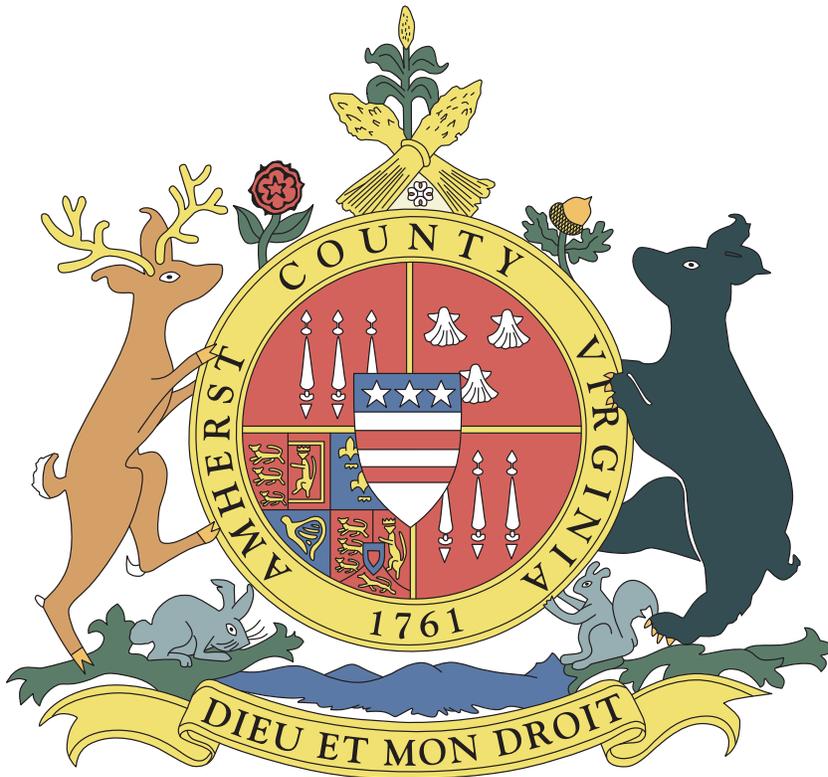


County of Amherst, Virginia
Financial Report

Year Ended June 30, 2012



COUNTY OF AMHERST, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

COUNTY OF AMHERST, VIRGINIA

Financial Report
For The Fiscal Year Ended June 30, 2012

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COUNTY OF AMHERST, VIRGINIA

BOARD OF SUPERVISORS

Robert M. Curd, Chairman

Donald W. Kidd, Vice-Chairman
Vernon F. Campbell

David Pugh, Jr.
Claudia D. Tucker

COUNTY SCHOOL BOARD

Jones Stanley, Chairman

Elizabeth Gamble, Vice Chairman
Margaret R. Morton
Alan J. Wood

Patricia C. Massie
Susan D. Cunningham
Priscilla M. Ligon

COUNTY SOCIAL SERVICES BOARD

Juanita Roberson, Chairman

Vernon F. Campbell, Vice Chairman
Elynor D. Ross

Dr. Jack Hamilton
Wayne Stark

COUNTY LIBRARY BOARD

Jean Higginbotham, President

Stephen Witham, Vice President
James B. Young

Larry A. Langhans
William E. Hathaway

OTHER OFFICIALS

Judge of the Circuit Court
Clerk of the Circuit Court
Judge of the General District Court
Judge of the Juvenile and Domestic Relations Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Clerk of the School Board
Director of Social Services
Librarian
County Administrator

J. Michael Gamble
Roy C. Mayo, III
Joseph M. Serkes
Michael Garrett
Stephanie S. Maddox
Linda M. Byers
Garry Friend
L.J. Ayers, III
Dr. Brian Ratliff
Teresa Crouch
Glenn W. Sullivan
Steve Preston
Clarence Monday

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Amherst, Virginia's management. 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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the County of Amherst, Virginia'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress 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 management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Amherst, Virginia's basic financial statements. The introductory section, other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Amherst, Virginia. The other supplementary information 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Co. Associates

Charlottesville, Virginia

December 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Amherst, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012.

Financial Highlights

Government-wide Financial Statements

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$36,098,135 (net assets). The County's business type activities assets exceeded its liabilities by \$18,905,824.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported total revenues of \$38,740,983 with total expenditures of \$36,989,929. As of the close of the current fiscal year; the County's funds reported ending fund balances of \$26,508,056 (Exhibit 4), an overall increase of \$1,751,054 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are 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.

Overview of the Financial Statements (Continued)

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets 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 only 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, sanitation, social services, education, cultural events, and recreation.

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 for which the County of Amherst, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

The Government-wide financial statements can be found on page 9-11 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 of Amherst, Virginia, like other 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. The County has three major governmental funds - the General Fund, the Special Revenue Fund, and the Capital Projects Fund.

Proprietary funds - Proprietary funds consist of 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 Amherst County Service Authority is a component unit of the County of Amherst. The Authority's financial statements are shown as an enterprise fund in the County's fund statements. The Service Authority provides a centralized source for water and sewer services to County residents.

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

Overview of the Financial Statements (Continued)

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.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$36,098,135 at the close of the most recent fiscal year.

County of Amherst's, Net Assets

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 43,647,485	\$ 34,534,805	\$ 6,926,927	\$ 9,919,874	\$ 50,574,412	\$ 44,454,679
Capital assets	<u>30,209,968</u>	<u>27,724,471</u>	<u>25,817,148</u>	<u>23,861,398</u>	<u>56,027,116</u>	<u>51,585,869</u>
Total assets	<u>\$ 73,857,453</u>	<u>\$ 62,259,276</u>	<u>\$ 32,744,075</u>	<u>\$ 33,781,272</u>	<u>\$ 106,601,528</u>	<u>\$ 96,040,548</u>
Long-term liabilities outstanding	\$ 25,626,316	\$ 24,789,055	\$ 12,868,005	\$ 13,270,626	\$ 38,494,321	\$ 38,059,681
Current liabilities	<u>12,133,002</u>	<u>11,819,975</u>	<u>970,246</u>	<u>1,583,382</u>	<u>13,103,248</u>	<u>13,403,357</u>
Total liabilities	<u>\$ 37,759,318</u>	<u>\$ 36,609,030</u>	<u>\$ 13,838,251</u>	<u>\$ 14,854,008</u>	<u>\$ 51,597,569</u>	<u>\$ 51,463,038</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 9,339,637	\$ 8,184,296	\$ 14,477,148	\$ 11,295,398	\$ 23,816,785	\$ 19,479,694
Restricted	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Unrestricted	<u>26,758,498</u>	<u>17,465,950</u>	<u>3,428,676</u>	<u>6,631,866</u>	<u>30,187,174</u>	<u>24,097,816</u>
Total net assets	<u>\$ 36,098,135</u>	<u>\$ 25,650,246</u>	<u>\$ 18,905,824</u>	<u>\$ 18,927,264</u>	<u>\$ 55,003,959</u>	<u>\$ 44,577,510</u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets that is still outstanding represents approximately 25% of total net assets. 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.

Government-wide Financial Analysis (Continued)

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The County has no restricted net assets at June 30, 2012.

Governmental Activities - Governmental activities increased the County's net assets by \$10,023,360. Key elements of this increase are as follows:

**County of Amherst, Virginia's Changes in Net Assets
For the Years Ended June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 2,286,246	\$ 2,210,071	\$ 3,118,029	\$ 3,196,438	\$ 5,404,275	\$ 5,406,509
Operating grants and contributions	6,682,107	6,632,662	-	-	6,682,107	6,632,662
Capital grants and contributions	-	-	146,894	1,373,108	146,894	1,373,108
General revenues:						
General property taxes	27,029,798	19,578,113	-	-	27,029,798	19,578,113
Other local taxes	5,171,164	5,165,046	-	-	5,171,164	5,165,046
Use of money and property	317,112	444,282	13,443	21,673	330,555	465,955
C/VA non-categorical aid	3,625,924	3,765,269	-	-	3,625,924	3,765,269
Other general revenues	102,193	267,817	41,567	45,035	143,760	312,852
Total revenues	\$ 45,214,544	\$ 38,063,260	\$ 3,319,933	\$ 4,636,254	\$ 48,534,477	\$ 42,699,514
Expenses:						
General government administration	\$ 1,767,430	\$ 1,690,623	-	-	\$ 1,767,430	\$ 1,690,623
Judicial administration	1,287,304	1,356,685	-	-	1,287,304	1,356,685
Public safety	10,077,086	8,756,354	-	-	10,077,086	8,756,354
Public works	1,861,116	2,141,153	-	-	1,861,116	2,141,153
Health and welfare	4,081,753	4,147,244	-	-	4,081,753	4,147,244
Education	13,701,208	13,208,833	-	-	13,701,208	13,208,833
Parks, recreation, and cultural	1,105,089	1,072,529	-	-	1,105,089	1,072,529
Community development	168,682	667,805	-	-	168,682	667,805
Interest and other fiscal charges	1,141,516	1,387,309	-	-	1,141,516	1,387,309
Water and sewer	-	-	3,341,373	3,409,473	3,341,373	3,409,473
Total expenses	\$ 35,191,184	\$ 34,428,535	\$ 3,341,373	\$ 3,409,473	\$ 38,532,557	\$ 37,838,008
Change in net assets	\$ 10,023,360	\$ 3,634,725	\$ (21,440)	\$ 1,226,781	\$ 10,001,920	\$ 4,861,506
Net assets, as restated, July 1, 2011	26,074,775	22,015,521	18,927,264	17,700,483	45,002,039	39,716,004
Net assets, June 30, 2012	\$ 36,098,135	\$ 25,650,246	\$ 18,905,824	\$ 18,927,264	\$ 55,003,959	\$ 44,577,510

Government-wide Financial Analysis (Continued)

Assessed property values increased by \$29,004,317 during the year. Most of this increase is the product of general growth in assessments. Personal Property Tax Relief Act (PPTRA) revenue is included in this analysis. The Commonwealth of Virginia no longer reimburses at 70%, rather a ceiling was established and the County is eligible to receive \$2,199,000 per budget year. For the FY2012 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPTRA rate of 45.75%.

Continuation of State reductions and economic conditions resulted in FY2012's budgetary instructions to keep expenditures level or reduce expenditures if possible.

Financial Analysis of the County's Funds

As noted earlier, the County used 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. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

For the end of the current fiscal year, the County's governmental funds reported fund balances of \$26,508,056 an overall increase in comparison with the prior year, *reference exhibit 4*. It is prudent to point out local revenues did not meet expectation for the 2011-2012 year (i.e. revenue from use of money; building permits; and local sales tax). The County's delinquency rate increased by 29.38% from the prior year to the current year. This is due in large part to the County reporting the entire assessment as deferred revenue, see note 3 for information. *See delinquent rate exhibit below:*

<u>Year</u>	<u>Rate</u>	<u>Increase</u>
FY2010	6.25%	
FY2011	7.18%	0.93%
FY2012	36.56%	29.38%

Proprietary funds

The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

➤ The difference between the original budget and the final amended budget was an overall increase of \$3,819,354. Significant budgetary increases are identified by category as follows:

❖ Public Safety	\$ 1,176,829
❖ Health and Welfare	\$ 827,450
❖ Education	\$ 1,084,324

However, total actual expenditures were less than the amended budget by \$3,037,700.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets totals \$30,209,968, the School Board's totals \$19,923,964 and the Service Authority's totals \$25,817,148 (net of accumulated depreciation), reference Note 6. This investment in capital assets includes infrastructure, buildings and improvements, and machinery and equipment. The largest change in capital assets was related to the County recording its share of the Region 2000 joint venture as an intangible asset in the amount of \$3,668,000.

Additional information on the County's capital assets can be found in note 6.

Long-term debt - At the end of the current fiscal year, the County had total obligations outstanding of \$27,878,175. Of this amount \$7,072,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The remainder is comprised of debt backed by the full faith and credit of the County. The County's total long-term obligations increased during the current fiscal year by \$641,854.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the United States between July 2011 and July 2012 declined from 9.2% to 8.3%. For the Commonwealth during the same period, unemployment declined from 6.4% to 6.1%; for the City of Lynchburg, unemployment remained level at 8.9%; and for the County of Amherst, unemployment decreased from 7.4% to 7.2%.
- Inflationary trends as measured by the United States Bureau of Labor Statistics in its Consumer Price Index (Southern Urban) are on the rise, during the period from October 2011 to October 2012 the rate of inflation rose 2.1%.
- Residential growth in Amherst appeared to be stagnant, in that permits issued for single family dwellings were non-existent, while need for services such as emergency services, social services, and law enforcement, seen an increase in demand.

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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Statement of Net Assets
At June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 34,166,790	\$ 2,933,802	\$ 37,100,592	\$ 2,732,136
Receivables (net of allowance for uncollectibles):				
Property taxes	7,928,839	-	7,928,839	-
Accounts receivable	572,525	270,249	842,774	-
Inventory	-	240,649	240,649	-
Due from primary government	-	-	-	3,229,439
Due from other governmental units	979,331	-	979,331	1,475,975
Total Current Assets	\$ 43,647,485	\$ 3,444,700	\$ 47,092,185	\$ 7,437,550
Noncurrent Assets:				
Restricted assets	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Other assets	-	2,482,227	2,482,227	-
Capital assets (net of accumulated depreciation):				
Land	2,017,165	623,523	2,640,688	309,826
Buildings and improvements	14,081,651	14,132,576	28,214,227	3,925,213
Equipment	1,185,937	-	1,185,937	1,820,614
Joint tenancy	8,494,491	-	8,494,491	13,445,014
Construction in progress	762,724	11,061,049	11,823,773	423,297
Intangible assets	3,668,000	-	3,668,000	-
Total Noncurrent Assets	\$ 30,209,968	\$ 29,299,375	\$ 59,509,343	\$ 19,923,964
Total Assets	\$ 73,857,453	\$ 32,744,075	\$ 106,601,528	\$ 27,361,514
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 291,225	\$ 186,713	\$ 477,938	\$ 4,792,442
Retainage payable	17,049	-	17,049	18,470
Customer deposits	-	252,810	252,810	-
Unearned revenue	5,925,948	-	5,925,948	-
Due to component unit	3,229,439	-	3,229,439	-
Accrued interest payable	417,482	-	417,482	-
Current portion of long-term obligations	2,251,859	530,723	2,782,582	44,138
Total Current Liabilities	\$ 12,133,002	\$ 970,246	\$ 13,103,248	\$ 4,855,050
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	25,626,316	12,868,005	38,494,321	397,237
Total Liabilities	\$ 37,759,318	\$ 13,838,251	\$ 51,597,569	\$ 5,252,287
NET ASSETS				
Invested in capital assets, net of related debt	\$ 9,339,637	\$ 14,477,148	\$ 23,816,785	\$ 19,923,964
Restricted	-	1,000,000	1,000,000	-
Unrestricted	26,758,498	3,428,676	30,187,174	2,185,263
Total Net Assets	\$ 36,098,135	\$ 18,905,824	\$ 55,003,959	\$ 22,109,227
Total Liabilities and Net Assets	\$ 73,857,453	\$ 32,744,075	\$ 106,601,528	\$ 27,361,514

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF AMHERST, VIRGINIA

Statement of Activities
 Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,767,430	\$ 8,418	\$ 289,128	\$ -
Judicial administration	1,287,304	659,052	649,899	-
Public safety	10,077,086	1,167,630	2,144,806	-
Public works	1,861,116	290,061	391,441	-
Health and welfare	4,081,753	-	2,678,878	-
Education	13,701,208	-	-	-
Parks, recreation, and cultural	1,105,089	161,085	406,191	-
Community development	168,682	-	121,764	-
Interest on long-term debt	1,141,516	-	-	-
Total governmental activities	<u>\$ 35,191,184</u>	<u>\$ 2,286,246</u>	<u>\$ 6,682,107</u>	<u>\$ -</u>
Business-type activities:				
Water and sewer	\$ 3,341,373	\$ 3,118,029	\$ -	\$ 146,894
Total primary government	<u>\$ 38,532,557</u>	<u>\$ 5,404,275</u>	<u>\$ 6,682,107</u>	<u>\$ 146,894</u>
COMPONENT UNIT:				
School Board	<u>\$ 45,919,489</u>	<u>\$ 865,200</u>	<u>\$ 31,921,278</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business license taxes				
Motor vehicle license taxes				
Meals tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Commonwealth of Virginia non-categorical aid				
County contribution to School Board				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets - beginning, as restated				
Net assets - ending				

The accompanying notes to financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue
and Changes in Net Assets

Primary Government			Component
Governmental	Business-		Unit
Activities	Type	Total	School
	Activities		Board
\$ (1,469,884)	\$ -	\$ (1,469,884)	\$ -
21,647	-	21,647	-
(6,764,650)	-	(6,764,650)	-
(1,179,614)	-	(1,179,614)	-
(1,402,875)	-	(1,402,875)	-
(13,701,208)	-	(13,701,208)	-
(537,813)	-	(537,813)	-
(46,918)	-	(46,918)	-
(1,141,516)	-	(1,141,516)	-
<u>\$ (26,222,831)</u>	<u>\$ -</u>	<u>\$ (26,222,831)</u>	<u>\$ -</u>
\$ -	\$ (76,450)	\$ (76,450)	\$ -
<u>\$ -</u>	<u>\$ (76,450)</u>	<u>\$ (26,299,281)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,133,011)</u>
\$ 27,029,798	\$ -	\$ 27,029,798	\$ -
2,224,939	-	2,224,939	-
830,960	-	830,960	-
356,115	-	356,115	-
603,326	-	603,326	-
859,607	-	859,607	-
296,217	-	296,217	-
317,112	13,443	330,555	20,497
3,625,924	-	3,625,924	-
-	-	-	13,230,764
102,193	41,567	143,760	860,086
<u>\$ 36,246,191</u>	<u>\$ 55,010</u>	<u>\$ 36,301,201</u>	<u>\$ 14,111,347</u>
\$ 10,023,360	\$ (21,440)	\$ 10,001,920	\$ 978,336
26,074,775	18,927,264	45,002,039	21,130,891
<u>\$ 36,098,135</u>	<u>\$ 18,905,824</u>	<u>\$ 55,003,959</u>	<u>\$ 22,109,227</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2012

ASSETS	General Fund	Special Revenue	Capital Projects	Total
Cash and cash equivalents	\$ 24,367,573	\$ 4,637,713	\$ 5,161,504	\$ 34,166,790
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	7,928,839	-	-	7,928,839
Accounts receivable	572,525	-	-	572,525
Due from other governmental units	642,091	337,240	-	979,331
Total assets	<u>\$ 33,511,028</u>	<u>\$ 4,974,953</u>	<u>\$ 5,161,504</u>	<u>\$ 43,647,485</u>
LIABILITIES				
Accounts payable	\$ 167,279	\$ 123,946	\$ -	\$ 291,225
Retainage payable	-	17,049	-	17,049
Deferred revenue	13,502,680	99,036	-	13,601,716
Due to component unit	3,229,439	-	-	3,229,439
Total liabilities	<u>\$ 16,899,398</u>	<u>\$ 240,031</u>	<u>\$ -</u>	<u>\$ 17,139,429</u>
FUND BALANCES				
Committed:				
Public safety - sheriff	\$ 118,049	\$ -	\$ -	\$ 118,049
Public works - hvac	365,631	-	-	365,631
Community development - incentives	115,925	-	-	115,925
Special revenue - Dare program	-	37,584	-	37,584
Special revenue - Recreation activities	-	19,638	-	19,638
Special revenue - E-911	-	453,765	-	453,765
Special revenue - Community development block grant	-	972	-	972
Special revenue - Solid Waste	-	4,147,396	-	4,147,396
Special revenue - Economic development	-	75,567	-	75,567
Capital projects - Riveredge	-	-	389,793	389,793
Assigned:				
Other capital purposes	-	-	4,771,711	4,771,711
Unassigned:				
General	16,012,025	-	-	16,012,025
Total fund balances	<u>\$ 16,611,630</u>	<u>\$ 4,734,922</u>	<u>\$ 5,161,504</u>	<u>\$ 26,508,056</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

Total fund balances above \$ 26,508,056

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole. 30,209,968

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (417,482)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance. 7,675,768

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets. (27,878,175)

Net assets of general government activities \$ 36,098,135

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 20,325,759	\$ -	\$ -	\$ 20,325,759
Other local taxes	5,171,164	-	-	5,171,164
Permits, privilege fees and regulatory licenses	167,088	-	-	167,088
Fines and forfeitures	554,292	-	-	554,292
Revenue from use of money and property	98,828	204,794	13,490	317,112
Charges for services	1,231,368	333,498	-	1,564,866
Miscellaneous	67,913	34,280	-	102,193
Recovered costs	230,478	-	-	230,478
Intergovernmental:				
Commonwealth	8,374,120	88,818	-	8,462,938
Federal	1,360,206	484,887	-	1,845,093
Total revenues	<u>\$ 37,581,216</u>	<u>\$ 1,146,277</u>	<u>\$ 13,490</u>	<u>\$ 38,740,983</u>
Expenditures:				
Current:				
General government administration	\$ 1,832,094	\$ -	\$ -	\$ 1,832,094
Judicial administration	1,210,556	-	-	1,210,556
Public safety	9,259,920	598,154	-	9,858,074
Public works	866,106	1,323,560	149,258	2,338,924
Health and welfare	4,170,975	-	-	4,170,975
Education	12,267,378	-	-	12,267,378
Parks, recreation, and cultural	1,022,966	55,253	-	1,078,219
Community development	468,260	237,340	-	705,600
Debt service:				
Principal retirement	2,302,876	25,246	-	2,328,122
Interest and other fiscal charges	1,150,986	49,001	-	1,199,987
Total expenditures	<u>\$ 34,552,117</u>	<u>\$ 2,288,554</u>	<u>\$ 149,258</u>	<u>\$ 36,989,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,029,099</u>	<u>\$ (1,142,277)</u>	<u>\$ (135,768)</u>	<u>\$ 1,751,054</u>
Other financing sources (uses):				
Transfers in	\$ 3,084	\$ 1,185,588	\$ -	\$ 1,188,672
Transfers out	<u>(1,185,588)</u>	<u>(3,084)</u>	<u>-</u>	<u>(1,188,672)</u>
Total other financing sources (uses)	<u>\$ (1,182,504)</u>	<u>\$ 1,182,504</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,846,595	\$ 40,227	\$ (135,768)	\$ 1,751,054
Fund balances at beginning of year, as restated	<u>14,765,035</u>	<u>4,694,695</u>	<u>5,297,272</u>	<u>\$ 24,757,002</u>
Fund balances at end of year	<u>\$ 16,611,630</u>	<u>\$ 4,734,922</u>	<u>\$ 5,161,504</u>	<u>\$ 26,508,056</u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

		<u>Primary Governmental Funds</u>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Net change in fund balances - total governmental funds	\$	1,751,054
<p>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. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.</p>		
Capital outlay	\$	810,617
Joint Venture intangible asset		3,668,000
Depreciation expense		<u>(1,265,670)</u>
		3,212,947
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,051,575)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of deferred taxes.		6,704,039
<p>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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:</p>		
Principal retired on notes payable	\$	143,761
Principal retired on County capital leases		58,010
Principal retired on County revenue bonds		523,000
Principal retired on School general obligation bonds		1,303,351
Principal retired on School literary fund loans		300,000
Decrease in landfill closure/postclosure care liability		573,364
Issuance of Joint Venture bonds		(3,668,000)
Premium amortized on School general obligation bonds		<u>9,722</u>
		(756,792)
<p>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. The following is a summary of items supporting this adjustment:</p>		
Decrease in interest payable	\$	48,749
Decrease in compensated absences		<u>114,938</u>
		163,687
Change in net assets of governmental activities	\$	<u><u>10,023,360</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Assets - Proprietary Fund
At June 30, 2012

	Business- Type Activities
	Amherst County Service Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,933,802
Accounts receivable	270,249
Inventory	240,649
	<hr/>
Total current assets	\$ 3,444,700
Noncurrent assets:	
Restricted assets	\$ 1,000,000
Other assets	2,482,227
Capital assets:	
Land	623,523
Construction in progress	11,061,049
Buildings and equipment, net of depreciation	14,132,576
	<hr/>
Total noncurrent assets	\$ 29,299,375
	<hr/>
Total Assets	<u>32,744,075</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 186,713
Customer deposits	252,810
Current portion of long-term obligations	530,723
	<hr/>
Total current liabilities	\$ 970,246
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	\$ 12,868,005
	<hr/>
Total Liabilities	<u>13,838,251</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 14,477,148
Restricted for construction, debt service and other purposes	1,000,000
Unrestricted	3,428,676
	<hr/>
Total Net Assets	\$ 18,905,824
	<hr/>
Total Liabilities and Net Assets	<u>\$ 32,744,075</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Assets --
 Proprietary Fund
 Year Ended June 30, 2012

	Proprietary Fund
	Amherst County Service Authority
Operating revenues:	
Water	\$ 2,375,534
Sewer	628,992
Other	113,503
	<hr/>
Total operating revenues	\$ 3,118,029
	<hr/>
Operating expenses:	
Source of supply	\$ 158,584
Water treatment	396,325
Water distribution	281,249
Sewer line	21,703
Sewage pumping	35,606
Sewage treatment	236,263
Customer accounting	231,475
Administrative and general	668,169
Depreciation and amortization	683,441
	<hr/>
Total operating expenses	\$ 2,712,815
	<hr/>
Operating income (loss)	\$ 405,214
	<hr/>
Nonoperating revenues (expenses)	
Interest income	\$ 13,443
Connection and availability charges	119,345
Line extension and other fees	27,549
Interest expense	(383,930)
Capacity payment - City of Lynchburg	(212,978)
Miscellaneous outlays and connection expenses	(31,650)
Other nonoperating revenues	41,567
	<hr/>
Total nonoperating revenues (expenses)	\$ (426,654)
	<hr/>
Net income (loss)	\$ (21,440)
	<hr/>
Net assets at beginning of year	18,927,264
	<hr/>
Net assets at end of year	\$ 18,905,824
	<hr/> <hr/>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows -
 Proprietary Fund
 Year Ended June 30, 2012

	Proprietary Fund
	<u>Amherst County Service Authority</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,997,542
Payments to suppliers	(1,894,216)
Payments to employees	(821,583)
	<u>281,743</u>
Net cash provided by operating activities	\$ 281,743
Cash flows from capital and related financing activities:	
Additions to utility plant and equipment	\$ (3,613,293)
Retirement of debt	(226,000)
Interest paid on debt	(385,000)
Connection and availability fees	119,345
Line extension and other fees	27,549
Capacity payments - City of Lynchburg	(212,978)
Other nonoperating income	41,567
Miscellaneous connection expenses	(31,650)
	<u>(4,280,460)</u>
Net cash provided by (used for) capital and related financing activities	\$ (4,280,460)
Cash flows from investing activities:	
Interest earned	\$ 13,443
	<u>13,443</u>
Net cash provided by investing activities	\$ 13,443
Increase (decrease) in cash and cash equivalents	\$ (3,985,274)
Cash and cash equivalents at beginning of year (including restricted assets)	<u>7,919,076</u>
Cash and cash equivalents at end of year (including restricted assets)	<u>\$ 3,933,802</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 405,214
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation and amortization	683,441
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(29,102)
Inventory	(24,459)
(Decrease) increase in:	
Accounts payable and accrued expenses	(671,908)
Customer deposits	9,942
Unearned revenue	(91,385)
	<u>(91,385)</u>
Net cash provided by operating activities	\$ 281,743

The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets
 At June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>29,729</u>
LIABILITIES	
Amounts held for others	\$ <u>29,729</u>

The accompanying notes to financial statements are an integral part of this statement.

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COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements As of June 30, 2012

Note 1–Summary of Significant Accounting Policies:

The County of Amherst, Virginia is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, social services.

The financial statements of the County of Amherst, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Note 1–Summary of Significant Accounting Policies: (Continued)

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget, final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Amherst, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit - Amherst Economic Development Authority

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 governed by the Board of Directors and the County is financially accountable for the EDA. It is authorized to acquire, own, lease and dispose of properties to the extent that such activities foster and stimulate economic development.

Blended Component Unit - Amherst County Service Authority

The Amherst County Service Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a calendar year which ends December 31. The Authority's December 31, 2011 financial report is presented as an enterprise fund in the County's financial statements. Financial statements of the Amherst County Service Authority may be obtained by contacting the County of Amherst, Virginia, County Administrator, P.O. Box 390, Amherst, VA 24521.

Discretely Presented Component Unit - Amherst County School Board

The School Board members are appointed by the County's Board of Supervisors and are responsible for the operations of the County's school system within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its County budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2012.

Other Related Organizations Not Included in the County Financial Report

Amherst Industrial Development Authority

The Industrial Development Authority is excluded from the County financial report because the County exercises no oversight responsibilities nor has accountability for the fiscal affairs of the Authority. The County nominates members for the board however final appointment of board members rest with The Town of Amherst. The County is also not liable for any obligations of the Authority.

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Blue Ridge Regional Jail, the Lynchburg Juvenile Detention Center, and the Central Virginia Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$92,382 to the Central Virginia Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Amherst, Virginia, County Administrator, P.O. Box 390, Amherst, VA 24521.

Other Related Organizations Included in the County's Financial Report

None

Note 1–Summary of Significant Accounting Policies: (Continued)

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Note 1–Summary of Significant Accounting Policies: (Continued)

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund includes the Dare Program, Recreation Activities, E-911 Fund, Community Development Block Grant, Solid Waste Fund, and Economic Development and is considered a major fund.

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports all financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Proprietary Fund

Account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. The Proprietary Fund consists of the Enterprise Fund.

Note 1–Summary of Significant Accounting Policies: (Continued)

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

2. Proprietary Fund: (continued)

Enterprise Fund

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports the following major enterprise fund:

Amherst County Service Authority - This fund is used to account for a sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

D. Budgets and Budgetary Accounting:

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 the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
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 line item level. The appropriation for each department can be revised only by the Board of Supervisors. However, the School Board is authorized to transfer budgeted amounts within the School system's categories.

Note 1–Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$154,449 at June 30, 2012 is comprised of \$142,429 in property taxes and \$12,020 in utility accounts.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable June 5th and December 5th. The County bills and collects its own property taxes.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

H. Inventory

Inventory is reported at cost. Inventory consists entirely of materials at the Amherst Service Authority.

I. Capital Assets

Capital assets, which include property, plant and 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 by the County and School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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 the asset's 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 attributable to capitalized assets as of June 30, 2012.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Infrastructure	20-40
Vehicles	5
Office and computer equipment	5
Buses	12

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

Note 1–Summary of Significant Accounting Policies: (Continued)

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

L. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Fund Equity: (Continued)

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

N. 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. Accordingly, actual results could differ from those estimates.

O. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

Note 2—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 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

Statutes authorize the County 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 and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County's investments at June 30, 2012 were held by the County or in the County's name by the County's custodial banks.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2012 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Amherst County's Rate Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>5,291,921</u>

External Investment Pool

The fair value of the positions in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

Note 3—Property Taxes Receivable:

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on June 5 and December 5. The County bills and collects its own property taxes.

The full 2012 levy has been recorded as deferred revenue because it is used to fund expenditures for the subsequent year. Of the amount levied \$5,740,448 has been collected through June 30, 2012. \$520,472 was outstanding at June 30, 2012 and the remainder is due on December 5, 2012.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 4—Due from Other Governmental Units:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Public assistance and welfare administration	\$ 56,123	\$ -
Commonwealth Attorney	26,227	-
Sheriff	183,521	-
Commissioner of Revenue	10,100	-
Treasurer	9,966	-
Clerk	20,705	-
Comprehensive Services Act	254,620	-
Mobile home titling	1,733	-
Criminal jurors	1,860	-
State sales tax	-	782,579
Federal Government:		
School Grants	-	693,396
Greenway project (Riveredge)	337,240	-
Public assistance and welfare administration	<u>77,236</u>	<u>-</u>
Total	<u>\$ 979,331</u>	<u>\$ 1,475,975</u>

Note 5—Due To/From Primary Government/Component Units:

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 3,229,439	\$ -
School	<u>-</u>	<u>3,229,439</u>
Totals	<u>\$ 3,229,439</u>	<u>\$ 3,229,439</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Primary Government:				
Capital assets, not being depreciated:				
Land	\$ 1,887,580	\$ 129,585	\$ -	\$ 2,017,165
Construction in progress	<u>324,125</u>	<u>438,599</u>	<u>-</u>	<u>762,724</u>
Total capital assets not being depreciated	<u>\$ 2,211,705</u>	<u>\$ 568,184</u>	<u>\$ -</u>	<u>\$ 2,779,889</u>
Capital assets being depreciated:				
Buildings	\$ 21,014,173	\$ 71,245	\$ 150,000	\$ 20,935,418
Equipment	5,530,373	310,808	639,013	5,202,168
Intangible asset	-	3,668,000	-	3,668,000
Jointly owned assets	<u>14,154,284</u>	<u>-</u>	<u>1,821,362</u>	<u>12,332,922</u>
Total capital assets being depreciated	<u>\$ 40,698,830</u>	<u>\$ 4,050,053</u>	<u>\$ 2,610,375</u>	<u>\$ 42,138,508</u>
Less accumulated depreciation for:				
Buildings	\$ 6,338,116	\$ 527,651	\$ 12,000	\$ 6,853,767
Equipment	4,297,860	355,764	637,393	4,016,231
Jointly owned assets	<u>4,225,963</u>	<u>382,255</u>	<u>769,787</u>	<u>3,838,431</u>
Total accumulated depreciation	<u>\$ 14,861,939</u>	<u>\$ 1,265,670</u>	<u>\$ 1,419,180</u>	<u>\$ 14,708,429</u>
Total capital assets being depreciated, net	<u>\$ 25,836,891</u>	<u>\$ 2,784,383</u>	<u>\$ 1,191,195</u>	<u>\$ 27,430,079</u>
Governmental capital assets, net	<u>\$ 28,048,596</u>	<u>\$ 3,352,567</u>	<u>\$ 1,191,195</u>	<u>\$ 30,209,968</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 6—Capital Assets: (Continued)

Amherst County Service Authority

The following is a summary of changes in capital assets of the Amherst County Service Authority for the calendar year ended December 31, 2011:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>
Capital assets, not being depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Construction in progress, see detail below	<u>7,500,875</u>	<u>3,587,191</u>	<u>27,017</u>	<u>11,061,049</u>
Total capital assets not being depreciated	<u>\$ 8,124,398</u>	<u>\$ 3,587,191</u>	<u>\$ 27,017</u>	<u>\$ 11,684,572</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 91,325	\$ -	\$ -	\$ 91,325
Vehicles and other equipment	1,052,359	26,102	-	1,078,461
Utility plant in service	<u>27,822,337</u>	<u>27,017</u>	<u>-</u>	<u>27,849,354</u>
Total capital assets being depreciated	<u>\$ 28,966,021</u>	<u>\$ 53,119</u>	<u>\$ -</u>	<u>\$ 29,019,140</u>
Less accumulated depreciation	<u>\$ 14,229,021</u>	<u>\$ 657,543</u>	<u>\$ -</u>	<u>\$ 14,886,564</u>
Total capital assets being depreciated, net	<u>\$ 14,737,000</u>	<u>\$ (604,424)</u>	<u>\$ -</u>	<u>\$ 14,132,576</u>
Business-type activities capital assets, net	<u>\$ 22,861,398</u>	<u>\$ 2,982,767</u>	<u>\$ 27,017</u>	<u>\$ 25,817,148</u>
Construction in Progress Details:				
Graham creek reservoir dam	\$ 7,500,875	\$ 3,542,440	\$ -	\$ 11,043,315
Water line extensions	-	1,292	1,292	-
Water line replacements	-	25,725	25,725	-
Facilities plan update	<u>-</u>	<u>17,734</u>	<u>-</u>	<u>17,734</u>
Total construction in progress	<u>\$ 7,500,875</u>	<u>\$ 3,587,191</u>	<u>\$ 27,017</u>	<u>\$ 11,061,049</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 62,516
Judicial administration	95,613
Public safety	482,184
Public works	175,779
Health and welfare	6,768
Education	382,255
Parks, recreation and cultural	29,289
Community development	31,266
Total	<u>\$ 1,265,670</u>
Business-type activities:	
Amherst County Service Authority	<u>\$ 657,544</u>
Component Unit-School Board	<u>\$ 1,570,530</u> *
* Total depreciation above	\$ 1,570,530
Transfer of jointly owned assets	<u>769,787</u>
Total depreciation expense	<u>\$ 2,340,317</u>

The following is a summary of changes in capital assets of the Component Unit School Board for the fiscal year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Component Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 309,826	\$ -	\$ -	\$ 309,826
Construction in progress	-	423,297	-	423,297
Total capital assets not being depreciated	<u>\$ 309,826</u>	<u>\$ 423,297</u>	<u>\$ -</u>	<u>\$ 733,123</u>
Capital assets being depreciated:				
Buildings	\$ 22,584,821	-	-	\$ 22,584,821
Equipment	7,526,931	333,203	-	7,860,134
Jointly owned assets	17,741,716	1,821,362	-	19,563,078
Total capital assets being depreciated	<u>\$ 47,853,468</u>	<u>\$ 2,154,565</u>	<u>\$ -</u>	<u>\$ 50,008,033</u>
Less accumulated depreciation for:				
Buildings	\$ 17,500,549	\$ 1,159,059	-	\$ 18,659,608
Equipment	5,631,049	408,471	-	6,039,520
Jointly owned assets	5,348,277	769,787	-	6,118,064
Total accumulated depreciation	<u>\$ 28,479,875</u>	<u>\$ 2,337,317</u>	<u>\$ -</u>	<u>\$ 30,817,192</u>
Total capital assets being depreciated, net	<u>\$ 19,373,593</u>	<u>\$ (182,752)</u>	<u>\$ -</u>	<u>\$ 19,190,841</u>
Governmental capital assets, net	<u>\$ 19,683,419</u>	<u>\$ 240,545</u>	<u>\$ -</u>	<u>\$ 19,923,964</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Other Assets – Amherst County Service Authority:

Other assets consist of bond issue costs (\$505,649) and the investment in the City of Lynchburg Sewage facilities (\$1,976,578) at December 31, 2011:

A. Bond Issue Costs:

Bond issue costs are amortized over the life of the bond issue, or 10 or 30 years, using the straight-line method and costs are summarized as follows:

	<u>Amortization Costs</u>	<u>Accumulated Amortization January 1, 2011</u>	<u>Current Year Amortization</u>	<u>Current Year Retirement</u>	<u>Total</u>	<u>Net Book Value</u>
2009 Issue	\$ 118,450	\$ 3,948	\$ 3,948	\$ -	\$ 7,896	\$ 110,554
2010 Issue	438,995	21,950	21,950	-	43,900	395,095
Total	<u>\$ 557,445</u>	<u>\$ 25,898</u>	<u>\$ 25,898</u>	<u>\$ -</u>	<u>\$ 51,796</u>	<u>\$ 505,649</u>

B. Investment in City of Lynchburg Sewage Facilities:

The Authority invests in various City of Lynchburg Sewage Facilities Projects and agrees to repay the City for its applicable ownership interest annually.

	<u>2011</u>
Balance, beginning of year	\$ 2,011,916
Increases	126,890
Decreases	<u>162,228</u>
Balance, end of year	<u>\$ 1,976,578</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Other Assets – Amherst County Service Authority: (Continued)

C. Restricted Cash:

At December 31, 2011 restricted assets consist of the following:

	<u>Noncurrent Assets</u>
Rate stabilization fund CD	\$ <u>1,000,000</u>
Totals	\$ <u><u>1,000,000</u></u>

Note 8—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2012:

	<u>Balance Outstanding July 1, 2011</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance Outstanding June 30, 2012</u>	<u>Amount Due Within One Year</u>
County notes payable	\$ 2,743,643	\$	\$ 143,761	\$ 2,599,882	\$ 46,570
County revenue bonds	7,595,000	-	523,000	7,072,000	540,000
County portion of joint venture bonds	-	3,668,000	-	3,668,000	196,840
Landfill closure and postclosure liability	1,795,953	-	573,364	1,222,589	-
Compensated absences	942,164	-	114,938	827,226	82,723
School general obligation bonds	13,636,273 *	-	1,303,351	12,332,922	1,376,004
Premium on bonds payable	165,278 *	-	9,722	155,556	9,722
School literary fund loans	300,000	-	300,000	-	-
County capital leases	58,010	-	58,010	-	-
Total	<u>\$ 27,236,321</u>	<u>\$ 3,668,000</u>	<u>\$ 3,026,146</u>	<u>\$ 27,878,175</u>	<u>\$ 2,251,859</u>

* Premium on 2007 bonds was previously included in School General obligation totals

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Notes Payable		Revenue Bonds		School General Obligation Bonds		Joint Venture Region 2000 Local Government Council	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 46,570	\$ 111,051	\$ 540,000	\$ 279,312	\$ 1,376,004	\$ 597,247	\$ 196,840	\$ 109,339
2014	48,849	108,772	328,000	257,361	1,373,798	524,890	200,760	105,523
2015	51,243	106,378	341,000	244,438	1,356,739	452,472	207,200	99,420
2016	53,758	103,863	354,000	231,002	1,359,833	379,775	213,920	93,121
2017	56,402	101,219	368,000	217,055	1,158,089	312,987	220,640	86,618
2018	59,180	98,440	382,000	202,555	886,515	259,710	227,640	79,911
2019	62,101	95,520	397,000	187,505	890,119	214,789	234,640	72,990
2020	65,171	92,450	413,000	171,863	793,916	172,371	242,200	65,857
2021	68,398	89,673	430,000	155,591	692,909	135,664	249,760	58,494
2022	71,791	88,830	446,000	138,649	495,000	106,681	257,600	50,902
2023	76,358	82,263	465,000	121,076	470,000	83,542	266,000	43,071
2024	57,877	78,880	482,000	102,755	425,000	62,267	274,400	34,984
2025	49,573	76,751	501,000	83,764	360,000	43,200	283,080	26,643
2026	51,657	74,667	521,000	64,025	305,000	27,018	292,040	18,037
2027	53,829	72,495	541,000	43,498	225,000	14,003	301,280	9,159
2028	56,091	70,233	563,000	22,182	165,000	4,208	-	-
2029	58,449	67,876	-	-	-	-	-	-
2030	60,907	65,417	-	-	-	-	-	-
2031	63,467	62,857	-	-	-	-	-	-
2032	66,135	60,189	-	-	-	-	-	-
2033	68,915	57,409	-	-	-	-	-	-
2034	71,813	54,512	-	-	-	-	-	-
2035	74,831	51,493	-	-	-	-	-	-
2036	77,977	48,347	-	-	-	-	-	-
2037	81,255	45,069	-	-	-	-	-	-
2038	84,671	41,653	-	-	-	-	-	-
2039	88,231	38,093	-	-	-	-	-	-
2040	91,940	34,384	-	-	-	-	-	-
2041	95,805	30,519	-	-	-	-	-	-
2042	99,832	26,492	-	-	-	-	-	-
2043	104,029	22,295	-	-	-	-	-	-
2044	108,403	17,922	-	-	-	-	-	-
2045	112,960	13,364	-	-	-	-	-	-
2046	117,708	8,616	-	-	-	-	-	-
2047	122,657	3,667	-	-	-	-	-	-
2048	21,049	116	-	-	-	-	-	-
	<u>\$ 2,599,882</u>	<u>\$ 2,201,775</u>	<u>\$ 7,072,000</u>	<u>\$ 2,522,631</u>	<u>\$ 12,332,922</u>	<u>\$ 3,390,822</u>	<u>\$ 3,668,000</u>	<u>\$ 954,069</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>County Notes Payable:</u>	
\$2,420,000 VRA note issued September 27, 2007, maturing in monthly installments of principal and interest of \$10,527 beginning October 1, 2009 through 2047, interest at 4.125%	\$ 2,342,973
\$309,067 issued October 28, 2008, maturing in monthly installments of principal and interest of \$2,608 beginning November 28, 2008 through 2023, interest at 6.00%	<u>256,909</u>
Total notes payable	<u>\$ 2,599,882</u>
<u>County Revenue Bonds:</u>	
\$4,015,000 IDA Public Facility Lease Revenue Note Series 2001 issued December 20, 2001, maturing in various installments through January 15, 2013, interest payable semi-annually at 4.24%	\$ 225,000
\$5,350,000 EDA Lease Revenue Bonds, Series 2007 issued November 21, 2007, maturing in various installments through January 15, 2028, interest payable semi-annually at 3.94%	4,743,000
\$2,373,000 EDA Lease Revenue Bonds, Series 2008 issued January 17, 2008, maturing in various installments through January 15, 2028, interest payable semi-annually at 3.94%	<u>2,104,000</u>
Total revenue bonds	<u>\$ 7,072,000</u>
<u>County portion of Joint Venture General Obligation Bonds:</u>	
\$13,100,000 issued May 8, 2012 by the Region 2000 Local Government Council, of which the County's obligation is 28.00% or \$3,668,000 (see note 20 for additional information), maturing in various installments through May 1, 2027, interest payable semi-annually at 3.04%	<u>\$ 3,668,000</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>School General Obligation Bonds:</u>	
\$1,315,000 issued November 6, 2003, maturing annually in various installments through July 15, 2024, interest payable semi-annually at rates ranging from 3.1% to 5.35%	\$ 780,000
\$3,500,000 issued November 18, 1993, maturing annually in various installments through December 15, 2013, interest payable at rates ranging from 4.475% to 5.0% semi-annually	40,000
\$5,500,000, issued May 15, 1996, maturing annually in installments of \$275,000 through July 15, 2016, interest payable semi-annually at 5.57%	1,375,000
\$2,000,000 issued April 30, 1998, maturing in principal annual installments of \$100,000 through July 15, 2018, interest payable semi-annually at 4.95%	800,000
\$550,000, issued November 15, 2001, maturing annually in various installments through July 15, 2021, interest payable semi-annually at rates between 3.10% and 5.25%	250,000
\$2,000,000, issued April 30, 1999, maturing in principal annual installments of \$100,000 through July 15, 2019, interest payable at 4.73%	700,000
\$3,351,287 issued November 16, 2000, maturing annually in various installments through July 15, 2020, interest payable at 5.15%	1,652,922
\$1,615,000 issued November 10, 2005, maturing annually in various installments through July 15, 2025, interest payable semi-annually at rates ranging from 4.6% to 5.10%	1,120,000
\$4,000,000 issued May 18, 1995, maturing annually in installments of \$200,000 each through July 15, 2015, interest payable semi-annually at rates ranging from 5.4% to 5.975%	800,000
\$1,120,000 issued November 10, 2004, maturing annually in various installments through July 15, 2024, interest payable semi-annually at rates ranging from 4.1% to 5.6%	715,000
\$965,000 issued November 7, 2002, maturing annually in various installments through July 15, 2022, interest payable semi-annually at rates ranging from 2.35% to 7.85%	515,000

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>School General Obligation Bonds: (Continued)</u>	
\$1,265,000 issued November 9, 2006, maturing annually in various installments through July 15, 2026, interest payable semi-annually at rates ranging from 4.225% to 5.1%	\$ 940,000
\$3,325,000 issued November 8, 2007, maturing in annual principal installments of \$175,000 through July 15, 2028, interest payable semi-annually at rates ranging from 4.1% to 5.1%	<u>2,645,000</u>
Total school general obligation bonds	<u>\$ 12,332,922</u>
Landfill closure and postclosure costs	<u>\$ 1,222,589</u>
Premium on bonds payable	<u>\$ 155,556</u>
Compensated absences	<u>\$ 827,226</u>
Total long-term obligations	<u><u>\$ 27,878,175</u></u>

Amherst County Service Authority:

The following is a summary of long-term obligation transactions of the Authority for the year ended December 31, 2011:

	<u>Revenue Bonds</u>	<u>Notes</u>	<u>Compensated Absences</u>	<u>Total</u>
Total outstanding, January 1, 2011	\$ 11,566,000	\$ 2,011,916	\$ 89,932	\$ 13,667,848
Issuances/increases:	\$ -	\$ 126,890	\$ -	\$ 126,890
Retirements/decreases:				
Bonds	\$ 226,000	\$ -	\$ -	\$ 226,000
Compensated absences	-	-	7,782	7,782
Notes	-	162,228	-	162,228
Total retirements	<u>\$ 226,000</u>	<u>\$ 162,228</u>	<u>\$ 7,782</u>	<u>\$ 396,010</u>
Total outstanding December 31, 2011	<u><u>\$ 11,340,000</u></u>	<u><u>\$ 1,976,578</u></u>	<u><u>\$ 82,150</u></u>	<u><u>\$ 13,398,728</u></u>
Current portion	<u><u>\$ 355,000</u></u>	<u><u>\$ 167,508</u></u>	<u><u>\$ 8,215</u></u>	<u><u>\$ 530,723</u></u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

Details of Long-Term Obligations Outstanding:

Revenue Bonds:

\$3,582,000, issued June 23, 2010 due in annual installments ranging from \$60,000 to \$262,000 through December 15, 2029, interest payable semi-annually at 4.25%	\$ 3,396,000
\$8,044,000, issued September 29, 2009 due in annual installments ranging from \$65,000 to \$285,000 through November 1, 2009, interest payable semi-annually at 4.5%	<u>7,944,000</u>
Total revenue bonds	<u>\$ 11,340,000</u>

Long-Term Notes:

\$421,819 issued in 1993, due in annual principal installments of \$9,736 through June 1, 2023 interest at 5.5%	\$ 116,829
\$196,993 issued in 1995, due in annual principal installments of \$9,850 through June 1, 2015, interest at 5.96%	39,400
\$747,643 issued in 1998, due in annual principal installments of \$21,806 through June 1, 2017, interest at 3.5%	348,900
\$1,996,292 issued in 2001, due in annual principal installments of \$93,078 through June 1, 2017, interest at 3%	837,706
\$322,159 issued in 2002, due in annual installments of \$23,803 through June 1, 2021	199,382
\$329,751 issued in 2010, due in annual installments of \$24,565 through June 1, 2029	307,471
\$129,890 issued in 2011, due in annual installments of \$4,230 through June 1, 2041	<u>126,890</u>
Total long-term notes payable	<u>\$ 1,976,578</u>
Compensated absences	<u>\$ 82,150</u>
Total long-term obligations outstanding	<u>\$ 13,398,728</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending December 31,	Revenue Bonds		Long-Term Notes	
	Principal	Interest	Principal	Interest
2012	\$ 355,000	\$ 501,810	\$ 167,508	\$ 50,589
2013	410,000	486,160	168,597	46,127
2014	467,000	468,048	169,727	41,622
2015	490,000	447,380	170,901	37,076
2016	515,000	425,700	162,270	32,484
2017	534,000	402,918	163,534	30,663
2018	559,000	379,288	164,847	26,433
2019	580,000	354,553	166,210	22,224
2020	607,000	328,882	167,625	17,960
2021	633,000	302,017	76,015	11,011
2022	661,000	274,000	53,529	9,557
2023	689,000	244,742	54,264	8,684
2024	723,000	214,242	45,294	7,781
2025	752,000	182,243	46,091	6,847
2026	787,000	148,953	46,922	5,879
2027	822,000	114,117	47,786	4,877
2028	860,000	77,732	26,880	3,839
2029	896,000	39,665	27,818	2,764
2030	-	-	4,230	1,650
2031	-	-	4,230	1,512
2032	-	-	4,230	1,375
2033	-	-	4,230	1,237
2034	-	-	4,230	1,100
2035	-	-	4,230	962
2036	-	-	4,230	825
2037	-	-	4,230	687
2038	-	-	4,230	550
2039	-	-	4,230	412
2040	-	-	4,230	275
2041	-	-	4,230	137
Totals	\$ <u>11,340,000</u>	\$ <u>5,392,450</u>	\$ <u>1,976,578</u>	\$ <u>377,139</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of long-term obligation transactions for the year ended June 30, 2012:

	Balance Outstanding July 1, 2011	Increases	Decreases	Balance Outstanding June 30, 2012	Amount Due Within One Year
School compensated absences	\$ 380,017	\$ 61,358	\$ -	\$ 441,375	\$ 44,138
Total	<u>\$ 380,017</u>	<u>\$ 61,358</u>	<u>\$ -</u>	<u>\$ 441,375</u>	<u>\$ 44,138</u>

Details of Long-term Obligations:

Compensated absences	\$ <u>441,375</u>
Total long-term obligations	\$ <u><u>441,375</u></u>

Note 9—Compensated Absences:

In accordance with GASB Statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from outstanding compensated absences. No benefits or pay is received for unused sick leave upon termination except for employees of the Department of Social Services who are paid sick leave at termination if employed by the agency for over five years. Accumulated vacation up to thirty six days is paid upon termination. The Primary Government has outstanding accrued vacation and sick leave pay totaling \$872,226, which is liquidated in the general fund. The Service Authority has outstanding accrued vacation and sick leave pay totaling \$82,150 in the enterprise fund. The School Board has outstanding accrued vacation and sick leave pay totaling \$441,375, which is liquidated in the School Operating Fund.

Note 10—Defined Benefit Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers and (professional) employees of public school divisions are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. 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 for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employees contribution rates for the fiscal year ended 2012 were 8.57% and 4.62% of annual covered payroll, respectively. The Authority's contribution rate for the year ended 2011 was 6.69% of annual covered payroll.

The School Board's contributions for professional employees were \$1,432,899, \$1,567,071, and \$2,124,116 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively and these contributions represented 3.81% for 2010, 3.93% for 2011 and 6.33% for 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2012, the County's annual pension cost of \$624,969 was equal to the County's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) ¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 624,969	100%	-
June 30, 2011	656,633	100%	-
June 30, 2010	642,142	100%	-

¹ Employer portion only

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

For calendar year ended 2011, the Authority’s annual pension cost of \$58,133 was equal to the Board’s required and actual contributions.

Three Year Trend Information - Amherst County Service Authority

Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
December 31, 2011	\$ 58,133	100%	-
December 31, 2010	51,646	100%	-
December 31, 2009	44,102	100%	-

¹ Employer portion only

For fiscal year 2012, the County School Board’s annual pension cost for the Board’s non-professional employees was \$98,771 which was equal to the Board’s required and actual contributions.

Three Year Trend Information - County School Board Non-Professional

Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 98,771	100%	-
June 30, 2011	98,418	100%	-
June 30, 2010	111,623	100%	-

¹ Employer portion only

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s, the Authority’s, and the School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s, the Authority’s, and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

Note 10—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 81.00% funded. The actuarial accrued liability for benefits was \$34,038,977, and the actuarial value of assets was \$27,570,535, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,468,442. The covered payroll (annual payroll of active employees covered by the plan) was \$7,655,506 and ratio of the UAAL to the covered payroll was 84.49%.

As of June 30, 2011, the most recent actuarial valuation date, the Authority's plan was 79.58% funded. The actuarial accrued liability for benefits was \$4,001,226, and the actuarial value of assets was \$3,184,154, resulting in an unfunded actuarial accrued liability (UAAL) of \$817,072. The covered payroll (annual payroll of active employees covered by the plan) was \$838,755, and ratio of UAAL to the covered payroll was 97.41%.

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 96.42% funded. The actuarial accrued liability for benefits was \$6,376,707, and the actuarial value of assets was \$6,148,548, resulting in an unfunded actuarial accrued liability (UAAL) of \$228,159. The covered payroll (annual payroll of active employees covered by the plan) was \$2,065,230, and ratio of UAAL to the covered payroll was 11.05%.

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

Note 11—VRS Health Insurance Credit - Other Post-Employment Benefits:

A. Plan Description

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

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 11—VRS Health Insurance Credit - Other Post-Employment Benefits:

A. Plan Description: (Continued)

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

B. Funding Policy

As a 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 2012 was .11% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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 2012, the County's contribution of \$8,022 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 2012 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 8,022	100%	-
June 30, 2011	8,430	100%	-
June 30, 2010	16,569	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	173,115
Actuarial value of plan assets	\$	110,502
Unfunded actuarial accrued liability (UAAL)	\$	62,613
Funded ratio (actuarial value of plan assets/AAL)		63.83%
Covered payroll (active plan members)	\$	3,384,988
UAAL as a percentage of covered payroll		1.85%

Note 11—VRS Health Insurance Credit - Other Post-Employment Benefits: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

The schedule of funding progress, presented as required supplementary information 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 entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2011 was 30 years.

Note 12—Deferred/Unearned Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$13,502,680 is comprised of property taxes paid in advance at June 30, 2012 used to fund expenditures for next fiscal year.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 13—Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 14—Landfill Closure and Postclosure Care Costs:

State and federal laws and regulations require the County to place a final cover on its operating landfill site when they stop accepting waste and to perform certain maintenance and monitoring functions at these sites for thirty years after closure. Although closure and postclosure cost will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. The \$1,222,590 reported as landfill closure and postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 100% and 33% of the estimated capacity of the closed Landfill and the operating Landfill, respectively.

The County will recognize the remaining estimated cost of closure and postclosure care of \$5,101,351 as the remaining estimated capacities are filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

It is estimated that the operating Landfill has sufficient capacity to continue accepting waste until 2052.

The County expects to fund the landfill closure and postclosure care costs from its operating and capital budget.

The County has demonstrated financial assurance requirements for closure, postclosure 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 15—Litigation:

At June 30, 2012, there were no other matters of litigation involving the County which would materially affect the County's financial position should any court decision on pending matters not be favorable to the County.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 16—Risk Management:

The County of Amherst has contracted with private insurance carriers to provide coverage for property damage, employee dishonesty, general liability and workers compensation. The County bills the Authority for its share of the insurance premiums related to coverages provided to the Authority.

There have been no significant reduction in insurance coverages from the prior year, and there have been no insurance settlements in excess of insurance coverages for the past three years.

The Authority also participates in the County's health insurance plan. The County contracts with a private carrier for health insurance coverages. The Authority pays its share of these costs.

Note 17—Surety Bonds:

	<u>Amount</u>
VA Corp - County employees - Blanket Bond	\$ 250,000
Fidelity and Deposit Company of Maryland - Surety	
Teresa Crouch, Clerk of the School Board	10,000
Clarence Monday, County Administrator	2,000
Robert M. Curd, Chairman, Supervisor	1,000
Donald W. Kidd, Vice-Chairman, Board of Supervisors	1,000
Claudia D. Tucker, Board of Supervisors	1,000
Vernon F. Campbell, Supervisor	1,000
David Pugh, Jr., Supervisor	1,000

Note 18—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2012 as follows:

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Amount</u>
Primary Government:			
E-911 expenditures	\$ 62,451	\$ 65,327	\$ 2,876
Maintenance of highways, streets, bridges and sidewalks	-	4,787	4,787
Component Unit - School Board:			
School food services	2,209,407	2,215,583	6,176
Capital projects	-	270,557	270,557

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 19—Post Employment Benefits Other Than Pensions:

The Government offers post-employment medical coverage to its retired employees, however has no employees enrolled in the program. The Government has elected not to obtain an actuarial valuation to determine liability for this benefit in accordance with the financial reporting requirements of GASB 45 and believes there is no material effect on the County's financial position.

Note 20—Joint Venture:

The County of Amherst, Virginia is a participant in the Region 2000 Radio Communications Board, established as a committee of Virginia's Region 2000 Local Government Council (Council), consisting of representatives from each of the Member Jurisdictions. The Board is a joint venture formed in 1996, by a cooperative agreement between the County of Amherst, Virginia, the County of Bedford, Virginia, the City of Bedford, Virginia, and the City of Lynchburg, Virginia, collectively the Member Jurisdictions, and Virginia's Region 2000 Local Government Council.

The purpose of the Board is to operate the regional emergency communications system and to manage the project operations and maintenance in an efficient and cost effective manner. The system is in need of significant upgrades or replacement to maintain or improve the level of emergency services currently provided by the Member Jurisdictions. On May 8, 2012, the Council, as fiscal agent, issued a bond in the amount of \$13,100,000 to finance the equipping of a new emergency communications system. The County has no explicit and measurable financial interest in the Board but does have an ongoing financial responsibility for its share of the Board's operational costs, capital costs, and annual deficit. The allocation of payments made to reimburse operational costs, capital costs, and any annual deficit associated with the project and system was determined pursuant to the following cost allocation methodology:

Capital Costs:

- Amherst County - 28.0%
- Bedford County - 36.8%
- City of Bedford - 5.1%
- City of Lynchburg - 30.1%

Operating Costs: Each Member Jurisdiction's share of annual operating costs shall be based on the number of radios on the System attributable to the Member Jurisdiction as a percentage of total Member Jurisdiction radios on the System.

Annual Deficit: Each Member Jurisdiction's share of any Annual Deficit shall be based on the formulas for determining its share of Capital Costs or Operating Costs, or a combination of both formulas as appropriate, depending on the type of costs constituting the Annual Deficit. Any unforeseen Operating Costs not included in the Annual Budget shall be treated as part of the Annual Deficit.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 20—Joint Venture: (Continued)

The payments made to the Council as described above are recorded as expenses in the year due, with the exception of payments made to fund the County's portion of project costs, which are capitalized as intangible assets. The County amortizes these costs over the period in which benefits are expected to be derived, which is generally 15 years.

Note 21—Incentive Agreement:

The County, along with the Industrial Development Authority of Amherst County, entered into an Incentive Agreement with Lowe's Home Centers, Inc. on December 17, 2003. As part of the agreement, Lowe's will receive \$1,510,000 over ten years from the County in exchange for Lowe's constructing and operating one of their branches in Amherst County.

Note 22—Long-Term Commitments:

Cooperative Agreement - Region 2000 Radio Communications Board

As discussed in Note 20, the Region 2000 Radio Communications Board is a joint venture created by a cooperative agreement. The Board's current operational costs, capital costs, and annual deficit are funded by each of the member jurisdictions based on their pro rata share. The County made payments to the Board in fiscal year 2012 of \$18,883 to pay its share of the Board's operating costs.

Note 23—Construction Commitments:

At June 30, 2012, the County has several major projects under construction which are summarized below. These balances are included in the committed balance for the Capital Projects Fund and the School Construction Fund.

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
School Board Electrical Upgrade	Elliot Electric, Inc.	\$ 431,905	\$ 62,498	\$ 369,407
School Board Electrical Upgrade	Dewberry & Davis	63,400	9,510	53,890
County River Ridge Park	George E Jones	990,080	649,100	340,980
		<u>\$ 1,485,385</u>	<u>\$ 721,108</u>	<u>\$ 764,277</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 24—Transfers:

Transfers for the year ended June 30, 2012 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Primary Government:			
General fund	\$ 3,084	\$ 1,185,588	\$ (1,182,504)
Library fund	-	3,084	(3,084)
Dare fund	5,000	-	5,000
Landfill fund	1,180,588	-	1,180,588
Total Transfers	<u>\$ 1,188,672</u>	<u>\$ 1,188,672</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 25—Retirement Incentive Program:

During the March 1, 2012 School Board meeting, a Retirement Incentive Program was initialized for employees of School Board and the Cafeteria. The School Board paid \$276,000 and \$12,000, respectively to employees who agreed to participate in the program. These payments were made on August 31, 2012, and are reported as part of accrued payroll at June 30, 2012.

Note 26—Net Assets and Fund Balance Restatement:

Net assets and fund balance were restated as of July 1, 2011 as follows:

	<u>General Fund Balance</u>	<u>Governmental Activities Net Assets</u>
Balance June 30, 2011, as originally reported	\$ 14,664,631	\$ 25,650,246
Adjustment for accounts payable beginning balance difference	100,404	100,404
Adjustment for construction in progress beginning balance - River Ridge Project	-	324,125
Balance July 1, 2011, as restated	<u>\$ 14,765,035</u>	<u>\$ 26,074,775</u>

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Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2012

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 19,128,943	\$ 19,128,943	\$ 20,325,759	\$ 1,196,816
Other local taxes	5,306,336	5,306,336	5,171,164	(135,172)
Permits, privilege fees and regulatory licenses	163,740	163,740	167,088	3,348
Fines and forfeitures	38,300	478,550	554,292	75,742
Revenue from use of money and property	144,801	144,801	98,828	(45,973)
Charges for services	1,056,199	1,058,629	1,231,368	172,739
Miscellaneous	32,400	75,807	67,913	(7,894)
Recovered costs	27,440	83,526	230,478	146,952
Intergovernmental:				
Commonwealth	7,623,892	8,015,449	8,374,120	358,671
Federal	1,429,000	1,380,021	1,360,206	(19,815)
Total revenues	\$ 34,951,051	\$ 35,835,802	\$ 37,581,216	\$ 1,745,414
Expenditures:				
Current:				
General government administration	\$ 1,833,079	\$ 1,979,211	\$ 1,832,094	\$ 147,117
Judicial administration	1,248,523	1,320,645	1,210,556	110,089
Public safety	8,706,408	9,883,237	9,259,920	623,317
Public works	813,696	1,361,357	866,106	495,251
Health and welfare	3,827,516	4,654,966	4,170,975	483,991
Education	11,745,859	12,830,183	12,267,378	562,805
Parks, recreation, and cultural	1,029,483	1,067,599	1,022,966	44,633
Community development	714,065	845,109	468,260	376,849
Debt service:				
Principal retirement	2,308,668	2,308,668	2,302,876	5,792
Interest and other fiscal charges	1,543,166	1,338,842	1,150,986	187,856
Total expenditures	\$ 33,770,463	\$ 37,589,817	\$ 34,552,117	\$ 3,037,700
Excess (deficiency) of revenues over expenditures	\$ 1,180,588	\$ (1,754,015)	\$ 3,029,099	\$ 4,783,114
Other financing sources (uses):				
Transfers in	\$ -	\$ 3,084	\$ 3,084	\$ -
Transfers out	(1,180,588)	(1,185,588)	(1,185,588)	-
Total other financing sources (uses)	\$ (1,180,588)	\$ (1,182,504)	\$ (1,182,504)	\$ -
Net change in fund balances	\$ -	\$ (2,936,519)	\$ 1,846,595	\$ 4,783,114
Fund balances at beginning of year, as restated	-	2,936,519	14,765,035	11,828,516
Fund balances at end of year	\$ -	\$ -	\$ 16,611,630	\$ 16,611,630

Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System
For the Year Ended June 30, 2012

VIRGINIA RETIREMENT SYSTEM - PENSION FUNDING PROGRESS

COUNTY:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 27,570,535	\$ 34,038,977	\$ 6,468,442	81.00%	\$ 7,655,506	84.49%
6/30/2010	26,835,520	32,487,419	5,651,899	82.60%	7,744,610	72.98%
6/30/2009	26,429,145	28,866,085	2,436,940	91.56%	8,102,157	30.08%

AMHERST COUNTY SERVICE AUTHORITY:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 3,184,154	\$ 4,001,226	\$ 817,072	79.58%	\$ 838,755	97.41%
6/30/2010	3,025,064	3,800,004	774,940	79.61%	902,894	85.83%
6/30/2009	2,929,465	3,367,325	437,860	87.00%	937,000	46.73%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

SCHOOL BOARD NON-PROFESSIONALS:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 6,148,548	\$ 6,376,707	\$ 228,159	96.42%	\$ 2,065,230	11.05%
6/30/2010	5,997,556	6,192,333	194,777	96.85%	2,281,558	8.54%
6/30/2009	5,880,564	5,591,278	(289,286)	105.17%	2,228,026	-12.98%

VIRGINIA RETIREMENT SYSTEM - HEALTH INSURANCE CREDIT

COUNTY:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 110,502	\$ 173,115	\$ 62,613	63.83%	\$ 3,384,988	1.85%
6/30/2010	95,491	163,413	67,922	58.44%	7,744,610	0.88%
6/30/2009	78,474	147,395	68,921	53.24%	8,102,157	0.85%

Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Combining Schedule of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2012

	Agency Funds			Totals
	Special Welfare Fund	Forfeited Assets Fund	Sheriff's Accounts	
ASSETS				
Cash and cash equivalents	\$ 4,773	\$ 19,990	\$ 4,966	\$ 29,729
LIABILITIES				
Amounts held for projects	\$ -	\$ 19,990	\$ -	\$ 19,990
Amounts held for others	-	-	4,966	4,966
Amounts held for social service clients	4,773	-	-	4,773
Total liabilities	\$ 4,773	\$ 19,990	\$ 4,966	\$ 29,729

Agency Funds
 Schedule of Changes in Assets and Liabilities
 Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 2,009	\$ 27,205	\$ 24,441	\$ 4,773
Liabilities:				
Amounts held for social service clients	\$ 2,009	\$ 27,205	\$ 24,441	\$ 4,773
Forfeited assets fund:				
Assets:				
Cash and cash equivalents	\$ 23,060	\$ 20,974	\$ 24,044	\$ 19,990
Liabilities:				
Amounts held for projects	\$ 23,060	\$ 20,974	\$ 24,044	\$ 19,990
Sheriff's accounts				
Assets:				
Cash and cash equivalents	\$ 12,589	\$ 87,168	\$ 94,791	\$ 4,966
Liabilities:				
Amounts held for others	\$ 12,589	\$ 87,168	\$ 94,791	\$ 4,966
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 37,658	\$ 135,347	\$ 143,276	\$ 29,729
Total assets	\$ 37,658	\$ 135,347	\$ 143,276	\$ 29,729
Liabilities:				
Amounts held for social service clients	\$ 2,009	\$ 27,205	\$ 24,441	\$ 4,773
Amounts held for projects	23,060	20,974	24,044	19,990
Amounts held for others	12,589	87,168	94,791	4,966
Total liabilities	\$ 37,658	\$ 135,347	\$ 143,276	\$ 29,729

Balance Sheet
 Discretely Presented Component Unit - School Board
 At June 30, 2012

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Textbook Fund</u>	<u>School Construction Fund</u>	<u>Component Unit School Board</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 728,163	\$ 1,109,726	\$ 894,247	\$ 2,732,136
Due from other governmental units	1,475,975	-	-	-	1,475,975
Due from primary government	<u>3,229,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,229,439</u>
Total assets	<u>\$ 4,705,414</u>	<u>\$ 728,163</u>	<u>\$ 1,109,726</u>	<u>\$ 894,247</u>	<u>\$ 7,437,550</u>
LIABILITIES					
Accounts payable	\$ 90,059	\$ 225	\$ -	\$ -	\$ 90,284
Retainage payable	18,470	-	-	-	18,470
Accrued payroll	<u>4,596,885</u>	<u>105,273</u>	<u>-</u>	<u>-</u>	<u>4,702,158</u>
Total liabilities	<u>\$ 4,705,414</u>	<u>\$ 105,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,810,912</u>
FUND BALANCES					
Committed:					
Cafeteria	\$ -	\$ 622,665	\$ -	\$ -	\$ 622,665
Textbooks	-	-	1,109,726	-	1,109,726
Other capital purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,247</u>	<u>894,247</u>
Total fund balances	<u>\$ -</u>	<u>\$ 622,665</u>	<u>\$ 1,109,726</u>	<u>\$ 894,247</u>	<u>\$ 2,626,638</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

19,923,964

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.

(441,375)

Net assets of General Government Activities

\$ 22,109,227

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2012

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Construction Fund	Component Unit School Board
Revenues:					
Revenue from use of money and property	\$ -	\$ 243	\$ 1,313	\$ 18,941	\$ 20,497
Charges for services	25,962	839,238	-	-	865,200
Miscellaneous	855,247	840	3,999	-	860,086
Intergovernmental:					
County contribution to School Board	11,179,189	-	-	1,000,000	12,179,189
Commonwealth	25,960,206	42,715	-	-	26,002,921
Federal	4,540,357	1,378,000	-	-	5,918,357
Total revenues	\$ 42,560,961	\$ 2,261,036	\$ 5,312	\$ 1,018,941	\$ 45,846,250
Expenditures:					
Current:					
Education	\$ 42,560,961	\$ 2,215,583	\$ -	\$ 270,557	\$ 45,047,101
Total expenditures	\$ 42,560,961	\$ 2,215,583	\$ -	\$ 270,557	\$ 45,047,101
Net change in fund balances	\$ -	\$ 45,453	\$ 5,312	\$ 748,384	\$ 799,149
Fund balances at beginning of year	-	577,212	1,104,414	145,863	1,827,489
Fund balances at end of year	\$ -	\$ 622,665	\$ 1,109,726	\$ 894,247	\$ 2,626,638

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities -
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

Component
Unit
School
Board

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

Net change in fund balances - total governmental funds	\$	799,149
--	----	---------

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. This is the amount by which the capital outlays exceeded depreciation in the current period. A summary of items supporting this adjustment are as follows:

Capital outlay	\$ 756,500	
Depreciation expense	<u>(1,567,530)</u>	(811,030)

Transfer of joint tenancy assets from primary government		1,051,575
--	--	-----------

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.

Details supporting these changes are as follows:

(Increase) in compensated absences		<u>(61,358)</u>
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Change in net assets of governmental activities	\$	<u><u>978,336</u></u>
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COUNTY OF AMHERST, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2012

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ -	\$ -	\$ 243	\$ 243
Charges for services	356,500	532,821	25,962	(506,859)	948,088	948,088	839,238	(108,850)
Miscellaneous	218,176	444,906	855,247	410,341	-	-	840	840
Intergovernmental:								
County contribution to School Board	11,744,994	11,741,994	11,179,189	(562,805)	-	-	-	-
Commonwealth	27,154,918	27,357,845	25,960,206	(1,397,639)	25,016	25,016	42,715	17,699
Federal	3,120,766	3,322,179	4,540,357	1,218,178	1,093,203	1,236,303	1,378,000	141,697
Total revenues	\$ 42,599,354	\$ 43,403,745	\$ 42,560,961	\$ (842,784)	\$ 2,066,307	\$ 2,209,407	\$ 2,261,036	\$ 51,629
Expenditures:								
Current:								
Education	\$ 42,599,354	\$ 43,403,745	\$ 42,560,961	\$ 842,784	\$ 2,066,307	\$ 2,209,407	\$ 2,215,583	\$ (6,176)
Total expenditures	\$ 42,599,354	\$ 43,403,745	\$ 42,560,961	\$ 842,784	\$ 2,066,307	\$ 2,209,407	\$ 2,215,583	\$ (6,176)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,453	\$ 45,453
Fund balances at beginning of year	-	-	-	-	-	-	577,212	577,212
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 622,665	\$ 622,665

School Textbook Fund				School Construction Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ -	\$ 1,313	\$ 1,313	\$ -	\$ -	\$ 18,941	\$ 18,941
-	-	-	-	-	-	-	-
-	-	3,999	3,999	-	-	-	-
-	-	-	-	-	-	1,000,000	1,000,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,312</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,941</u>	<u>\$ 1,018,941</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,557</u>	<u>\$ (270,557)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,557</u>	<u>\$ (270,557)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,312</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,384</u>	<u>\$ 748,384</u>
<u>-</u>	<u>-</u>	<u>1,104,414</u>	<u>1,104,414</u>	<u>-</u>	<u>-</u>	<u>145,863</u>	<u>145,863</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,109,726</u></u>	<u><u>\$ 1,109,726</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 894,247</u></u>	<u><u>\$ 894,247</u></u>

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Supporting Schedules

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Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,950,000	\$ 11,950,000	\$ 12,363,054	\$ 413,054
Real and personal public service corporation property taxes	517,066	517,066	518,032	966
Personal property taxes	4,438,405	4,438,405	4,957,876	519,471
Mobile home taxes	59,484	59,484	68,864	9,380
Machinery and tools taxes	1,651,002	1,651,002	1,703,871	52,869
Merchant's capital	252,986	252,986	247,835	(5,151)
Penalties	165,000	165,000	248,731	83,731
Interest	95,000	95,000	217,496	122,496
Total general property taxes	<u>\$ 19,128,943</u>	<u>\$ 19,128,943</u>	<u>\$ 20,325,759</u>	<u>\$ 1,196,816</u>
Other local taxes:				
Local sales and use taxes	\$ 2,250,000	\$ 2,250,000	\$ 2,224,939	\$ (25,061)
Consumers' utility taxes	823,000	823,000	830,960	7,960
Business license taxes	395,000	395,000	356,115	(38,885)
Motor vehicle licenses	700,000	700,000	603,326	(96,674)
Bank stock taxes	63,336	63,336	77,063	13,727
Taxes on recordation and wills	180,000	180,000	163,923	(16,077)
Lodging taxes	50,000	50,000	55,231	5,231
Meals tax	845,000	845,000	859,607	14,607
Total other local taxes	<u>\$ 5,306,336</u>	<u>\$ 5,306,336</u>	<u>\$ 5,171,164</u>	<u>\$ (135,172)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 16,700	\$ 16,700	\$ 18,748	\$ 2,048
Building and related permits	110,000	110,000	95,195	(14,805)
Permits and other licenses	37,040	37,040	53,145	16,105
Total permits, privilege fees and regulatory licenses	<u>\$ 163,740</u>	<u>\$ 163,740</u>	<u>\$ 167,088</u>	<u>\$ 3,348</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 38,300	\$ 478,550	\$ 554,292	\$ 75,742
Total fines and forfeitures	<u>\$ 38,300</u>	<u>\$ 478,550</u>	<u>\$ 554,292</u>	<u>\$ 75,742</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 75,000	\$ 75,000	\$ 15,122	\$ (59,878)
Revenue from use of property	69,801	69,801	83,706	13,905
Total revenue from use of money and property	<u>\$ 144,801</u>	<u>\$ 144,801</u>	<u>\$ 98,828</u>	<u>\$ (45,973)</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 2,199	\$ 2,199	\$ 2,199	\$ -
Collection fees	-	-	8,418	8,418
Commonwealth attorney fees	1,000	1,000	3,046	2,046
Courthouse security fees	70,000	70,000	101,714	31,714
Work release	-	-	7,382	7,382
Weekend confinement	-	-	3,685	3,685
Charges for parks and recreation	45,000	45,000	49,079	4,079
Library	23,000	23,000	19,898	(3,102)
Emergency medical service fees	915,000	915,000	987,276	72,276
Telecommunication charges	-	-	16,579	16,579
Other charges for services	-	2,430	32,092	29,662
Total charges for services	<u>\$ 1,056,199</u>	<u>\$ 1,058,629</u>	<u>\$ 1,231,368</u>	<u>\$ 172,739</u>
Miscellaneous revenue:				
Miscellaneous	\$ 30,900	\$ 56,223	\$ 48,000	\$ (8,223)
Insurance reimbursements	1,500	19,584	19,913	329
Total miscellaneous revenue	<u>\$ 32,400</u>	<u>\$ 75,807</u>	<u>\$ 67,913</u>	<u>\$ (7,894)</u>
Recovered costs:				
Share of judge's expenses	\$ 19,440	\$ 19,440	\$ 19,121	\$ (319)
Social services	-	-	4,359	4,359
CSA recoveries	-	-	17,419	17,419
Salary reimbursement - School Board	-	-	101,277	101,277
Sheriff department	-	32,042	39,708	7,666
Forfeiture fund	-	24,044	24,044	-
Miscellaneous recoveries	8,000	8,000	24,550	16,550
Total recovered costs	<u>\$ 27,440</u>	<u>\$ 83,526</u>	<u>\$ 230,478</u>	<u>\$ 146,952</u>
Total revenue from local sources	<u>\$ 25,898,159</u>	<u>\$ 26,440,332</u>	<u>\$ 27,846,890</u>	<u>\$ 1,406,558</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 60,000	\$ 60,000	\$ 65,475	\$ 5,475
Mobile home titling taxes	35,000	35,000	10,055	(24,945)
Communication taxes	1,322,373	1,322,373	1,269,213	(53,160)
Auto rental tax	35,000	35,000	32,150	(2,850)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	48,000	48,000	50,013	2,013
Total noncategorical aid	<u>\$ 3,699,391</u>	<u>\$ 3,699,391</u>	<u>\$ 3,625,924</u>	<u>\$ (73,467)</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 342,118	\$ 343,618	\$ 334,388	\$ (9,230)
Sheriff	2,000,000	2,000,000	1,725,373	(274,627)
Commissioner of the Revenue	98,890	98,890	102,476	3,586
Treasurer	98,890	98,890	101,841	2,951
Registrar/electoral board	39,400	39,400	40,574	1,174
Clerk of the Circuit Court	255,000	266,695	270,669	3,974
Total shared expenses	<u>\$ 2,834,298</u>	<u>\$ 2,847,493</u>	<u>\$ 2,575,321</u>	<u>\$ (272,172)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 912,350	\$ 774,937	\$ 802,521	\$ 27,584
Health department	-	-	14,564	14,564
Library grant	144,692	144,692	136,392	(8,300)
Fire program	75,829	77,829	92,284	14,455
EMS - 2 for life	-	-	31,342	31,342
Juvenile justice - crime control	30,000	30,000	34,961	4,961
Victim witness	42,908	47,571	59,229	11,658
Jail	125,000	125,000	160,631	35,631
Juror reimbursement	-	7,856	9,881	2,025
Comprehensive services	(240,576)	198,787	561,271	362,484
Miscellaneous	-	61,893	269,799	207,906
Total other categorical aid	<u>\$ 1,090,203</u>	<u>\$ 1,468,565</u>	<u>\$ 2,172,875</u>	<u>\$ 704,310</u>
Total categorical aid	<u>\$ 3,924,501</u>	<u>\$ 4,316,058</u>	<u>\$ 4,748,196</u>	<u>\$ 432,138</u>
Total revenue from the Commonwealth	<u>\$ 7,623,892</u>	<u>\$ 8,015,449</u>	<u>\$ 8,374,120</u>	<u>\$ 358,671</u>
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 44,237	\$ 44,237
Categorical aid:				
Public assistance and welfare	\$ 1,429,000	\$ 1,380,021	\$ 1,300,522	\$ (79,499)
Emergency services	-	-	6,720	6,720
Emergency management	-	-	8,727	8,727
Total categorical aid	<u>\$ 1,429,000</u>	<u>\$ 1,380,021</u>	<u>\$ 1,315,969</u>	<u>\$ (64,052)</u>
Total revenue from the Federal Government	<u>\$ 1,429,000</u>	<u>\$ 1,380,021</u>	<u>\$ 1,360,206</u>	<u>\$ (19,815)</u>
Total General Fund	<u>\$ 34,951,051</u>	<u>\$ 35,835,802</u>	<u>\$ 37,581,216</u>	<u>\$ 1,745,414</u>
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property - miscellaneous	\$ -	\$ 3,437	\$ 5,216	\$ 1,779
Revenue from use of property - EDA	-	-	199,578	199,578
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 3,437</u>	<u>\$ 204,794</u>	<u>\$ 201,357</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Recreation trips	\$ -	\$ 55,253	\$ 60,016	\$ 4,763
Landfill operations	250,500	250,500	273,482	22,982
Total charges for services	<u>\$ 250,500</u>	<u>\$ 305,753</u>	<u>\$ 333,498</u>	<u>\$ 27,745</u>
Miscellaneous revenue:				
Dare miscellaneous donations	\$ -	\$ -	\$ 25,921	\$ 25,921
Alzheimers miscellaneous donations	-	5,380	7,867	2,487
Miscellaneous	-	-	492	492
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 5,380</u>	<u>\$ 34,280</u>	<u>\$ 28,900</u>
Total revenue from local sources	<u>\$ 250,500</u>	<u>\$ 314,570</u>	<u>\$ 572,572</u>	<u>\$ 258,002</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	\$ -	\$ 62,451	\$ 60,500	\$ (1,951)
Riveredge project	-	22,219	6,434	(15,785)
Community development block grant - stump hill project	-	242,790	1,130	(241,660)
Litter control	3,500	3,500	20,754	17,254
Total revenue from the Commonwealth	<u>\$ 3,500</u>	<u>\$ 330,960</u>	<u>\$ 88,818</u>	<u>\$ (242,142)</u>
Revenue from the Federal Government:				
Categorical aid:				
Community development block grant - stump hill project	\$ -	\$ -	\$ 114,200	\$ 114,200
Transportation grants	-	1,688,037	370,687	(1,317,350)
Total revenue from the Federal Government	<u>\$ -</u>	<u>\$ 1,688,037</u>	<u>\$ 484,887</u>	<u>\$ (1,203,150)</u>
Total Special Revenue Fund	<u>\$ 254,000</u>	<u>\$ 2,333,567</u>	<u>\$ 1,146,277</u>	<u>\$ (1,187,290)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13,490	\$ 13,490
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,490</u>	<u>\$ 13,490</u>
Total Revenues -- Primary Government	<u>\$ 35,205,051</u>	<u>\$ 38,169,369</u>	<u>\$ 38,740,983</u>	<u>\$ 571,614</u>
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)

Governmental Funds and Discretely Presented Component Units
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Tuition	\$ 356,500	\$ 532,821	\$ 25,962	\$ (506,859)
Miscellaneous revenue:				
Miscellaneous	\$ 218,176	\$ 444,906	\$ 855,247	\$ 410,341
Total revenue from local sources	\$ 578,676	\$ 981,727	\$ 881,209	\$ (100,518)
Intergovernmental revenue:				
County contribution to School Board	\$ 11,744,994	\$ 11,741,994	\$ 11,179,189	\$ (562,805)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,826,048	\$ 4,826,048	\$ 4,817,158	\$ (8,890)
Basic school aid	13,766,262	13,766,262	13,661,493	(104,769)
Special ed SOQ	1,749,614	1,749,614	1,740,470	(9,144)
Remedial education	394,769	394,769	392,705	(2,064)
Technology	310,000	310,000	211,437	(98,563)
Lottery	125,536	125,536	167,764	42,228
Primary class size	279,047	279,047	285,710	6,663
Fringe benefits	1,594,865	1,594,865	1,586,529	(8,336)
Textbooks	2,558	2,558	127,425	124,867
Preschool	343,325	343,325	343,325	-
Gifted and talented	142,117	142,117	141,374	(743)
At-risk	355,805	355,805	354,731	(1,074)
Regional program	620,114	737,079	762,648	25,569
Voc ed SOQ	328,447	328,447	326,731	(1,716)
Other state funds	2,316,411	2,402,373	1,040,706	(1,361,667)
Total categorical aid	\$ 27,154,918	\$ 27,357,845	\$ 25,960,206	\$ (1,397,639)
Total revenue from the Commonwealth	\$ 27,154,918	\$ 27,357,845	\$ 25,960,206	\$ (1,397,639)
Revenue from the federal government:				
Categorical aid:				
Preschool handicap	\$ 19,916	\$ 19,916	\$ 53,852	\$ 33,936
Adult basic aid	409,839	409,839	428,219	18,380
Title I	980,549	980,549	1,032,900	52,351
Title II	210,258	210,258	168,809	(41,449)
Federal land use	30,000	30,000	69,413	39,413
Title VI-B special education	1,256,933	1,375,109	1,297,179	(77,930)
Vocational education	-	-	72,080	72,080
State fiscal stabilization fund	-	-	1,235,365	1,235,365
Drug free schools	-	-	15,011	15,011
Enhancing education through technology	-	-	5,399	5,399
Other education	213,271	296,508	162,130	(134,378)
Total categorical aid	\$ 3,120,766	\$ 3,322,179	\$ 4,540,357	\$ 1,218,178
Total revenue from the federal government	\$ 3,120,766	\$ 3,322,179	\$ 4,540,357	\$ 1,218,178
Total School Operating Fund	\$ 42,599,354	\$ 43,403,745	\$ 42,560,961	\$ (842,784)

Governmental Funds and Discretely Presented Component Units
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 243	\$ 243
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 839,238	\$ (108,850)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 840	\$ 840
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 25,016	\$ 25,016	\$ 42,715	\$ 17,699
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,093,203	\$ 1,236,303	\$ 1,378,000	\$ 141,697
Total School Cafeteria Fund	<u>\$ 2,066,307</u>	<u>\$ 2,209,407</u>	<u>\$ 2,261,036</u>	<u>\$ 51,629</u>
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,313	\$ 1,313
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,999	\$ 3,999
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,312</u>	<u>\$ 5,312</u>
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 18,941	\$ 18,941
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,941</u>	<u>\$ 18,941</u>
Intergovernmental revenue:				
County contribution to School Board	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,941</u>	<u>\$ 1,018,941</u>
Total Revenues -- Component Unit -- School Board	<u>\$ 44,665,661</u>	<u>\$ 45,613,152</u>	<u>\$ 45,846,250</u>	<u>\$ 233,098</u>
Total Revenues -- Reporting Entity	<u>\$ 79,870,712</u>	<u>\$ 83,782,521</u>	<u>\$ 84,587,233</u>	<u>\$ 804,712</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2012

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 147,270	\$ 192,046	\$ 157,361	\$ 34,685
General and financial administration:				
County administrator	\$ 235,780	\$ 237,710	\$ 201,264	\$ 36,446
Commissioner of the revenue	334,839	349,033	341,822	7,211
Treasurer	313,691	318,535	304,153	14,382
Central accounting	206,539	220,045	216,402	3,643
Purchasing	166,440	171,220	167,530	3,690
Information technology	261,534	278,764	251,830	26,934
Total general and financial administration	\$ 1,518,823	\$ 1,575,307	\$ 1,483,001	\$ 92,306
Board of Elections/Registrar:				
Electoral board and officials and registrar	\$ 166,986	\$ 211,858	\$ 191,732	\$ 20,126
Total general government administration	\$ 1,833,079	\$ 1,979,211	\$ 1,832,094	\$ 147,117
Judicial administration:				
Courts:				
Circuit court	\$ 71,874	\$ 82,355	\$ 81,709	\$ 646
General district court	5,433	8,299	8,290	9
Magistrate	1,219	1,219	459	760
Juvenile and domestic relations court	14,699	14,699	13,710	989
Clerk of the circuit court	383,852	403,621	369,683	33,938
VJCCCA	76,911	100,911	94,454	6,457
Total courts	\$ 553,988	\$ 611,104	\$ 568,305	\$ 42,799
Commonwealth's attorney:				
Commonwealth's attorney	\$ 491,207	\$ 499,704	\$ 433,488	\$ 66,216
County attorney	147,628	150,858	149,843	1,015
Victim advocate grant	55,700	58,979	58,920	59
Total commonwealth's attorney	\$ 694,535	\$ 709,541	\$ 642,251	\$ 67,290
Total judicial administration	\$ 1,248,523	\$ 1,320,645	\$ 1,210,556	\$ 110,089
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,103,841	\$ 3,903,227	\$ 3,856,395	\$ 46,832
Total law enforcement and traffic control	\$ 3,103,841	\$ 3,903,227	\$ 3,856,395	\$ 46,832
Fire and rescue services:				
Volunteer emergency services	\$ 244,558	\$ 252,282	\$ 240,741	\$ 11,541
Volunteer rescue services	165,788	160,244	134,926	25,318
Emergency medical services	1,088,142	1,303,264	1,281,704	21,560
Emergency service council	221,050	240,048	239,179	869
Total fire and rescue services	\$ 1,719,538	\$ 1,955,838	\$ 1,896,550	\$ 59,288

Governmental Funds and Discretely Presented Component Unit
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - jail	\$ 2,124,780	\$ 2,047,373	\$ 1,645,052	\$ 402,321
Inspections:				
Building	\$ 178,596	\$ 211,421	\$ 184,216	\$ 27,205
Other protection:				
Animal control	\$ 117,950	\$ 123,541	\$ 111,945	\$ 11,596
Animal Shelter	128,713	140,233	124,465	15,768
Emergency services	490,891	507,306	463,160	44,146
Communications dispatch	626,191	642,390	629,248	13,142
Other public safety	215,908	351,908	348,889	3,019
Total other protection	\$ 1,579,653	\$ 1,765,378	\$ 1,677,707	\$ 87,671
Total public safety	\$ 8,706,408	\$ 9,883,237	\$ 9,259,920	\$ 623,317
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ 36,400	\$ 36,400	\$ 34,159	\$ 2,241
Maintenance of general buildings and grounds:				
General properties	604,796	1,204,154	752,837	451,317
Miscellaneous	172,500	120,803	79,110	41,693
Total public works	\$ 813,696	\$ 1,361,357	\$ 866,106	\$ 495,251
Health and welfare:				
Health:				
Supplement of local health department	\$ 239,370	\$ 239,370	\$ 220,023	\$ 19,347
Mental health and mental retardation:				
Chapter X board	\$ 92,382	\$ 92,382	\$ 92,382	\$ -
Welfare:				
Welfare administration	\$ 1,706,831	\$ 1,727,514	\$ 1,664,553	\$ 62,961
Public assistance	1,197,871	1,045,981	898,067	147,914
County contributions	75,018	76,526	76,526	-
Comprehensive services	516,044	1,473,193	1,017,659	455,534
Tax relief for the elderly	-	-	201,765	(201,765)
Total welfare	\$ 3,495,764	\$ 4,323,214	\$ 3,858,570	\$ 464,644
Total health and welfare	\$ 3,827,516	\$ 4,654,966	\$ 4,170,975	\$ 483,991
Education:				
Contributions to community colleges	\$ 865	\$ 865	\$ 865	-
Contributions for school capital outlay	-	87,324	87,324	-
County contribution to School Board	11,744,994	11,741,994	11,179,189	562,805
Contributions to School Board capital	-	1,000,000	1,000,000	-
Total education	\$ 11,745,859	\$ 12,830,183	\$ 12,267,378	\$ 562,805

Governmental Funds and Discretely Presented Component Unit
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 300,983	\$ 310,721	\$ 304,849	\$ 5,872
Library:				
Library	\$ 679,751	\$ 704,409	\$ 666,052	\$ 38,357
Museum	48,749	52,469	52,065	404
Total library	\$ 728,500	\$ 756,878	\$ 718,117	\$ 38,761
Total parks, recreation and cultural	\$ 1,029,483	\$ 1,067,599	\$ 1,022,966	\$ 44,633
Community development:				
Planning and community development:				
Planning	\$ 282,188	\$ 271,461	\$ 228,198	\$ 43,263
Planning commission	23,939	23,348	19,734	3,614
Zoning board	3,211	3,211	1,255	1,956
Central virginia planning	18,883	18,883	18,883	-
EDA	10,112	10,112	4,780	5,332
Economic development	117,410	117,410	4,745	112,665
Tourism	23,000	23,000	9,305	13,695
Community development projects	153,605	295,068	73,847	221,221
Warehouse charges	-	-	33,434	(33,434)
Automobile insurance charges	-	-	5,219	(5,219)
Total planning and community development	\$ 632,348	\$ 762,493	\$ 399,400	\$ 363,093
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Cooperative extension program:				
VPI extension	\$ 73,217	\$ 74,116	\$ 60,360	\$ 13,756
Total community development	\$ 714,065	\$ 845,109	\$ 468,260	\$ 376,849
Debt service:				
Principal retirement	\$ 2,308,668	\$ 2,308,668	\$ 2,302,876	\$ 5,792
Interest and fiscal charges	1,543,166	1,338,842	1,150,986	187,856
Total debt service	\$ 3,851,834	\$ 3,647,510	\$ 3,453,862	\$ 193,648
Total General Fund	\$ 33,770,463	\$ 37,589,817	\$ 34,552,117	\$ 3,037,700
Special Revenue Fund:				
Public safety:				
Other protection:				
Miscellaneous public safety grants	\$ -	\$ 2,006,347	\$ 499,635	\$ 1,506,712
DARE program	-	52,795	33,192	19,603
E-911 expenditures	-	62,451	65,327	(2,876)
Total public safety	\$ -	\$ 2,121,593	\$ 598,154	\$ 1,523,439

Governmental Funds and Discretely Presented Component Unit
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2012 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive Negative
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ -	\$ -	\$ 4,787	\$ (4,787)
Sanitation and waste removal:				
Solid waste	1,434,588	1,459,569	1,318,773	140,796
Total public works	<u>\$ 1,434,588</u>	<u>\$ 1,459,569</u>	<u>\$ 1,323,560</u>	<u>\$ 136,009</u>
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ -	\$ 55,253	\$ 55,253	\$ -
Community development:				
Planning and community development:				
CDGE project - stump hill	\$ -	\$ 242,790	\$ 129,965	\$ 112,825
Depot relocation / enhancement	-	106,967	107,375	(408)
Total community development	<u>\$ -</u>	<u>\$ 349,757</u>	<u>\$ 237,340</u>	<u>\$ 112,417</u>
Debt service:				
Principal retirement	\$ -	\$ 42,950	\$ 25,246	\$ 17,704
Interest and fiscal charges	-	31,297	49,001	(17,704)
Total debt service	<u>\$ -</u>	<u>\$ 74,247</u>	<u>\$ 74,247</u>	<u>\$ -</u>
Total Special Revenue Funds	<u>1,434,588</u>	<u>4,060,419</u>	<u>2,288,554</u>	<u>1,771,865</u>
Capital Projects Fund:				
Public works:				
General construction projects	\$ -	\$ 152,338	\$ 149,258	\$ 3,080
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ 152,338</u>	<u>\$ 149,258</u>	<u>\$ 3,080</u>
Total Expenditures -- Primary Government	<u>\$ 35,205,051</u>	<u>\$ 41,802,574</u>	<u>\$ 36,989,929</u>	<u>\$ 4,812,645</u>
Component Unit -- School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 32,373,087	\$ 32,897,534	32,373,462	\$ 524,072
Administration, attendance and health	2,092,579	2,143,041	1,925,809	217,232
Pupil transportation services	2,852,274	2,974,699	2,948,286	26,413
Operation and maintenance services	3,973,225	4,075,957	4,016,342	59,615
Technology	1,308,189	1,312,514	1,297,062	15,452
Total School Operating Fund	<u>\$ 42,599,354</u>	<u>\$ 43,403,745</u>	<u>\$ 42,560,961</u>	<u>\$ 842,784</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,066,307	\$ 2,209,407	\$ 2,215,583	\$ (6,176)
School Construction Fund:				
Education:				
Capital projects	\$ -	\$ -	\$ 270,557	\$ (270,557)
Total Expenditures--Component Unit--School Board	<u>\$ 44,665,661</u>	<u>\$ 45,613,152</u>	<u>\$ 45,047,101</u>	<u>\$ 566,051</u>
Total Expenditures -- Reporting Entity	<u>\$ 79,870,712</u>	<u>\$ 87,415,726</u>	<u>\$ 82,037,030</u>	<u>\$ 5,378,696</u>

Statistical Information

COUNTY OF AMHERST, VIRGINIA

Government-Wide Expenses by Function
Last Seven Fiscal Years

Fiscal Year	General Government Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare
2005-06	\$ 1,520,658	\$ 1,386,110	\$ 7,468,300	\$ 2,112,458	\$ 4,001,238
2006-07	1,753,718	1,444,904	8,081,177	2,145,719	4,191,694
2007-08	1,926,555	1,320,578	8,858,705	2,620,346	4,194,455
2008-09	1,845,246	1,382,588	9,754,820	1,992,168	5,107,006
2009-10	1,669,782	1,350,102	8,974,042	3,739,973	4,444,208
2010-11	1,690,623	1,356,685	8,756,354	2,141,153	4,147,244
2011-12	1,767,430	1,287,304	10,077,086	1,861,116	4,081,753

Table 1

	<u>Education</u>	<u>Recreation and Cultural</u>	<u>Community Develop- ment</u>	<u>Interest on Debt</u>	<u>Water and Sewer</u>	<u>Total</u>
\$	11,944,336	\$ 1,128,402	\$ 716,058	\$ 1,236,881	\$ 2,795,463	\$ 34,309,904
	11,591,180	1,206,591	1,683,352	1,348,301	2,874,288	36,320,924
	13,869,415	1,236,661	1,482,031	1,657,450	2,944,126	40,110,322
	10,643,924	1,273,589	1,957,203	1,677,976	3,189,616	38,824,136
	12,899,817	1,245,055	490,425	1,196,863	3,408,338	39,418,605
	13,208,833	1,072,529	667,805	1,387,309	3,409,473	37,838,008
	13,701,208	1,105,089	168,682	1,141,516	3,341,373	38,532,557

COUNTY OF AMHERST, VIRGINIA

Government-Wide Revenues
 Last Seven Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2005-06	\$ 4,024,517	\$ 6,450,831	\$ 599,042
2006-07	4,379,534	7,412,723	1,313,474
2007-08	4,627,769	7,117,806	2,416,352
2008-09	4,869,759	7,857,167	1,111,255
2009-10	5,178,969	7,174,916	1,904,889
2010-11	5,406,509	6,632,662	1,373,108
2011-12	5,404,275	6,682,107	146,894

Table 2

General Revenues					
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous	Total
\$ 15,299,134	\$ 6,553,224	\$ 2,462,135	\$ 990,883	\$ 553,708	\$ 36,933,474
15,763,407	6,777,047	2,454,744	1,324,987	281,114	39,707,030
16,564,067	7,159,264	2,435,830	1,176,998	355,710	41,853,796
19,187,260	7,151,819	2,424,258	899,854	352,807	43,854,179
18,945,245	5,420,027	3,632,335	488,571	380,687	43,125,639
19,578,113	5,165,046	3,765,269	465,955	312,852	42,699,514
27,029,798	5,171,164	3,625,924	330,555	143,760	48,534,477

COUNTY OF AMHERST, VIRGINIA

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2002-03	\$ 12,362,827	\$ 5,950,602	\$ 151,241	\$ 87,781	\$ 711,792
2003-04	14,299,617	6,112,809	195,222	172,057	509,526
2004-05	14,807,688	6,542,619	189,507	212,432	716,498
2005-06	15,268,278	6,837,977	209,145	211,112	1,009,035
2006-07	15,727,042	6,777,047	225,398	199,559	1,295,742
2007-08	16,521,907	7,159,264	256,913	167,703	1,138,403
2008-09	18,974,212	7,151,819	200,835	274,117	803,309
2009-10	18,579,009	5,420,027	197,282	442,051	484,685
2010-11	19,609,216	5,165,046	147,832	467,564	664,694
2011-12	20,325,759	5,171,164	167,088	554,292	337,609

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

Table 3

Charges for Services	Miscellaneous	Recovered Costs	Inter- govern- mental	Total
\$ 1,640,765	\$ 365,113	\$ 106,643	\$ 30,359,405	\$ 51,736,169
2,186,742	692,647	81,487	31,598,560	55,848,667
2,213,505	812,329	155,483	34,512,034	60,162,095
2,307,544	814,690	170,777	36,399,431	63,227,989
2,634,567	832,479	235,057	41,730,769	69,657,660
3,055,314	787,039	249,789	42,140,542	71,476,874
3,209,688	943,554	257,907	45,536,631	77,352,072
2,881,950	641,153	200,857	44,102,004	72,949,018
2,616,552	764,380	451,593	41,025,200	70,912,077
2,430,066	962,279	230,478	42,229,309	72,408,044

COUNTY OF AMHERST, VIRGINIA

General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2002-03	\$ 1,407,015	\$ 894,141	\$ 5,890,626	\$ 1,897,835	\$ 2,916,544	\$ 31,883,674
2003-04	1,584,752	1,043,146	6,644,597	1,656,032	3,091,062	34,014,792
2004-05	1,453,612	1,116,229	6,777,563	1,714,980	3,356,906	37,406,549
2005-06	1,462,240	1,298,435	7,548,775	2,081,886	3,925,798	38,835,717
2006-07	1,923,699	1,366,085	8,082,003	2,162,008	4,274,917	43,185,401
2007-08	2,004,482	1,231,603	9,411,657	4,957,059	4,205,499	48,403,627
2008-09	1,911,715	1,287,362	9,518,249	4,237,721	5,076,383	47,521,928
2009-10	1,752,085	1,287,963	9,451,528	3,688,457	4,544,073	45,637,598
2010-11	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	43,786,226
2011-12	1,832,094	1,210,556	9,858,074	2,338,924	4,170,975	45,135,290

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

Table 4

<u>Parks Recreation & Cultural</u>	<u>Community Develop- ment</u>	<u>Non- Departmental</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ 919,618	\$ 1,254,698	\$ 46,655	\$ 2,611,435	\$ 3,826,327	\$ 53,548,568
1,008,157	1,041,033	286,544	4,033,744	3,964,888	58,368,747
1,058,658	734,565	421,510	2,151,390	3,998,767	60,190,729
1,085,477	716,058	-	1,795,875	4,594,995	63,345,256
1,197,634	2,277,781	80,688	1,242,417	4,422,481	70,215,114
1,202,770	919,370	-	2,554,468	4,624,010	79,514,545
1,300,894	1,952,125	-	1,702,037	5,050,203	79,558,617
1,190,048	731,934	-	303,517	4,811,679	73,398,882
1,048,365	636,539	-	-	4,663,468	68,505,340
1,078,219	705,600	-	-	3,528,109	69,857,841

Assessed Value of Taxable Property and Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total
2002-03	\$ 1,404,647,092	\$ 163,211,121	\$ 17,495,500	\$ 72,902,036	\$ 7,112,192	\$ 90,086,929	\$ 1,755,454,870
2003-04	1,424,616,200	166,244,174	16,893,180	77,148,356	7,203,643	89,109,940	1,781,215,493
2004-05	1,442,657,700	172,176,094	16,656,870	75,291,845	6,416,549	85,213,679	1,798,412,737
2005-06	1,470,914,700	189,511,733	16,285,360	77,511,019	6,859,554	77,632,298	1,838,714,664
2006-07	1,495,139,400	194,356,760	16,177,490	78,979,755	7,131,623	73,348,270	1,865,133,298
2007-08	1,531,146,400	195,089,255	15,776,190	81,796,911	8,025,820	65,492,935	1,897,327,511
2008-09	2,324,219,300	206,267,750	12,346,600	82,343,504	7,598,061	95,323,143	2,728,098,358
2009-10	2,621,264,200	205,608,421	12,311,200	84,420,400	7,085,055	103,341,541	3,034,030,817
2010-11	2,638,619,100	210,902,741	12,320,000	83,786,106	6,379,989	98,586,596	3,050,594,532
2011-12	2,380,975,900	220,204,158	12,576,500	84,984,166	6,473,300	99,488,417	2,804,702,441

Property Tax Rates

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital
2002-03	\$ 0.56	\$ 2.50	\$ 0.56	\$ 2.00	\$ 3.95
2003-04	0.59	3.25	0.59	2.00	3.95
2004-05	0.61	3.25	0.61	2.00	3.95
2005-06	0.61	3.25	0.61	2.00	3.95
2006-07	0.61	3.25	0.61	2.00	3.95
2007-08	0.65	3.25	0.65	2.00	3.95
2008-09	0.52	3.25	0.52	2.00	3.95
2009-10	0.52	3.25	0.52	2.00	3.95
2010-11	0.52	3.25	0.52	2.00	3.95
2011-12	0.52	3.25	0.52	2.00	3.95

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total (1) Tax Levy</u>	<u>Current Tax (1) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding (1,2) Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2002-03	\$ 14,289,602	\$ 13,859,015	96.99%	\$ 308,381	\$ 14,167,396	99.14%	\$ 452,819	3.17%
2003-04	16,265,554	15,786,115	97.05%	348,488	16,134,603	99.19%	493,572	3.03%
2004-05	16,779,997	16,205,458	96.58%	323,893	16,529,351	98.51%	468,284	2.79%
2005-06	17,528,774	16,929,060	96.58%	308,701	17,237,761	98.34%	462,675	2.64%
2006-07	17,898,255	17,334,380	96.85%	311,403	17,645,783	98.59%	577,542	3.23%
2007-08	18,630,497	18,146,159	97.40%	318,236	18,464,395	99.11%	636,107	3.41%
2008-09	21,130,560	20,430,145	96.69%	388,499	20,818,644	98.52%	829,090	3.92%
2009-10	21,212,184	20,228,826	95.36%	445,920	20,674,746	97.47%	1,325,725	6.25%
2010-11	21,458,839	20,679,986	96.37%	730,120	21,410,106	99.77%	1,541,182	7.18%
2011-12	22,076,519	20,921,553	94.77%	1,098,860	22,020,413	99.75%	1,468,593	6.65%

(1) Exclusive of penalties and interest.

(2) Includes three years taxes.

Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita (1,2,3)
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2002-03	31,894	\$ 1,755,454,870	\$ 31,537,451	\$ 4,815,000	\$ 26,722,451	1.80%	\$ 838
2003-04	31,894	1,781,215,493	30,429,216	4,470,000	25,959,216	1.71%	814
2004-05	31,894	1,798,412,737	28,581,094	4,100,000	24,481,094	1.59%	768
2005-06	31,894	1,838,714,664	27,463,415	4,025,000	23,438,415	1.49%	735
2006-07	31,894	1,865,133,298	25,974,366	3,950,000	22,024,366	1.39%	691
2007-08	31,894	1,897,327,511	34,384,357	3,870,000	30,514,357	1.81%	957
2008-09	31,894	2,728,098,358	31,407,157	3,785,000	27,622,157	1.15%	866
2009-10	31,894	3,034,030,817	36,223,397	11,739,000	24,484,397	1.19%	768
2010-11	31,894	3,050,594,532	33,097,273	11,566,000	21,531,273	1.08%	675
2011-12	32,353	2,804,702,441	30,744,922	11,340,000	19,404,922	1.10%	600

(1) Bureau of the Census.

(2) From Table 5.

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

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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*

To The Honorable Board of Supervisors
County of Amherst
Amherst, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Amherst, Virginia's basic financial statements and have issued our report thereon dated December 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of County of Amherst, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Amherst, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Amherst, Virginia's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Amherst, Virginia, in a separate letter dated December 31, 2012.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rainson, Farmer, Co. Associates
Charlottesville, Virginia
December 31, 2012

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To The Honorable Board of Supervisors
County of Amherst
Amherst, Virginia

Compliance

We have audited the County of Amherst, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County of Amherst, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Amherst, Virginia's management. Our responsibility is to express an opinion on the County of Amherst, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Amherst, Virginia'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. Our audit does not provide a legal determination of County of Amherst, Virginia's compliance with those requirements.

In our opinion, the County of Amherst, Virginia complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

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

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 deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
December 31, 2012

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112	\$ 263,470
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL1252167	\$ 21,410
Virginia Department of Transportation:			
Highway Planning and Construction	20.205	N/A	337,240
Total Department of Transportation			\$ 358,650
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Disaster grants - Public Assistance (Presidentially Declared Disaster)	97.036	N/A	\$ 8,727
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950112	\$ 11,738
Temporary Assistance for Needy Families	93.558	0400112	227,647
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112	389
Low-Income Home Energy Assistance	93.568	0600412	17,128
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770111	101,537
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112	72,334
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900112	748
Foster Care - Title IV - E	93.658	1100112	253,420
Adoption Assistance	93.659	1120112	30,326
Social Services Block Grant	93.667	1000112	152,283
Chafee Foster Care Independence Program	93.674	9150112	2,444
Children's Health Insurance Program	93.767	0540112	7,631
Medical Assistance Program	93.778	1200112	159,426
Virginia Department of Health:			
Specially Selected Health Projects	93.888	N/A	6,720
Total Department of Health and Human Services			\$ 1,043,771

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2012 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government: (Continued)			
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass through payments:</u>			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	53305-50799	\$ 114,200
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000	\$ 12,037
Total Primary Government			<u>\$ 1,800,855</u>
Component Unit - School Board:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture and Consumer Services:			
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	17901-40593	\$ 5,420
Fresh Fruit and Vegetable Program	10.582	17901-40599	40,394
Schools and Roads - Grants to States	10.665	17901-43841	69,413
Child Nutrition Cluster:			
Food Distribution	10.555	N/A	\$ 113,592
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	17901-40623	896,909
School Breakfast Program	10.553	17901-40591	321,686
Total Department of Agriculture			<u>\$ 1,447,414</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Disaster grants - Public Assistance (Presidentially Declared Disaster)	97.036	N/A	<u>2,007</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 955,521
ARRA - Title I - Grants to Local Educational Agencies	84.389	17901-42913	77,379
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	972,055
ARRA - Special Education Grants to States	84.391	17901-61245	325,124
Special Education - Preschool Grants	84.173	17901-62521	21,665
ARRA - Special Education - Preschool Grants	84.392	17901-61247	32,186
Career and Technical Education - Basic Grants to States	84.048	17901-61095	72,080
Safe and Drug-Free Schools and Communities - State Grants	84.186	17901-60565	15,011
Adult Education - Basic Grants to States	84.002	17901-42801	428,221
Improving Teacher Quality State Grants	84.367	17901-61480	168,809
Education Technology State Grants	84.318	17901-61600	8,041
ARRA - Educational Technology State Grant	84.386	17901-60897	5,399
School Improvement Grants	84.377	17901-43040	152,082
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	97,613
ARRA - Education Jobs Fund	84.410	17901-62700	1,137,751
Total Department of Education			<u>\$ 4,468,937</u>
Total Component Unit School Board			<u>\$ 5,918,358</u>
Total Expenditures of Federal Awards			<u>\$ 7,719,213</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF AMHERST, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Amherst, Virginia under programs of the federal government for the year ended June 30, 2012 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of operations of the County of Amherst, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Amherst, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* , wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,360,206
Special Revenue Fund	<u>484,887</u>
Total primary government	\$ <u>1,845,093</u>
Component Unit Public Schools:	
School Operating Fund	\$ 5,918,357
Total component unit public schools	\$ <u>5,918,357</u>
Total federal expenditures per basic financial statements	\$ <u>7,763,450</u>
Less: federal subsidy	\$ <u>(44,237)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>7,719,213</u></u>

COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
20.205	Highway Planning and Construction
84.027/84.173/84.391/84.392	Special Education Cluster
84.410	ARRA - Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? No

COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012 (Continued)

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings and Questioned Costs

2011-1 - Inadequate design of internal control over the reconciliation of the general checking

Condition:

Our audit work revealed that the reconciliation of the general checking account to the accounting system was not performed in a timely manner during the year and at year end.

Criteria:

The reconciliation of material cash balances in the accounting system to a detailed bank reconciliation is a critical control in the prevention of material misstatements in the financial statements.

Cause of Condition:

Bank account reconciliations were not given a high priority by the Treasurer during the course of the year and at year end.

Effect of Condition:

The cash amounts recorded in the accounting system may not be reliable or accurate and could potentially result in material misstatements of the financial statements unless timely bank reconciliations are performed.

Recommendation:

We recommend detailed bank reconciliations be performed within 15 days of month end to insure integrity of amounts recorded in the accounting system.

Status:

A new Treasurer took office on January 1, 2012 and the bank reconciliation task has been given a higher priority and reconciliations are being performed more timely.

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