise Revenue</b>	<b>Net General Bonded Debt</b>	<b>Ratio of Gross Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
2007	31,894	\$ 1,861,320,511	\$ 25,974,366	\$ 3,950,000	\$ 22,024,366	1.40%	\$ 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
2016	31,914	2,812,262,819	21,350,548	8,975,000	12,375,548	0.76%	388

<sup>(1)</sup> Bureau of the Census.

<sup>(2)</sup> From Table 5.

<sup>(3)</sup> Includes all long-term general obligation debt.

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## **COMPLIANCE SECTION**

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

Honorable Members of Board of Supervisors  
County of Amherst, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 8, 2017.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs at Items 2014-001 to 2014-003, that we consider 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 2016-001 to 2016-004.**

## 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  
February 8, 2017



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

Honorable Members of Board of Supervisors  
County of Amherst, Virginia

### **Report on Compliance for Each Major Federal Program**

We have audited the County of Amherst, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the County of Amherst, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



## Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
February 8, 2017

**COUNTY OF AMHERST, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2016**

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

**STATE COMPLIANCE MATTERS**

Code of Virginia

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

State Agency Requirements

- Education
- Social Services

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

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

**COUNTY OF AMHERST, VIRGINIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

<b>Federal Grantor/Pass – Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 11,330
Temporary Assistance to Needy Families (TANF)	93.558		223,875
Refugee and Entrant Assistance – Discretionary Grants	93.566		230
Low Income Home Energy Assistance	93.568		25,788
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596		34,343
Child Welfare Services – State Grants	93.645		1,298
Foster Care – Title IV-E	93.658		134,651
Adoption Assistance	93.659		16,498
Social Services Block Grant	93.667		171,723
Chafee Foster Care Independence Program	93.674		1,191
Children’s Health Insurance Program	93.767		9,655
Medical Assistance Program	93.778		297,302
			<hr/>
			927,884
			<hr/>
Department of Housing and Urban Development:			
Pass through Payments:			
Virginia Department of Housing and Community Development Community Development Block Grants/State’s Program and Non-entitlement Grants	14.228		22,360
			<hr/>
Department of Justice:			
Pass through Payments:			
Virginia Department of Criminal Justice Services: Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,906
			<hr/>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services: Schools and Roads – Grants to States	10.665		70,204
Department of Education:			
Child Nutrition Cluster:			
Food Distribution – Schools	10.555	\$ 140,127	
School Breakfast Program	10.553	279,112	
National School Lunch Program	10.555	<hr/> 1,041,570	
Total Child Nutrition Cluster			1,460,809

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

<b>Federal Grantor/Pass – Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition Assistance Program	10.561		\$ 237,365
Total Department of Agriculture			<u>1,768,378</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		20,917
Alcohol Open Container Requirements	20.607		7,125
National Priority Safety Programs	20.616		696
Virginia Department of Transportation			
Highway Planning and Construction	20.205		<u>372,909</u>
Total Department of Transportation			<u>401,647</u>
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		339,036
Title I Grants to Local Educational Agencies	84.010		919,974
Special Education – Grants to States (Special Education Cluster)	84.027	\$ 1,134,918	
Special Education – Preschool Grants (Special Education Cluster)	84.173	<u>18,957</u>	
Total Special Education Cluster			1,153,875
Career and Technical Education: Basic grants to states	84.048		66,916
Improving Teacher Quality State Grants	84.367		<u>152,546</u>
Total Department of Education			<u>2,632,347</u>
Total Expenditures of Federal Awards			<u>\$ 5,755,522</u>

**NOTE 1 – BASIS OF PRESENTATION:**

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

**NOTE 2 – FOOD DISTRIBUTION:**

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

**NOTE 3 – INDIRECT COSTS:**

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

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

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 the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>CFDA #</u>
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Special Education 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 **\$750,000**.
9. The County was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001: Segregation of Duties (Material Weakness)

*Condition:*

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

*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, 2016**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

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

*Condition:*

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

*Recommendation:*

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

*Management's Response:*

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

**2014-003: Adjustments (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.

**COUNTY OF AMHERST, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2016**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**2014-003: Adjustments (Material Weakness)**

*Management's Response:*

We agree that multiple adjustments were necessary as part of the audit process. Finance staff has implemented a review process and budget entry process for Board minutes that capture Board directions for tracking and fulfillment. Finance staff is also working on implementing reconciliations and review processes. These will minimize the need for auditor adjustments in future years.

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

**None.**

**D. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2016-001: Budget Appropriations**

*Condition:*

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Board of Supervisors	\$ 222,045	\$ 259,114	\$ (37,069)
Victim Advocate Grant	70,756	72,074	(1,318)
Communications Dispatch	<u>776,045</u>	<u>804,607</u>	<u>(28,562)</u>
Total General Fund	<u>\$ 1,068,846</u>	<u>\$ 1,135,795</u>	<u>\$ (66,949)</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 agrees with the findings and recommendations of the auditor. The Finance Director has implemented a monthly review of all departmental expenditures to insure compliance with the Commonwealth of Virginia's budgeting statute.

**COUNTY OF AMHERST, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2016**

**D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)**

**2016-002: 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:*

The State Department of Social Services now maintains the protocols for the annual review. The local Amherst County Department of Social Services is no longer in control of the review. So to insure that they are meeting the state requirements, the local office will now maintain any documentation sent by the state pertaining to the annual review for auditor review.

**2016-003: 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.

**2016-004: 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.