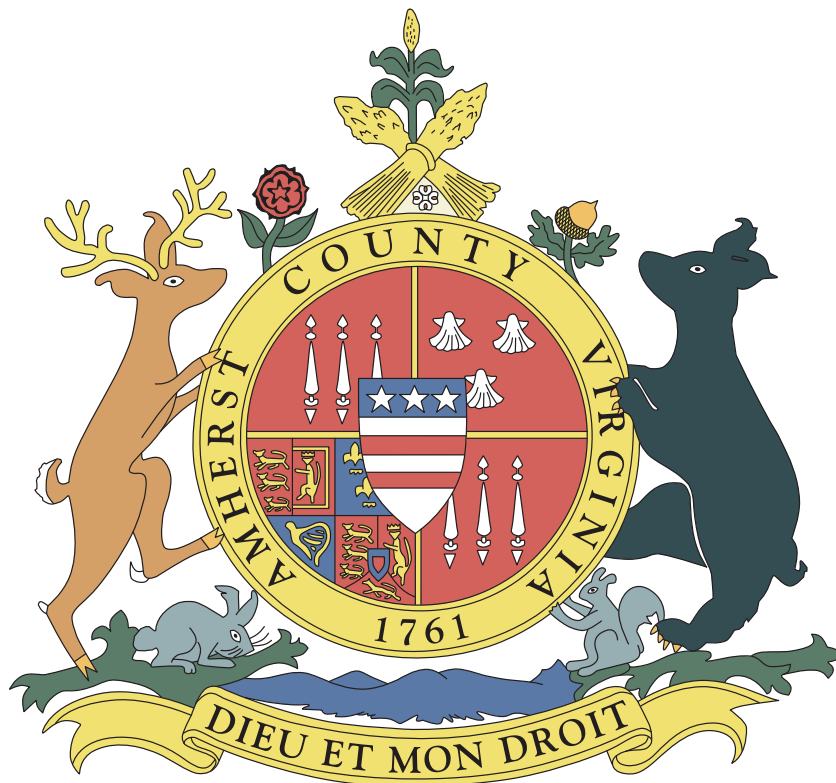


County of Amherst, Virginia
Financial Report

Year Ended June 30, 2010



COUNTY OF AMHERST, VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010**

COUNTY OF AMHERST, VIRGINIA

Financial Report
For The Fiscal Year Ended June 30, 2010

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COUNTY OF AMHERST, VIRGINIA

BOARD OF SUPERVISORS

Donald W. Kidd, Chairman

Claudia D. Tucker, Vice-Chairman
Robert M. Curd

Vernon F. Campbell
S. Ray Vandall

COUNTY SCHOOL BOARD

Jones Stanley, Chairman

Elizabeth Gamble, Vice Chairman
Margaret R. Morton
Dr. William Brown

Gloria C. Walker
Susan D. Cunningham
Priscilla M. Liggon

COUNTY SOCIAL SERVICES BOARD

Wayne Stark, Chairman

Juanita Roberson, Vice Chairman
Elynor D. Ross
Claudia D. Tucker

Dr. Jack Hamilton
Vernon F. Campbell

COUNTY LIBRARY BOARD

Jean Higginbotham, President

Stephen Witham, Vice President
James B. Young

Larry A. Langhans
William E. Hathaway

OTHER OFFICIALS

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

J. Michael Gamble
Roy C. Mayo, III
Joseph M. Serkes
Michael Garrett
Stephanie S. Maddox
Linda M. Byers
Evelyn B. Martin
L.J. Ayers, III
Dr. Brian Ratliff
Teresa Crouch
Glenn W. Sullivan
Steve Preston
C. Lee Lintecum

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Amherst, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2010, 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 March 22, 2011, 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 opinions on the financial statements that collectively comprise the County of Amherst, Virginia's 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
March 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Amherst, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010.

Financial Highlights

Government-wide Financial Statements

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$22,015,521 (net assets). The County's business type activities assets exceeded its liabilities by \$17,700,483.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported total revenues of \$38,459,037, with total expenditures of \$38,685,330. As of the close of the current fiscal year; the County's funds reported ending fund balances of \$22,528,900 (Exhibit 4), an overall decrease of \$226,293 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 \$22,015,521 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 32,770,534	\$ 33,063,384	\$ 12,959,110	\$ 5,537,505	\$ 45,729,644	\$ 38,600,889
Capital assets	<u>29,763,731</u>	<u>30,895,478</u>	<u>17,929,820</u>	<u>17,186,690</u>	<u>47,693,551</u>	<u>48,082,168</u>
Total assets	<u>\$ 62,534,265</u>	<u>\$ 63,958,862</u>	<u>\$ 30,888,930</u>	<u>\$ 22,724,195</u>	<u>\$ 93,423,195</u>	<u>\$ 86,683,057</u>
Long-term liabilities outstanding	\$ 27,407,937	\$ 30,617,197	\$ 13,435,908	\$ 6,436,211	\$ 40,843,845	\$ 37,053,408
Current liabilities	<u>13,110,807</u>	<u>13,940,293</u>	<u>752,539</u>	<u>680,386</u>	<u>13,863,346</u>	<u>14,620,679</u>
Total liabilities	<u>\$ 40,518,744</u>	<u>\$ 44,557,490</u>	<u>\$ 14,188,447</u>	<u>\$ 7,116,597</u>	<u>\$ 54,707,191</u>	<u>\$ 51,674,087</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 7,328,297	\$ 6,187,103	\$ 6,190,820	\$ 13,401,691	\$ 13,519,117	\$ 19,588,794
Restricted	-	-	317,700	317,700	317,700	317,700
Unrestricted	<u>14,687,224</u>	<u>13,214,269</u>	<u>10,191,963</u>	<u>2,888,207</u>	<u>24,879,187</u>	<u>16,102,476</u>
Total net assets	<u>\$ 22,015,521</u>	<u>\$ 19,401,372</u>	<u>\$ 16,700,483</u>	<u>\$ 16,607,598</u>	<u>\$ 38,716,004</u>	<u>\$ 36,008,970</u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets that is still outstanding represents approximately 55% 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 only for County and Schools capital improvements.

Governmental Activities - Governmental activities increased the County's net assets by \$2,614,149. Key elements of this increase are as follows:

County of Amherst, Virginia's Changes in Net Assets For the Years Ended June 30, 2010 and 2009						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,345,062	\$ 1,992,752	\$ 2,833,907	\$ 2,877,007	\$ 5,178,969	\$ 4,869,759
Operating grants and contributions	7,174,916	7,857,167	-	-	7,174,916	7,857,167
Capital grants and contributions	301,893	234,481	1,602,996	876,774	1,904,889	1,111,255
General revenues:						
General property taxes	18,945,245	19,187,260	-	-	18,945,245	19,187,260
Other local taxes	5,420,027	7,151,819	-	-	5,420,027	7,151,819
Use of money and property	461,985	762,078	26,586	137,776	488,571	899,854
C/VA non-categorical aid	3,632,335	2,424,258	-	-	3,632,335	2,424,258
Other general revenues	342,953	313,710	37,734	39,097	380,687	352,807
Total revenues	\$ 38,624,416	\$ 39,923,525	\$ 4,501,223	\$ 3,930,654	\$ 43,125,639	\$ 43,854,179
Expenses:						
General government administration	\$ 1,669,782	\$ 1,845,246	\$ -	\$ -	\$ 1,669,782	\$ 1,845,246
Judicial administration	1,350,102	1,382,588	-	-	1,350,102	1,382,588
Public safety	8,974,042	9,754,820	-	-	8,974,042	9,754,820
Public works	3,739,973	1,992,168	-	-	3,739,973	1,992,168
Health and welfare	4,444,208	5,107,006	-	-	4,444,208	5,107,006
Education	12,899,817	10,643,924	-	-	12,899,817	10,643,924
Parks, recreation, and cultural	1,245,055	1,273,589	-	-	1,245,055	1,273,589
Community development	490,425	1,957,203	-	-	490,425	1,957,203
Interest and other fiscal charges	1,196,863	1,677,976	-	-	1,196,863	1,677,976
Water and sewer	-	-	3,408,338	3,189,616	3,408,338	3,189,616
Total expenses	\$ 36,010,267	\$ 35,634,520	\$ 3,408,338	\$ 3,189,616	\$ 39,418,605	\$ 38,824,136
Change in net assets	\$ 2,614,149	\$ 4,289,005	\$ 1,092,885	\$ 741,038	\$ 3,707,034	\$ 5,030,043
Net assets, beginning	19,401,372	15,112,367	16,607,598	15,866,560	36,008,970	30,978,927
Net assets, ending	\$ 22,015,521	\$ 19,401,372	\$ 17,700,483	\$ 16,607,598	\$ 39,716,004	\$ 36,008,970

Government-wide Financial Analysis (Continued)

Property taxes levy increased by \$81,624 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 FY2010 budget year, the Board of Supervisors established a vehicle threshold of \$20,000 and approved a PPTRA rate of 46.7%.

Operating grants for governmental activities continues to assist in 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, sheriff and recreation.

Due to State reductions and economic conditions, expenditures were reduced or did not increase over those of the prior year.

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.

For the end of the current fiscal year, the County's governmental funds reported fund balances of \$22,528,900 an overall decrease of \$226,293 in comparison with the prior year, ***reference exhibit 10***. It is prudent to point out total revenues did not meet expectation for the 2009-2010 year. Instead the County's delinquency rate increased 2.33% over the prior year. The cause of decline can be attributed to economic conditions, and reductions imposed by the State.

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 overall increase of \$2,306,751. Increases in expenditures include the following:
 - \$1,102,494 in increases for Public Safety
 - \$ 637,926 in increases for Health and Welfare
 - \$ 229,564 in increases for Community Development
 - \$ 319,554 in increases for Capital Projects

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets totals \$29,763,731, the School Board's totals \$19,724,095 and the Service Authority's totals \$17,929,820 (net of accumulated depreciation), reference Note 6. This investment in capital assets includes infrastructure, buildings and improvements, and machinery and equipment. Most of the major capital asset events during the current fiscal year are construction in progress and were completed by the close of the 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 obligations outstanding of \$30,749,514. Of this amount \$8,092,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The remainder is comprised of debt backed by the full faith and credit of the County. The County's total long-term obligations decreased during the current fiscal year by \$3,531,308.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the United States between July 2009 and July 2010 declined from 9.7% to 9.5%. For the Commonwealth during the same period, unemployment rose from 6.9% to 7.0% and for the City of Lynchburg VA unemployment rose from 7.8% to 8.0%. Amherst County realized its share of unemployment with an increase of .7% from 7.2% to 7.9% during the fiscal year ending June 30, 2010.
- Inflationary trends as measured by the United States Bureau of Labor Statistics in its Consumer Price Index (Southern Urban) had an overall decrease of 2.1% during the past twelve months as of September 30, 2010. It is prudent to say inflationary trends for food, housing and clothing decreased while energy seemed to have a slight increase.
- Residential growth decreased due to overall economic conditions, locally provided services such as emergency services, social services, and law enforcement, seem to be areas of increased demand. For FY2010, The County realized a drop in permits issued for single family dwellings.

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

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2010

	Primary Government			Component Unit
	Govern- mental Activities	Business- Type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 30,012,304	\$ 10,132,152	\$ 40,144,456	\$ 1,660,584
Restricted assets	-	317,700	317,700	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,241,731	-	1,241,731	-
Accounts receivable	263,360	152,051	415,411	-
Inventory	-	225,888	225,888	-
Due from primary government	-	-	-	2,933,858
Due from other governmental units	1,253,139	-	1,253,139	1,553,666
Total Current Assets	\$ 32,770,534	\$ 10,827,791	\$ 43,598,325	\$ 6,148,108
Noncurrent Assets:				
Restricted assets	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Capital assets (net of accumulated depreciation):				
Land	1,887,580	619,290	2,506,870	309,826
Buildings and improvements	13,392,815	13,950,781	27,343,596	6,403,699
Equipment	1,343,361	-	1,343,361	1,690,647
Joint tenancy	11,438,010	-	11,438,010	11,319,923
Construction in progress	1,701,965	3,359,749	5,061,714	-
Other assets	-	2,131,319	2,131,319	-
Total Noncurrent Assets	\$ 29,763,731	\$ 21,061,139	\$ 50,824,870	\$ 19,724,095
Total Assets	\$ 62,534,265	\$ 31,888,930	\$ 94,423,195	\$ 25,872,203
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 439,846	\$ 498,295	\$ 938,141	\$ 4,599,658
Unearned revenue	5,865,098	-	5,865,098	-
Due to component unit	2,933,858	-	2,933,858	-
Accrued interest payable	530,428	-	530,428	-
Current portion of long-term obligations	3,341,577	254,244	3,595,821	35,457
Total Current Liabilities	\$ 13,110,807	\$ 752,539	\$ 13,863,346	\$ 4,635,115
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	27,407,937	13,435,908	40,843,845	319,113
Total Liabilities	\$ 40,518,744	\$ 14,188,447	\$ 54,707,191	\$ 4,954,228
NET ASSETS				
Invested in capital assets, net of related debt	\$ 7,328,297	\$ 6,190,820	\$ 13,519,117	\$ 19,724,095
Restricted	-	1,317,700	1,317,700	-
Unrestricted assets	14,687,224	10,191,963	24,879,187	1,193,880
Total Net Assets	\$ 22,015,521	\$ 17,700,483	\$ 39,716,004	\$ 20,917,975
Total Liabilities and Net Assets	\$ 62,534,265	\$ 31,888,930	\$ 94,423,195	\$ 25,872,203

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

COUNTY OF AMHERST, VIRGINIA

Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,669,782	\$ -	\$ 278,756	\$ -
Judicial administration	1,350,102	540,041	674,626	-
Public safety	8,974,042	1,167,279	2,524,259	-
Public works	3,739,973	288,793	8,893	-
Health and welfare	4,444,208	-	3,343,822	-
Education	12,899,817	-	-	-
Parks, recreation, and cultural	1,245,055	348,949	344,560	-
Community development	490,425	-	-	301,893
Interest on long-term debt	1,196,863	-	-	-
Total governmental activities	<u>\$ 36,010,267</u>	<u>\$ 2,345,062</u>	<u>\$ 7,174,916</u>	<u>\$ 301,893</u>
Business-type activities:				
Water and sewer	<u>\$ 3,408,338</u>	<u>\$ 2,833,907</u>	<u>\$ -</u>	<u>\$ 1,602,996</u>
Total primary government	<u><u>\$ 39,418,605</u></u>	<u><u>\$ 5,178,969</u></u>	<u><u>\$ 7,174,916</u></u>	<u><u>\$ 1,904,889</u></u>
COMPONENT UNIT:				
School Board	<u>\$ 46,845,768</u>	<u>\$ 1,176,221</u>	<u>\$ 32,992,860</u>	<u>\$ -</u>

General revenues:

- General property taxes
- Local sales and use taxes
- Consumers' utility taxes
- Business license taxes
- Motor vehicle license taxes
- Meals tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Commonwealth of Virginia non-categorical aid
- County contribution to School Board
- Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

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	
\$ (1,391,026)	\$ -	\$ (1,391,026)	\$ -
(135,435)	-	(135,435)	-
(5,282,504)	-	(5,282,504)	-
(3,442,287)	-	(3,442,287)	-
(1,100,386)	-	(1,100,386)	-
(12,899,817)	-	(12,899,817)	-
(551,546)	-	(551,546)	-
(188,532)	-	(188,532)	-
(1,196,863)	-	(1,196,863)	-
\$ (26,188,396)	\$ -	\$ (26,188,396)	\$ -
\$ -	\$ 1,028,565	\$ 1,028,565	\$ -
\$ -	\$ 1,028,565	\$ (25,159,831)	\$ -
\$ -	\$ -	\$ -	\$ (12,676,687)
\$ 18,945,245	\$ -	\$ 18,945,245	\$ -
2,317,160	-	2,317,160	-
835,633	-	835,633	-
424,105	-	424,105	-
694,272	-	694,272	-
835,056	-	835,056	-
313,801	-	313,801	-
461,985	26,586	488,571	22,700
3,632,335	-	3,632,335	-
-	-	-	12,375,718
342,953	37,734	380,687	298,200
\$ 28,802,545	\$ 64,320	\$ 28,866,865	\$ 12,696,618
\$ 2,614,149	\$ 1,092,885	\$ 3,707,034	\$ 19,931
19,401,372	16,607,598	36,008,970	20,898,044
\$ 22,015,521	\$ 17,700,483	\$ 39,716,004	\$ 20,917,975

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2010

	<u>Governmental Fund Types</u>
ASSETS	
Cash and cash equivalents	\$ 30,012,304
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	1,241,731
Accounts receivable	263,360
Due from other governmental units	<u>1,253,139</u>
Total assets	<u>\$ 32,770,534</u>
LIABILITIES	
Accounts payable	\$ 439,846
Deferred revenue	6,867,930
Due to component unit	<u>2,933,858</u>
Total liabilities	<u>\$ 10,241,634</u>
FUND BALANCES	
Unreserved:	
Designated for construction projects	\$ 5,876,350
Designated for subsequent expenditures	3,919,831
Undesignated	<u>12,732,719</u>
Total fund balances	<u>\$ 22,528,900</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net assets:	
Total fund balances above	\$ 22,528,900
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.	29,763,731
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(530,428)
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.	1,002,832
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>(30,749,514)</u>
Net assets of general government activities	<u>\$ 22,015,521</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, 2010

	Governmental Fund Types
Revenues:	
General property taxes	\$ 18,579,009
Other local taxes	5,420,027
Permits, privilege fees and regulatory licenses	197,282
Fines and forfeitures	442,051
Revenue from use of money and property	461,985
Charges for services	1,705,729
Miscellaneous	342,953
Recovered costs	200,857
Intergovernmental:	
Commonwealth	9,186,488
Federal	1,922,656
Total revenues	<u>\$ 38,459,037</u>
Expenditures:	
Current:	
General government administration	\$ 1,752,085
Judicial administration	1,287,963
Public safety	9,451,528
Public works	3,688,457
Health and welfare	4,544,073
Education	11,227,563
Parks, recreation, and cultural	1,190,048
Community development	731,934
Debt service:	
Principal retirement	3,540,171
Interest and other fiscal charges	1,271,508
Total expenditures	<u>\$ 38,685,330</u>
Net change in fund balances	\$ (226,293)
Fund balances at beginning of year	<u>22,755,193</u>
Fund balances at end of year	<u><u>\$ 22,528,900</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
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2010

		<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	\$	(226,293)
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	\$ 1,381,046	
Depreciation expense	<u>(1,339,949)</u>	41,097
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,172,845)
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.		366,236
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	\$ 221,454	
Principal retired on County general obligation bonds	540,100	
Principal retired on County capital leases	180,957	
Principal retired on County revenue bonds	826,000	
Principal retired on School general obligation bonds	1,471,660	
Principal retired on School literary fund loans	<u>300,000</u>	3,540,171
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	\$ 74,646	
Increase in accrued leave	<u>(8,863)</u>	65,783
Change in net assets of governmental activities	\$	<u><u>2,614,149</u></u>

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

Statement of Net Assets - Proprietary Fund
At June 30, 2010

	<u>Business- Type Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,132,152
Restricted assets	317,700
Accounts receivable	152,051
Inventory	<u>225,888</u>
Total current assets	<u>\$ 10,827,791</u>
Noncurrent assets:	
Restricted assets	\$ 1,000,000
Capital Assets:	
Land	619,290
Construction in progress	3,359,749
Buildings and equipment, net of depreciation	13,950,781
Other Assets	<u>2,131,319</u>
Total noncurrent assets	<u>\$ 21,061,139</u>
Total Assets	<u><u>31,888,930</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 498,295
Current portion of long-term obligations	<u>254,244</u>
Total current liabilities	<u>\$ 752,539</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>\$ 13,435,908</u>
Total Liabilities	<u>14,188,447</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 6,190,820
Restricted for debt service	1,317,700
Unrestricted assets	<u>10,191,963</u>
Total Net Assets	<u>\$ 17,700,483</u>
Total Liabilities and Net Assets	<u><u>\$ 31,888,930</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, 2010

	Proprietary Fund Enterprise
Operating revenues:	
Water	\$ 2,218,137
Sewer	525,671
Other	90,099
	<hr/>
Total operating revenues	\$ 2,833,907
	<hr/>
Operating expenses:	
Source of supply	\$ 313,371
Water treatment	423,182
Water distribution	254,872
Sewer line	39,485
Sewage pumping	66,722
Sewage treatment	230,414
Customer accounting	228,716
Administrative and general	660,761
Depreciation and amortization	568,693
	<hr/>
Total operating expenses	\$ 2,786,216
	<hr/>
Operating income (loss)	\$ 47,691
	<hr/>
Non-operating revenues (expenses)	
Interest income	\$ 26,586
Connection and availability charges	666,108
Capital contributions	483,049
Line extension and other fees	453,839
Interest expense	(326,432)
Capacity payment - City of Lynchburg	(212,304)
Miscellaneous outlays and connection expenses	(83,386)
Other nonoperating revenues	37,734
	<hr/>
Total nonoperating revenues (expenses)	\$ 1,045,194
	<hr/>
Net income (loss)	\$ 1,092,885
	<hr/>
Net assets at beginning of year	16,607,598
	<hr/>
Net assets at end of year	\$ 17,700,483
	<hr/>

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

Statement of Cash Flows -
Proprietary Fund
Year Ended June 30, 2010

	Proprietary Fund
	Enterprise
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,924,939
Payments to suppliers	(1,287,373)
Payments to employees	(819,245)
Net cash provided by operating activities	\$ 818,321
Cash flows from capital and related financing activities:	
Additions to utility plant	\$ (821,765)
Retirement of debt	(915,000)
Interest paid on debt	(326,432)
Proceeds from long-term indebtedness issued	7,925,550
Connection and availability fees	666,108
Line extension and other fees	453,839
Capacity payments - City of Lynchburg	(212,304)
Other nonoperating income	37,736
Miscellaneous connection expenses	(83,388)
Net cash provided by (used in) capital and related financing activities	\$ 6,724,344
Cash flows from investing activities:	
Interest earned	\$ 26,586
Net cash provided by investing activities	\$ 26,586
Increase (decrease) in cash and cash equivalents	\$ 7,569,251
Cash and cash equivalents at beginning of year (including restricted assets)	3,880,601
Cash and cash equivalents at end of year (including restricted assets)	\$ 11,449,852
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 47,691
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation and amortization	568,693
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	91,032
Prepaid expenses	26,254
Inventory	14,311
(Decrease) increase in:	
Accounts payable and accrued expenses	70,340
Net cash provided by operating activities	\$ 818,321
Noncash Investing, Capital and Financing Activities:	
Estimated fair value of property, plant and equipment received	483,049

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

Statement of Fiduciary Net Assets
At June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>59,198</u>
Total assets	\$ <u><u>59,198</u></u>
LIABILITIES	
Amounts held for others	\$ <u><u>59,198</u></u>

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

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COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

B. Individual Component Unit Disclosures

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, 2009 financial report is presented as an enterprise fund in the County's financial statements.

Discretely Presented Component Unit - Amherst County School Board

The School Board members are appointed by the County's Board of Supervisors and are responsible for the operations of the County's school system within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its County budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

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 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, 2010 (Continued)

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

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

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

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

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, 2010 (Continued)

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

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.

Proprietary Fund

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

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, 2010 (Continued)

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

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 budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

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, 2010 (Continued)

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$90,237 at June 30, 2010 is comprised of \$83,994 in property taxes and \$6,243 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, 2010.

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)

J. Compensated Absences

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

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, 2010 (Continued)

Note 2—Deposits and Investments:

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, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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, 2010 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, 2010 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

<u>Amherst County's Rate Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ <u>5,581,371</u>

External Investment Pool

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 2—Deposits and Investments: (Continued)

Deposits—Amherst County Service Authority

The Authority's rated debt investments as of December 31, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's Rating Scale.

<u>Authority's Rated Debt Investments' Values</u>	
<u>Related Debt Investments</u>	<u>Fair Quality Rating AAAm</u>
Repurchase Agreements Underlying STI Classic Institutional Municipal Money Market Fund	\$ <u>317,700</u>
Total	\$ <u><u>317,700</u></u>

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.

Note 4—Due from Other Governmental Units:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local sales tax	\$ 402,764	\$ -
Public assistance and welfare administration	70,687	-
Commonwealth Attorney	30,262	-
Sheriff	193,616	-
Commissioner of Revenue	10,805	-
Treasurer	9,235	-
Clerk	23,502	-
Comprehensive Services Act	396,133	-
State sales tax	-	788,800
Federal Government:		
School Grants	-	764,866
Public assistance and welfare administration	<u>116,135</u>	<u>-</u>
Total	\$ <u><u>1,253,139</u></u>	\$ <u><u>1,553,666</u></u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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 School	\$ 2,933,858 -	\$ - 2,933,858
Totals	\$ 2,933,858	\$ 2,933,858

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Primary Government:				
Capital assets, not being depreciated:				
Land	\$ 1,887,580	\$ -	\$ -	\$ 1,887,580
Construction in progress	<u>1,248,305</u>	<u>726,434</u>	<u>272,774</u>	<u>1,701,965</u>
Total capital assets not being depreciated	\$ <u>3,135,885</u>	\$ <u>726,434</u>	\$ <u>272,774</u>	\$ <u>3,589,545</u>
Capital assets being depreciated:				
Buildings	\$ 18,763,726	\$ 446,059	\$ -	\$ 19,209,785
Equipment	4,980,448	481,328	-	5,461,776
Jointly owned assets	<u>17,901,995</u>	<u>-</u>	<u>1,889,724</u>	<u>16,012,271</u>
Total capital assets being depreciated	\$ <u>41,646,169</u>	\$ <u>927,387</u>	\$ <u>1,889,724</u>	\$ <u>40,683,832</u>
Less accumulated depreciation for:				
Buildings	\$ 5,334,329	\$ 482,641	\$ -	\$ 5,816,970
Equipment	3,760,516	357,899	-	4,118,415
Jointly owned assets	<u>4,791,731</u>	<u>499,409</u>	<u>716,879</u>	<u>4,574,261</u>
Total accumulated depreciation	\$ <u>13,886,576</u>	\$ <u>1,339,949</u>	\$ <u>716,879</u>	\$ <u>14,509,646</u>
Total capital assets being depreciated, net	\$ <u>27,759,593</u>	\$ <u>(412,562)</u>	\$ <u>1,172,845</u>	\$ <u>26,174,186</u>
Governmental capital assets, net	\$ <u>30,895,478</u>	\$ <u>313,872</u>	\$ <u>1,445,619</u>	\$ <u>29,763,731</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Component Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 309,826	\$ -	\$ -	\$ 309,826
Construction in progress	-	224,840	224,840	-
Total capital assets not being depreciated	\$ 309,826	\$ 224,840	\$ 224,840	\$ 309,826
Capital assets being depreciated:				
Buildings	\$ 22,685,307	\$ 63,470	\$ -	\$ 22,748,777
Equipment	6,482,743	425,529	-	6,908,272
Jointly owned assets	13,994,005	1,889,724	-	15,883,729
Total capital assets being depreciated	\$ 43,162,055	\$ 2,378,723	\$ -	\$ 45,540,778
Less accumulated depreciation for:				
Buildings	\$ 15,249,676	\$ 1,095,402	\$ -	\$ 16,345,078
Equipment	4,798,629	418,996	-	5,217,625
Jointly owned assets	3,846,927	716,879	-	4,563,806
Total accumulated depreciation	\$ 23,895,232	\$ 2,231,277	\$ -	\$ 26,126,509
Total capital assets being depreciated, net	\$ 19,266,823	\$ 147,446	\$ -	\$ 19,414,269
Governmental capital assets, net	\$ 19,576,649	\$ 372,286	\$ 224,840	\$ 19,724,095

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

Governmental activities:	
General government	\$ 66,888
Judicial administration	95,613
Public safety	502,512
Public works	108,639
Health and welfare	6,335
Education	499,409
Parks, recreation and cultural	29,288
Community development	31,265
Total	\$ 1,339,949
Business-type activities:	
Amherst County Service Authority	\$ 561,684
Component Unit-School Board	\$ 1,514,398 *
* Total depreciation above	\$ 1,514,398
Transfer of jointly owned assets	716,879
Total accumulated depreciation	\$ 2,231,277

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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, 2009	Additions	Deletions	Balance December 31, 2009
Capital assets, not being depreciated:				
Land	\$ 619,290	\$ -	\$ -	\$ 619,290
Construction in progress, see detail below	3,307,332	1,273,982	1,208,703	3,372,611
Total capital assets not being depreciated	<u>\$ 3,926,622</u>	<u>\$ 1,273,982</u>	<u>\$ 1,208,703</u>	<u>\$ 3,991,901</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 84,535	\$ -	\$ -	\$ 84,535
Vehicles and other equipment	918,135	30,830	-	948,965
Utility plant in service	25,320,634	1,208,703	-	26,529,337
Total capital assets being depreciated	<u>\$ 26,323,304</u>	<u>\$ 1,239,533</u>	<u>\$ -</u>	<u>\$ 27,562,837</u>
Less accumulated depreciation	<u>\$ 13,063,234</u>	<u>\$ 561,684</u>	<u>\$ -</u>	<u>\$ 13,624,918</u>
Total capital assets being depreciated, net	<u>\$ 13,260,070</u>	<u>\$ 677,849</u>	<u>\$ -</u>	<u>\$ 13,937,919</u>
Business-type activities capital assets, net	<u>\$ 17,186,692</u>	<u>\$ 1,951,831</u>	<u>\$ 1,208,703</u>	<u>\$ 17,929,820</u>
Construction in Progress Details:				
Graham creek reservoir dam	\$ 3,157,279	\$ 202,470	\$ -	\$ 3,359,749
Water line extensions	-	438,402	438,402	-
Sewer line extensions	-	34,927	34,927	-
Water line replacements	-	4,358	4,358	-
Stratford place subdivision water and sewer system	-	483,049	483,049	-
Computer system upgrade	-	12,862	-	12,862
Water tank rehabilitation	150,053	97,914	247,967	-
Total construction in progress	<u>\$ 3,307,332</u>	<u>\$ 1,273,982</u>	<u>\$ 1,208,703</u>	<u>\$ 3,372,611</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 7—Other Assets — Amherst County Service Authority:

Other assets consist of bond issue costs (\$265,662) and the investment in the City of Lynchburg Sewage facilities (\$1,865,657) at December 31, 2009:

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, 2009</u>	<u>Current Year Amortization</u>	<u>Total</u>	<u>Net Book Value</u>
2000 Issue	\$ 210,303	\$ 56,081	\$ 7,010	\$ 63,091	\$ 147,212
2009 Issue	<u>118,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,450</u>
Total	<u>\$ 328,753</u>	<u>\$ 56,081</u>	<u>\$ 7,010</u>	<u>\$ 63,091</u>	<u>\$ 265,662</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>2009</u>
Balance, beginning of year	\$ 1,993,146
Increases	22,275
Decreases	<u>149,764</u>
Balance, end of year	<u>\$ 1,865,657</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

C. Restricted Cash:

At December 31, 2009 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>

Note 8—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2010:

	<u>Balance Outstanding July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Outstanding June 30, 2010</u>	<u>Amount Due Within One Year</u>
County notes payable	\$ 3,201,342	\$ -	\$ 221,454	\$ 2,979,888	\$ 236,243
County revenue bonds	8,918,000	-	826,000	8,092,000	497,000
County general obligation bonds	1,101,000	-	540,100	560,900	560,900
Landfill closure and post-closure liability	1,795,953	-	-	1,795,953	-
Compensated absences	1,234,532	241,861	232,998	1,243,395	124,339
School general obligation bonds	16,703,157	-	1,471,660	15,231,497	1,435,224
School literary fund loans	900,000	-	300,000	600,000	300,000
County capital leases	<u>426,838</u>	<u>-</u>	<u>180,957</u>	<u>245,881</u>	<u>187,871</u>
Total	<u>\$ 34,280,822</u>	<u>\$ 241,861</u>	<u>\$ 3,773,169</u>	<u>\$ 30,749,514</u>	<u>\$ 3,341,577</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Notes Payable		General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 236,243	\$ 123,375	\$ 560,900	\$ 16,340	\$ 497,000	\$ 320,775
2012	143,761	114,859	-	-	523,000	300,578
2013	46,570	111,051	-	-	540,000	279,312
2014	48,849	108,772	-	-	328,000	257,361
2015	51,243	106,378	-	-	341,000	244,438
2016	53,758	103,863	-	-	354,000	231,002
2017	56,402	101,219	-	-	368,000	217,055
2018	59,180	98,440	-	-	382,000	202,555
2019	62,101	95,520	-	-	397,000	187,505
2020	65,171	92,450	-	-	413,000	171,863
2021	68,398	89,673	-	-	430,000	155,591
2022	71,791	88,830	-	-	446,000	138,649
2023	76,358	82,263	-	-	465,000	121,076
2024	57,877	78,880	-	-	482,000	102,755
2025	49,573	76,751	-	-	501,000	83,764
2026	51,657	74,667	-	-	521,000	64,025
2027	53,829	72,495	-	-	541,000	43,498
2028	56,091	70,233	-	-	563,000	22,182
2029	58,449	67,876	-	-	-	-
2030	60,907	65,417	-	-	-	-
2031	63,467	62,857	-	-	-	-
2032	66,135	60,189	-	-	-	-
2033	68,915	57,409	-	-	-	-
2034	71,813	54,512	-	-	-	-
2035	74,831	51,493	-	-	-	-
2036	77,977	48,347	-	-	-	-
2037	81,255	45,069	-	-	-	-
2038	84,671	41,653	-	-	-	-
2039	88,231	38,093	-	-	-	-
2040	91,940	34,384	-	-	-	-
2041	95,805	30,519	-	-	-	-
2042	99,832	26,492	-	-	-	-
2043	104,029	22,295	-	-	-	-
2044	108,403	17,922	-	-	-	-
2045	112,960	13,364	-	-	-	-
2046	117,708	8,616	-	-	-	-
2047	122,657	3,667	-	-	-	-
2048	21,049	116	-	-	-	-
	<u>\$ 2,979,886</u>	<u>\$ 2,440,009</u>	<u>\$ 560,900</u>	<u>\$ 16,340</u>	<u>\$ 8,092,000</u>	<u>\$ 3,143,984</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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
2011	\$ 1,435,224	\$ 739,002	\$ 300,000	\$ 18,000	\$ 187,871	\$ 9,482
2012	1,408,351	664,497	300,000	9,000	58,010	2,303
2013	1,381,004	592,169	-	-	-	-
2014	1,383,798	520,326	-	-	-	-
2015	1,366,739	448,088	-	-	-	-
2016	1,369,833	367,206	-	-	-	-
2017	1,168,089	308,921	-	-	-	-
2018	896,515	256,109	-	-	-	-
2019	900,119	211,709	-	-	-	-
2020	703,916	172,268	-	-	-	-
2021	702,909	138,539	-	-	-	-
2022	505,000	109,921	-	-	-	-
2023	480,000	86,528	-	-	-	-
2024	435,000	64,562	-	-	-	-
2025	370,000	44,985	-	-	-	-
2026	315,000	28,293	-	-	-	-
2027	235,000	14,768	-	-	-	-
2028	175,000	4,463	-	-	-	-
Total	\$ <u>15,231,497</u>	\$ <u>4,772,354</u>	\$ <u>600,000</u>	\$ <u>27,000</u>	\$ <u>245,881</u>	\$ <u>11,785</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 semi-annually	\$ 310,900
\$3,500,000 issued January 1, 1996, maturing annually in installments of \$250,000 interest at an average rate of 4.49%, payable semi-annually	<u>250,000</u>
Total County general obligation bonds	\$ <u>560,900</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>County Notes Payable:</u>	
\$2,420,000 VRA note issued September 27, 2007, maturing in monthly installments of principal and interest of \$10,527 beginning October 1, 2009 through 2047, interest at 4.125%	\$ 2,399,850
\$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%	293,265
\$309,067 issued October 28, 2008, maturing in monthly installments of principal and interest of \$2,608 beginning November 28, 2008 through 2023, interest at 6.00%	<u>286,773</u>
Total notes payable	\$ <u>2,979,888</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%	\$ 650,000
\$5,350,000 EDA Lease Revenue Bonds, Series 2007 issued November 21, 2007, maturing in various installments through January 15, 2028, interest payable semi-annually at 3.94%	5,155,000
\$2,373,000 EDA Lease Revenue Bonds, Series 2008 issued January 17, 2008, maturing in various installments through January 15, 2028, interest payable semi-annually at 3.94%	<u>2,287,000</u>
Total revenue bonds	\$ <u>8,092,000</u>
<u>General Capital Leases:</u>	
\$305,203 obligation payable in annual installments of \$67,399 through September 1, 2010, interest at 3.52%	\$ 65,107
\$252,202 capital lease obligation payable in annual installments of \$69,640 through November 1, 2010, interest at 3.99%	66,968
\$218,716 capital lease obligation payable in annual installments of \$60,314 through October 1, 2011, interest at 3.97 %	<u>113,806</u>
Total capital leases	\$ <u>245,881</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>School General Obligation Bonds:</u>	
\$1,315,000 issued November 6, 2003, maturing annually in various installments through July 15, 2024, interest payable semi-annually at rates ranging from 3.1% to 5.35%	\$ 910,000
\$3,500,000 issued November 18, 1993, maturing annually in various installments through December 15, 2013; interest payable at rates between 4.475% and 5.0% semi-annually	150,000
\$5,500,000, issued May 15, 1996, maturing annually in installments of \$275,000 through July 15, 2016, interest payable semi-annually at 5.57%	1,925,000
\$2,000,000 issued April 30, 1998, maturing in principal annual installments of \$100,000 through July 15, 2018, interest payable semi-annually at 4.95%	900,000
\$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%	310,000
\$2,000,000, issued April 30, 1999, maturing in principal annual installments of \$100,000 through July 15, 2019, interest payable at 4.73%	900,000
\$3,351,287 issued November 16, 2000, maturing annually in various installments through July 15, 2020, interest payable at 5.15%	1,986,497
\$1,615,000 issued November 10, 2005, maturing annually in various installments through July 15, 2025, interest payable semi-annually at rates ranging from 4.6% to 5.10%	1,280,000
\$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%	10,000

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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%	\$ 1,200,000
\$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%	825,000
\$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%	615,000
\$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%	1,070,000
\$3,500,000 issued November 8, 2007, maturing in annual principal installments of \$175,000 through July 15, 2028, interest payable semi-annually at rates ranging from 4.1% to 5.1%	<u>3,150,000</u>
Total school general obligation bonds	\$ <u>15,231,497</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%	\$ 250,000
\$3,500,000, issued January 15, 1992, due in annual installments of \$175,000 through February 15, 2012, interest at 3%	<u>350,000</u>
Total State Literary Fund Loans	\$ <u>600,000</u>
Landfill closure and postclosure costs	\$ <u>1,795,953</u>
Accrued leave	\$ <u>1,243,395</u>
Total long-term obligations	<u><u>\$ 30,749,514</u></u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2010:

	Balance Outstanding July 1, 2009	Increases	Decreases	Balance Outstanding June 30, 2010	Amount Due Within One Year
School capital leases	\$ 74,624	\$ -	\$ 74,624	\$ -	\$ -
School compensated absences	376,002	48,545	69,977	354,570	35,457
Total	<u>\$ 450,626</u>	<u>\$ 48,545</u>	<u>\$ 144,601</u>	<u>\$ 354,570</u>	<u>\$ 35,457</u>

Details of Long-term Obligations:

Accrued leave	\$ <u>354,570</u>
Total long-term obligations	\$ <u>354,570</u>

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, 2009:

	Revenue Bonds	Notes	Compensated Absences	Total
Total outstanding, January 1, 2009	\$ <u>3,785,000</u>	\$ <u>2,818,147</u>	\$ <u>80,920</u>	\$ <u>6,684,067</u>
Additions:	\$ <u>8,044,000</u>	\$ <u>22,274</u>	\$ <u>4,575</u>	\$ <u>8,070,849</u>
Retirements:				
Bonds	\$ 90,000	\$ -	\$ -	\$ 90,000
Notes	<u>-</u>	<u>974,764</u>	<u>-</u>	<u>974,764</u>
Total retirements	\$ <u>90,000</u>	\$ <u>974,764</u>	\$ <u>-</u>	\$ <u>1,064,764</u>
Total outstanding December 31, 2009	\$ <u>11,739,000</u>	\$ <u>1,865,657</u>	\$ <u>85,495</u>	\$ <u>13,690,152</u>
Current portion	\$ <u>95,000</u>	\$ <u>150,694</u>	\$ <u>8,550</u>	\$ <u>254,244</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

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%	\$ 3,695,000
\$8,044,000, issued September 29, 2009 due in annual installments ranging from \$65,000 to \$285,000 through November 1, 2009, interest payable semi-annually at 4.5%	<u>8,044,000</u>
Total revenue bonds	<u>\$ 11,739,000</u>

Long-Term Notes:

\$421,819 issued in 1993, due in annual principal installments of \$9,736 through June 1, 2023 interest at 5.5%	\$ 136,300
\$196,993 issued in 1995, due in annual principal installments of \$9,850 through June 1, 2015, interest at 5.96%	59,100
\$747,643 issued in 1998, due in annual principal installments of \$21,806 through June 1, 2017, interest at 3.5%	392,512
\$1,996,292 issued in 2001, due in annual principal installments of \$93,078 through June 1, 2017, interest at 3%	1,023,862
\$322,159 issued in 2002, due in annual installments of \$23,803 through June 1, 2021	231,609
\$16,696 issued in 2009, due in annual installments of \$1,038 through June 1, 2038	16,696
\$5,578 issued in 2009, due in annual installments of \$347 through June 1, 2038	<u>5,578</u>
Total notes payable	<u>\$ 1,865,657</u>
Compensated absences	<u>\$ 85,495</u>
Total long-term obligations outstanding	<u>\$ 13,690,152</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

Details of Long-Term Obligations Outstanding: (Continued)

Year Ending December 31,	Revenue Bonds		Long-Term Notes	
	Principal	Interest	Principal	Interest
2010	\$ 95,000	\$ 615,144	\$ 150,694	\$ 42,338
2011	200,000	577,980	151,270	38,527
2012	330,000	567,480	151,866	34,696
2013	385,000	551,055	152,482	30,843
2014	443,000	532,080	153,120	26,968
2015	467,000	510,420	153,796	23,068
2016	493,000	487,530	144,628	19,145
2017	514,000	463,320	145,333	18,015
2018	541,000	438,090	146,080	14,499
2019	563,000	411,495	146,835	11,028
2020	592,000	383,835	147,615	7,529
2021	621,000	354,720	55,362	1,368
2022	651,000	324,150	32,204	727
2023	682,000	292,080	32,237	696
2024	719,000	258,465	22,519	665
2025	752,000	222,960	22,553	633
2026	790,000	185,820	22,587	600
2027	830,000	146,745	22,621	564
2028	872,000	105,645	848	527
2029	914,000	62,430	882	487
2030	285,000	17,100	933	444
2031	-	-	984	398
2032	-	-	1,018	350
2033	-	-	1,069	301
2034	-	-	1,119	250
2035	-	-	1,170	199
2036	-	-	1,221	145
2037	-	-	1,272	89
2038	-	-	1,339	30
Totals	\$ 11,739,000	\$ 7,508,544	\$ 1,865,657	\$ 275,129

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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 \$1,243,395. The Service Authority has outstanding accrued vacation and sick leave pay totaling \$80,495 in the enterprise fund. The School Board has outstanding accrued vacation and sick leave pay totaling \$354,570 in the Component Unit Long-term Debt.

Note 10—Defined Benefit Pension Plan:

A. Plan Description

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

The County contributes to the Virginia Retirement System (VRS). 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 local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). 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 adjustment (COLA), beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs 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 issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's, School's non-professional employees and Authority contribution rates for the fiscal year ended 2010 were 8.14%, 4.88%, and 4.75% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,567,071, \$2,124,116, and \$2,352,364 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, 8.81%, and 10.30%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of \$642,142 was equal to the County's required and actual contributions.

Three Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 642,142	100%	-
June 30, 2009	665,148	100%	-
June 30, 2008	583,647	100%	-

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$111,623 which was equal to the Board's required and actual contributions.

Three Year Trend Information - County School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 111,623	100%	-
June 30, 2009	108,454	100%	-
June 30, 2008	92,872	100%	-

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

For calendar year ended 2009, the Authority's annual pension cost of \$55,768 was equal to the Board's required and actual contributions.

Three Year Trend Information - Amherst County Service Authority

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 55,768	100%	-
June 30, 2008	52,756	100%	-
June 30, 2007	61,569	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's, School Board's, and Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 91.56% funded. The actuarial accrued liability for benefits was \$28,866,085, and the actuarial value of assets was \$26,429,145, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,436,940. The covered payroll (annual payroll of active employees covered by the plan) was \$8,102,157 and ratio of the UAAL to the covered payroll was 30.08%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 105.17% funded. The actuarial accrued liability for benefits was \$5,591,278, and the actuarial value of assets was \$5,880,564, resulting in an unfunded actuarial accrued liability (UAAL) of (\$289,286). The covered payroll (annual payroll of active employees covered by the plan) was \$2,228,026, and ratio of UAAL to the covered payroll was (12.98%).

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress: (Continued)

As of June 30, 2009, the most recent actuarial valuation date, the Authority's plan was 87.00% funded. The actuarial accrued liability for benefits was \$3,367,325, and the actuarial value of assets was \$2,929,465, resulting in an unfunded actuarial accrued liability (UAAL) of \$437,860. The covered payroll (annual payroll of active employees covered by the plan) was \$937,000, and ratio of UAAL to the covered payroll was 46.73%.

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

Note 11—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 \$6,867,930 is comprised of property taxes paid in advance at June 30, 2010 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.

Note 13—Landfill Closure and Postclosure Care Costs:

State and federal laws and regulations require the County to place a final cover on its operating landfill site when they stop accepting waste and to perform certain maintenance and monitoring functions at these sites for thirty years after closure. Although closure and postclosure cost will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. The \$1,795,953 reported as landfill closure and postclosure care liability at June 30, 2010, 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 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 13—Landfill Closure and Postclosure Care Costs: (Continued)

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:

At June 30, 2010, 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:

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

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

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

Note 16—Surety Bonds:

	<u>Amount</u>
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
C. Lee Lintecum, County Administrator	2,000
Donald W. Kidd, Chairman, Board of Supervisors	1,000
Claudia D. Tucker, Vice-Chairman, Board of Supervisors	1,000
Vernon F. Campbell, Supervisor	1,000
Robert M. Curd, Supervisor	1,000
S. Ray Vandall, Supervisor	1,000

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 17—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2010 as follows:

	Budget As Amended	Actual	Amount
Primary Government:			
Miscellaneous public safety grants	\$ 250,976	\$ 301,168	50,192
E-911 expenditures	-	3,260	3,260
Street lights	35,917	38,370	2,453
Public assistance	1,145,705	1,193,309	47,604
Comprehensive services	1,007,047	1,277,637	270,590
Capital outlay - school buses	-	149,036	149,036
Parks and recreation	343,127	388,374	45,247
Depot relocation	67,105	74,577	7,472
Nondepartmental	144,089	387,953	243,864
General construction projects	319,554	1,245,230	925,676
Component Unit - School Board:			
Operation and maintenance services	3,765,620	3,946,126	180,506
Technology	1,413,467	1,455,662	42,195

Note 18—Post Employment Benefits Other Than Pensions:

The Government offers post-employment medical coverage to its retired employees, however has no employees enrolled in the program. The Government has elected not to obtain an actuarial valuation to determine liability for this benefit in accordance with the financial reporting requirements of GASB45 and believes there is no material effect on the County's financial position.

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Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2010

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 18,690,326	\$ 18,706,326	\$ 18,579,009	\$ (127,317)
Other local taxes	5,440,790	5,440,790	5,420,027	(20,763)
Permits, privilege fees and regulatory licenses	228,070	228,070	197,282	(30,788)
Fines and forfeitures	40,278	286,706	442,051	155,345
Revenue from use of money and property	425,187	332,682	461,985	129,303
Charges for services	1,399,449	1,406,332	1,705,729	299,397
Miscellaneous	47,200	105,023	342,953	237,930
Recovered costs	162,000	194,795	200,857	6,062
Intergovernmental:				
Commonwealth	10,110,217	10,798,623	9,186,488	(1,612,135)
Federal	47,645	824,018	1,922,656	1,098,638
Total revenues	\$ 36,591,162	\$ 38,323,365	\$ 38,459,037	\$ 135,672
Expenditures:				
Current:				
General government administration	\$ 1,938,436	\$ 1,916,675	\$ 1,752,085	\$ 164,590
Judicial administration	1,275,473	1,317,740	1,287,963	29,777
Public safety	8,713,584	9,816,078	9,451,528	364,550
Public works	2,175,052	2,192,704	2,055,274	137,430
Health and welfare	3,729,982	4,367,908	4,544,073	(176,165)
Education	11,510,360	11,684,185	11,227,563	456,622
Parks, recreation, and cultural	1,203,149	1,157,995	1,190,048	(32,053)
Community development	569,236	798,800	731,934	66,866
Nondepartmental	216,836	144,089	387,953	(243,864)
Capital projects	-	319,554	1,245,230	(925,676)
Debt service:				
Principal retirement	3,495,393	3,560,097	3,540,171	19,926
Interest and other fiscal charges	1,694,476	1,552,903	1,271,508	281,395
Total expenditures	\$ 36,521,977	\$ 38,828,728	\$ 38,685,330	\$ 143,398
Excess (deficiency) of revenues over expenditures	\$ 69,185	\$ (505,363)	\$ (226,293)	\$ 279,070
Fund balances at beginning of year	(69,185)	505,363	22,755,193	22,249,830
Fund balances at end of year	\$ -	\$ -	\$ 22,528,900	\$ 22,528,900

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)
6/30/2009	\$ 26,429,145	\$ 28,866,085	\$ 2,436,940	91.56%	\$ 8,102,157	30.08%
6/30/2008	25,325,285	27,027,064	1,701,779	93.70%	7,796,882	21.83%
6/30/2007	22,598,782	24,556,836	1,958,054	92.03%	6,938,298	28.22%

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)
6/30/2009	\$ 5,880,564	\$ 5,591,278	\$ (289,286)	105.17%	\$ 2,228,026	-12.98%
6/30/2008	5,704,729	5,110,393	(594,336)	111.63%	2,176,511	-27.31%
6/30/2007	5,170,718	4,746,048	(424,670)	108.95%	1,960,620	-21.66%

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)
6/30/2009	\$ 2,929,465	\$ 3,367,325	\$ 437,860	87.00%	\$ 937,000	46.73%
6/30/2008	2,793,189	3,062,447	269,258	91.21%	881,798	30.54%
6/30/2007	2,457,504	2,684,318	226,814	91.55%	824,223	27.52%

Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Combining Schedule of Fiduciary Net Assets -
 Agency Funds
 At June 30, 2010

	Agency Funds			Totals
	Special Welfare Fund	Forfeited Assets Fund	Sheriff's Accounts	
ASSETS				
Cash and cash equivalents	\$ 3,280	\$ 48,438	\$ -	\$ 51,718
Cash held by others	-	-	7,480	7,480
Total assets	<u>\$ 3,280</u>	<u>\$ 48,438</u>	<u>\$ 7,480</u>	<u>\$ 59,198</u>
LIABILITIES				
Amounts held for projects	\$ -	\$ 48,438	\$ -	\$ 48,438
Amounts held for inmates	-	-	7,480	7,480
Amounts held for social service clients	3,280	-	-	3,280
Total liabilities	<u>\$ 3,280</u>	<u>\$ 48,438</u>	<u>\$ 7,480</u>	<u>\$ 59,198</u>

Agency Funds

Combining Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 27,730	\$ 29,524	\$ 53,974	\$ 3,280
Liabilities:				
Amounts held for social service clients	\$ 27,730	\$ 29,524	\$ 53,974	\$ 3,280
Forfeited assets fund:				
Assets:				
Cash and cash equivalents	\$ 20,927	\$ 51,609	\$ 24,098	\$ 48,438
Liabilities:				
Amounts held for projects	\$ 20,927	\$ 51,609	\$ 24,098	\$ 48,438
Sheriff's accounts				
Assets:				
Cash and cash equivalents	\$ 18,614	\$ 136,708	\$ 147,842	\$ 7,480
Liabilities:				
Amounts held for others	\$ 18,614	\$ 136,708	\$ 147,842	\$ 7,480
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 67,271	\$ 217,841	\$ 225,914	\$ 59,198
Total assets	\$ 67,271	\$ 217,841	\$ 225,914	\$ 59,198
Liabilities:				
Amounts held for social service clients	\$ 27,730	\$ 29,524	\$ 53,974	\$ 3,280
Amounts held for projects	20,927	51,609	24,098	48,438
Amounts held for inmates	18,614	136,708	147,842	7,480
Total liabilities	\$ 67,271	\$ 217,841	\$ 225,914	\$ 59,198

Balance Sheet

Discretely Presented Component Unit - School Board

At June 30, 2010

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Construction Fund	Component Unit School Board
ASSETS					
Cash and cash equivalents	\$ -	\$ 630,146	\$ 903,515	\$ 126,923	\$ 1,660,584
Due from other governmental units	1,553,666	-	-	-	1,553,666
Due from primary government	2,933,858	-	-	-	2,933,858
Total assets	<u>\$ 4,487,524</u>	<u>\$ 630,146</u>	<u>\$ 903,515</u>	<u>\$ 126,923</u>	<u>\$ 6,148,108</u>
LIABILITIES					
Accounts payable	\$ 82,906	\$ 426	\$ -	\$ -	\$ 83,332
Accrued payroll	4,404,618	111,708	-	-	4,516,326
Total liabilities	<u>\$ 4,487,524</u>	<u>\$ 112,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,599,658</u>
FUND BALANCES					
Unreserved:					
Designated for construction projects	\$ -	\$ -	\$ -	\$ 126,923	\$ 126,923
Designated for subsequent expenditures	-	518,012	903,515	-	1,421,527
Total fund balances	<u>\$ -</u>	<u>\$ 518,012</u>	<u>\$ 903,515</u>	<u>\$ 126,923</u>	<u>\$ 1,548,450</u>

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

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

19,724,095

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.

(354,570)

Net assets of General Government Activities

\$ 20,917,975

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2010

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Construction Fund	Component Unit School Board
Revenues:					
Revenue from use of money and property	\$ -	\$ 113	\$ 3,170	\$ 19,417	\$ 22,700
Charges for services	332,864	843,357	-	-	1,176,221
Miscellaneous	298,200	-	-	-	298,200
Intergovernmental:					-
County contribution to School Board	11,053,837	-	-	-	11,053,837
Commonwealth	26,268,054	36,413	-	38	26,304,505
Federal	5,609,809	1,078,546	-	-	6,688,355
Total revenues	<u>\$ 43,562,764</u>	<u>\$ 1,958,429</u>	<u>\$ 3,170</u>	<u>\$ 19,455</u>	<u>\$ 45,543,818</u>
Expenditures:					
Current:					
Education	\$ 43,562,764	\$ 1,901,108	\$ -	\$ -	\$ 45,463,872
Capital projects	-	-	-	303,517	303,517
Total expenditures	<u>\$ 43,562,764</u>	<u>\$ 1,901,108</u>	<u>\$ -</u>	<u>\$ 303,517</u>	<u>\$ 45,767,389</u>
Net change in fund balances	\$ -	\$ 57,321	\$ 3,170	\$ (284,062)	\$ (223,571)
Fund balances at beginning of year	-	460,691	900,345	410,985	1,772,021
Fund balances at end of year	<u>\$ -</u>	<u>\$ 518,012</u>	<u>\$ 903,515</u>	<u>\$ 126,923</u>	<u>\$ 1,548,450</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, 2010

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 \$ (223,571)

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	\$ 339,963	
Depreciation expense	<u>(1,514,398)</u>	(1,174,435)

Transfer of joint tenancy assets from primary government 1,321,881

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.

74,624

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:

Decrease in accrued leave	<u>21,432</u>
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Change in net assets of governmental activities \$ 19,931

COUNTY OF AMHERST, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2010

	School Operating Fund				School Cafeteria Fund			
	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
Revenues:								
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ -	\$ -	\$ 113	\$ 113
Charges for services	356,500	420,500	332,864	(87,636)	948,088	948,088	843,357	(104,731)
Miscellaneous	117,927	196,556	298,200	101,644	-	-	-	-
Intergovernmental:								
County contribution to								
School Board	11,509,494	11,659,494	11,053,837	(605,657)	-	-	-	-
Commonwealth	30,028,004	30,197,685	26,268,054	(3,929,631)	25,016	25,016	36,413	11,397
Federal	2,652,182	3,446,108	5,609,809	2,163,701	1,093,203	1,093,203	1,078,546	(14,657)
Total revenues	\$ 44,668,107	\$ 45,924,343	\$ 43,562,764	\$ (2,361,579)	\$ 2,066,307	\$ 2,066,307	\$ 1,958,429	\$ (107,878)
Expenditures:								
Current:								
Education	\$ 44,668,107	\$ 45,924,343	\$ 43,562,764	\$ 2,361,579	\$ 2,066,307	\$ 2,066,307	\$ 1,901,108	\$ 165,199
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	\$ 44,668,107	\$ 45,924,343	\$ 43,562,764	\$ 2,361,579	\$ 2,066,307	\$ 2,066,307	\$ 1,901,108	\$ 165,199
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,321	\$ 57,321
Fund balances at beginning of year	-	-	-	-	-	-	460,691	460,691
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,012	\$ 518,012

School Textbook Fund				School Construction Fund			
Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)	Original Budget	Budget As Amended	Actual	Variance With Amended Budget Positive (Negative)
\$ -	\$ -	\$ 3,170	\$ 3,170	\$ -	\$ -	\$ 19,417	\$ 19,417
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	38	38
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 3,170	\$ 3,170	\$ -	\$ -	\$ 19,455	\$ 19,455
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	500,000	500,000	303,517	196,483
\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 303,517	\$ 196,483
\$ -	\$ -	\$ 3,170	\$ 3,170	\$ (500,000)	\$ (500,000)	\$ (284,062)	\$ 215,938
-	-	900,345	900,345	500,000	500,000	410,985	(89,015)
\$ -	\$ -	\$ 903,515	\$ 903,515	\$ -	\$ -	\$ 126,923	\$ 126,923

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Supporting Schedules

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Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,818,689	\$ 11,818,689	\$ 11,595,926	\$ (222,763)
Real and personal public service corporation property taxes	520,000	520,000	543,265	23,265
Personal property taxes	4,097,857	4,113,857	4,200,724	86,867
Mobile home taxes	60,007	60,007	57,749	(2,258)
Machinery and tools taxes	1,607,264	1,607,264	1,648,471	41,207
Merchant's capital	307,509	307,509	273,825	(33,684)
Penalties	200,000	200,000	171,745	(28,255)
Interest	79,000	79,000	87,304	8,304
Total general property taxes	\$ 18,690,326	\$ 18,706,326	\$ 18,579,009	\$ (127,317)
Other local taxes:				
Local sales and use taxes	\$ 2,385,770	\$ 2,385,770	\$ 2,317,160	\$ (68,610)
Consumers' utility taxes	831,127	831,127	835,633	4,506
Business license taxes	260,557	260,557	424,105	163,548
Motor vehicle licenses	725,000	725,000	694,272	(30,728)
Bank stock taxes	63,336	63,336	71,308	7,972
Taxes on recordation and wills	230,000	230,000	184,035	(45,965)
Lodging taxes	70,000	70,000	58,458	(11,542)
Meals tax	875,000	875,000	835,056	(39,944)
Total other local taxes	\$ 5,440,790	\$ 5,440,790	\$ 5,420,027	\$ (20,763)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 16,870	\$ 16,870	\$ 18,281	\$ 1,411
Building and related permits	175,000	175,000	126,241	(48,759)
Permits and other licenses	36,200	36,200	52,760	16,560
Total permits, privilege fees and regulatory licenses	\$ 228,070	\$ 228,070	\$ 197,282	\$ (30,788)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 40,278	\$ 286,706	\$ 442,051	\$ 155,345
Total fines and forfeitures	\$ 40,278	\$ 286,706	\$ 442,051	\$ 155,345
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 100,000	\$ 96,225	\$ (3,775)
Revenue from use of property	225,187	232,682	365,760	133,078
Total revenue from use of money and property	\$ 425,187	\$ 332,682	\$ 461,985	\$ 129,303

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010 (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	1,223	223
Courthouse security fees	60,000	60,000	96,767	36,767
Work release	9,000	9,000	8,642	(358)
Weekend confinement	-	-	4,226	4,226
Charges for parks and recreation	35,000	40,854	107,747	66,893
Library	23,000	24,029	21,239	(2,790)
Landfill operations	328,250	328,250	288,793	(39,457)
Emergency medical service fees	935,000	935,000	954,930	19,930
Warehouse Charges	-	-	206,231	206,231
Other charges for services	6,000	6,000	13,732	7,732
Total charges for services	\$ 1,399,449	\$ 1,406,332	\$ 1,705,729	\$ 299,397
Miscellaneous revenue:				
Miscellaneous	\$ 45,300	\$ 81,186	\$ 314,622	\$ 233,436
Insurance reimbursements	1,900	23,837	28,331	4,494
Total miscellaneous revenue	\$ 47,200	\$ 105,023	\$ 342,953	\$ 237,930
Recovered costs:				
Share of judge's expenses	\$ 20,000	\$ 20,000	\$ 19,046	\$ (954)
Social services	-	-	11,739	11,739
CSA recoveries	-	8,614	38,029	29,415
Salary reimbursement - School Board	138,000	138,000	95,592	(42,408)
Sheriff department	-	23,971	25,527	1,556
Miscellaneous recoveries	4,000	4,210	10,924	6,714
Total recovered costs	\$ 162,000	\$ 194,795	\$ 200,857	\$ 6,062
Total revenue from local sources	\$ 26,433,300	\$ 26,700,724	\$ 27,349,893	\$ 649,169
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 64,500	\$ 64,500	\$ 9	\$ (64,491)
Mobile home titling taxes	40,000	40,000	31,287	(8,713)
Communication taxes	1,517,373	1,517,373	1,305,839	(211,534)
Auto rental tax	32,090	32,090	34,148	2,058
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	50,000	50,000	62,034	12,034
Total noncategorical aid	\$ 3,902,981	\$ 3,902,981	\$ 3,632,335	\$ (270,646)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010 (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)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 404,245	\$ 402,764	\$ 353,311	\$ (49,453)
Sheriff	2,386,887	2,352,854	1,997,547	(355,307)
Commissioner of the Revenue	128,583	128,091	115,727	(12,364)
Treasurer	134,907	134,381	116,761	(17,620)
Medical examiner	500	500	-	(500)
Registrar/electoral board	38,600	38,600	46,268	7,668
Clerk of the Circuit Court	280,392	279,304	281,996	2,692
Total shared expenses	\$ 3,374,114	\$ 3,336,494	\$ 2,911,610	\$ (424,884)
Other categorical aid:				
Public assistance and welfare administration	\$ 2,143,538	\$ 1,648,617	\$ 934,670	\$ (713,947)
Health department	-	36,500	66,524	30,024
Library grant	179,330	179,330	159,552	(19,778)
Fire program	80,668	80,668	81,782	1,114
EMS - 2 for life	21,580	21,580	29,378	7,798
Juvenile justice - crime control	49,151	49,151	30,935	(18,216)
Victim witness	42,000	43,190	46,638	3,448
Jail	286,356	286,356	202,838	(83,518)
Juror reimbursement	-	-	8,384	8,384
Department of motor vehicles	-	20,223	3,251	(16,972)
Litter control	10,946	10,946	8,893	(2,053)
Comprehensive services	-	935,659	834,370	(101,289)
E-911 wireless grant	-	-	50,320	50,320
Miscellaneous	19,553	246,928	185,008	(61,920)
Total other categorical aid	\$ 2,833,122	\$ 3,559,148	\$ 2,642,543	\$ (916,605)
Total categorical aid	\$ 6,207,236	\$ 6,895,642	\$ 5,554,153	\$ (1,341,489)
Total revenue from the Commonwealth	\$ 10,110,217	\$ 10,798,623	\$ 9,186,488	\$ (1,612,135)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	\$ 47,645	\$ 47,645	\$ -	\$ (47,645)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010 (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: (Continued)				
Categorical aid:				
Public assistance and welfare	\$ -	\$ 692,838	\$ 1,508,258	\$ 815,420
Emergency management	-	-	14,911	14,911
Criminal justice grants	-	-	5,000	5,000
USDA rural development	-	21,590	50,000	28,410
JAG funding	-	-	135,388	135,388
AMH greenway reimbursement	-	-	116,505	116,505
DMV block grant	-	657	-	(657)
State homeland security program	-	27,147	27,147	-
Miscellaneous public safety grants	-	34,141	65,447	31,306
Total categorical aid	\$ -	\$ 776,373	\$ 1,922,656	\$ 1,146,283
Total revenue from the Federal Government	\$ 47,645	\$ 824,018	\$ 1,922,656	\$ 1,098,638
Total General Fund	\$ 36,591,162	\$ 38,323,365	\$ 38,459,037	\$ 135,672
Grand Total Revenues -- Primary Government	\$ 36,591,162	\$ 38,323,365	\$ 38,459,037	\$ 135,672
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 property	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
Revenue from local sources: (Continued)				
Charges for services:				
Tuition	\$ 356,500	\$ 420,500	\$ 332,864	\$ (87,636)
Miscellaneous revenue:				
Miscellaneous	\$ 117,927	\$ 196,556	\$ 298,200	\$ 101,644
Total revenue from local sources	\$ 478,427	\$ 621,056	\$ 631,064	\$ 10,008
Intergovernmental revenue:				
County contribution to School Board	\$ 11,509,494	\$ 11,659,494	\$ 11,053,837	\$ (605,657)

Governmental Funds and Discretely Presented Component Units
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010 (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 the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,600,000	\$ 4,600,000	\$ 4,487,755	\$ (112,245)
Basic school aid	15,534,457	15,534,457	14,266,426	(1,268,031)
Special ed SOQ	1,903,730	1,903,730	1,896,638	(7,092)
Remedial education	374,181	374,181	372,787	(1,394)
Technology	310,000	310,000	219,500	(90,500)
Lottery	298,262	298,262	-	(298,262)
Primary class size	448,038	448,038	434,003	(14,035)
Fringe benefits	1,992,352	1,992,352	1,703,704	(288,648)
Textbooks	389,017	389,017	-	(389,017)
Construction	-	-	377,529	377,529
Preschool	198,666	198,666	198,666	-
Gifted and talented	147,703	147,703	147,153	(550)
At-risk	307,704	307,704	300,471	(7,233)
Regional program	575,017	575,017	543,654	(31,363)
Voc ed SOQ	351,205	351,205	305,996	(45,209)
Other state funds	2,597,672	2,767,353	1,013,772	(1,753,581)
Total categorical aid	\$ 30,028,004	\$ 30,197,685	\$ 26,268,054	\$ (3,929,631)
Total revenue from the Commonwealth	\$ 30,028,004	\$ 30,197,685	\$ 26,268,054	\$ (3,929,631)
Revenue from the federal government:				
Categorical aid:				
Preschool handicap	\$ -	\$ 20,079	\$ 24,897	\$ 4,818
Adult basic aid	361,750	577,622	419,266	(158,356)
Title I	906,359	1,149,454	894,720	(254,734)
Title II	221,113	221,113	200,273	(20,840)
Federal land use	30,000	30,000	83,409	53,409
Title VI-B special education	1,104,932	1,209,812	717,144	(492,668)
Fast grant	-	190,000	150,569	(39,431)
Drug free schools	28,028	28,028	-	(28,028)
Vocational education	-	-	90,157	90,157
Reading first	-	-	94,925	94,925
State fiscal stabilization fund	-	-	2,287,996	2,287,996
Enhance technology	-	20,000	-	(20,000)
Other education	-	-	646,453	646,453
Total categorical aid	\$ 2,652,182	\$ 3,446,108	\$ 5,609,809	\$ 2,163,701
Total revenue from the federal government	\$ 2,652,182	\$ 3,446,108	\$ 5,609,809	\$ 2,163,701
Total School Operating Fund	\$ 44,668,107	\$ 45,924,343	\$ 43,562,764	\$ (2,361,579)

Governmental Funds and Discretely Presented Component Units
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2010 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 113	\$ 113
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 843,357	\$ (104,731)
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 25,016	\$ 25,016	\$ 36,413	\$ 11,397
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,093,203	\$ 1,093,203	\$ 1,078,546	\$ (14,657)
Total School Cafeteria Fund	<u>\$ 2,066,307</u>	<u>\$ 2,066,307</u>	<u>\$ 1,958,429</u>	<u>\$ (107,878)</u>
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 3,170	\$ 3,170
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,170</u>	<u>\$ 3,170</u>
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 476	\$ 476
Revenue from use of property	-	-	18,941	18,941
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,417</u>	<u>\$ 19,417</u>
Revenue from the Commonwealth:				
Categorical aid:				
VPSA subsidy	\$ -	\$ -	\$ 38	\$ 38
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,455</u>	<u>\$ 19,455</u>
Grand Total Revenues -- Component Unit -- School Board	<u>\$ 46,734,414</u>	<u>\$ 47,990,650</u>	<u>\$ 45,543,818</u>	<u>\$ (2,446,832)</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 83,325,576</u>	<u>\$ 86,314,015</u>	<u>\$ 84,002,855</u>	<u>\$ (2,311,160)</u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2010

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	\$ 178,270	\$ 169,178	\$ 157,491	\$ 11,687
General and financial administration:				
County administrator	\$ 229,939	\$ 220,668	\$ 212,887	\$ 7,781
Commissioner of the revenue	361,102	357,960	334,607	23,353
Treasurer	326,390	342,390	289,125	53,265
Central accounting	204,978	207,801	202,910	4,891
Purchasing	167,154	173,228	165,994	7,234
Information technology	302,809	275,958	248,534	27,424
Total general and financial administration	\$ 1,592,372	\$ 1,578,005	\$ 1,454,057	\$ 123,948
Board of Elections/Registrar:				
Electoral board and officials and registrar	\$ 167,794	\$ 169,492	\$ 140,537	\$ 28,955
Total general government administration	\$ 1,938,436	\$ 1,916,675	\$ 1,752,085	\$ 164,590
Judicial administration:				
Courts:				
Circuit court	\$ 73,770	\$ 73,610	\$ 71,100	\$ 2,510
General district court	4,665	4,948	4,948	-
Magistrate	1,469	1,469	972	497
Juvenile and domestic relations court	15,304	15,304	13,583	1,721
Clerk of the circuit court	393,898	391,015	388,141	2,874
VJCCCA	103,678	88,589	87,667	922
Total courts	\$ 592,784	\$ 574,935	\$ 566,411	\$ 8,524
Commonwealth's attorney:				
Commonwealth's attorney	\$ 532,599	\$ 537,738	\$ 527,255	\$ 10,483
County attorney	94,140	147,837	137,276	10,561
Victim advocate grant	55,950	57,230	57,021	209
Total commonwealth's attorney	\$ 682,689	\$ 742,805	\$ 721,552	\$ 21,253
Total judicial administration	\$ 1,275,473	\$ 1,317,740	\$ 1,287,963	\$ 29,777
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,042,325	\$ 3,593,447	\$ 3,412,999	\$ 180,448
Total law enforcement and traffic control	\$ 3,042,325	\$ 3,593,447	\$ 3,412,999	\$ 180,448

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2010 (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	\$ 243,126	\$ 252,840	\$ 252,840	\$ -
Volunteer rescue services	181,546	138,899	138,491	408
Emergency medical services	976,932	1,033,792	1,032,583	1,209
Emergency service council	335,610	579,362	578,877	485
Total fire and rescue services	\$ 1,737,214	\$ 2,004,893	\$ 2,002,791	\$ 2,102
Correction and detention:				
Sheriff - jail	\$ 2,024,493	\$ 2,052,207	\$ 2,048,299	\$ 3,908
Inspections:				
Building	\$ 177,601	\$ 180,650	\$ 176,256	\$ 4,394
Other protection:				
Animal control	\$ 152,752	\$ 165,107	\$ 157,055	\$ 8,052
Animal Shelter	137,819	124,707	119,826	4,881
Emergency services	556,687	507,396	409,325	98,071
Communications dispatch	643,639	662,500	624,734	37,766
Other public safety	241,054	241,054	180,050	61,004
Miscellaneous public safety grants	-	250,976	301,168	(50,192)
DARE program	-	33,141	15,765	17,376
E-911 expenditures	-	-	3,260	(3,260)
Total other protection	\$ 1,731,951	\$ 1,984,881	\$ 1,811,183	\$ 173,698
Total public safety	\$ 8,713,584	\$ 9,816,078	\$ 9,451,528	\$ 364,550
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ 32,241	\$ 35,917	\$ 38,370	\$ (2,453)
Sanitation and waste removal:				
Solid waste	1,456,193	1,457,760	1,345,271	112,489
Maintenance of general buildings and grounds:				
General properties	686,618	699,027	671,633	27,394
Total public works	\$ 2,175,052	\$ 2,192,704	\$ 2,055,274	\$ 137,430
Health and welfare:				
Health:				
Supplement of local health department	\$ 272,345	\$ 269,222	\$ 193,265	\$ 75,957
Mental health and mental retardation:				
Chapter X board	\$ 106,554	\$ 106,554	\$ 106,554	\$ -

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2010 (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	\$ 1,742,766	\$ 1,739,689	\$ 1,682,292	\$ 57,397
Public assistance	1,011,980	1,145,705	1,193,309	(47,604)
State and local hospitalization	8,675	8,675	-	8,675
County contributions	79,818	91,016	91,016	-
Comprehensive services	507,844	1,007,047	1,277,637	(270,590)
Total welfare	\$ 3,351,083	\$ 3,992,132	\$ 4,244,254	\$ (252,122)
Total health and welfare	\$ 3,729,982	\$ 4,367,908	\$ 4,544,073	\$ (176,165)
Education:				
Contributions to community colleges	\$ 866	\$ 24,691	\$ 24,690	\$ 1
Capital outlay - school buses	-	-	149,036	(149,036)
County contribution to School Board	11,509,494	11,659,494	11,053,837	605,657
Total education	\$ 11,510,360	\$ 11,684,185	\$ 11,227,563	\$ 456,622
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 347,410	\$ 343,127	\$ 388,374	\$ (45,247)
Library:				
Library	\$ 805,283	\$ 764,152	\$ 751,415	\$ 12,737
Museum	50,456	50,716	50,259	457
Total library	\$ 855,739	\$ 814,868	\$ 801,674	\$ 13,194
Total parks, recreation and cultural	\$ 1,203,149	\$ 1,157,995	\$ 1,190,048	\$ (32,053)
Community development:				
Planning and community development:				
Planning	\$ 226,688	\$ 228,673	\$ 220,265	\$ 8,408
Planning commission	24,839	24,880	22,943	1,937
Zoning board	3,840	3,890	1,235	2,655
Central virginia planning	20,735	20,735	20,735	-
EDA	14,046	11,112	3,715	7,397
Economic development	99,221	39,157	28,783	10,374
Tourism	83,729	76,933	71,129	5,804
Depot relocation / enhancement	-	67,105	74,577	(7,472)
Community development block grant	-	230,177	197,556	32,621
Total planning and community development	\$ 473,098	\$ 702,662	\$ 640,938	\$ 61,724
Environmental management:				
Soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2010 (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)				
Cooperative extension program:				
VPI extension	\$ 86,138	\$ 86,138	\$ 80,996	\$ 5,142
Total community development	\$ 569,236	\$ 798,800	\$ 731,934	\$ 66,866
Nondepartmental:				
Miscellaneous	\$ 216,836	\$ 144,089	\$ 387,953	\$ (243,864)
Total nondepartmental	\$ 216,836	\$ 144,089	\$ 387,953	\$ (243,864)
Capital Projects:				
Public works:				
General construction projects	\$ -	\$ 319,554	\$ 1,245,230	\$ (925,676)
Total capital projects	\$ -	\$ 319,554	\$ 1,245,230	\$ (925,676)
Debt service:				
Principal retirement	\$ 3,495,393	\$ 3,560,097	\$ 3,540,171	\$ 19,926
Interest and fiscal charges	1,694,476	1,552,903	1,271,508	281,395
Total debt service	\$ 5,189,869	\$ 5,113,000	\$ 4,811,679	\$ 301,321
Total General Fund	\$ 36,521,977	\$ 38,828,728	\$ 38,685,330	\$ 143,398
Grand Total Expenditures -- Primary Government	\$ 36,521,977	\$ 38,828,728	\$ 38,685,330	\$ 143,398
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 34,605,670	\$ 35,599,533	\$ 33,345,254	\$ 2,254,279
Administration, attendance and health	2,224,370	2,370,260	2,075,404	294,856
Pupil transportation services	2,703,980	2,775,463	2,740,318	35,145
Operation and maintenance services	3,720,620	3,765,620	3,946,126	(180,506)
Technology	1,413,467	1,413,467	1,455,662	(42,195)
Total School Operating Fund	\$ 44,668,107	\$ 45,924,343	\$ 43,562,764	\$ 2,361,579
School Cafeteria Fund:				
Education:				
School food services	\$ 2,066,307	\$ 2,066,307	\$ 1,901,108	\$ 165,199
School Construction Fund:				
Capital Projects:				
School construction	\$ 500,000	\$ 500,000	\$ 303,517	\$ 196,483
Grand Total Expenditures--Component Unit--School Board	\$ 45,168,107	\$ 46,424,343	\$ 43,866,281	\$ 2,558,062
Grand Total Expenditures -- Reporting Entity	\$ 81,690,084	\$ 85,253,071	\$ 82,551,611	\$ 2,701,460

Other Statistical Information

COUNTY OF AMHERST, VIRGINIA

Government-Wide Expenses by Function
Last Six Fiscal Years

Fiscal Year		General Government Admini- stration		Judicial Admini- stration		Public Safety		Public Works		Health and Welfare
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
2007-08		1,926,555		1,320,578		8,858,705		2,620,346		4,194,455
2008-09		1,845,246		1,382,588		9,754,820		1,992,168		5,107,006
2009-10		1,669,782		1,350,102		8,974,042		3,739,973		4,444,208

Table 1

	Education		Recreation and Cultural		Community Develop- ment		Interest on Debt		Water Sewer		Total
\$	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
	13,869,415		1,236,661		1,482,031		1,657,450		2,944,126		40,110,322
	10,643,924		1,273,589		1,957,203		1,677,976		3,189,616		38,824,136
	12,899,817		1,245,055		490,425		1,196,863		3,408,338		39,418,605

COUNTY OF AMHERST, VIRGINIA

Government-Wide Revenues

Last Six Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
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
2007-08	4,627,769	7,117,806	2,416,352
2008-09	4,869,759	7,857,167	1,111,255
2009-10	5,178,969	7,174,916	1,904,889

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
\$ 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
16,564,067	7,159,264	2,435,830	1,176,998	355,710	41,853,796
19,187,260	7,151,819	2,424,258	899,854	352,807	43,854,179
18,945,245	5,420,027	3,632,335	488,571	380,687	43,125,639

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
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
2007-08		16,521,907		7,159,264		256,913		167,703		1,138,403
2008-09		18,974,212		7,151,819		200,835		274,117		803,309
2009-10		18,579,009		5,420,027		197,282		442,051		484,685

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

Table 3

Charges for Services		Miscellaneous	Recovered Costs	Inter- govern- mental	Total
\$	1,615,437	\$ 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
	3,055,314	787,039	249,789	42,140,542	71,476,874
	3,209,688	943,554	257,907	45,536,631	77,352,072
	2,881,950	641,153	200,857	44,102,004	72,949,018

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
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
2007-08	2,004,482	1,231,603	9,411,657	4,957,059	4,205,499	55,720,686
2008-09	1,911,715	1,287,362	9,518,249	4,237,721	5,076,383	58,142,524
2009-10	1,752,085	1,287,963	9,451,528	3,688,457	4,544,073	56,691,435

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

Table 4

<u>Parks Recreation & Cultural</u>	<u>Community Develop- ment</u>	<u>Non- Departmental</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ 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	0	54,403,859
1,058,658	734,565	421,510	2,151,390	3,998,767	60,190,729
1,085,477	716,058	-	1,795,875	4,594,995	63,345,256
1,197,634	2,277,781	80,688	1,242,417	4,422,481	70,215,114
1,202,770	919,370	-	2,554,468	4,624,010	86,831,604
1,300,894	1,952,125	-	1,702,037	5,050,203	90,179,213
1,190,048	731,934	-	303,517	4,811,679	84,452,719

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total
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
2007-08	1,531,146,400	195,089,255	15,776,190	81,796,911	8,025,820	65,492,935	1,897,327,511
2008-09	2,324,219,300	206,267,750	12,346,600	82,343,504	7,598,061	95,323,143	2,728,098,358
2009-10	2,621,264,200	205,608,421	12,311,200	84,420,400	7,085,055	103,341,541	3,034,030,817

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital
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
2007-08	0.65	3.25	0.65	2.00	3.95
2008-09	0.52	3.25	0.52	2.00	3.95
2009-10	0.52	3.25	0.52	2.00	3.95

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>
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%
2007-08	18,630,497	18,146,159	97.40%	318,236	18,464,395	99.11%	636,107	3.41%
2008-09	21,130,560	20,430,145	96.69%	388,499	20,818,644	98.52%	829,090	3.92%
2009-10	21,212,184	20,228,826	95.36%	445,920	20,674,746	97.47%	1,325,725	6.25%

(1) Exclusive of penalties and interest.

(2) Includes three years taxes

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Debt Payable from Enterprise Revenue	Net General Bonded Debt	Ratio of Gross Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000-01	28,518	\$ 1,352,071,668	\$ 30,751,162	\$ 5,405,000	\$ 25,346,162	2.27%	\$ 889
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
2007-08	31,894	1,897,327,511	34,384,357	3,870,000	30,514,357	1.81%	957
2008-09	31,894	2,728,098,358	31,407,157	3,785,000	27,622,157	1.15%	866
2009-10	31,894	3,034,030,817	36,223,397	11,739,000	24,484,397	1.19%	768

(1) Bureau of the Census.

(2) From Table 5

(3) Includes all long-term general obligation debt

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Amherst, Virginia's basic financial statements and have issued our report thereon dated March 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, (this item is identified as 2010-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Amherst, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Amherst, Virginia in a separate letter dated March 22, 2011.

The County of Amherst, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Amherst, Virginia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity, 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

March 22, 2011

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited the County of Amherst, Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Amherst, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Amherst, Virginia's management. Our responsibility is to express an opinion on the County of Amherst, Virginia's compliance based on our audit.

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

In our opinion, the County of Amherst, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the County of Amherst, Virginia, in a separate letter dated March 22, 2011.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the entity 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
March 22, 2011

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 280,493
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	8,123
Department of Rural Development:			
Community Facilities Loans and Grants	10.780	N/A	50,000
Total Department of Agriculture			\$ 338,616
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50212 60507-50292 60507-59101 60507-50102	\$ 6,077
Highway Planning and Construction	20.205	N/A	116,506
Total Department of Transportation			\$ 122,583
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	\$ 14,911
State Homeland Security Program (SHSP)	97.073	N/A	27,147
Total Department of Homeland Security			\$ 42,058
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110	\$ 17,750
Temporary Assistance for Needy Families	93.558	0400111	222,728
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	632
Low-Income Home Energy Assistance	93.568	0600411	11,478
Child Care and Development Block Grant	93.575	0770110	154,198
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	102,031
ARRA - Child Care and Development Block Grant	93.713	0770110	53,334
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	2,936
Child Welfare Services - State Grants	93.645	0900110	785
Foster Care - Title IV - E	93.658	1100111	284,412
ARRA - Foster Care - Title IV - E	93.658	1100111	27,430
Adoption Assistance	93.659	1120111	38,728
ARRA - Adoption Assistance	93.659	1120111	4,025
Social Services Block Grant	93.667	1000111	117,427
Chafee Foster Care Independence Program	93.674	9150110	4,897
Children's Health Insurance Program	93.767	0540111	12,969
Medical Assistance Program	93.778	1200111	163,883
Total Department of Health and Human Services			\$ 1,219,643

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2010 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government: (Continued)			
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Edward Byrne Memorial Formula Grant Program	16.579	39001-61011	\$ 5,000
Local Law Enforcement Block Grant	16.592	N/A	41,250
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	2009-SU-B9-0033	18,120
Commonwealth of Virginia Compensation Board:			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	2009-SU-B9-0033	135,388
Total Department of Justice			\$ 199,758
Total Primary Government			\$ 1,922,658
Component Unit - School Board:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture and Consumer Services:			
Schools and Roads - Grants to States	10.665	N/A	\$ 83,409
Food Distribution	10.555	N/A	115,766
Department of Education:			
School Breakfast Program	10.553	17901-40591	255,392
National School Lunch Program	10.555	17901-40623	802,587
Fresh Fruit and Vegetable Program	10.582	17901-40599	20,567
Total Department of Agriculture			\$ 1,277,721
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Education Consolidation and Improvement Act of 1981:			
Chapter 1:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 760,602
ARRA - Title I - Grants to Local Educational Agencies	84.389	17901-42913	194,523
Title VI-B:			
Special Education - Grants to States	84.027	17901-43071	820,760
ARRA - Special Education Grants to States	84.391	17901-61245	434,268
Vocational Education:			
Career and Technical Education - Basic Grants to States	84.048	17901-61095	74,710
Special Projects:			
Special Education - Preschool Grants	84.173	17901-62521	24,897
Twenty-First Century Community Learning Centers	84.287	17901-60565	150,569
Adult Education - Basic Grants to States	84.002	17901-42801	419,266
		17901-61380	
Improving Teacher Quality State Grants	84.367	17901-61480	200,273
Reading First State Grants	84.357	17901-60655	94,925
Education Technology State Grants	84.318	17901-61600	15,446
School Improvement Grants	84.377	17901-43040	48,163
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	2,287,996
Total Department of Education			\$ 5,526,398
Total Component Unit School Board			\$ 6,804,119
Total Expenditures of Federal Awards			\$ 8,726,777

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF AMHERST, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Amherst, Virginia under programs of the federal government for the year ended June 30, 2010 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of operations of the County of Amherst, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Amherst, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,922,656
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Total primary government	\$ 1,922,656
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Component Unit Public Schools:

School Operating Fund	\$ 6,688,355
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Total component unit public schools	\$ 6,688,355
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Total federal expenditures per basic financial statements	\$ 8,611,011
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Non-cash expenditures - value of donated commodities	\$ 115,766
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 8,726,777
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COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	SNAP cluster
84.010/84.389	Title I Part A Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants
93.575/93.596/93.713	Child Care and Development Block Grant Cluster

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

Auditee qualified as low-risk auditee? Yes

COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs Year Ended June 30, 2010 (Continued)

Section II - Financial Statement Findings

2010-1 - Inadequate design of internal control over the reconciliation of the general checking account:

Condition:

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

Criteria:

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

Cause of Condition:

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

Effect of Condition:

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

Recommendation:

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

Management's Response:

Subsequent to year end the Treasurer has indicated that bank reconciliations would be given a higher priority and that she is committed to performing the reconciliations within 15 days at the end of each month.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

There are no prior year findings and questioned costs to report.

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