

## REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Members of the Board of Supervisors  
and the School Board  
County of Amherst, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County"), for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of capital assets and the allowance for uncollectible accounts are based on management's knowledge and judgment, which is based on history.
- The allowance for doubtful accounts for EMS billings is based on historical records and an analysis of the collectability of accounts.
- The landfill liability for closure and post-closure care is based on management's knowledge and judgment and estimates provided by the external engineering firm.

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

## **Significant Audit Findings (Continued)**

### *Qualitative Aspects of Accounting Practices (Continued)*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Capital assets, long-term debt, commitments and contingencies, and restatements of net position and fund balance.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule of misstatements detected as a result of audit procedures have been corrected by management.

Management has determined that the effects of the following unrecorded misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### Uncorrected misstatements:

- An estimated understatement of approximately \$30,000 to beginning net position and a corresponding potential overstatement of landfill revenues from accounts receivable for user fees not reflected on the prior year financial statements in the special revenue fund.
- On the government-wide statements, an overstatement of beginning net position and an understatement of beginning accumulated depreciation for the landfill of approximately \$345,000, with a corresponding overstatement to depreciation expense for fiscal year 2014. This stems from the method of depreciating the landfill cell in use for accepting waste. Historically, this cell has been depreciated over 40 years on a straight-line method. However, generally, the cell should be depreciated using the percentage of capacity of the landfill used to date, so that the depreciable life aligns with the actual usage of the cell. Changing to this method resulted in an increase to depreciation for the year.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 4, 2015, a copy of which is attached.

## **Significant Audit Findings (Continued)**

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

We applied certain limited procedures to the management’s discussion and analysis, schedules of funding progress, and General Fund budget to actual schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and other information sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

## **Restriction on Use**

This information is intended solely for the use of the Board of Supervisors, School Board, and management of the County of Amherst, Virginia and the Amherst County Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CERTIFIED PUBLIC ACCOUNTANTS

County of Amherst, Virginia  
Schedule of Adjusting Journal Entries  
June 30, 2014  
Page 1 of 7

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 2</b>			
To balance school operating fund currently out balance			
0-6-300-300-	PRIOR YR FUND BALANCE	51,596.87	
4-6-61100-1121-300100110	COMP TEACHERS	13.28	
<b>Total</b>		<b>51,610.15</b>	<b>0.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
To balance general fund out of balance			
0-1-300-300-	PRIOR YR FUND BALANCE	309.42	
3-1-18990-9980-	LOCAL NOT OTHERWISE IDENTIFIED	937.42	
0-4-300-300-	PRIOR YR FUND BALANCE		309.42
<b>Total</b>		<b>1,246.84</b>	<b>309.42</b>
<b>Adjusting Journal Entries JE # 4</b>			
To correct beginning debt balances in long-term debt account group			
0-97-270-1010-	COUNTY NOTES PAYABLE	46,570.00	
0-97-270-1020-	COUNTY REVENUE BONDS	540,000.00	
0-97-270-1060-	SCHOOL 'GO' BONDS	1,376,004.00	
0-97-180-1020-	AMOUNT TO BE PROVIDED		674,165.75
0-97-270-1030-	COUNTY 'GO' BONDS		1,153,798.00
0-97-270-1090-	PREMIUM ON BOND PAYABLE		134,610.25
<b>Total</b>		<b>1,962,574.00</b>	<b>1,962,574.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To move current year debt payment to the correct G/L			
0-97-270-1095-	JOINT VENTURE DEBT - REGION 2000	200,760.00	
0-97-270-1010-	COUNTY NOTES PAYABLE		200,760.00
<b>Total</b>		<b>200,760.00</b>	<b>200,760.00</b>
<b>Adjusting Journal Entries JE # 6</b>			
To record joint venture debt recorded by prior auditors			
0-97-180-1020-	AMOUNT TO BE PROVIDED	3,471,160.00	
0-97-270-1095-	JOINT VENTURE DEBT - REGION 2000		3,471,160.00
<b>Total</b>		<b>3,471,160.00</b>	<b>3,471,160.00</b>
<b>Adjusting Journal Entries JE # 7</b>			
To record current year amortization on bond premium			
0-97-270-1090-	PREMIUM ON BOND PAYABLE	26,520.97	
0-97-180-1020-	AMOUNT TO BE PROVIDED		26,520.97
<b>Total</b>		<b>26,520.97</b>	<b>26,520.97</b>
<b>Adjusting Journal Entries JE # 9</b>			
To correct landfill to prior year balance			
0-97-180-1020-	AMOUNT TO BE PROVIDED	2,152,598.89	
0-97-270-1040-	LNDFLL CLOSURE & POST LIABILITY		2,152,598.89
<b>Total</b>		<b>2,152,598.89</b>	<b>2,152,598.89</b>
<b>Adjusting Journal Entries JE # 10</b>			
To report current year change in landfill estimate			
0-97-180-1020-	AMOUNT TO BE PROVIDED	317,136.36	
0-97-270-1040-	LNDFLL CLOSURE & POST LIABILITY		317,136.36
<b>Total</b>		<b>317,136.36</b>	<b>317,136.36</b>

County of Amherst, Virginia  
Schedule of Adjusting Journal Entries  
June 30, 2014  
Page 2 of 7

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 11</b>			
To book receivable from Laurel program and reverse prior year receivable that was not recorded in FY13			
0-1-200-4000-	DUE TO SCHOOL FUND	259,475.96	
0-6-100-3000-	ACCOUNT RECEIVABLE	313,500.00	
3-6-16120-208-	REIMBURSEMENT -OTHER COUNTY/CITY	259,475.96	
0-1-300-300-	PRIOR YR FUND BALANCE		259,475.96
0-6-200-4000-	DUE FROM GENERAL FUND		259,475.96
3-6-16120-208-	REIMBURSEMENT -OTHER COUNTY/CITY		313,500.00
<b>Total</b>		<b>832,451.92</b>	<b>832,451.92</b>

<b>Adjusting Journal Entries JE # 12</b>			
To record additional AP in school construction			
4-66-66300-3120-900100	OTHER PROFES. SERVICES	53,861.26	
0-66-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		51,168.19
0-66-200-2600-	RETAINAGE PAYABLE		2,693.07
<b>Total</b>		<b>53,861.26</b>	<b>53,861.26</b>

<b>Adjusting Journal Entries JE # 13</b>			
To adjust compensated absences to the correct amount			
0-97-270-1050-	COMPENSATED ABSENCES(COUNTY)	11,641.30	
0-97-180-1020-	AMOUNT TO BE PROVIDED		11,641.30
<b>Total</b>		<b>11,641.30</b>	<b>11,641.30</b>

<b>Adjusting Journal Entries JE # 14</b>			
To record June cash transfer for schools per treasurer's office (client entry)			
0-6-100-1-	CASH IN FUND	694,523.19	
0-99-300-1-	GENERAL FUND - FUND BALANCE	694,523.19	
4-1-93010-5899-	TRANSFER TO SCHOOL FUND	694,523.19	
0-1-100-1-	CASH IN FUND		694,523.19
0-99-300-6-	SCHOOL FUND - FUND BALANCE		694,523.19
3-6-93010-294-	TRANSFER FROM GENERAL		694,523.19
<b>Total</b>		<b>2,083,569.57</b>	<b>2,083,569.57</b>

<b>Adjusting Journal Entries JE # 15</b>			
To correct taxes receivable, allowance for doubtful accounts, and deferred revenue (including fund balance adjustment for prior year 60 reversed to deferred revenue rather than fund balance)			
0-1-200-3000-	DEFERRED REVENUE - TAXES	736,311.77	
3-1-11010-52-	REAL PROPERTY TAXES 2013	176,614.22	
3-1-11010-52-	REAL PROPERTY TAXES 2013	145,863.38	
3-1-11030-269-	PER PROPERTY TAXES 2013	138,140.17	
0-1-100-4000-	TAXES RECEIVABLE		123,894.83
0-1-100-4000-	TAXES RECEIVABLE		284,003.55
3-1-11010-1000-	ROLLBACK TAXES		19.46
3-1-11010-52-	REAL PROPERTY TAXES 2013		232,656.67
3-1-11010-52-	REAL PROPERTY TAXES 2013		170,429.89
3-1-11030-269-	PER PROPERTY TAXES 2013		52,719.39
3-1-11030-269-	PER PROPERTY TAXES 2013		211,699.72
3-1-11030-269-	PER PROPERTY TAXES 2013		101,652.79
3-1-11030-371-	MOBILE HOME TAX 2012		1,637.27
3-1-11040-472-	MACH & TOOL TAX 2012		8,078.25
3-1-11050-574-	MERCHANT'S CAP 2010		10,137.72
<b>Total</b>		<b>1,196,929.54</b>	<b>1,196,929.54</b>

<b>Adjusting Journal Entries JE # 16</b>			
To correct for prior year AP that client didn't reverse properly			
0-1-200-2500-	ACCOUNTS PAYABLE	32,238.35	
4-1-12100-3013-	CONTRACTED SERVICE		16,182.35
4-1-35990-3091-	CONFINE CARE OF JUVENILES		16,056.00
<b>Total</b>		<b>32,238.35</b>	<b>32,238.35</b>

**Adjusting Journal Entries JE # 17**

County of Amherst, Virginia  
Schedule of Adjusting Journal Entries  
June 30, 2014  
Page 3 of 7

Account	Description	Debit	Credit
To record AP for radio equipment received in June 2014			
4-1-35050-7001-100	EQUIPMENT-RADIOS	767,096.50	
0-1-200-2-	ACCOUNTS PAYABLE-CLEARING ACCOUNT		767,096.50
<b>Total</b>		<b>767,096.50</b>	<b>767,096.50</b>
<b>Adjusting Journal Entries JE # 18</b>			
To record June 2014 train station project (Coleman-Adams)			
4-8-81190-3010-	CONTRACTED SERVICES	48,650.68	
0-8-200-2-	ACCOUNT PAYABLE CLEARING		48,650.68
<b>Total</b>		<b>48,650.68</b>	<b>48,650.68</b>
<b>Adjusting Journal Entries JE # 19</b>			
to record June 2014 leachate hauling in proper period			
4-85-42080-3012-	LEACHATE HAULING	13,278.00	
0-85-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		13,278.00
<b>Total</b>		<b>13,278.00</b>	<b>13,278.00</b>
<b>Adjusting Journal Entries JE # 20</b>			
To record June 2014 professional services			
4-85-42080-3002-	PROF SERVICES - ENGINEERING	1,001.50	
4-85-42080-3023-	ENVIRONMENTAL MONITORING	2,665.00	
4-85-42100-3002-	PROF SERVICES - ENGINEERING	2,988.00	
0-85-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		6,654.50
<b>Total</b>		<b>6,654.50</b>	<b>6,654.50</b>
<b>Adjusting Journal Entries JE # 21</b>			
To record may 2014 billing in proper period			
4-85-42050-3035-	CONTRACTED HAULING SERVICES	6,058.00	
0-85-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		6,058.00
<b>Total</b>		<b>6,058.00</b>	<b>6,058.00</b>
<b>Adjusting Journal Entries JE # 22</b>			
to properly record 2nd half of payment for period 12/10/13 to 5/20/14 for FL Showalter			
4-83-83875-7010-300100	WATER LINE-CONSTRUCTION/IMPROVEMENT	62,688.89	
4-83-83875-7010-300200	SEWER LINE-CONSTRUCTION/IMPROV	4,718.52	
0-83-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		67,407.41
<b>Total</b>		<b>67,407.41</b>	<b>67,407.41</b>
<b>Adjusting Journal Entries JE # 23</b>			
To record accounts payable for Glass Associates for June 12-30 for jail renovations			
4-11-95000-7012-	JAIL RENOVATIONS & CONSTRUCTION	122,354.94	
0-11-200-2-	ACCOUNTS PAYABLE - CLEARING ACCOUNT		122,354.94
<b>Total</b>		<b>122,354.94</b>	<b>122,354.94</b>
<b>Adjusting Journal Entries JE # 24</b>			
to record accounts payable and retainage payable for old town Madison heights			
4-8-81190-3010-	CONTRACTED SERVICES	19,879.38	
4-83-83875-7010-300100	WATER LINE-CONSTRUCTION/IMPROVEMENT	30,331.12	
4-83-83875-7010-300200	SEWER LINE-CONSTRUCTION/IMPROV	2,282.99	
0-8-200-2600-	RETAINAGE PAYABLE		19,879.38
0-83-200-2600-	RETAINAGE PAYABLE		32,614.11
<b>Total</b>		<b>52,493.49</b>	<b>52,493.49</b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 25</b>			
to record accrual for state revenues for DSS not accrued by client, accrual for communication taxes, recordation taxes, auto rental tax, fire program correction			
0-1-100-3500-	DUE FROM OTHER GOVERNMENTS	289,002.04	
3-1-24040-499-	STATE REVENUE-NOT IDENTIFIED	223.01	
3-1-12020-2-	UTILITY TAX-COMMUNICATIONS		214,551.46
3-1-22010-108-	AUTO RENTAL TAX		4,990.69
3-1-22010-130-	RECORDATION TAXES - STATE		12,148.39
3-1-24010-102-	PUBLIC ASSISTANCE & WELFARE		52,485.93
3-1-24040-411-	FIRE PROG FUND ALLOCATION GRANT		223.01
3-1-24040-499-	STATE REVENUE-NOT IDENTIFIED		4,825.57
<b>Total</b>		<b>289,225.05</b>	<b>289,225.05</b>
<b>Adjusting Journal Entries JE # 26</b>			
To reverse prior year CSA receivable and record current year CSA receivable			
0-90-100-3500-	DUE FROM OTHER GOVERNMENTS	187,551.50	
3-90-24020-110-	STATE REIMB - CSA	243,079.94	
0-90-100-3500-	DUE FROM OTHER GOVERNMENTS		243,079.94
3-90-24020-110-	STATE REIMB - CSA		187,551.50
<b>Total</b>		<b>430,631.44</b>	<b>430,631.44</b>
<b>Adjusting Journal Entries JE # 27</b>			
To balance treasurer's accountability fund - out of balance			
0-99-300-1-	GENERAL FUND - FUND BALANCE		1,645.56
<b>Total</b>		<b>0.00</b>	<b>1,645.56</b>
<b>Adjusting Journal Entries JE # 28</b>			
To book various local receivables			
0-1-100-3000-	ACCOUNT RECEIVABLE	422,501.32	
3-1-12020-1-	UTILITY TAX - ELECTRIC		65,253.98
3-1-12020-3-	UTILITY TAX - GAS		927.84
3-1-12100-1-	LODGING TAX		6,679.89
3-1-12110-1-	MEALS TAX		79,510.59
3-1-16000-103-	SHERIFF'S FEES		3,419.23
3-1-16000-1304-	EMS FEES FOR SERVICES		266,709.79
<b>Total</b>		<b>422,501.32</b>	<b>422,501.32</b>
<b>Adjusting Journal Entries JE # 29</b>			
To clean up landfill payroll withholding accounts			
0-85-200-1-	PAYROLL - CLEARING ACCOUNT	8,650.45	
4-85-42050-1008-	COMP- ATTENDANTS CONTAINER SITE		8,650.45
<b>Total</b>		<b>8,650.45</b>	<b>8,650.45</b>
<b>Adjusting Journal Entries JE # 30</b>			
to balance school operating fund and record due from the general fund			
0-6-200-4000-	DUE FROM GENERAL FUND	1,120,060.38	
4-1-93010-5899-	TRANSFER TO SCHOOL FUND	1,120,060.38	
0-1-200-4000-	DUE TO SCHOOL FUND		1,120,060.38
3-6-93010-294-	TRANSFER FROM GENERAL		1,120,060.38
<b>Total</b>		<b>2,240,120.76</b>	<b>2,240,120.76</b>
<b>Adjusting Journal Entries JE # 31</b>			
to correct balance of Animal shelter debt to agree to confirmation.			
0-97-270-1010-	COUNTY NOTES PAYABLE	151,710.88	
0-97-180-1020-	AMOUNT TO BE PROVIDED		151,710.88
<b>Total</b>		<b>151,710.88</b>	<b>151,710.88</b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 32</b>			
To remove joint venture debt that should not be recorded			
0-97-270-1095-	JOINT VENTURE DEBT - REGION 2000	3,270,400.00	
0-97-180-1020-	AMOUNT TO BE PROVIDED		3,270,400.00
<b>Total</b>		<b>3,270,400.00</b>	<b>3,270,400.00</b>
<b>Adjusting Journal Entries JE # 33</b>			
To correct cash balances for unknown immaterial differences			
0-6-100-1-	CASH IN FUND	26.84	
3-1-18990-9980-	LOCAL NOT OTHERWISE IDENTIFIED	16,155.76	
0-1-100-1-	CASH IN FUND		16,155.76
4-6-62110-6014-900100	OTHER OPERATING MATERIALS		26.84
<b>Total</b>		<b>16,182.60</b>	<b>16,182.60</b>
<b>Adjusting Journal Entries JE # 34</b>			
To correct landfill beginning fund balance for AP not properly reversed			
0-85-300-300-	PRIOR YR FUND BALANCE	10,177.50	
4-85-42080-3002-	PROF SERVICES - ENGINEERING		6,685.00
4-85-42080-3023-	ENVIRONMENTAL MONITORING		2,406.00
4-85-42100-3002-	PROF SERVICES - ENGINEERING		1,086.50
<b>Total</b>		<b>10,177.50</b>	<b>10,177.50</b>
<b>Adjusting Journal Entries JE # 35</b>			
to correct CDBG fund beginning fund balance for prior year receivable not properly reversed			
3-83-31010-101-	CDBG PROJECTS	32,901.00	
0-83-300-300-	PRIOR YR FUND BALANCE		32,901.00
<b>Total</b>		<b>32,901.00</b>	<b>32,901.00</b>
<b>Adjusting Journal Entries JE # 36</b>			
to correct beginning fund balance of cafeteria fund for unknown miscellaneous difference			
0-65-300-300-	PRIOR YR FUND BALANCE	82.00	
3-65-16120-291-	CAFE MISCELLANEOUS ALL OTHER SOURCE		82.00
<b>Total</b>		<b>82.00</b>	<b>82.00</b>
<b>Adjusting Journal Entries JE # 37</b>			
To correct beginning fund balance for general fund			
3-1-18990-9980-	LOCAL NOT OTHERWISE IDENTIFIED	9,575.00	
0-1-300-300-	PRIOR YR FUND BALANCE		9,575.00
<b>Total</b>		<b>9,575.00</b>	<b>9,575.00</b>
<b>Adjusting Journal Entries JE # 38</b>			
to record deferred portion of EMS receivables for amounts not received in July or August.			
3-1-16000-1304-	EMS FEES FOR SERVICES	150,039.72	
0-1-200-3005-	DEFERRED EMS ACCESS PROGRAM		150,039.72
<b>Total</b>		<b>150,039.72</b>	<b>150,039.72</b>
<b>Adjusting Journal Entries JE # 39</b>			
To record PPA for EMS not properly recorded in PY			
3-1-16000-1304-	EMS FEES FOR SERVICES	126,827.88	
0-1-300-300-	PRIOR YR FUND BALANCE		126,827.88
<b>Total</b>		<b>126,827.88</b>	<b>126,827.88</b>
<b>Adjusting Journal Entries JE # 40</b>			
To record landfill receivables			
0-85-100-3000-	ACCOUNTS RECEIVABLE	31,723.40	
3-85-13030-100-	LANDFILL USER FEES		31,723.40
<b>Total</b>		<b>31,723.40</b>	<b>31,723.40</b>



Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 41</b>			
To record FEMA grant receivable and related deferred revenue since funds were not received before 8/31			
0-1-100-3500-	DUE FROM OTHER GOVERNMENTS	825,646.00	
0-1-200-3006-	Deferred revenue -grants		825,646.00
<b>Total</b>		<b>825,646.00</b>	<b>825,646.00</b>
<b>Adjusting Journal Entries JE # 42</b>			
To record tax relief for the elderly			
4-1-53300-5706-	ELDERLY PROPERTY TAX RELIEF	237,261.24	
3-1-11010-52-	REAL PROPERTY TAXES 2013		234,168.12
3-1-11030-370-	MOBILE HOME TAX 2013		3,093.12
<b>Total</b>		<b>237,261.24</b>	<b>237,261.24</b>
<b>Adjusting Journal Entries JE # 44</b>			
To record fixed assets as of 06/30/13 into EDA fund to reflect proper presentation as a DPCU proprietary fund			
0-86-100-9500-	BUILDING AND IMPROVEMENTS	577,827.69	
0-86-100-9901-	ACCUM DEPREC - BLDG & IMPROV		72,228.45
0-86-300-300-	PRIOR YEAR BALANCE		505,599.24
<b>Total</b>		<b>577,827.69</b>	<b>577,827.69</b>
<b>Adjusting Journal Entries JE # 45</b>			
To record debt as of 6/30/13 into EDA fund			
0-86-300-300-	PRIOR YEAR BALANCE	977,408.21	
0-86-270-1010-	NOTES PAYABLE		977,408.21
<b>Total</b>		<b>977,408.21</b>	<b>977,408.21</b>
<b>Adjusting Journal Entries JE # 46</b>			
To record EDA side of transfer of Amelon Commerce Center from General fund			
0-86-100-9000-	LAND	329,508.92	
3-86-93010-5883-	TRANSFER FROM GENERAL TO EDA		329,508.92
<b>Total</b>		<b>329,508.92</b>	<b>329,508.92</b>
<b>Adjusting Journal Entries JE # 47</b>			
To record Depreciation expense in the EDA fund			
4-86-81300-5899-	DEPRECIATION EXPENSE	14,445.69	
0-86-100-9901-	ACCUM DEPREC - BLDG & IMPROV		14,445.69
<b>Total</b>		<b>14,445.69</b>	<b>14,445.69</b>
<b>Adjusting Journal Entries JE # 48</b>			
to net principal payments against debt			
0-86-270-1010-	NOTES PAYABLE	28,048.73	
4-86-91050-9775-	LOAN- CARTER BANK (CMC)		17,333.53
4-86-91200-9860-	USDA DEBT SERVICE		10,715.20
<b>Total</b>		<b>28,048.73</b>	<b>28,048.73</b>
<b>Adjusting Journal Entries JE # 49</b>			
to move debt payments from school operating fund to general fund			
3-6-93010-294-	TRANSFER FROM GENERAL	1,807,652.88	
4-1-91050-9898-	SCHOOL DEBT INTEREST	433,854.88	
4-1-91050-9899-	SCHOOL DEBT PRINCIPAL	1,373,798.00	
4-1-93010-5899-	TRANSFER TO SCHOOL FUND		1,807,652.88
4-6-67000-9100-900100	REDEMPTION OF PRINCIPAL		1,373,798.00
4-6-67000-9200-900100	INTEREST		433,854.88
<b>Total</b>		<b>3,615,305.76</b>	<b>3,615,305.76</b>

County of Amherst, Virginia  
Schedule of Adjusting Journal Entries  
June 30, 2014  
Page 7 of 7

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 51</b>			
to correct EDA debt balance to confirm			
0-86-270-1010-	NOTES PAYABLE	2,079.00	
4-86-91200-9861-	USDA Debt Interest		2,079.00
<b>Total</b>		<b>2,079.00</b>	<b>2,079.00</b>
<b>Adjusting Journal Entries JE # 53</b>			
To book CDBG receivable at year end. Funds not requested or received prior to 8/31, so amounts to be deferred as of 6/30 for the fund statements			
0-83-100-3500-	DUE FROM OTHER GOVERNMENT	252,367.92	
0-83-200-3006-	Deferred Revenue - Grants		252,367.92
<b>Total</b>		<b>252,367.92</b>	<b>252,367.92</b>
<b>Adjusting Journal Entries JE # 54</b>			
To reclass funds from forfeiture fiduciary funds from transfer line to miscellaneous			
3-1-93010-670-	TRANSFER FROM FORFEIT FUND	14,886.83	
3-1-18990-9980-	LOCAL NOT OTHERWISE IDENTIFIED		14,886.83
<b>Total</b>		<b>14,886.83</b>	<b>14,886.83</b>
<b>Adjusting Journal Entries JE # 56</b>			
To book capital asset activity into the county capital asset fund			
0-95-100-9000-	LAND	480,730.00	
0-95-100-9500-	BUILDING & IMPROVEMENTS	1,187,212.00	
0-95-100-9600-	EQUIPMENT	1,221,942.00	
0-95-100-9850-	CONSTRUCTION IN PROGRESS	2,775,826.00	
0-95-100-9902-	ACCUMULATED DEPRECIATION EQUIPMENT	10,167.00	
0-95-100-9903-	ACCUM DEPRECIATION JOINT TENANCY	1,480,121.00	
0-95-100-9700-	JOINTLY OWNED ASSETS		4,571,164.00
0-95-100-9901-	ACCUMULATED DEPRECIATION BUILDING		2,099,001.00
0-95-300-100-	INVESTMENT IN GENERAL FIXED ASSETS		485,833.00
<b>Total</b>		<b>7,155,998.00</b>	<b>7,155,998.00</b>
<b>Adjusting Journal Entries JE # 57</b>			
To record school capital asset activity in the capital asset fund			
0-96-100-9500-	BUILDING & IMPROVEMENTS	363,886.00	
0-96-100-9700-	JOINTLY OWNED ASSETS	3,711,870.00	
0-96-100-9850-	CONSTRUCTION IN PROGRESS	273,135.00	
0-96-100-9902-	ACCUM DEPRECIATION EQUIPMENT	866,113.00	
0-96-300-100-	INVESTMENTS IN GENERAL FIXED ASSETS	914,430.00	
0-96-100-9000-	LAND		645.00
0-96-100-9600-	EQUIPMENT		434,571.00
0-96-100-9901-	ACCUM DEPRECIATION BUILDINGS		2,424,634.00
0-96-100-9903-	ACCUM DEPRECIATION JOINT TENANCY		3,269,584.00
<b>Total</b>		<b>6,129,434.00</b>	<b>6,129,434.00</b>

[ADD LETTERHEAD]

March 4, 2015

Brown, Edwards, & Company, L.L.P.  
Certified Public Accountants  
2102 Langhorne Rd. Suite 200  
Lynchburg VA, 24501

This representation letter is provided in connection with your audit of the financial statements of the County of Amherst, Virginia, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 4, 2015, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 10, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of the uncorrected misstatements summarized below are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
  - a) An estimated understatement of approximately \$30,000 to beginning net position and a corresponding potential overstatement of landfill revenues from accounts receivable for user fees not reflected on the prior year financial statements in the special revenue fund.
  - b) On the government-wide financial statements, an overstatement of beginning net position and an understatement of beginning accumulated depreciation for the landfill of approximately \$345,000, with a corresponding overstatement to depreciation expense for fiscal year 2014. This stems from the method of depreciating the landfill cell in use for accepting waste. Historically, this cell has been depreciated over 40 years on a straight-line method. However, generally, the cell should be depreciated using the percentage of capacity of the landfill used to date, so that depreciable life aligns with the actual usage of the cell. Changing to this method resulted in an increase to depreciation for the year.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements,

tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 30) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) We have reviewed the proposed adjusting journal entries and understand the nature and impact these entries have on our financial statements.
- 32) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 34) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 35) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 36) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Special and extraordinary items are appropriately classified and reported, if applicable.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 46) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 47) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 48) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances, if applicable.
- 49) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 51) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 52) With respect to the supplementary information on which an in-relation-to opinion is issued.
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 53) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
  - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding



significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
  - s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - t) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133, if applicable.
  - u) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings, if applicable.
  - v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
  - w) We have charged costs to federal awards in accordance with applicable cost principles.
  - x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
  - y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
  - z) We are responsible for preparing and implementing a corrective action plan for each audit finding.
  - aa) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.
- 54) Restatements to the Amherst County Service Authority's 12/31/13 financial statements noted as part of your ongoing 12/31/14 audit of the Authority are immaterial the County's financial statements as of 06/30/14.

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: County Administrator Title: School Superintendent

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: Director of Central Accounting Title: School Chief Financial Officer

Signature: \_\_\_\_\_

Title: Treasurer