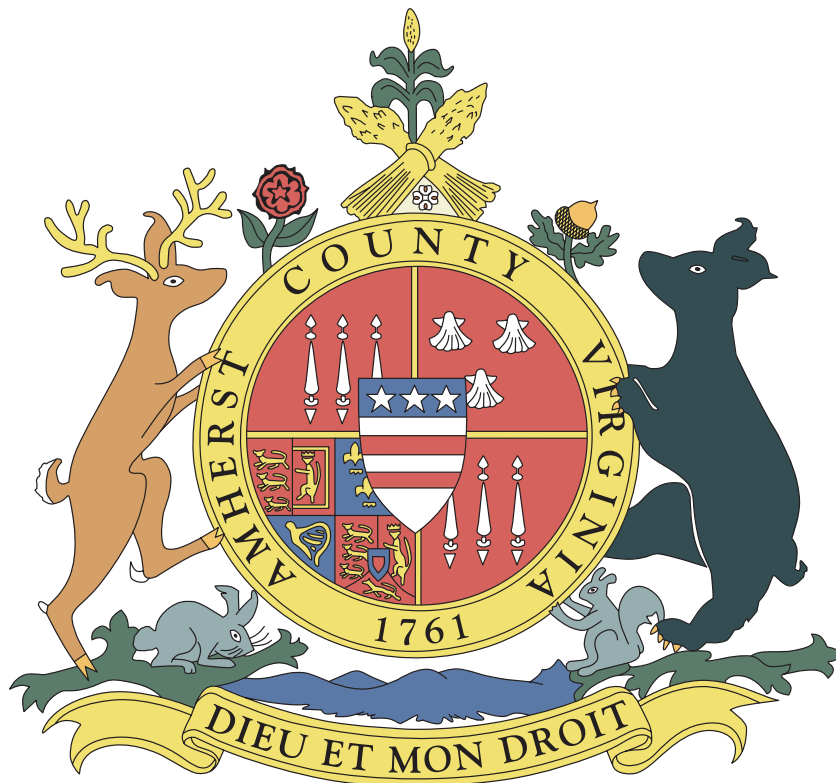


*County of Amherst, Virginia*  
*Financial Report*

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*Year Ended June 30, 2007*





**COUNTY OF AMHERST, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007**

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## COUNTY OF AMHERST, VIRGINIA

### Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2007

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COUNTY OF AMHERST, VIRGINIA

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2007

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## COUNTY OF AMHERST, VIRGINIA

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### BOARD OF SUPERVISORS

Thomas W. Fore, Sr.	S. Ray Vandall, Chairman	Joseph T. Albert, Vice-Chairman
Leon J. Parrish		Vernon L. Wood

### COUNTY SCHOOL BOARD

Jones H. Stanley, Vice Chairman	Margaret G. Leggett, Chairman	Gloria C. Walker
Elizabeth Gamble		Margaret R. Morton
Susan D. Cunningham		Priscilla M. Liggin

### COUNTY SOCIAL SERVICES BOARD

Carol J. Charles, Vice Chairman	Thomas M. Smith, Chairman	Thomas W. Fore, Sr.
Margaret R. Morton		Anne H. Richards

### COUNTY LIBRARY BOARD

Stephen Witham, Vice President	Jean Higginbotham, President	Larry A. Langhans
James B. Young		William E. Hathaway

### OTHER OFFICIALS

Judge of the Circuit Court	J. Michael Gamble
Clerk of the Circuit Court	Roy C. Mayo, III
Judge of the General District Court	Joseph M. Serkes
Judge of the Juvenile and Domestic Relations Court	Michael Garrett
Commonwealth's Attorney	Stephanie S. Maddox
Commissioner of the Revenue	Linda M. Byers
Treasurer	Donald T. Wood
Sheriff	L.J. Ayers, III
Superintendent of Schools	John C. Walker
Clerk of the School Board	Teresa Crouch
Director of Social Services	Glenn W. Sullivan
Librarian	Steve Preston
County Administrator	Rodney E. Taylor

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditor's 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2007, 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 an opinion 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, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2007, 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 February 6, 2008, 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.

The Management's Discussion and Analysis and required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Amherst, Virginia, basic financial statements. The introductory section, combining and individual fund financial statements, supporting schedules and statistical tables 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 combining and individual nonmajor fund financial statements, supporting schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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, Cox Associates*

Charlottesville, Virginia  
February 6, 2008



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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, 2007.

### Financial Highlights

#### Government-wide Financial Statements

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$15,225,228 (net assets). The County's business type activities assets exceeded its liabilities by \$13,391,081.

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures were in excess of revenues by \$1,078,405 (Exhibit 4).

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$15,419,886 (Exhibit 4), an overall increase of \$438,797 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 and a service authority 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 one major governmental fund - the General 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 statement 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 \$ 15,225,228 at the close of the most recent fiscal year.

### County of Amherst's, Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 24,056,128	\$ 23,035,807	\$ 6,797,457	\$ 2,745,906	\$ 30,853,585	\$ 25,781,713
Capital assets	<u>26,298,222</u>	<u>25,924,766</u>	<u>13,242,234</u>	<u>17,031,849</u>	<u>39,540,456</u>	<u>42,956,615</u>
Total assets	<u>\$ 50,354,350</u>	<u>\$ 48,960,573</u>	<u>\$ 20,039,691</u>	<u>\$ 19,777,755</u>	<u>\$ 70,394,041</u>	<u>\$ 68,738,328</u>
Long-term liabilities outstanding	\$ 23,057,767	\$ 24,919,898	\$ 6,079,417	\$ 6,299,606	\$ 29,137,184	\$ 31,219,504
Current liabilities	<u>12,071,355</u>	<u>11,230,264</u>	<u>569,193</u>	<u>500,539</u>	<u>12,640,548</u>	<u>11,730,803</u>
Total liabilities	<u>\$ 35,129,122</u>	<u>\$ 36,150,162</u>	<u>\$ 6,648,610</u>	<u>\$ 6,800,145</u>	<u>\$ 41,777,732</u>	<u>\$ 42,950,307</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 3,614,389	\$ 1,644,300	\$ 5,383,136	\$ 5,410,977	\$ 8,997,525	\$ 7,055,277
Unrestricted	<u>11,610,839</u>	<u>11,166,111</u>	<u>8,007,945</u>	<u>7,566,633</u>	<u>19,618,784</u>	<u>18,732,744</u>
Total net assets	<u>\$ 15,225,228</u>	<u>\$ 12,810,411</u>	<u>\$ 13,391,081</u>	<u>\$ 12,977,610</u>	<u>\$ 28,616,309</u>	<u>\$ 25,788,021</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 4% 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 majority of these net assets are to be used for solid waste convenience centers, and other capital improvements. Governmental Activities - Governmental activities increased the County's net assets by \$2,972,635. Key elements of this increase are as follows:

County of Amherst, Virginia's Changes in Net Assets For the Years Ended June 30, 2007 and 2006						
	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1,750,665	\$ 1,442,234	\$ 2,628,869	\$ 2,582,283	\$ 4,379,534	\$ 4,024,517
Operating grants and contributions	7,412,723	6,450,831	-	-	7,412,723	6,450,831
Capital grants and contributions	814,344	135,409	499,130	463,633	1,313,474	599,042
General revenues:						
General property taxes	15,763,407	15,299,134	-	-	15,763,407	15,299,134
Other local taxes	6,777,047	6,837,977	-	-	6,777,047	6,837,977
Use of money and property	1,203,030	927,270	121,957	63,613	1,324,987	990,883
C/VA non-categorical aid	2,454,744	2,462,135	-	-	2,454,744	2,462,135
Other general revenues	243,311	514,912	37,803	38,796	281,114	553,708
Total revenues	\$ 36,419,271	\$ 34,069,902	\$ 3,287,759	\$ 3,148,325	\$ 39,707,030	\$ 37,218,227
Expenses:						
General government administration	\$ 1,753,718	\$ 1,520,658	\$ -	\$ -	\$ 1,753,718	\$ 1,520,658
Judicial administration	1,444,904	1,386,110	-	-	1,444,904	1,386,110
Public safety	8,081,177	7,468,300	-	-	8,081,177	7,468,300
Public works	2,145,719	2,112,458	-	-	2,145,719	2,112,458
Health and welfare	4,191,694	4,001,238	-	-	4,191,694	4,001,238
Education	11,591,180	11,944,336	-	-	11,591,180	11,944,336
Parks, recreation, and cultural	1,206,591	1,128,402	-	-	1,206,591	1,128,402
Community development	1,683,352	716,058	-	-	1,683,352	716,058
Interest and other fiscal charges	1,348,301	1,236,881	-	-	1,348,301	1,236,881
Water and sewer	-	-	2,874,288	2,795,463	2,874,288	2,795,463
Total expenses	\$ 33,446,636	\$ 31,514,441	\$ 2,874,288	\$ 2,795,463	\$ 36,320,924	\$ 34,309,904
Change in net assets	\$ 2,972,635	\$ 2,555,461	\$ 413,471	\$ 352,862	\$ 3,386,106	\$ 2,908,323
Net assets, July 1, 2005	12,252,593	10,254,950	12,977,610	12,624,748	25,230,203	22,879,698
Net assets, June 30, 2006	\$ 15,225,228	\$ 12,810,411	\$ 13,391,081	\$ 12,977,610	\$ 28,616,309	\$ 25,788,021

## Government-wide Financial Analysis (Continued)

Property taxes increased by \$434,273 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 FY2007 budget year, the Board of Supervisors established a vehicle threshold of \$20,000 and approved a PPRTA rate of 49%.

Operating grants for governmental activities continues to be sufficient source of funding for the County. The majority of the grants are recurring grant funds on the State level. Grants funds help to support activities and programs of three County functions: public safety, social services, and recreation.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

## 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, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$15,419,886 increase of \$438,797 in comparison with the prior year, **reference exhibit 10**. The increase is derived from the issuance of long-term debt for capital project. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

### 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

Difference between the original budget and the final amended budget was an increase of \$3,709,534. Significant increases in expenditures are as follows:

- \$1,172,398 in increases for Health and welfare
- \$372,047 in increases for General government administration
- \$168,049 in increases for Judicial administration
- \$845,584 in increases for Community Development
- \$993,505 in increases for Public Safety

## **Capital Asset and Debt Administration**

Capital assets - The County's investment in capital assets totals \$26,298,222 the School Board's totals \$19,679,913 and the Service Authority's totals \$13,242,234 (net of accumulated depreciation), reference Note 6. This investment in capital assets includes infrastructure, buildings and improvements, and machinery and equipment. There were no major capital asset events during the current fiscal year.

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 bonded debt outstanding of \$25,974,366. Of this amount \$22,024,366 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). There's a decrease in the County's total long-term obligations of \$1,542,453 during the current fiscal year.

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**

- For the latest reporting period (June, 2007), the Virginia Employment Commission's non-seasonally adjusted unemployment rate for the United States is 4.8%, the Commonwealth of Virginia is 2.9%, and Region 2000 is 3.7%. The unemployment rate for Amherst County is 3.3%.
- Inflationary trends as measured by the United States Bureau of Labor Statistics in its Consumer Price Index (Southern Urban) had an overall increase of 3.0% at the end of the 2006 year. This inflation rate represents the best available information and can be used to infer inflationary trends for Amherst County and Region 2000.
- Residential growth continues to increase and broaden the demand for locally provided services such as emergency services, social services, inspections, law enforcement, parks and recreation, solid waste, schools and libraries. For FY2007, 116 building permits were issued for single family dwellings in Amherst County.

## **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, 153 Washington Street, Amherst, Virginia 24521.

## **Basic Financial Statements**

## **Government-wide Financial Statements**



Statement of Net Assets  
At June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 21,912,147	\$ 2,607,506	\$ 24,519,653	\$ 1,799,534
Restricted assets	-	317,700	317,700	-
Receivables (net of allowance for uncollectibles):				
Property taxes	513,519	-	513,519	-
Accounts receivable	260,399	235,950	496,349	-
Inventory	-	176,848	176,848	-
Due from primary government	-	-	-	3,054,400
Due from other governmental units	1,370,063	-	1,370,063	1,239,389
Total Current Assets	\$ 24,056,128	\$ 3,338,004	\$ 27,394,132	\$ 6,093,323
Noncurrent Assets:				
Restricted assets	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Capital assets (net of depreciation):				
Land	2,130,563	619,290	2,749,853	309,826
Buildings	10,576,607	11,005,060	21,581,667	9,201,268
Equipment	942,613	-	942,613	1,910,576
Joint tenancy	11,706,314	-	11,706,314	7,618,313
Construction in progress	942,125	1,617,884	2,560,009	639,930
Other assets	-	2,459,453	2,459,453	-
Total Noncurrent Assets	\$ 26,298,222	\$ 16,701,687	\$ 42,999,909	\$ 19,679,913
Total Assets	\$ 50,354,350	\$ 20,039,691	\$ 70,394,041	\$ 25,773,236
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 471,368	\$ 338,571	\$ 809,939	\$ 55,163
Unearned revenue	4,729,086	-	4,729,086	-
Due to component unit	3,054,400	-	3,054,400	4,356,332
Accrued interest payable	515,388	-	515,388	-
Current portion of long-term obligations	3,301,113	230,622	3,531,735	104,068
Total Current Liabilities	\$ 12,071,355	\$ 569,193	\$ 12,640,548	\$ 4,515,563
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	23,057,767	6,079,417	29,137,184	452,592
Total Liabilities	\$ 35,129,122	\$ 6,648,610	\$ 41,777,732	\$ 4,968,155
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 3,614,389	\$ 5,383,136	\$ 8,997,525	\$ 19,462,849
Restricted	-	317,700	317,700	-
Unrestricted assets	11,610,839	7,690,245	19,301,084	1,342,232
Total Net Assets	\$ 15,225,228	\$ 13,391,081	\$ 28,616,309	\$ 20,805,081
Total Liabilities and Net Assets	\$ 50,354,350	\$ 20,039,691	\$ 70,394,041	\$ 25,773,236

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

COUNTY OF AMHERST, VIRGINIA

Statement of Activities  
Year Ended June 30, 2007

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,753,718	\$ -	\$ 349,653	\$ -
Judicial administration	1,444,904	240,479	652,561	-
Public safety	8,081,177	995,745	2,852,973	-
Public works	2,145,719	398,030	9,108	-
Health and welfare	4,191,694	-	2,886,974	-
Education	11,591,180	-	-	-
Parks, recreation, and cultural	1,206,591	116,411	661,454	-
Community development	1,683,352	-	-	814,344
Interest on long-term debt	1,348,301	-	-	-
Total government activities	<u>\$ 33,446,636</u>	<u>\$ 1,750,665</u>	<u>\$ 7,412,723</u>	<u>\$ 814,344</u>
Business type activities:				
Water and sewer	<u>\$ 2,874,288</u>	<u>\$ 2,628,869</u>	<u>\$ -</u>	<u>\$ 499,130</u>
Total primary government	<u><u>\$ 36,320,924</u></u>	<u><u>\$ 4,379,534</u></u>	<u><u>\$ 7,412,723</u></u>	<u><u>\$ 1,313,474</u></u>
COMPONENT UNITS:				
School Board	<u><u>\$ 44,817,676</u></u>	<u><u>\$ 1,308,859</u></u>	<u><u>\$ 31,048,958</u></u>	<u><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				
E-911 taxes				
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.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit School Board
Governmental Activities	Business Type Activities	Total	
\$ (1,404,065)	\$ -	\$ (1,404,065)	\$ -
(551,864)	-	(551,864)	-
(4,232,459)	-	(4,232,459)	-
(1,738,581)	-	(1,738,581)	-
(1,304,720)	-	(1,304,720)	-
(11,591,180)	-	(11,591,180)	-
(428,726)	-	(428,726)	-
(869,008)	-	(869,008)	-
(1,348,301)	-	(1,348,301)	-
\$ (23,468,904)	\$ -	\$ (23,468,904)	\$ -
\$ -	\$ 253,711	\$ 253,711	\$ -
\$ -	\$ 253,711	\$ (23,215,193)	\$ -
\$ -	\$ -	\$ -	\$ (12,459,859)
\$ 15,763,407	\$ -	\$ 15,763,407	\$ -
2,454,931	-	2,454,931	-
1,753,870	-	1,753,870	-
387,042	-	387,042	-
649,802	-	649,802	-
822,516	-	822,516	-
234,580	-	234,580	-
474,306	-	474,306	-
1,203,030	121,957	1,324,987	92,712
2,454,744	-	2,454,744	589,167
-	-	-	12,837,200
243,311	37,803	281,114	-
\$ 26,441,539	\$ 159,760	\$ 26,601,299	\$ 13,519,079
\$ 2,972,635	\$ 413,471	\$ 3,386,106	\$ 1,059,220
12,252,593	12,977,610	25,230,203	19,745,861
\$ 15,225,228	\$ 13,391,081	\$ 28,616,309	\$ 20,805,081

## **Fund Financial Statements**

Balance Sheet - Governmental Funds  
At June 30, 2007

	Governmental Fund Types
<b>ASSETS</b>	
Cash and cash equivalents	\$ 21,912,147
Receivables (Net of allowances for uncollectibles):	
Taxes, including penalties	513,519
Accounts	260,399
Due from other governmental units	<u>1,370,063</u>
Total	<u>\$ 24,056,128</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 471,368
Deferred revenue	5,110,474
Due to component unit	<u>3,054,400</u>
Total liabilities	<u>\$ 8,636,242</u>
<b>FUND BALANCES</b>	
Unreserved:	
Designated for construction projects	\$ 733,707
Designated for subsequent expenditures	3,493,384
Undesignated	<u>11,192,795</u>
Total fund balances	<u>\$ 15,419,886</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.	
	26,298,222
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	
	(515,388)
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.	
	381,388
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.	
	<u>(26,358,880)</u>
Net assets of general government activities	<u>\$ 15,225,228</u>

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, 2007

	<b>Governmental Fund Types</b>
Revenues:	
General property taxes	\$ 15,727,042
Other local taxes	6,777,047
Permits, privilege fees and regulatory licenses	225,398
Fines and forfeitures	199,559
Revenue from use of money and property	1,203,030
Charges for services	1,325,708
Miscellaneous	243,312
Recovered costs	235,057
Intergovernmental:	
Commonwealth	8,097,986
Federal	2,583,825
Total revenues	<u>\$ 36,617,964</u>
Expenditures:	
Current:	
General government administration	\$ 1,923,699
Judicial administration	1,366,085
Public safety	8,082,003
Public works	2,242,696
Health and welfare	4,274,917
Education	11,909,073
Parks, recreation, and cultural	1,197,634
Community development	2,277,781
Debt service:	
Principal retirement	3,050,433
Interest and other fiscal charges	1,372,048
Total expenditures	<u>\$ 37,696,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,078,405)</u>
Other financing sources (uses):	
Long-term debt issued	<u>\$ 1,517,202</u>
Total other financing sources (uses)	<u>\$ 1,517,202</u>
Net change in fund balances	\$ 438,797
Fund balances at beginning of year	<u>14,981,089</u>
Fund balances at end of year	<u><u>\$ 15,419,886</u></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  
to the Statement of Activities - Governmental Funds  
Year Ended June 30, 2007

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	438,797
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.		
Capital outlay	\$ 1,274,847	
Depreciation expense	<u>(1,183,247)</u>	91,600
Transfer of joint tenancy assets from Primary Government to the Component Unit		839,673
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.		36,365
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:		
Principal retired on notes payable	\$ 170,111	
Principal retired on County general obligation bonds	585,800	
Principal retired on County capital leases	201,272	
Principal retired on County revenue bonds	480,000	
Principal retired on School general obligation bonds	1,313,249	
Principal retired on School literary fund loans	300,000	
Long-term debt issued	<u>(1,517,202)</u>	1,533,230
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:		
Decrease in interest payable	\$ 23,747	
Decrease in accrued leave	<u>9,223</u>	32,970
Change in net assets of governmental activities	\$	<u><u>2,972,635</u></u>

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

Statement of Net Assets - Proprietary Fund  
At June 30, 2007

	<u>Business Type Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,607,506
Restricted assets	317,700
Accounts receivable	235,950
Inventory	<u>176,848</u>
Total current assets	<u>\$ 3,338,004</u>
Noncurrent assets:	
Restricted assets	<u>\$ 1,000,000</u>
Capital Assets:	
Land	\$ 619,290
Construction in progress	1,617,884
Buildings and equipment, net of depreciation	11,005,060
Other Assets	<u>2,459,453</u>
Total noncurrent assets	<u>\$ 16,701,687</u>
Total Assets	<u><u>20,039,691</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 338,571
Current portion of long-term obligations	<u>230,622</u>
Total current liabilities	<u>\$ 569,193</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>\$ 6,079,417</u>
Total Liabilities	<u>6,648,610</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 5,383,136
Restricted for debt service	317,700
Unrestricted assets	<u>7,690,245</u>
Total Net Assets	<u>\$ 13,391,081</u>
Total Liabilities and Net Assets	<u><u>\$ 20,039,691</u></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, 2007

	Proprietary Fund Enterprise
Operating revenues:	
Water	\$ 1,874,552
Sewer	615,017
Other	139,300
Total revenues	\$ 2,628,869
Operating expenses:	
Source of supply	\$ 193,531
Water treatment	437,786
Water distribution	207,055
Sewer line	16,783
Sewage pumping	35,734
Sewage treatment	145,333
Customer accounting	215,998
Administrative and general	615,015
Depreciation and amortization	475,088
Total operating expenses	\$ 2,342,323
Operating income (loss)	\$ 286,546
Non-operating revenues (expenses)	
Interest income	\$ 121,957
Connection and availability charges	301,145
Line extension and other fees	197,985
Interest expense	(226,705)
Capacity payment - City of Lynchburg	(202,274)
Miscellaneous outlays and connection expenses	(102,986)
Other nonoperating revenues	37,803
Total nonoperating revenues (expenses)	\$ 126,925
Net income (loss)	\$ 413,471
Net assets at beginning of year	12,977,610
Net assets at end of year	\$ 13,391,081

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

Statement of Cash Flows -  
Proprietary Fund  
Year Ended June 30, 2007

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,647,324
Payments to suppliers	(959,909)
Payments to employees	<u>(888,785)</u>
Net cash provided by operating activities	\$ <u>798,630</u>
Cash flows from capital and related financing activities:	
Additions to utility plant	\$ (291,549)
Retirement of debt	(75,000)
Interest paid on debt	(224,389)
Connection and availability fees	301,145
Line extension and other fees	197,985
Capacity payments - City of Lynchburg	(202,274)
Other nonoperating income	37,803
Miscellaneous connection expenses	<u>(102,986)</u>
Net cash (used in) capital and related financing activities	\$ <u>(359,265)</u>
Cash flows from investing activities:	
Interest earned	\$ <u>121,957</u>
Net cash provided by investing activities	\$ <u>121,957</u>
Increase in cash and cash equivalents	\$ 561,322
Cash and cash equivalents at beginning of year (including restricted assets)	<u>3,363,883</u>
Cash and cash equivalents at end of year (including restricted assets)	\$ <u><u>3,925,205</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating (loss)	\$ 286,546
Adjustments to reconcile net loss to net cash provided by operations:	
Depreciation	475,088
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	18,455
Inventory	(49,231)
(Decrease) increase in:	
Accounts payable and accrued expenses	<u>67,772</u>
Net cash provided by operating activities	\$ <u><u>798,630</u></u>

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

Statement of Fiduciary Net Assets  
At June 30, 2007

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>251,011</u>
Total assets	\$ <u><u>251,011</u></u>
<b>LIABILITIES</b>	
Amounts held for others	\$ <u><u>251,011</u></u>

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

## COUNTY OF AMHERST, VIRGINIA

### Notes to Financial Statements As of June 30, 2007

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#### **Note 1–Summary of Significant Accounting Policies:**

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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 Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its components units. For the most part, effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. 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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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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 government's revise their original budgets over the course of the year for a variety of reasons. Under the reporting model governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of 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, 2007 (Continued)

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

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#### B. Individual Component Unit Disclosures

##### *Blended Component Units*

##### 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, 2006 financial report is presented as an enterprise fund in the County's financial statements.

##### Discretely Presented Component Units - 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, 2007.

##### Other Related Organizations Not Included in the County Financial Report Amherst Industrial Development Authority

The Industrial Development Authority is excluded 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.

##### Other Related Organizations

##### Included in the County's Comprehensive Annual Financial Report

None

#### 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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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

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 reflect 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.

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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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

##### 1. Governmental Funds: (continued)

###### a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for 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.

##### C. 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 Enterprise Fund.

###### 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.

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.



## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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#### **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.
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 budget 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.

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.

Investments for the government, as well as for its component units, are reported at fair value. 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.

#### **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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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#### 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 “due 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 \$72,718 at June 30, 2007 is composed of \$64,022 in property taxes and \$8,696 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.

#### H. Inventory

Inventory is reported at cost.

#### I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County 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 assets lives 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, 2007.

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

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

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**J. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are 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.

**K. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### Note 2—Deposits and Investments:

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#### Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

#### 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, 2007 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, 2007 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

<u>Locality's Rate Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ 1,008,205
U.S. Government & Securities Money Market Funds	<u>40,740</u>
Total	<u>\$ 1,048,945</u>

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

### Note 2—Deposits and Investments: (Continued)

#### External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury.

#### Deposits—Amherst County Service Authority

The Authority's rated debt investments as of December 31, 2006 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's Rating Scale.

Authority's Rated Debt Investments' Values			
Related Debt Investments	Fair Quality Rating		
	AAAm	AAA	
Repurchase Agreements Underlying			
Federal Home Loan Bank	\$ -	\$ 2,376,112	
STI Classic Institutional Municipal Money Market Fund	317,700	-	
Total	\$ 317,700	\$ 2,376,112	

#### Interest Rate Risk

The Authority does not have a policy related to credit risk of debt securities.

Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Repurchase Agreements	\$ 2,376,112	\$ -	\$ -	\$ 2,376,112	\$ -

### 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.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 4—Due from Other Governmental Units:**

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local sales tax	\$ 429,955	\$ -
Public assistance and welfare administration	61,231	-
Motor vehicle carriers tax	59,347	-
Commonwealth Attorney	24,759	-
Sheriff	190,587	-
Commissioner of Revenue	10,339	-
Treasurer	10,783	-
Clerk	26,368	-
Comprehensive Services Act	451,818	-
State sales tax	-	698,957
Federal Government:		
School Grants	-	540,432
Public assistance and welfare administration	104,876	-
Criminal Justice Grants	-	-
Total	\$ <u>1,370,063</u>	\$ <u>1,239,389</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	\$ 3,054,400	\$ -
School	-	3,054,400
Totals	\$ <u>3,054,400</u>	\$ <u>3,054,400</u>

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2007:

	Balance July 1, 2006 As Restated	Additions	Deletions	Balance June 30, 2007
Primary Government:				
Capital assets, not being depreciated:				
Land	\$ 1,522,880	\$ 607,683	\$ -	\$ 2,130,563
Construction in progress	39,510	202,712	44,731	197,491
Construction in progress - jointly owned assets	<u>573,446</u>	<u>171,188</u>	<u>-</u>	<u>744,634</u>
Total capital assets not being depreciated	\$ <u>2,135,836</u>	\$ <u>981,583</u>	\$ <u>44,731</u>	\$ <u>3,072,688</u>
Capital assets being depreciated:				
Buildings	\$ 15,015,443	\$ 44,731	\$ -	\$ 15,060,174
Equipment	3,731,596	464,453	-	4,196,049
Jointly owned assets	<u>16,615,492</u>	<u>1,867,203</u>	<u>1,756,762</u>	<u>16,725,933</u>
Total capital assets being depreciated	\$ <u>35,362,531</u>	\$ <u>2,376,387</u>	\$ <u>1,756,762</u>	\$ <u>35,982,156</u>
Less accumulated depreciation for:				
Buildings	\$ 4,114,188	\$ 369,379	\$ -	\$ 4,483,567
Equipment	2,961,348	292,088	-	3,253,436
Jointly owned assets	<u>5,055,883</u>	<u>521,780</u>	<u>558,044</u>	<u>5,019,619</u>
Total accumulated depreciation	\$ <u>12,131,419</u>	\$ <u>1,183,247</u>	\$ <u>558,044</u>	\$ <u>12,756,622</u>
Total capital assets being depreciated, net	\$ <u>23,231,112</u>	\$ <u>1,193,140</u>	\$ <u>1,198,718</u>	\$ <u>23,225,534</u>
Governmental capital assets, net	\$ <u>25,366,948</u>	\$ <u>2,174,723</u>	\$ <u>1,243,449</u>	\$ <u>26,298,222</u>

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 6—Capital Assets: (Continued)

The following is a summary of changes in capital assets of the Component Unit School Board for the fiscal year ended June 30, 2007:

	Balance July 1, 2006 As Restated	Additions	Deletions	Balance June 30, 2007
Component Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 309,826	\$ -	\$ -	\$ 309,826
Construction in progress	824,888	-	184,958	639,930
Total capital assets not being depreciated	\$ 1,134,714	\$ -	\$ 184,958	\$ 949,756
Capital assets being depreciated:				
Buildings	\$ 21,965,146	\$ 438,475	\$ -	\$ 22,403,621
Equipment	5,482,009	356,269	-	5,838,278
Jointly owned assets	8,429,589	1,756,762	-	10,186,351
Total capital assets being depreciated	\$ 35,876,744	\$ 2,551,506	\$ -	\$ 38,428,250
Less accumulated depreciation for:				
Buildings	\$ 12,283,479	\$ 918,874	\$ -	\$ 13,202,353
Equipment	3,521,834	405,868	-	3,927,702
Jointly owned assets	2,009,994	558,044	-	2,568,038
Total accumulated depreciation	\$ 17,815,307	\$ 1,882,786	\$ -	\$ 19,698,093
Total capital assets being depreciated, net	\$ 18,061,437	\$ 668,720	\$ -	\$ 18,730,157
Governmental capital assets, net	\$ 19,196,151	\$ 668,720	\$ 184,958	\$ 19,679,913

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

Governmental activities:	
General government	\$ 70,256
Judicial administration	95,613
Public safety	365,067
Public works	88,541
Health and welfare	13,605
Education	521,780
Parks, recreation and cultural	28,385
Total	\$ 1,183,247
Component Unit-School Board	\$ 1,324,742
Amherst County Service Authority	\$ 475,088



COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

Note 6—Capital Assets: (Continued)

Amherst County Service Authority

Details of changes in property and equipment for the fiscal year are as follows:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Capital assets, not being depreciated:				
Land	\$ 619,290	\$ -	\$ -	\$ 619,290
Construction in progress, see detail below	1,541,690	76,194	-	1,617,884
Total capital assets not being depreciated	<u>\$ 2,160,980</u>	<u>\$ 76,194</u>	<u>\$ -</u>	<u>\$ 2,237,174</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 84,535	\$ -	\$ -	\$ 84,535
Vehicles and other equipment	866,161	27,132	-	893,293
Utility plant in service	21,872,281	189,853	-	22,062,134
Total capital assets being depreciated	<u>\$ 22,822,977</u>	<u>\$ 216,985</u>	<u>\$ -</u>	<u>\$ 23,039,962</u>
Less accumulated depreciation	<u>\$ 11,566,824</u>	<u>\$ 468,078</u>	<u>\$ -</u>	<u>\$ 12,034,902</u>
Total capital assets being depreciated, net	<u>\$ 11,256,153</u>	<u>\$ (251,093)</u>	<u>\$ -</u>	<u>\$ 11,005,060</u>
Governmental activities capital assets, net	<u>\$ 13,417,133</u>	<u>\$ (174,899)</u>	<u>\$ -</u>	<u>\$ 13,242,234</u>
Construction in Progress Details:				
Graham creek reservior dam	\$ 1,541,690	\$ 76,194	\$ -	\$ 1,617,884
Total construction in progress	<u>\$ 1,541,690</u>	<u>\$ 76,194</u>	<u>\$ -</u>	<u>\$ 1,617,884</u>

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 6—Capital Assets: (Continued)

Capital assets were restated as of July 1, 2006 as follows:

	Balance June 30, 2006 As Previously Reported	Restatements	Balance July 1, 2006 As Restated
Primary Government:			
Capital assets, not being depreciated:			
Land	\$ 1,522,880	\$ -	\$ 1,522,880
Construction in progress	39,510	-	39,510
Construction in progress - jointly owned assets	1,131,264	(557,818)	573,446
Total capital assets not being depreciated	\$ 2,693,654	\$ (557,818)	\$ 2,135,836
Capital assets being depreciated:			
Buildings	\$ 15,015,443	\$ -	\$ 15,015,443
Equipment	3,731,596	-	3,731,596
Jointly owned assets	16,615,492	-	16,615,492
Total capital assets being depreciated	\$ 35,362,531	\$ -	\$ 35,362,531
Less accumulated depreciation for:			
Buildings	\$ 4,114,188	\$ -	\$ 4,114,188
Equipment	2,961,348	-	2,961,348
Jointly owned assets	5,055,883	-	5,055,883
Total accumulated depreciation	\$ 12,131,419	\$ -	\$ 12,131,419
Total capital assets being depreciated, net	\$ 23,231,112	\$ -	\$ 23,231,112
Governmental capital assets, net	\$ 25,924,766	\$ (557,818)	\$ 25,366,948
School Board:			
Capital assets, not being depreciated:			
Land	\$ 309,826	\$ -	\$ 309,826
Construction in progress	267,070	557,818	824,888
Total capital assets not being depreciated	\$ 576,896	\$ 557,818	\$ 1,134,714
Capital assets being depreciated:			
Buildings	\$ 21,309,103	656,043	\$ 21,965,146
Equipment	5,482,009	-	5,482,009
Jointly owned assets	8,429,589	-	8,429,589
Total capital assets being depreciated	\$ 35,220,701	\$ 656,043	\$ 35,876,744
Less accumulated depreciation for:			
Buildings	\$ 12,251,547	31,932	\$ 12,283,479
Equipment	3,521,834	-	3,521,834
Jointly owned assets	2,009,994	-	2,009,994
Total accumulated depreciation	\$ 17,783,375	\$ 31,932	\$ 17,815,307
Total capital assets being depreciated, net	\$ 17,437,326	\$ 624,111	\$ 18,061,437
Governmental capital assets, net	\$ 18,014,222	\$ 1,181,929	\$ 19,196,151

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

### Note 7—Other Assets — Amherst County Service Authority:

Other assets consist of bond issue costs (\$168,240), the investment in the City of Lynchburg Sewage facilities (\$2,291,214) and restricted cash (\$1,317,700) at June 30, 2007:

#### 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, 2006</u>	<u>Current Year Amortization</u>	<u>Total</u>	<u>Net Book Value</u>
2000 Issue	\$ <u>210,303</u>	\$ <u>35,053</u>	\$ <u>7,010</u>	\$ <u>42,063</u>	\$ <u>168,240</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>2006</u>
Balance, beginning of year	\$ 2,439,466
Increases	-
Decreases	<u>148,252</u>
Balance, end of year	\$ <u>2,291,214</u>

#### C. Restricted Cash:

At December 31, 2006 restricted assets consist of the following:

	<u>Current Assets</u>	<u>Non-current Assets</u>
Rate stabilization fund CD	\$ -	\$ 1,000,000
2000 Debt Service Reserve	<u>317,700</u>	<u>-</u>
Totals	\$ <u>317,700</u>	\$ <u>1,000,000</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 8—Long-Term Obligations:**

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2007:

	<u>Balance Outstanding July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Outstanding June 30, 2007</u>	<u>Amount Due Within One Year</u>
County notes payable	\$ 1,008,428	\$ -	\$ 170,111	\$ 838,317	\$ 175,771
County revenue bonds	2,690,000	-	480,000	2,210,000	500,000
County general obligation bonds	2,808,200	-	585,800	2,222,400	567,500
Landfill closure and post-closure liability	1,795,953	-	-	1,795,953	-
Compensated absences	1,063,057		9,223	1,053,834	127,973
School general obligation bonds	16,140,215	1,265,000	1,313,249	16,091,966	1,365,509
School literary fund loans	1,800,000	-	300,000	1,500,000	300,000
County capital leases	595,480	252,202	201,272	646,410	264,360
Total	<u>\$ 27,901,333</u>	<u>\$ 1,517,202</u>	<u>\$ 3,059,655</u>	<u>\$ 26,358,880</u>	<u>\$ 3,301,113</u>

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

<u>Year Ending June 30,</u>	<u>Notes Payable</u>		<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 175,771	\$ 26,226	\$ 567,500	\$ 75,460	\$ 500,000	\$ 93,704
2009	181,619	20,378	553,900	55,785	515,000	72,504
2010	187,662	14,335	540,100	36,262	545,000	50,668
2011	193,906	8,091	560,900	16,340	205,000	27,560
2012	99,359	1,639	-	-	220,000	18,868
2013	-	-	-	-	225,000	9,540
Total	<u>\$ 838,317</u>	<u>\$ 70,670</u>	<u>\$ 2,222,400</u>	<u>\$ 183,847</u>	<u>\$ 2,210,000</u>	<u>\$ 272,844</u>

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 8—Long-Term Obligations: (Continued)

Year Ending June 30,	School General Obligation Bonds		School Literary Fund Loans		General Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,365,509	\$ 824,603	\$ 300,000	\$ 45,000	\$ 264,360	\$ 22,769
2009	1,348,300	740,482	300,000	36,000	122,683	14,357
2010	1,296,660	668,270	300,000	27,000	127,292	9,747
2011	1,260,224	598,565	300,000	18,000	132,075	4,964
2012	1,233,351	531,234	300,000	9,000	-	-
2013	1,206,004	466,082	-	-	-	-
2014	1,208,798	401,413	-	-	-	-
2015	1,191,739	336,569	-	-	-	-
2016	1,194,833	263,300	-	-	-	-
2017	993,089	212,627	-	-	-	-
2018	721,515	167,428	-	-	-	-
2019	725,119	130,859	-	-	-	-
2020	528,916	99,468	-	-	-	-
2021	527,909	73,789	-	-	-	-
2022	330,000	53,221	-	-	-	-
2023	305,000	37,878	-	-	-	-
2024	260,000	24,400	-	-	-	-
2025	195,000	13,748	-	-	-	-
2026	140,000	5,980	-	-	-	-
2027	60,000	1,380	-	-	-	-
Total	\$ <u>16,091,966</u>	\$ <u>5,651,293</u>	\$ <u>1,500,000</u>	\$ <u>135,000</u>	\$ <u>646,410</u>	\$ <u>51,837</u>

### Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>County General Obligation Bonds/Loans:</u>	
\$2,262,600, issued December 18, 2003, maturing annually in various installments through July 15, 2010; interest at 2.47% payable semiannually	\$ 1,222,400
\$3,500,000 issued January 1, 1996, maturing annually in installments of \$250,000 interest at an average rate of 4.49%, payable semiannually	<u>1,000,000</u>
Total County general obligation bonds	\$ <u>2,222,400</u>

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### Note 8—Long-Term Obligations: (Continued)

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#### Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>County Notes Payable:</u>	
\$1,258,600 issued August 20, 2004, maturing in semi-annual installments of principal and interest of \$100,999 on July 1, and January 1, through 2012, interest at 3.30%	\$ <u>838,317</u>
<u>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%	\$ <u>2,210,000</u>
<u>General Capital Leases:</u>	
\$305,203 obligation payable in annual installments of \$67,399 through September 1, 2010, interest at 3.52%	\$ 247,443
\$343,607 capital lease obligation payable in annual installments of \$71,782 through August 15, 2007, interest at 2.12%	70,292
\$252,202 capital lease obligation payable in annual installments of \$69,640 through November 1, 20010, interest at 3.99%	252,202
\$297,141 capital lease obligation payable in annual installments of \$78,308 through July 15, 2007, interest at 2.40%	<u>76,473</u>
Total capital leases	\$ <u>646,410</u>

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### Note 8—Long-Term Obligations: (Continued)

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#### 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%	\$ 1,105,000
\$3,500,000 issued November 18, 1993, maturing annually in various installments through December 15, 2013; interest various between 4.475% and 5.0% semiannually	510,000
\$5,500,000, issued May 15, 1996, maturing annually in installments of \$275,000 through July 15, 2016, interest payable semiannually at 5.57%	2,750,000
\$2,000,000 issued April 30, 1998, maturing in principal annual installments of \$100,000 through July 15, 2018, interest payable semiannually at 4.95%	1,200,000
\$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%	400,000
\$2,000,000, issued April 30, 1999, maturing in principal annual installments of \$100,000 through July 15, 2019, interest payable at 4.73%	1,200,000
\$3,351,287 issued November 16, 2000, maturing annually in various installments through July 15, 2020, interest payable at 5.15%	2,461,966
\$1,615,000 issued November 10, 2005, maturing annually in various installments through July 15, 2025, interest payable semiannually at rates ranging from 4.6% to 5.10%	1,530,000
\$890,000, issued January 3, 1994, maturing annually in various installments through December 15, 2010; interest payable semi-annually at rates between 6.85% and 7.57%	105,000

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

### Note 8—Long-Term Obligations: (Continued)

#### Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>School General Obligation Bonds: (Continued)</u>	
\$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 between 5.4% and 5.975%	\$ 1,800,000
\$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%	1,000,000
\$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%	765,000
\$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%	<u>1,265,000</u>
Total school general obligation bonds	\$ <u>16,091,966</u>
<u>School State Literary Fund Loans:</u>	
\$2,500,000, issued July 15, 1989, due in annual installments of \$125,000 through October 1, 2011, interest at 3%	\$ 625,000
\$3,500,000, issued January 15, 1992, due in annual installments of \$175,000 through February 15, 2012, interest at 3%	<u>875,000</u>
Total State Literary Fund Loans	\$ <u>1,500,000</u>
Landfill closure and postclosure costs	\$ <u>1,795,953</u>
Accrued leave	\$ <u>1,053,834</u>
Total long-term obligations	\$ <u><u>26,358,880</u></u>



COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Component Unit School Board:**

Annual requirements to amortize component unit school board long-term debt and related interest are as follows:

Year Ending June 30,	Capital Lease	
	Principal	Interest
2008	\$ 70,109	\$ 6,881
2009	72,331	4,658
2010	74,624	2,366
Total	\$ <u>217,064</u>	\$ <u>13,905</u>

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2007:

	Balance Outstanding July 1, 2006	Increases	Decreases	Balance Outstanding June 30, 2007	Amount Due Within One Year
School capital leases	\$ 285,019	\$ -	\$ 67,955	\$ 217,064	\$ 70,109
School compensated absences	<u>326,148</u>	<u>13,448</u>		<u>339,596</u>	<u>33,959</u>
Total	\$ <u>611,167</u>	\$ <u>13,448</u>	\$ <u>67,955</u>	\$ <u>556,660</u>	\$ <u>104,068</u>

Details of Long-term Obligations:

Capital Leases:

\$352,389 capital lease obligation payable in annual installments of \$76,990 through July 15, 2009, interest at 3.17%

\$ 217,064

Accrued leave

\$ 339,596

Total long-term obligations

\$ 556,660

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 8—Long-Term Obligations: (Continued)

### Amherst County Service Authority:

#### Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Authority for the year ended December 31, 2006:

	<u>Revenue Bonds</u>	<u>Notes</u>	<u>Compensated Absences</u>	<u>Total</u>
Total outstanding, January 1, 2006	\$ 4,025,000	\$ 2,439,466	\$ 64,880	\$ 6,529,346
Additions:	\$ -	\$ -	\$ 3,945	\$ 3,945
Retirements:				
Bonds	\$ 75,000	\$ -	\$ -	\$ 75,000
Notes	-	148,252	-	148,252
Total retirements	\$ 75,000	\$ 148,252	\$ -	\$ 223,252
Total outstanding December 31, 2006	\$ 3,950,000	\$ 2,291,214	\$ 68,825	\$ 6,310,039
Current portion	\$ 75,000	\$ 148,739	\$ 6,883	\$ 230,622

#### Details of Long-Term Obligations Outstanding:

##### Revenue Bonds:

\$4,300,000, issued December 28, 2000 due in annual installments ranging from \$65,000 to \$285,000 through December 15, 2030, interest payable semi-annually at 5.95% \$ 3,950,000

##### Long-Term Notes:

\$421,819 issued in 1993, due in annual principal installments of \$9,736 through June 1, 2023 interest at 5.5% \$ 165,508

\$196,993 issued in 1995, due in annual principal installments of \$9,850 through June 1, 2015, interest at 5.96% 88,650

\$747,643 issued in 1998, due in annual principal installments of \$21,806 through June 1, 2017, interest at 3.5% 457,934

\$1,996,292 issued in 2001, due in annual principal installments of \$93,078 through June 1, 2017 1,303,179

\$322,159 issued in 2002, due in annual installments of \$23,803 through June 1, 2021 275,943

Total notes payable \$ 2,291,214

Compensated absences \$ 68,825

Total long-term obligations outstanding \$ 6,310,039

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 8—Long-Term Obligations: (Continued)****Amherst County Service Authority: (Continued)**Details of Long-Term Obligations Outstanding: (Continued)

<u>Year Ending December 31,</u>	<u>Revenue Bonds</u>		<u>Long-Term Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 80,000	\$ 234,125	\$ 148,739	\$ 52,616
2008	85,000	230,045	149,243	48,877
2009	90,000	225,668	149,764	45,120
2010	95,000	220,988	150,304	41,344
2011	100,000	216,000	150,863	37,549
2012	105,000	210,000	151,442	33,735
2013	110,000	203,700	152,041	29,901
2014	115,000	197,100	152,662	26,045
2015	125,000	190,200	153,304	20,171
2016	135,000	182,700	144,119	18,266
2017	140,000	174,600	144,807	17,159
2018	150,000	166,200	145,520	13,656
2019	155,000	157,200	146,258	10,220
2020	165,000	147,900	147,022	6,745
2021	175,000	138,000	54,818	611
2022	185,000	127,500	31,542	-
2023	195,000	116,400	31,542	-
2024	210,000	104,700	21,806	-
2025	220,000	92,100	21,806	-
2026	235,000	78,900	21,806	-
2027	250,000	64,800	21,806	-
2028	265,000	49,800	-	-
2029	280,000	33,900	-	-
2030	285,000	17,100	-	-
Totals	<u>\$ 3,950,000</u>	<u>\$ 3,579,626</u>	<u>\$ 2,291,214</u>	<u>\$ 402,015</u>

**Note 9—Claims, Judgments and Compensated Absences:**

In accordance with GASB Statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from outstanding claims and judgments and 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 \$1,053,834. The Service Authority has outstanding accrued vacation and sick leave pay totaling \$68,825 in the enterprise fund. The School Board has outstanding accrued vacation and sick leave pay totaling \$339,596 in the Component Unit Long-term Debt.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### Note 10—Defined Benefit Pension Plan:

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#### 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 must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credit service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. 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 issued a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System 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% of their annual salary to the VRS. This 5% 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 statute and approved by the VRS Board of Trustees. The County, and School Board non-professional employees and Authority contribution rates for the fiscal year ended 2007 were 7.61% and 4.57% and 4.96% of annual covered payroll, respectively.

The School Board's professional employees contributed \$2,003,759, \$1,327,150, and, \$2,112,982 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006 and 2005 respectively and these contributions represented 9.20%, 6.62%, and 11.03% respectively, of current covered payroll.

#### C. Annual Pension Cost

For fiscal year ended 2007, the County's annual pension cost of \$524,395 (does not include the employee share assumed by the County which was \$344,543) was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 10—Defined Benefit Pension Plan: (Continued)

### C. Annual Pension Cost: (Continued)

For fiscal year ended 2007, the County School Board's annual pension cost for the Board's non-professional employees was \$87,985 (does not include the employee share assumed by the School Board which was \$96,254) which was equal to the Board's required and actual contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For calendar year ended 2006, the Authority's annual pension cost of \$50,494 was equal to the Board's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method.

	<u>County</u>	<u>Non-Professional School Board</u>	<u>Service Authority</u>
Valuation date	June 30, 2006	June 30, 2006	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate	2.5%	2.5%	2.5%
Remaining amortization period	20 Years	20 Years	20 Years
Asset valuation method	Modified market	Modified market	Modified market
Actuarial assumptions:			
Investment rate of return <sup>1</sup>	7.50%	7.50%	7.50%
Projected salary increases: <sup>1</sup>			
Non LEO Employees	3.75% to 5.60%	3.75% to 5.60%	3.75% to 5.60%
LEO Employees	3.50% to 4.75%	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%	2.50%

<sup>1</sup> Includes inflation at 2.5%

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

### Note 10—Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost: (Continued)

Trend information for the County, School Board and Authority:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2007	\$ 524,395	100%	
June 30, 2006	475,796	100%	-
June 30, 2005	752,067	100%	-
School Board Non-Professional:			
June 30, 2007	\$ 87,985	100%	
June 30, 2006	96,026	100%	-
June 30, 2005	99,558	100%	-
Service Authority			
June 30, 2007	\$ 50,494	100%	
June 30, 2006	33,629	100%	-
June 30, 2005	20,126	100%	-

(1) Employer portion only

### Note 11—Deferred 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 \$5,110,474 is comprised of property taxes paid in advance at June 30, 2007 used to fund expenditures for next fiscal year.

### Note 12—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.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### **Note 13—Landfill Closure and Postclosure Care Costs:**

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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 \$1,795,953 reported as landfill closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 100.00% and 10% 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 2007. 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 14—Litigation:**

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At June 30, 2007, 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.

### **Note 15—Risk Management:**

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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.

# COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

## Note 16–Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Roy C. Mayo, III, Clerk of the Circuit Court	\$ 25,000
Donald T. Wood, Treasurer	400,000
Linda M. Byers, Commissioner of the Revenue	3,000
L.J. Ayers, III, Sheriff	5,000
Above constitutional officers' employees - blanket bond	50,000
United State Fidelity & Guaranty Company - Surety	
Social Services Employees, Blanket Bond	100,000
Fidelity and Deposit Company of Maryland - Surety	
Teresa Crouch, Clerk of the School Board	10,000
R. Bryan David, County Administrator	2,000
S Ray Vandall, Supervisor	1,000
Leon J. Parrish, Supervisor	1,000
Vernon L. Wood, Chairman, Board of Supervisors	1,000
Joseph Albert, Supervisor	1,000
Thomas W. Fore, Supervisor	1,000

## Note 17–Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2007 as follows:

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Amount</u>
Primary Government:			
Emergency services	\$ 486,020	\$ 567,432	\$ 81,412
Various public safety grants	114,285	118,541	4,256
E-911 expenditures	-	9,499	9,499
Public assistance	860,526	979,356	118,830
Employment services	71,292	83,432	12,140
Comprehensive services	1,201,436	1,217,171	15,735
School buses	-	252,202	252,202
Parks and recreation	407,810	409,707	1,897
Planning commission	23,137	26,120	2,983
Economic development	194,377	196,713	2,336
Community development block grant	738,754	1,697,494	958,740
Component Unit - School Board:			
Instruction	31,366,281	32,093,986	727,705
Operation and maintenance services	3,213,338	3,856,517	643,179
Food service	1,649,625	1,821,156	171,531
Technology	1,026,261	1,098,017	71,756



COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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**Note 18—Net Asset Restatements:**

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Net assets were restated as of July 1, 2006 as follows:

	<u>Governmental Funds</u>	<u>School Board</u>
Net assets as previously reported	\$ 12,810,411	\$ 18,563,932
Joint tenancy assets	<u>(557,818)</u>	<u>1,181,929</u>
Totals as restated	\$ <u><u>12,252,593</u></u>	\$ <u><u>19,745,861</u></u>

## **Required Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2007

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 15,196,830	\$ 15,208,510	\$ 15,727,042	\$ 518,532
Other local taxes	6,096,950	6,096,950	6,777,047	680,097
Permits, privilege fees and regulatory licenses	220,150	223,062	225,398	2,336
Fines and forfeitures	83,500	165,286	199,559	34,273
Revenue from use of money and property	516,734	525,434	1,203,030	677,596
Charges for services	865,349	868,783	1,325,708	456,925
Miscellaneous	41,600	185,638	243,312	57,674
Recovered costs	16,300	174,622	235,057	60,435
Intergovernmental:				
Commonwealth	7,750,012	8,631,483	8,097,986	(533,497)
Federal	-	126,551	2,583,825	2,457,274
Total revenues	\$ 30,787,425	\$ 32,206,319	\$ 36,617,964	\$ 4,411,645
Expenditures:				
Current:				
General government administration	\$ 1,739,610	\$ 2,111,657	\$ 1,923,699	\$ 187,958
Judicial administration	1,268,618	1,436,667	1,366,085	70,582
Public safety	7,191,167	8,184,672	8,082,003	102,669
Public works	2,335,156	2,657,336	2,162,008	495,328
Health and welfare	3,041,837	4,214,235	4,274,917	(60,682)
Education	11,757,590	11,757,590	11,909,073	(151,483)
Parks, recreation, and cultural	1,064,827	1,196,689	1,197,634	(945)
Community development	485,423	1,331,007	2,277,781	(946,774)
Nondepartmental	502,757	267,016	80,688	186,328
Debt service:				
Principal retirement	2,679,049	2,679,049	3,050,433	(371,384)
Interest and other fiscal charges	1,411,063	1,562,947	1,372,048	190,899
Total expenditures	\$ 33,477,097	\$ 37,398,865	\$ 37,696,369	\$ (297,504)
Excess (deficiency) of revenues over expenditures	\$ (2,689,672)	\$ (5,192,546)	\$ (1,078,405)	\$ 4,114,141
Other financing sources (uses):				
Long-term debt issued	\$ 1,400,000	\$ 1,400,000	\$ 1,517,202	\$ 117,202
Total other financing sources (uses)	\$ 1,400,000	\$ 1,400,000	\$ 1,517,202	\$ 117,202
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (1,289,672)	\$ (3,792,546)	\$ 438,797	\$ 4,231,343
Fund balances at beginning of year	1,289,672	3,792,546	14,981,089	11,188,543
Fund balances at end of year	\$ -	\$ -	\$ 15,419,886	\$ 15,419,886

## Required Supplementary Information

## Schedule of Pension Funding Progress for the Virginia Retirement System

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)
6/30/2006	\$ 19,980,281	\$ 21,076,871	\$ 1,096,590	94.80%	\$ 6,259,070	17.52%
6/30/2005	18,359,153	20,785,373	2,426,220	88.33%	6,153,152	39.43%
6/30/2004	17,417,161	18,333,456	916,295	95.00%	5,731,056	15.99%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARDSCHOOL 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)
6/30/2006	\$ 4,567,209	\$ 4,376,069	\$ (191,140)	104.37%	\$ 1,721,309	-11.10%
6/30/2005	4,320,875	4,130,861	(190,014)	104.60%	2,013,409	-9.44%
6/30/2004	4,237,095	3,677,305	(559,790)	115.22%	1,508,460	-37.11%

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)
6/30/2006	\$ 2,110,938	\$ 2,340,367	\$ 229,429	90.20%	\$ 853,504	26.88%
6/30/2005	1,902,518	2,442,993	540,475	77.88%	823,312	65.65%
6/30/2004	1,771,165	1,770,416	(749)	100.04%	805,033	-0.09%

## **Other Supplementary Information**

Combining Schedule of Fiduciary Net Assets -  
 Agency Funds  
 At June 30, 2007

	Agency Funds				Totals
	Special Welfare Fund	Forfeited Assets Fund	Sheriff's Accounts	Revenue Maximization	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,633	\$ 35,156	\$ -	\$ 164,275	\$ 244,064
Cash held by others	-	-	6,947	-	6,947
Total assets	<u>\$ 44,633</u>	<u>\$ 35,156</u>	<u>\$ 6,947</u>	<u>\$ 164,275</u>	<u>\$ 251,011</u>
<b>LIABILITIES</b>					
Amounts held for projects	\$ -	\$ 35,156	\$ -	\$ -	\$ 35,156
Amounts held for inmates	-	-	6,947	-	6,947
Amounts held for others	-	-	-	164,275	164,275
Amounts held for social service clients	44,633	-	-	-	44,633
Total liabilities	<u>\$ 44,633</u>	<u>\$ 35,156</u>	<u>\$ 6,947</u>	<u>\$ 164,275</u>	<u>\$ 251,011</u>

Agency Funds  
Combining Schedule of Changes in Assets and Liabilities  
Year Ended June 30, 2007

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 62,574	\$ 23,684	\$ 41,625	\$ 44,633
Liabilities:				
Amounts held for social service clients	\$ 62,574	\$ 23,684	\$ 41,625	\$ 44,633
Forfeited assets fund:				
Assets:				
Cash and cash equivalents	\$ 31,386	\$ 94,900	\$ 91,130	\$ 35,156
Liabilities:				
Amounts held for projects	\$ 31,386	\$ 94,900	\$ 91,130	\$ 35,156
Sheriff's accounts				
Assets:				
Cash and cash equivalents	\$ 9,909	\$ 142,024	\$ 144,986	\$ 6,947
Liabilities:				
Amounts held for others	\$ 9,909	\$ 142,024	\$ 144,986	\$ 6,947
Revenue maximization:				
Assets:				
Cash and cash equivalents	\$ 215,921	\$ -	\$ 51,646	\$ 164,275
Liabilities:				
Amounts held for others	\$ 215,921	\$ -	\$ 51,646	\$ 164,275
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 319,790	\$ 260,608	\$ 329,387	\$ 251,011
Total assets	\$ 319,790	\$ 260,608	\$ 329,387	\$ 251,011
Liabilities:				
Amounts held for social service clients	\$ 62,574	\$ 23,684	\$ 41,625	\$ 44,633
Amounts held for projects	31,386	94,900	91,130	35,156
Amounts held for others	215,921	-	51,646	164,275
Amounts held for inmates	9,909	142,024	144,986	6,947
Total liabilities	\$ 319,790	\$ 260,608	\$ 329,387	\$ 251,011

Balance Sheet  
Discretely Presented Component Unit - School Board  
At June 30, 2007

	<b>Component Unit</b>
	<b>School Board</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,799,534
Due from other governmental units	1,239,389
Due from primary government	<u>3,054,400</u>
Total	\$ <u>6,093,323</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 55,163
Accrued payroll	<u>4,356,332</u>
Total liabilities	\$ <u>4,411,495</u>
<b>FUND BALANCES</b>	
Unreserved:	
Designated for construction projects	\$ 856,650
Designated for subsequent expenditures	<u>825,178</u>
Total fund balances	\$ 1,681,828
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.	19,679,913
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.	<u>(556,660)</u>
Net assets of General Government Activities	\$ <u>20,805,081</u>



Statement of Revenues, Expenditures and Changes in Fund Balances -  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2007

	Component Unit School Board
Revenues:	
Revenue from use of money and property	\$ 92,712
Charges for services	1,308,859
Miscellaneous	589,167
Intergovernmental:	
County contribution to School Board	11,638,482
Commonwealth	27,229,355
Federal	3,819,603
Total revenues	\$ 44,678,178
Expenditures:	
Current:	
Education	\$ 42,914,810
Capital projects	1,242,417
Total expenditures	\$ 44,157,227
Net change in fund balances	\$ 520,951
Fund balances at beginning of year	1,160,877
Fund balances at end of year	\$ 1,681,828

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2007

	Component Unit School Board			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 92,712	\$ 88,712
Charges for services	964,588	979,588	1,308,859	329,271
Miscellaneous	117,927	470,008	589,167	119,159
Intergovernmental:				
County contribution to School Board	11,739,201	11,739,201	11,638,482	(100,719)
Commonwealth	27,063,266	27,098,348	27,229,355	131,007
Federal	2,798,081	2,798,081	3,819,603	1,021,522
Total revenues	<u>\$ 42,687,063</u>	<u>\$ 43,089,226</u>	<u>\$ 44,678,178</u>	<u>\$ 1,588,952</u>
Expenditures:				
Current:				
Education	\$ 41,287,063	\$ 41,442,379	\$ 42,914,810	\$ (1,472,431)
Capital projects	1,400,000	1,646,847	1,242,417	404,430
Total expenditures	<u>\$ 42,687,063</u>	<u>\$ 43,089,226</u>	<u>\$ 44,157,227</u>	<u>\$ (1,068,001)</u>
Net change in fund balances	\$ -	-	520,951	520,951
Fund balances at beginning of year	-	-	1,160,877	1,160,877
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,681,828</u>	<u>\$ 1,681,828</u>

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, 2007

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	\$	520,951
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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	\$	609,786	
Depreciation expense		<u>(1,324,742)</u>	(714,956)

Transfer of joint tenancy assets from primary government			1,198,718
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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 when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

67,955

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 accrued leave		<u>(13,448)</u>
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Change in net assets of governmental activities	\$	<u><u>1,059,220</u></u>
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## **Supporting Schedules**

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007

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	\$ 9,109,780	\$ 9,109,780	\$ 9,164,653	\$ 54,873
Real and personal public service corporation property taxes	500,250	500,250	450,666	(49,584)
Personal property taxes	3,450,000	3,461,680	3,925,212	463,532
Mobile home taxes	80,000	80,000	82,607	2,607
Machinery and tools taxes	1,549,600	1,549,600	1,608,970	59,370
Merchant's capital	267,200	267,200	277,505	10,305
Penalties	175,000	175,000	137,547	(37,453)
Interest	65,000	65,000	79,882	14,882
Total general property taxes	\$ 15,196,830	\$ 15,208,510	\$ 15,727,042	\$ 518,532
Other local taxes:				
Local sales and use taxes	\$ 2,328,850	\$ 2,328,850	\$ 2,454,931	\$ 126,081
Consumers' utility taxes	1,555,200	1,555,200	1,753,870	198,670
Business license taxes	458,000	458,000	387,042	(70,958)
Cable TV franchise fees	-	-	104,817	104,817
Motor vehicle licenses	716,900	716,900	649,802	(67,098)
Bank stock taxes	80,000	80,000	67,200	(12,800)
Taxes on recordation and wills	208,000	208,000	273,452	65,452
Lodging taxes	25,000	25,000	28,837	3,837
Meals tax	725,000	725,000	822,516	97,516
E-911 taxes	-	-	234,580	234,580
Total other local taxes	\$ 6,096,950	\$ 6,096,950	\$ 6,777,047	\$ 680,097
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 10,500	\$ 10,500	\$ 12,428	\$ 1,928
Building and related permits	151,000	153,912	168,898	14,986
Permits and other licenses	58,650	58,650	44,072	(14,578)
Total permits, privilege fees and regulatory licenses	\$ 220,150	\$ 223,062	\$ 225,398	\$ 2,336
Fines and Forfeitures:				
Court fines and forfeitures	\$ 83,500	\$ 165,286	\$ 199,559	\$ 34,273
Total fines and forfeitures	\$ 83,500	\$ 165,286	\$ 199,559	\$ 34,273
Revenue from use of money and property:				
Revenue from use of money	\$ 270,000	\$ 270,000	\$ 941,330	\$ 671,330
Revenue from use of property	246,734	255,434	261,700	6,266
Total revenue from use of money and property	\$ 516,734	\$ 525,434	\$ 1,203,030	\$ 677,596

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007 (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	\$ -
Commonwealth attorney fees	1,000	1,000	1,090	90
Courthouse security fees	22,000	22,000	39,830	17,830
Work release	18,000	19,684	7,800	(11,884)
Charges for parks and recreation	34,000	34,000	88,457	54,457
Library	20,000	20,000	21,303	1,303
Landfill operations	214,350	214,350	398,030	183,680
Emergency medical service fees	550,000	551,750	760,348	208,598
Other charges for services	3,800	3,800	6,651	2,851
Total charges for services	\$ 865,349	\$ 868,783	\$ 1,325,708	\$ 456,925
Miscellaneous revenue:				
Miscellaneous	\$ 41,600	\$ 165,111	\$ 203,281	\$ 38,170
Insurance reimbursements	-	20,527	40,031	19,504
Total miscellaneous revenue	\$ 41,600	\$ 185,638	\$ 243,312	\$ 57,674
Recovered costs:				
Share of judge's expenses	\$ 13,800	\$ 16,546	\$ 16,546	\$ -
Social services	-	-	14,963	14,963
CSA recoveries	-	33,376	33,376	-
Salary reimbursement - School Board	-	122,200	121,549	(651)
Regional Jail study	-	-	23,134	23,134
Sheriff department	-	-	20,587	20,587
Miscellaneous recoveries	2,500	2,500	4,902	2,402
Total recovered costs	\$ 16,300	\$ 174,622	\$ 235,057	\$ 60,435
Total revenue from local sources	\$ 23,037,413	\$ 23,448,285	\$ 25,936,153	\$ 2,487,868
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 17,378	\$ 17,378	\$ 17,378	\$ -
Wine taxes	18,216	18,216	18,215	(1)
Motor vehicles carriers' tax	70,000	70,000	59,347	(10,653)
Mobile home titling taxes	50,000	50,000	43,998	(6,002)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007 (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 the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Auto rental tax	\$ 27,444	\$ 27,444	\$ 35,732	\$ 8,288
PPTRA	2,100,000	2,100,000	2,223,066	123,066
Recordation tax	50,000	50,000	57,008	7,008
Total noncategorical aid	\$ 2,333,038	\$ 2,333,038	\$ 2,454,744	\$ 121,706
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 280,000	\$ 305,551	\$ 335,202	\$ 29,651
Sheriff	2,183,887	2,194,248	2,243,858	49,610
Commissioner of the Revenue	103,392	110,370	121,596	11,226
Treasurer	113,533	116,395	126,839	10,444
Medical examiner	500	500	150	(350)
Registrar/electoral board	35,420	35,420	53,573	18,153
Clerk of the Circuit Court	220,468	222,851	259,246	36,395
Total shared expenses	\$ 2,937,200	\$ 2,985,335	\$ 3,140,464	\$ 155,129
Other categorical aid:				
Public assistance and welfare administration	\$ 1,877,813	\$ 1,939,074	\$ 664,565	\$ (1,274,509)
Health department	-	-	24,178	24,178
Library grant	169,932	180,309	180,075	(234)
Fire program	58,378	67,159	71,900	4,741
EMS - 2 for life	23,911	23,911	25,008	1,097
Juvenile justice - crime control	51,740	51,740	51,738	(2)
Victim witness	45,000	45,000	46,638	1,638
Jail	240,000	246,002	232,312	(13,690)
Juror reimbursement	-	6,269	6,375	106
Department of motor vehicles	-	19,212	1,494	(17,718)
Litter control	7,000	7,000	9,108	2,108
Comprehensive services	-	714,432	700,130	(14,302)
E-911 wireless grant	-	-	7,878	7,878
Miscellaneous	6,000	13,002	481,379	468,377
Total other categorical aid	\$ 2,479,774	\$ 3,313,110	\$ 2,502,778	\$ (810,332)
Total categorical aid	\$ 5,416,974	\$ 6,298,445	\$ 5,643,242	\$ (655,203)
Total revenue from the Commonwealth	\$ 7,750,012	\$ 8,631,483	\$ 8,097,986	\$ (533,497)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007 (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 the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 47,645	\$ 47,645
Categorical aid:				
Public assistance and welfare	\$ -	\$ -	\$ 1,498,101	\$ 1,498,101
Emergency management	-	-	14,911	14,911
Criminal justice grants	-	17,500	-	(17,500)
Dry well replacement	-	-	698,314	698,314
Homeland security grant	-	73,457	116,030	42,573
Miscellaneous sheriff grants	-	35,594	208,824	173,230
Total categorical aid	\$ -	\$ 126,551	\$ 2,536,180	\$ 2,409,629
Total revenue from the Federal Government	\$ -	\$ 126,551	\$ 2,583,825	\$ 2,457,274
Total General Fund	\$ 30,787,425	\$ 32,206,319	\$ 36,617,964	\$ 4,411,645
Grand Total Revenues -- Primary Government	\$ 30,787,425	\$ 32,206,319	\$ 36,617,964	\$ 4,411,645
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 73,771	\$ 73,771
Revenue from use of property	4,000	4,000	18,941	14,941
Total revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 92,712	\$ 88,712



Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007 (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: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 922,233	\$ (25,855)
Textbooks	-	-	360,000	360,000
Tuition	16,500	31,500	26,626	(4,874)
Total charges for services	\$ 964,588	\$ 979,588	\$ 1,308,859	\$ 329,271
Miscellaneous revenue:				
Miscellaneous	\$ 117,927	\$ 470,008	\$ 589,167	\$ 119,159
Total revenue from local sources	\$ 1,086,515	\$ 1,453,596	\$ 1,990,738	\$ 537,142
Intergovernmental revenue:				
County contribution to School Board	\$ 11,739,201	\$ 11,739,201	\$ 11,638,482	\$ (100,719)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,712,078	\$ 4,712,078	\$ 4,217,238	\$ (494,840)
Basic school aid	14,674,979	14,674,979	15,023,322	348,343
Special ed SOQ	1,587,164	1,587,164	1,596,336	9,172
Remedial education	327,927	327,927	329,822	1,895
Technology	310,000	345,082	252,196	(92,886)
Lottery	763,511	763,511	764,559	1,048
Primary class size	380,271	380,271	379,408	(863)
Fringe benefits	1,711,777	1,711,777	1,764,545	52,768
Textbooks	333,862	333,862	330,745	(3,117)
Construction	167,756	167,756	168,220	464
School food	25,353	25,353	31,921	6,568
Preschool	288,765	288,765	292,615	3,850
Gifted and talented	134,450	134,450	135,227	777
At-risk	331,665	331,665	332,240	575
Regional program	168,661	168,661	196,533	27,872
Voc ed SOQ	331,206	331,206	333,120	1,914
Other state funds	813,841	813,841	1,081,308	267,467
Total categorical aid	\$ 27,063,266	\$ 27,098,348	\$ 27,229,355	\$ 131,007
Total revenue from the Commonwealth	\$ 27,063,266	\$ 27,098,348	\$ 27,229,355	\$ 131,007

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2007 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Preschool handicap	\$ -	\$ -	\$ 19,886	\$ 19,886
Adult basic aid	41,750	41,750	60,407	18,657
Title I	855,066	855,066	934,743	79,677
Title II	216,453	216,453	1,911	(214,542)
Federal land use	30,000	30,000	34,156	4,156
Title VI-B special education	850,887	850,887	912,822	61,935
Fast grant	-	-	191,128	191,128
Drug free schools	28,028	28,028	19,237	(8,791)
Title II part A	27,713	27,713	324,790	297,077
Title II part B	-	-	12,153	12,153
Vocational education	72,000	72,000	80,571	8,571
Reading first	-	-	355,757	355,757
Other education	-	-	35,807	35,807
School food	676,184	676,184	836,235	160,051
Total categorical aid	\$ 2,798,081	\$ 2,798,081	\$ 3,819,603	\$ 1,021,522
Total revenue from the federal government	\$ 2,798,081	\$ 2,798,081	\$ 3,819,603	\$ 1,021,522
Total School Operating Fund	\$ 42,687,063	\$ 43,089,226	\$ 44,678,178	\$ 1,588,952
Grand Total Revenues -- Component Unit -- School Board	\$ 42,687,063	\$ 43,089,226	\$ 44,678,178	\$ 1,588,952
Grand Total Revenues -- Reporting Entity	\$ 73,474,488	\$ 75,295,545	\$ 81,296,142	\$ 6,000,597

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2007

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	\$ 173,146	\$ 253,082	\$ 232,463	\$ 20,619
General and financial administration:				
County administrator	\$ 195,464	\$ 229,464	\$ 209,578	\$ 19,886
Commissioner of the revenue	313,427	357,157	332,773	24,384
Reassessment	-	156,992	156,992	-
Treasurer	320,399	336,521	291,082	45,439
Central accounting	183,866	188,768	147,937	40,831
Purchasing	128,088	151,648	150,209	1,439
Information technology	278,164	288,028	263,689	24,339
Total general and financial administration	\$ 1,419,408	\$ 1,708,578	\$ 1,552,260	\$ 156,318
Board of Elections/Registrar:				
Electoral board and officials and registrar	\$ 147,056	\$ 149,997	\$ 138,976	\$ 11,021
Total general government administration	\$ 1,739,610	\$ 2,111,657	\$ 1,923,699	\$ 187,958
Judicial administration:				
Courts:				
Circuit court	\$ 59,976	\$ 67,421	\$ 60,673	\$ 6,748
General district court	4,955	4,955	3,834	1,121
Magistrate	2,025	2,025	1,080	945
Juvenile and domestic relations court	19,248	19,248	12,624	6,624
Clerk of the circuit court	406,038	412,415	362,288	50,127
VJCCCA	79,971	112,056	112,056	-
Total courts	\$ 572,213	\$ 618,120	\$ 552,555	\$ 65,565
Commonwealth's attorney:				
Commonwealth's attorney	\$ 405,286	\$ 445,492	\$ 442,720	\$ 2,772
County attorney	243,050	321,175	319,060	2,115
Victim advocate grant	48,069	51,880	51,750	130
Total commonwealth's attorney	\$ 696,405	\$ 818,547	\$ 813,530	\$ 5,017
Total judicial administration	\$ 1,268,618	\$ 1,436,667	\$ 1,366,085	\$ 70,582
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,839,919	\$ 3,111,722	\$ 3,062,492	\$ 49,230
Total law enforcement and traffic control	\$ 2,839,919	\$ 3,111,722	\$ 3,062,492	\$ 49,230

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2007 (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)				
Fire and rescue services:				
Volunteer emergency services	\$ 204,404	\$ 213,185	\$ 213,185	\$ -
Volunteer rescue services	158,155	383,087	376,392	6,695
Emergency medical services	523,100	531,852	506,599	25,253
Emergency service council	335,610	335,991	333,049	2,942
Total fire and rescue services	\$ 1,221,269	\$ 1,464,115	\$ 1,429,225	\$ 34,890
Correction and detention:				
Sheriff - jail	\$ 1,660,564	\$ 1,789,954	\$ 1,788,748	\$ 1,206
Inspections:				
Building	\$ 164,592	\$ 175,681	\$ 170,952	\$ 4,729
Other protection:				
Animal control	\$ 97,942	\$ 105,069	\$ 97,637	\$ 7,432
Emergency services	428,042	486,020	567,432	(81,412)
Communications dispatch	644,197	657,272	569,446	87,826
Other public safety	134,642	235,219	234,568	651
Miscellaneous public safety grants	-	114,285	118,541	(4,256)
DARE program	-	45,335	33,463	11,872
E-911 expenditures	-	-	9,499	(9,499)
Total other protection	\$ 1,304,823	\$ 1,643,200	\$ 1,630,586	\$ 12,614
Total public safety	\$ 7,191,167	\$ 8,184,672	\$ 8,082,003	\$ 102,669
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ 25,000	\$ 27,622	\$ 27,208	\$ 414
Sanitation and waste removal:				
Solid waste	1,679,642	1,709,642	1,294,187	415,455
Maintenance of general buildings and grounds:				
General properties	630,514	707,838	637,901	69,937
Total public works	\$ 2,335,156	\$ 2,445,102	\$ 1,959,296	\$ 485,806
Health and welfare:				
Health:				
Supplement of local health department	\$ 267,296	\$ 296,049	\$ 296,049	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 94,960	\$ 94,960	\$ 94,960	\$ -

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2007 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration	\$ 1,371,684	\$ 1,385,278	\$ 1,352,839	\$ 32,439
Public assistance	822,619	860,526	979,356	(118,830)
State and local hospitalization	9,586	9,586	8,682	904
Non-state welfare administration	131,349	132,433	125,528	6,905
Fuel services	13,937	18,269	11,340	6,929
Employment services	66,948	71,292	83,432	(12,140)
County contributions	76,258	144,406	105,560	38,846
Comprehensive services	187,200	1,201,436	1,217,171	(15,735)
Total welfare	\$ 2,679,581	\$ 3,823,226	\$ 3,883,908	\$ (60,682)
Total health and welfare	\$ 3,041,837	\$ 4,214,235	\$ 4,274,917	\$ (60,682)
Education:				
Contributions to community colleges	\$ 18,389	\$ 18,389	\$ 18,389	\$ -
Capital outlay - school buses	-	-	252,202	(252,202)
Contributions to school board component unit	11,739,201	11,739,201	11,638,482	100,719
Total education	\$ 11,757,590	\$ 11,757,590	\$ 11,909,073	\$ (151,483)
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 305,066	\$ 407,810	\$ 409,707	\$ (1,897)
Library:				
Library	\$ 714,098	\$ 741,482	\$ 740,553	\$ 929
Museum	45,663	47,397	47,374	23
Total library	\$ 759,761	\$ 788,879	\$ 787,927	\$ 952
Total parks, recreation and cultural	\$ 1,064,827	\$ 1,196,689	\$ 1,197,634	\$ (945)
Community development:				
Planning and community development:				
Planning	\$ 181,595	\$ 203,816	\$ 201,777	\$ 2,039
Planning commission	21,189	23,137	26,120	(2,983)
Zoning board	4,390	42,499	40,799	1,700
Central virginia planning	17,160	17,160	17,160	-
EDA	14,912	22,412	11,722	10,690
Economic development	157,325	194,377	196,713	(2,336)
Community development block grant	-	738,754	1,697,494	(958,740)
Total planning and community development	\$ 396,571	\$ 1,242,155	\$ 2,191,785	\$ (949,630)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2007 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Community Development: (Continued)				
Environmental management:				
Soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Cooperative extension program:				
VPI extension	\$ 78,852	\$ 78,852	\$ 75,996	\$ 2,856
Total community development	\$ 485,423	\$ 1,331,007	\$ 2,277,781	\$ (946,774)
Nondepartmental:				
Miscellaneous	\$ 502,757	\$ 267,016	\$ 80,688	\$ 186,328
Total nondepartmental	\$ 502,757	\$ 267,016	\$ 80,688	\$ 186,328
Capital Projects:				
Public works:				
General construction projects	\$ -	\$ 212,234	\$ 202,712	\$ 9,522
Total capital projects	\$ -	\$ 212,234	\$ 202,712	\$ 9,522
Debt service:				
Principal retirement	\$ 2,679,049	\$ 2,679,049	\$ 3,050,433	\$ (371,384)
Interest and fiscal charges	1,411,063	1,562,947	1,372,048	190,899
Total debt service	\$ 4,090,112	\$ 4,241,996	\$ 4,422,481	\$ (180,485)
Total General Fund	\$ 32,066,034	\$ 37,398,865	\$ 37,696,369	\$ (297,504)
Grand Total Expenditures -- Primary Government	\$ 32,066,034	\$ 37,398,865	\$ 37,696,369	\$ (297,504)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures - Budget and Actual  
 Year Ended June 30, 2007 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 31,285,998	\$ 31,366,281	32,093,986	\$ (727,705)
Administration, attendance and health	1,862,415	1,862,415	1,818,371	44,044
Pupil transportation services	2,284,804	2,289,459	2,226,763	62,696
Operation and maintenance services	3,228,042	3,213,338	3,856,517	(643,179)
Technology	976,179	1,061,261	1,098,017	(36,756)
School food services	1,649,625	1,649,625	1,821,156	(171,531)
Total education	\$ 41,287,063	\$ 41,442,379	\$ 42,914,810	\$ (1,472,431)
Capital Projects:				
School construction	1,400,000	1,646,847	1,242,417	404,430
Grand Total Expenditures--Component Unit--School Board	\$ 42,687,063	\$ 43,089,226	\$ 44,157,227	\$ (1,068,001)
Grand Total Expenditures -- Reporting Entity	\$ 74,753,097	\$ 80,488,091	\$ 81,853,596	\$ (1,365,505)

## **Other Statistical Information**



**COUNTY OF AMHERST, VIRGINIA**Government-Wide Expenses by Function  
Last Five Fiscal Years

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<b>Fiscal Year</b>		<b>General Government Admini- stration</b>		<b>Judicial Admini- stration</b>		<b>Public Safety</b>		<b>Public Works</b>		<b>Health and Welfare</b>
2002-03	\$	1,479,311	\$	969,238	\$	6,220,715	\$	3,365,956	\$	2,861,926
2003-04		1,914,135		1,135,335		6,524,299		1,753,977		3,183,397
2004-05		1,759,482		1,188,600		6,814,096		2,015,019		3,485,737
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

Table 1

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Education		Recreation and Cultural		Community Develop- ment		Interest on Debt		Water Sewer		Total	
\$	10,601,270	\$	941,499	\$	1,263,206	\$	1,393,365	\$	3,151,751	\$	32,248,237
	10,619,785		1,015,333		1,042,401		1,039,583		2,874,288		31,102,533
	11,816,875		1,059,533		1,744,841		866,678		2,662,155		33,413,016
	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

COUNTY OF AMHERST, VIRGINIA

Government-Wide Revenues

Last Five Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 3,612,260	\$ 5,355,524	\$ 619,530
2003-04	3,772,018	5,711,180	353,125
2004-05	4,282,065	5,957,527	80,561
2005-06	4,024,517	6,450,831	599,042
2006-07	4,379,534	7,412,723	1,313,474

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
\$ 12,083,109	\$ 5,950,602	\$ 2,341,621	\$ 576,941	\$ 238,543	\$ 30,778,130
14,645,233	6,112,809	2,379,828	430,106	432,591	33,836,890
14,776,240	6,542,619	2,261,781	631,728	472,449	35,004,970
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

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
1997-98	\$ 10,171,446	\$ 4,514,649	\$ 141,179	\$ 8,507	\$ 1,121,217
1998-99	11,079,003	4,766,793	178,772	13,649	852,649
1999-00	10,399,024	4,921,548	189,324	9,094	1,185,025
2000-01	12,065,459	5,653,023	195,880	18,515	1,336,073
2001-02	11,806,660	5,581,177	181,100	84,421	877,554
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

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

Table 3

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Charges for Services		Miscellaneous	Recovered Costs	Inter- govern- mental	Total
\$	1,601,484	\$ 163,803	\$ 171,570	\$ 21,674,375	\$ 39,568,230
	1,454,876	225,094	146,527	23,655,722	42,373,085
	1,536,243	318,707	139,316	26,235,096	44,933,377
	1,615,437	1,379,413	137,408	27,354,296	49,755,504
	1,729,692	433,213	166,465	29,993,645	50,853,927
	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

COUNTY OF AMHERST, VIRGINIA

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
1997-98	\$ 1,039,340	\$ 711,413	\$ 3,828,672	\$ 1,381,074	\$ 2,416,672	\$ 24,255,114
1998-99	1,198,710	745,764	4,701,650	2,556,378	2,525,802	25,497,838
1999-00	1,699,816	805,808	4,975,340	1,792,841	2,792,787	27,900,731
2000-01	2,588,682	828,973	5,650,488	2,065,223	3,249,820	29,422,198
2001-02	1,788,967	863,627	5,387,231	1,849,389	3,152,823	30,709,849
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

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

Table 4

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<b>Parks Recreation &amp; Cultural</b>	<b>Community Develop- ment</b>	<b>Non- Departmental</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
\$ 805,062	\$ 717,451	\$ -	\$ 5,931,797	\$ 3,433,146	\$ 44,519,741
778,068	441,175	-	1,851,222	3,412,176	43,708,783
773,575	358,412	-	1,855,114	3,690,121	46,644,545
981,460	397,806	27,764	3,917,449	3,363,805	52,493,668
1,006,229	527,610	36,793	2,030,856	3,743,200	51,096,574
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	4,422,481	58,826,340
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



Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total
1997-98	\$ 971,873,700	\$ 131,250,663	\$ 14,695,118	\$ 62,183,507	\$ 5,063,499	\$ 73,345,800	\$ 1,258,412,287
1998-99	993,401,300	138,979,770	15,730,621	65,084,414	6,626,917	75,187,621	1,295,010,643
1999-00	1,007,516,600	148,246,580	16,648,047	65,551,783	6,638,779	73,401,547	1,318,003,336
2000-01	1,034,455,900	161,567,812	17,650,105	65,262,162	7,084,293	66,051,396	1,352,071,668
2001-02	1,052,344,600	165,980,276	18,936,370	73,439,302	7,027,898	73,188,303	1,390,916,749
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

Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital
1997-98	\$ 0.51	\$ 2.50	\$ 0.51	\$ 2.00	\$ 3.95
1998-99	0.55	2.50	0.55	2.00	3.95
1999-00	0.55	2.50	0.55	2.00	3.95
2000-01	0.70	2.50	0.70	2.00	3.95
2001-02	0.70	2.50	0.70	2.00	3.95
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

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>
1997-98	\$ 10,063,798	\$ 9,765,804	97.04%	\$ 223,386	\$ 9,989,190	99.26%	\$ 415,033	4.12%
1998-99	11,003,327	10,643,056	96.73%	244,187	10,887,243	98.95%	391,226	3.56%
1999-00	11,318,319	10,884,196	96.16%	114,080	10,998,276	97.17%	353,494	3.12%
2000-01	13,453,346	13,057,119	97.05%	399,667	13,456,786	100.03%	469,671	3.49%
2001-02	13,909,248	13,379,691	96.19%	284,442	13,664,133	98.24%	434,191	3.12%
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%

(1) Exclusive of penalties and interest.

(2) Includes three years taxes

Ratio of Net Bonded Debt to Assessed Value and Net 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 Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1997-98	28,518	\$ 1,258,412,287	\$ 27,798,700	\$ 1,795,000	\$ 26,003,700	2.21%	\$ 912
1998-99	28,518	1,295,010,643	27,525,825	1,575,000	25,950,825	2.13%	910
1999-00	28,518	1,318,003,336	29,335,350	1,345,000	27,990,350	0.51%	981
2000-01	31,894	1,352,071,668	30,751,162	5,405,000	25,346,162	0.52%	795
2001-02	31,894	1,390,916,749	32,726,782	4,895,000	27,831,782	2.35%	873
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

(1) Bureau of the Census.

(2) From Table 5

(3) Includes all long-term general obligation debt

## **Compliance**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **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***

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**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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County of Amherst, Virginia's basic financial statements and have issued our report thereon dated February 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *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**

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 opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

However, we noted other matters that we have reported to management in a separate letter dated February 6, 2008.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and 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, Cox Associates*

Charlottesville, Virginia

February 6, 2008

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Compliance with Requirements Applicable to 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 compliance of the County of Amherst, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

**Internal Control Over Compliance: (Continued)**

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 County and 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, Cox Associates*

Charlottesville, Virginia

February 6, 2008



COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2007

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>Primary Government:</b>		
<u>DEPARTMENT OF INTERIOR:</u>		
<u>Direct payments:</u>		
Bureau of land management - national forest		
Payments in lieu of taxes - public law #97-258 - (National forest acreage in the localities)	15.000	\$ 47,645
Total Department of Interior		\$ 47,645
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
State administrative matching grants for food stamp program	10.561	\$ 212,955
Total Department of Agriculture		\$ 212,955
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Pass through payments:</u>		
Department of Housing and Urban Development		
Community development block grants/state's programs	14.228	\$ 698,314
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
State and Community Highway Safety	20.600	\$ 17,716
Alcohol Traffic Safety Incentive	20.601	\$ 1,305
Total Department of Motor Vehicles		\$ 19,021
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
Department of Emergency Management:		
Emergency management preparedness	97.042	\$ 14,911
State homeland security grant program	97.004	\$ 116,030
Total Department of Homeland Security		\$ 130,941

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2007 (Continued)

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>Primary Government: (Continued)</b>		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Family preservation and support	93.556	\$ 29,932
Temporary assistance to needy families	93.558	169,032
Refugee and entrant assistance	93.566	222
Emergency assistance	93.568	25,798
Payment for child care assistance	93.575	144,898
Child care and development	93.596	83,145
Chafee education and training vouchers	93.599	198
Child welfare services - state grants	93.645	46
Foster care Title IV - E	93.658	378,844
Adoption assistance	93.659	25,050
Social services block grant	93.667	220,660
Chafee foster care independent living	93.674	2,213
State children's insurance program	93.767	390
Statewide fraud program	93.000	14,600
Medical assistance	93.778	190,118
Total Department of Health and Human Services		\$ 1,285,146
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Drug control - Byrne formula grant	16.579	\$ 1,667
Local law enforcement block grant	16.592	187,330
Virginia anti-gang grant	16.000	805
Total Department of Justice		\$ 189,802
Total Primary Government		\$ 2,583,824
<b>Component Unit - School Board:</b>		
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Direct payments:</u>		
Payments to states in lieu of real estate taxes	12.112	\$ 87
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Schools and roads state grants	10.665	\$ 34,070
Food distribution	10.555	112,938
Department of Education:		
National school breakfast program	10.553	188,349
National school lunch program	10.555	647,886
Total Department of Agriculture		\$ 983,243

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2007 (Continued)

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>Component Unit - School Board: (Continued)</b>		
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Education Consolidation and Improvement Act of 1981:		
Chapter 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	\$ 934,742
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	912,822
Vocational Education:		
Basic grants to states (3E001311)	84.048	80,571
Special Projects:		
Drug free schools	84.186	19,237
Preschool handicap	84.173	19,886
Twenty-first century community learning centers	84.287	191,128
Innovative education	84.298	12,153
Emergency Impact Aid for Displaced Students	84.938	2,228
Advanced Placement Incentive	84.330	260
State Assessments and Related Activities	84.367	326,701
Title II - teacher quality grant	84.357	355,757
Comprehensive school reform	84.318	33,320
Adult education	84.002	60,407
Total Department of Education		\$ 2,949,212
Total Component Unit School Board		\$ 3,932,542
Total Federal Assistance		\$ 6,516,366

## COUNTY OF AMHERST, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

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### Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Amherst, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

### Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

### Note 3 - 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	\$ 2,583,825
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Total primary government	\$ 2,583,825
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Component Unit Public Schools:

School Operating Fund	\$ 3,819,603
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Total component unit public schools	\$ 3,819,603
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Total federal expenditures per basic financial statements	\$ 6,403,428
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Non-cash expenditures - value of donated commodities	\$ 112,938
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,516,366
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COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified not considered to be material weaknesses? None reported

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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.367	State Assessments and Related Activities
84.357	Title II - teacher quality grant
84.010	Title I
14.228	Community development block grants/state's programs
93.658	Foster care Title IV - E

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

Auditee qualified as low-risk auditee? Yes

**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.