

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: December 13, 2011

Memorandum To: County of Amherst, Virginia

From: Robinson, Farmer, Cox Associates
Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2011

In planning and performing our audit of the financial statements of the County of Amherst, Virginia for the year ended June 30, 2011, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated December 13, 2011, on the financial statements of the County of Amherst, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Governmental Accounting Standards Board Pronouncements

In order to assist your staff in preparing for upcoming accounting changes, we have included the following summaries of Governmental Accounting Standards Board (GASB) pronouncements that will affect the County in upcoming years.

GASB No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position - This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This pronouncement will take effect for the fiscal year ending June 30, 2013.

Repeat Comment - Checking Account Reconciliations

During the course of our audit we observed that the general checking account reconciliation for June 30, 2011, which was provided to us on November 30, 2011, differed from amounts recorded in the accounting system by \$9,028. The Treasurer did not perform timely reconciliations during the year and failed to accurately reconcile the month of June before she left the office on December 30, 2011. The Director of Central Accounting and personnel in the Treasurer's office are verifying amounts on the June 30, 2011 reconciliation and efforts are ongoing at the report release date. In addition the Treasurer did not perform detailed reconciliations for either the Textbook account or the Cafeteria account during FY 11. We recommend the Treasurer develop a process to insure timely reconciliations are performed within 15 days of month end as this is a critical control in the prevention of material misstatements in the financial statements.

Repeat comment from the prior year

Expenditures / Appropriations

During the course of our audit we have noted several departments which reflected expenditures in excess of appropriations, reference note 17 to the financial statements. We recommend the County insure it appropriates sufficient funds prior to the expenditure to insure compliance with Code of Virginia Section 15.2-2506.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

December 30, 2011

Brenda Campbell, Director of Accounting
County of Amherst
153 Washington Street
Amherst, VA 24521

Dear Ms. Campbell:

We are enclosing herewith the Governance Letter and Management Letter for the County of Amherst, Virginia Financial Report for the year ended June 30, 2011.

Should you have any questions regarding the enclosed, please do not hesitate to contact us.

With kindest regards we remain,

Very truly yours,

ROBINSON, FARMER, COX ASSOCIATES



David L. Hughes
Certified Public Accountant
Member

DLH/gw

Enclosures

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Communication with Those Charged with Governance

To the Honorable Mayor and Members of the Board of Supervisors County of 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 for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to Mr. David Proffitt, dated May 10, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Amherst, Virginia are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County of Amherst, Virginia changed accounting policies related to fund balance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54 in FY 11. Accordingly, the cumulative effect of the accounting changes as of July 1, 2010 is reported in these financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during FY 2011. We noted no transactions entered into by the County of Amherst, Virginia during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the estimated lives of capital assets and related depreciation expense and accumulated depreciation are based on management's review and assessment of estimated useful lives of capital assets based on various accounting guidelines related to capital asset lives and depreciation methods. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Our procedures disclosed that the general checking bank reconciliation, as provided by the Treasurer, reflected a balance \$9,028 higher than the amount recorded on the books. The Director of Central Accounting and personnel in the Treasurer's office are verifying amounts on the June 30, 2011 reconciliation and efforts are ongoing at the report release date. Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2011.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Robinson, Farmer, Cox Associates

Robinson, Farmer, Cox Associates
December 13, 2011

COUNTY OF AMHERST, VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011**

COUNTY OF AMHERST, VIRGINIA
Financial Report
For The Fiscal Year Ended June 30, 2011

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COUNTY OF AMHERST, VIRGINIA
Financial Report
For The Fiscal Year Ended June 30, 2011

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COUNTY OF AMHERST, VIRGINIA

BOARD OF SUPERVISORS

Claudia D. Tucker, Chairman	
Vernon F. Campbell, Vice-Chairman	Donald W. Kidd
Robert M. Curd	Juanita Roberson

COUNTY SCHOOL BOARD

Jones Stanley, Chairman	
Elizabeth Gamble, Vice Chairman	Gloria C. Walker
Margaret R. Morton	Susan D. Cunningham
Dr. William Brown	Priscilla M. Liggon

COUNTY SOCIAL SERVICES BOARD

Juanita Roberson, Chairman	
Vernon F. Campbell, Vice Chairman	Dr. Jack Hamilton
Elynor D. Ross	Wayne Stark

COUNTY LIBRARY BOARD

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

OTHER OFFICIALS

Judge of the Circuit Court	J. Michael Gamble
Clerk of the Circuit Court	Roy C. Mayo, III
Judge of the General District Court	Joseph M. Serkes
Judge of the Juvenile and Domestic Relations Court	Michael Garrett
Commonwealth's Attorney	Stephanie S. Maddox
Commissioner of the Revenue	Linda M. Byers
Treasurer	Evelyn B. Martin
Sheriff	L.J. Ayers, III
Superintendent of Schools	Dr. Brian Ratliff
Clerk of the School Board	Teresa Crouch
Director of Social Services	Glenn W. Sullivan
Librarian	Steve Preston
Interim County Administrator	Steve Crosby

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, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the County of Amherst, Virginia adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress be

presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the management's discussion and analysis and schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Amherst, Virginia's basic financial statements. The introductory section, 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

December 13, 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, 2011.

Financial Highlights

Government-wide Financial Statements

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$25,650,246 (net assets). The County's business type activities assets exceeded its liabilities by \$18,927,264.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported total revenues of \$38,545,956 with total expenditures of \$36,418,258. As of the close of the current fiscal year; the County's funds reported ending fund balances of \$24,656,598 (Exhibit 4), an overall increase of \$2,127,698 in comparison with the prior year.

Overview of the Financial Statements

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

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

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

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (Continued)

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

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

The Government-wide financial statements can be found on page 9-11 of this report.

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

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

Overview of the Financial Statements (Continued)

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.

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 \$ 25,650,246 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 34,534,805	\$ 32,770,534	\$ 9,919,874	\$ 12,959,110	\$ 44,454,679	\$ 45,729,644
Capital assets	<u>27,724,471</u>	<u>29,763,731</u>	<u>23,861,398</u>	<u>18,929,820</u>	<u>51,585,869</u>	<u>48,693,551</u>
Total assets	\$ <u>62,259,276</u>	\$ <u>62,534,265</u>	\$ <u>33,781,272</u>	\$ <u>31,888,930</u>	\$ <u>96,040,548</u>	\$ <u>94,423,195</u>
Long-term liabilities outstanding	\$ 24,789,055	\$ 27,407,937	\$ 13,270,626	\$ 13,435,908	\$ 38,059,681	\$ 40,843,845
Current liabilities	<u>11,819,975</u>	<u>13,110,807</u>	<u>1,583,382</u>	<u>752,539</u>	<u>13,403,357</u>	<u>13,863,346</u>
Total liabilities	\$ <u>36,609,030</u>	\$ <u>40,518,744</u>	\$ <u>14,854,008</u>	\$ <u>14,188,447</u>	\$ <u>51,463,038</u>	\$ <u>54,707,191</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 8,184,296	\$ 7,328,297	\$ 11,295,398	\$ 6,190,820	\$ 19,479,694	\$ 13,519,117
Restricted	-	-	1,000,000	1,317,700	1,000,000	1,317,700
Unrestricted	<u>17,465,950</u>	<u>14,687,224</u>	<u>6,631,866</u>	<u>10,191,963</u>	<u>24,097,816</u>	<u>24,879,187</u>
Total net assets	\$ <u>25,650,246</u>	\$ <u>22,015,521</u>	\$ <u>18,927,264</u>	\$ <u>17,700,483</u>	\$ <u>44,577,510</u>	\$ <u>39,716,004</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 32% 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 \$3,634,725. Key elements of this increase are as follows:

County of Amherst, Virginia's Changes in Net Assets For the Years Ended June 30, 2011 and 2010						
	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,210,071	\$ 2,345,062	\$ 3,196,438	\$ 2,833,907	\$ 5,406,509	\$ 5,178,969
Operating grants and contributions	6,632,662	7,174,916	-	-	6,632,662	7,174,916
Capital grants and contributions	-	301,893	1,373,108	1,602,996	1,373,108	1,904,889
General revenues:						
General property taxes	19,578,113	18,945,245	-	-	19,578,113	18,945,245
Other local taxes	5,165,046	5,420,027	-	-	5,165,046	5,420,027
Use of money and property	444,282	461,985	21,673	26,586	465,955	488,571
C/VA non-categorical aid	3,765,269	3,632,335	-	-	3,765,269	3,632,335
Other general revenues	267,817	342,953	45,035	37,734	312,852	380,687
Total revenues	\$ 38,063,260	\$ 38,624,416	\$ 4,636,254	\$ 4,501,223	\$ 42,699,514	\$ 43,125,639
Expenses:						
General government administration	\$ 1,690,623	\$ 1,669,782	\$ -	\$ -	\$ 1,690,623	\$ 1,669,782
Judicial administration	1,356,685	1,350,102	-	-	1,356,685	1,350,102
Public safety	8,756,354	8,974,042	-	-	8,756,354	8,974,042
Public works	2,141,153	3,739,973	-	-	2,141,153	3,739,973
Health and welfare	4,147,244	4,444,208	-	-	4,147,244	4,444,208
Education	13,208,833	12,899,817	-	-	13,208,833	12,899,817
Parks, recreation, and cultural	1,072,529	1,245,055	-	-	1,072,529	1,245,055
Community development	667,805	490,425	-	-	667,805	490,425
Interest and other fiscal charges	1,387,309	1,196,863	-	-	1,387,309	1,196,863
Water and sewer	-	-	3,409,473	3,408,338	3,409,473	3,408,338
Total expenses	\$ 34,428,535	\$ 36,010,267	\$ 3,409,473	\$ 3,408,338	\$ 37,838,008	\$ 39,418,605
Change in net assets	\$ 3,634,725	\$ 2,614,149	\$ 1,226,781	\$ 1,092,885	\$ 4,861,506	\$ 3,707,034
Net assets, July 1, 2010	22,015,521	19,401,372	17,700,483	16,607,598	39,716,004	36,008,970
Net assets, June 30, 2011	\$ 25,650,246	\$ 22,015,521	\$ 18,927,264	\$ 17,700,483	\$ 44,577,510	\$ 39,716,004

Government-wide Financial Analysis (Continued)

Assessed property values increased by \$16,563,715 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 FY2011 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPRTA rate of 45.75%.

Operating grants for governmental activities became competitive for FY2011; the County experienced a half million decrease in grant monies. For comparison, FY2011 operating grants totaled \$6,632,662, but for FY2010 the County operating grants totaled \$7,174,916. Grant funds help to support activities and programs of these County functions: public safety, social services, and recreation.

Continuation of State reductions and economic conditions resulted in FY2011's budgetary instructions to keep expenditures level or reduce expenditures if possible.

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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 \$24,656,598 an overall increase in comparison with the prior year, *reference exhibit 4*. It is prudent to point out local revenues, did not meet expectation for the 2010-2011 year (i.e. revenue from use of money; building permits; and local sales tax). Though the County's delinquency rate on current levy increased; the overall rate of increase was modest in comparison to the rate of increase experienced between FY2009 and FY2010, *see delinquent rate exhibit below*.

<u>Year</u>	<u>Rate</u>	<u>Increase</u>
FY2009	3.92%	
FY2010	6.25%	2.33%
FY2011	7.18%	0.93%

Proprietary funds

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

General Fund Budgetary Highlights

- The difference between the original budget and the final amended budget was an overall increase of \$1,942,472. Significant budgetary increases are identified by category as follows:

❖ Law enforcement and traffic control	\$ 453,659
❖ Public Safety	\$ 157,595
❖ Health and Welfare	\$1,098,057
❖ Education	\$ 100,000

However, total actual expenditures were less than the amended budget by \$725,908.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets totals \$27,724,471, the School Board's totals \$19,683,419 and the Service Authority's totals \$22,861,398 (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 \$27,236,321. Of this amount \$7,595,000 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 \$3,513,193.

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 2010 and July 2011 declined from 9.5% to 9.2%. For the Commonwealth during the same period, unemployment declined from 6.9% to 6.3%; for the City of Lynchburg, unemployment declined from 8.0% to 7.0%; and for the County of Amherst, unemployment declined from 7.9% to 6.8%.
- Inflationary trends as measured by the United States Bureau of Labor Statistics in its Consumer Price Index (Southern Urban) are on the rise, during the period from October 2010 to October 2011 the rate of inflation rose .2%.
- Residential growth in Amherst appeared to be stagnant, in that permits issued for single family dwellings were non-existent, while need for services such as emergency services, social services, and law enforcement, seen an increase in demand.

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2011

	Primary Government			Component Unit
	Govern- mental Activities	Business- Type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 31,645,946	\$ 6,919,076	\$ 38,565,022	\$ 1,920,214
Receivables (net of allowance for uncollectibles):				
Property taxes	1,381,606	-	1,381,606	-
Accounts receivable	661,867	241,147	903,014	-
Inventory	-	216,190	216,190	-
Due from primary government	-	-	-	2,467,364
Due from other governmental units	845,386	-	845,386	1,912,190
Total Current Assets	\$ 34,534,805	\$ 7,376,413	\$ 41,911,218	\$ 6,299,768
Noncurrent Assets:				
Restricted assets	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Capital assets (net of accumulated depreciation):				
Land	1,887,580	623,523	2,511,103	309,826
Buildings and improvements	14,676,057	14,737,000	29,413,057	5,248,228
Equipment	1,232,513	-	1,232,513	1,731,926
Joint tenancy	9,928,321	-	9,928,321	12,393,439
Construction in progress	-	7,500,875	7,500,875	-
Other assets	-	2,543,461	2,543,461	-
Total Noncurrent Assets	\$ 27,724,471	\$ 26,404,859	\$ 54,129,330	\$ 19,683,419
Total Assets	\$ 62,259,276	\$ 33,781,272	\$ 96,040,548	\$ 25,983,187
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 481,554	\$ 851,905	\$ 1,333,459	\$ 4,472,279
Customer deposits	-	242,870	242,870	-
Unearned revenue	5,957,560	91,385	6,048,945	-
Due to component unit	2,467,364	-	2,467,364	-
Accrued interest payable	466,231	-	466,231	-
Current portion of long-term obligations	2,447,266	397,222	2,844,488	38,002
Total Current Liabilities	\$ 11,819,975	\$ 1,583,382	\$ 13,403,357	\$ 4,510,281
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	24,789,055	13,270,626	38,059,681	342,015
Total Liabilities	\$ 36,609,030	\$ 14,854,008	\$ 51,463,038	\$ 4,852,296
NET ASSETS				
Invested in capital assets, net of related debt	\$ 8,184,296	\$ 11,295,398	\$ 19,479,694	\$ 19,683,419
Restricted	-	1,000,000	1,000,000	-
Unrestricted assets	17,465,950	6,631,866	24,097,816	1,447,472
Total Net Assets	\$ 25,650,246	\$ 18,927,264	\$ 44,577,510	\$ 21,130,891
Total Liabilities and Net Assets	\$ 62,259,276	\$ 33,781,272	\$ 96,040,548	\$ 25,983,187

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

COUNTY OF AMHERST, VIRGINIA

Statement of Activities
Year Ended June 30, 2011

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,690,623	\$ 33,120	\$ 264,512	\$ -
Judicial administration	1,356,685	565,946	670,599	-
Public safety	8,756,354	1,124,640	2,451,280	-
Public works	2,141,153	315,238	17,911	-
Health and welfare	4,147,244	-	3,071,113	-
Education	13,208,833	-	-	-
Parks, recreation, and cultural	1,072,529	171,127	157,247	-
Community development	667,805	-	-	-
Interest on long-term debt	1,387,309	-	-	-
Total governmental activities	<u>\$ 34,428,535</u>	<u>\$ 2,210,071</u>	<u>\$ 6,632,662</u>	<u>\$ -</u>
Business-type activities:				
Water and sewer	\$ 3,409,473	\$ 3,196,438	\$ -	\$ 1,373,108
Total primary government	<u>\$ 37,838,008</u>	<u>\$ 5,406,509</u>	<u>\$ 6,632,662</u>	<u>\$ 1,373,108</u>
COMPONENT UNIT:				
School Board	<u>\$ 45,051,175</u>	<u>\$ 1,021,877</u>	<u>\$ 30,627,269</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	
Governmental Activities	Business- Type Activities	Total	Unit School Board	
\$ (1,392,991)	\$ -	\$ (1,392,991)	\$ -	
(120,140)	-	(120,140)	-	
(5,180,434)	-	(5,180,434)	-	
(1,808,004)	-	(1,808,004)	-	
(1,076,131)	-	(1,076,131)	-	
(13,208,833)	-	(13,208,833)	-	
(744,155)	-	(744,155)	-	
(667,805)	-	(667,805)	-	
(1,387,309)	-	(1,387,309)	-	
<u>\$ (25,585,802)</u>	<u>\$ -</u>	<u>\$ (25,585,802)</u>	<u>\$ -</u>	
\$ -	\$ 1,160,073	\$ 1,160,073	\$ -	
<u>\$ -</u>	<u>\$ 1,160,073</u>	<u>\$ (24,425,729)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,402,029)</u>	
\$ 19,578,113	\$ -	\$ 19,578,113	\$ -	
2,099,345	-	2,099,345	-	
830,521	-	830,521	-	
340,383	-	340,383	-	
686,550	-	686,550	-	
862,454	-	862,454	-	
345,793	-	345,793	-	
444,282	21,673	465,955	220,412	
3,765,269	-	3,765,269	-	
-	-	-	12,897,970	
267,817	45,035	312,852	496,563	
<u>\$ 29,220,527</u>	<u>\$ 66,708</u>	<u>\$ 29,287,235</u>	<u>\$ 13,614,945</u>	
\$ 3,634,725	\$ 1,226,781	\$ 4,861,506	\$ 212,916	
22,015,521	17,700,483	39,716,004	20,917,975	
<u>\$ 25,650,246</u>	<u>\$ 18,927,264</u>	<u>\$ 44,577,510</u>	<u>\$ 21,130,891</u>	

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2011

ASSETS	General Fund	Special Revenue	Capital Projects	Total
Cash and cash equivalents	\$ 21,474,046	\$ 4,871,305	\$ 5,300,595	\$ 31,645,946
Receivables (Net of allowance for uncollectibles):				
Taxes, including penalties	1,381,606	-	-	1,381,606
Accounts receivable	661,867	-	-	661,867
Due from other governmental units	833,571	11,815	-	845,386
Total assets	<u>\$ 24,351,090</u>	<u>\$ 4,883,120</u>	<u>\$ 5,300,595</u>	<u>\$ 34,534,805</u>
LIABILITIES				
Accounts payable	\$ 388,842	\$ 89,389	\$ 3,323	\$ 481,554
Deferred revenue	6,830,253	99,036	-	6,929,289
Due to component unit	2,467,364	-	-	2,467,364
Total liabilities	<u>\$ 9,686,459</u>	<u>\$ 188,425</u>	<u>\$ 3,323</u>	<u>\$ 9,878,207</u>
FUND BALANCES				
Committed:				
General government - financial forecast	\$ 12,500	\$ -	\$ -	\$ 12,500
General government - tax collections	25,000	-	-	25,000
Public safety - sheriff	186,083	-	-	186,083
Public safety - building inspections	27,573	-	-	27,573
Public safety - emergency medical services	85,000	-	-	85,000
Public safety - emergency services	13,000	-	-	13,000
Public safety - jail renovations	22,000	-	-	22,000
Public safety - rent of land	12,000	-	-	12,000
Public works - ground maintenance	28,000	-	-	28,000
Public works - hvac	440,000	-	-	440,000
Community development - incentives	115,925	-	-	115,925
Education - school construction	1,000,000	-	-	1,000,000
Special revenue - Dare program	-	31,989	-	31,989
Special revenue - Recreation activities	-	14,874	-	14,874
Special revenue - E-911	-	458,100	-	458,100
Special revenue - Community development block grant	-	15,606	-	15,606
Special revenue - Solid Waste	-	4,116,515	-	4,116,515
Special revenue - Economic development	-	57,611	-	57,611
Land acquisition	-	-	140,000	140,000
Capital projects - train station	-	-	95,000	95,000
Capital projects - riveredge	-	-	201,091	201,091
Assigned:				
Other capital purposes	-	-	4,861,181	4,861,181
Unassigned:				
General	12,697,550	-	-	12,697,550
Total fund balances	<u>\$ 14,664,631</u>	<u>\$ 4,694,695</u>	<u>\$ 5,297,272</u>	<u>\$ 24,656,598</u>

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

Total fund balances above \$ 24,656,598

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.

27,724,471

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

(466,231)

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.

971,729

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.

(27,236,321)

Net assets of general government activities

\$ 25,650,246

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, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 19,609,216	\$ -	\$ -	\$ 19,609,216
Other local taxes	5,165,046	-	-	5,165,046
Permits, privilege fees and regulatory licenses	147,832	-	-	147,832
Fines and forfeitures	467,564	-	-	467,564
Revenue from use of money and property	273,284	157,233	13,765	444,282
Charges for services	1,250,345	344,330	-	1,594,675
Miscellaneous	182,852	84,965	-	267,817
Recovered costs	451,593	-	-	451,593
Intergovernmental:				
Commonwealth	8,745,700	114,083	-	8,859,783
Federal	1,511,571	26,577	-	1,538,148
Total revenues	\$ 37,805,003	\$ 727,188	\$ 13,765	\$ 38,545,956
Expenditures:				
Current:				
General government administration	\$ 1,731,847	\$ -	\$ -	\$ 1,731,847
Judicial administration	1,301,807	-	-	1,301,807
Public safety	8,585,142	63,430	-	8,648,572
Public works	674,536	1,348,052	186,768	2,209,356
Health and welfare	4,479,160	-	-	4,479,160
Education	11,699,144	-	-	11,699,144
Parks, recreation, and cultural	993,746	54,619	-	1,048,365
Community development	566,825	69,714	-	636,539
Debt service:				
Principal retirement	3,159,902	42,338	-	3,202,240
Interest and other fiscal charges	1,429,319	31,909	-	1,461,228
Total expenditures	\$ 34,621,428	\$ 1,610,062	\$ 186,768	\$ 36,418,258
Excess (deficiency) of revenues over (under) expenditures	\$ 3,183,575	\$ (882,874)	\$ (173,003)	\$ 2,127,698
Other financing sources (uses):				
Transfer in	\$ 520,373	\$ 1,470,869	\$ -	\$ 1,991,242
Transfer out	(1,583,219)	(1,948)	(406,075)	(1,991,242)
Total other financing sources (uses)	\$ (1,062,846)	\$ 1,468,921	\$ (406,075)	\$ -
Net change in fund balances	\$ 2,120,729	\$ 586,047	\$ (579,078)	\$ 2,127,698
Fund balances at beginning of year, as restated	12,543,902	4,108,648	5,876,350	22,528,900
Fund balances at end of year	\$ 14,664,631	\$ 4,694,695	\$ 5,297,272	\$ 24,656,598

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, 2011

		<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	\$	2,127,698
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	\$ 338,792	
Depreciation expense	<u>(1,304,536)</u>	(965,744)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,073,516)
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.		(31,103)
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	\$ 236,245	
Principal retired on County general obligation bonds	560,900	
Principal retired on County capital leases	187,871	
Principal retired on County revenue bonds	497,000	
Principal retired on School general obligation bonds	1,420,224	
Principal retired on School literary fund loans	300,000	
Premium amortized on School general obligation bonds	<u>9,722</u>	3,211,962
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	\$ 64,197	
Decrease in accrued leave	<u>301,231</u>	365,428
Change in net assets of governmental activities	\$	<u><u>3,634,725</u></u>

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

Statement of Net Assets - Proprietary Fund
At June 30, 2011

	Business- Type Activities
	Amherst County Service Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,919,076
Accounts receivable	241,147
Inventory	216,190
	<hr/>
Total current assets	\$ 7,376,413
Noncurrent assets:	
Restricted assets	\$ 1,000,000
Capital Assets:	
Land	623,523
Construction in progress	7,500,875
Buildings and equipment, net of depreciation	14,737,000
Other Assets	<hr/> 2,543,461
Total noncurrent assets	\$ 26,404,859
Total Assets	<hr/> <hr/> 33,781,272
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 851,905
Customer deposits	242,870
Unearned revenue	91,385
Current portion of long-term obligations	<hr/> 397,222
Total current liabilities	\$ 1,583,382
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	\$ <hr/> 13,270,626
Total Liabilities	<hr/> 14,854,008
NET ASSETS	
Invested in capital assets, net of related debt	\$ 11,295,398
Restricted for construction, debt service and other purposes	1,000,000
Unrestricted assets	<hr/> 6,631,866
Total Net Assets	\$ <hr/> 18,927,264
Total Liabilities and Net Assets	\$ <hr/> <hr/> 33,781,272

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, 2011

	Proprietary Fund
	Amherst County Service Authority
Operating revenues:	
Water	\$ 2,471,369
Sewer	624,629
Other	100,440
Total operating revenues	\$ 3,196,438
Operating expenses:	
Source of supply	\$ 339,480
Water treatment	419,260
Water distribution	276,413
Sewer line	27,980
Sewage pumping	84,994
Sewage treatment	206,784
Customer accounting	225,976
Administrative and general	655,764
Depreciation and amortization	630,001
Total operating expenses	\$ 2,866,652
Operating income (loss)	\$ 329,786
Non-operating revenues (expenses)	
Interest income	\$ 21,673
Connection and availability charges	188,900
Capital contributions	415,046
Line extension and other fees	769,162
Interest expense	(272,128)
Capacity payment - City of Lynchburg	(216,213)
Miscellaneous outlays and connection expenses	(54,480)
Other nonoperating revenues	45,035
Total nonoperating revenues (expenses)	\$ 896,995
Net income (loss)	\$ 1,226,781
Net assets at beginning of year	17,700,483
Net assets at end of year	\$ 18,927,264

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

Statement of Cash Flows -
Proprietary Fund
Year Ended June 30, 2011

	Proprietary Fund
	Amherst County Service Authority
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,198,729
Payments to suppliers	(830,486)
Payments to employees	(795,550)
	<u>(795,550)</u>
Net cash provided by operating activities	\$ 1,572,693
Cash flows from capital and related financing activities:	
Additions to utility plant	\$ (5,120,635)
Retirement of debt	(3,755,000)
Interest paid on debt	(272,128)
Proceeds from long-term indebtedness issued	3,290,217
Connection and availability fees	188,900
Line extension and other fees	769,162
Capacity payments - City of Lynchburg	(216,213)
Other nonoperating income	45,035
Miscellaneous connection expenses	(54,480)
	<u>(54,480)</u>
Net cash provided by (used in) capital and related financing activities	\$ (5,125,142)
Cash flows from investing activities:	
Interest earned	\$ 21,673
	<u>21,673</u>
Net cash provided by investing activities	\$ 21,673
Increase (decrease) in cash and cash equivalents	\$ (3,530,776)
Cash and cash equivalents at beginning of year (including restricted assets)	<u>11,449,852</u>
Cash and cash equivalents at end of year (including restricted assets)	<u>\$ 7,919,076</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 329,786
Adjustments to reconcile net operating income (loss) to net cash provided by operations:	
Depreciation and amortization	630,001
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(89,096)
Inventory	9,698
(Decrease) increase in:	
Accounts payable and accrued expenses	598,227
Customer deposits	2,692
Unearned revenue	91,385
	<u>91,385</u>
Net cash provided by operating activities	\$ 1,572,693
Noncash Investing, Capital and Financing Activities:	
Estimated fair value of property, plant and equipment received	<u>415,046</u>

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

Statement of Fiduciary Net Assets
At June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>37,658</u>
Total assets	\$ <u><u>37,658</u></u>
LIABILITIES	
Amounts held for others	\$ <u><u>37,658</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, 2011

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, 2011 (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, 2011 (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, 2010 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, 2011.

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, 2011 (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, 2011 (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, 2011 (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, 2011 (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 \$167,160 at June 30, 2011 is comprised of \$159,576 in property taxes and \$7,584 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, 2011.

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.

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

L. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

M. Retirement Plan

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

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Net Assets

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 2—Deposits and Investments:

Deposits

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

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, 2011 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, 2011 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>5,278,431</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, 2011 (Continued)

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:		
Public assistance and welfare administration	\$ 78,548	\$ -
Commonwealth Attorney	29,167	-
Sheriff	183,131	-
Commissioner of Revenue	10,100	-
Treasurer	9,805	-
Clerk	25,258	-
Comprehensive Services Act	369,123	-
Mobile home titling tax	8,304	-
E-911 wireless grant	11,815	-
State sales tax	-	796,322
Federal Government:		
School Grants	-	1,115,868
Public assistance and welfare administration	<u>120,135</u>	<u>-</u>
Total	\$ <u>845,386</u>	\$ <u>1,912,190</u>

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

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 2,467,364	\$ -
School	<u>-</u>	<u>2,467,364</u>
Totals	\$ <u>2,467,364</u>	\$ <u>2,467,364</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Primary Government:				
Capital assets, not being depreciated:				
Land	\$ 1,887,580	\$ -	\$ -	\$ 1,887,580
Construction in progress	<u>1,701,965</u>	<u>78,487</u>	<u>1,780,452</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 3,589,545</u>	<u>\$ 78,487</u>	<u>\$ 1,780,452</u>	<u>\$ 1,887,580</u>
Capital assets being depreciated:				
Buildings	\$ 19,209,785	\$ 1,804,388	\$ -	\$ 21,014,173
Equipment	5,461,776	236,369	167,772	5,530,373
Jointly owned assets	<u>16,012,271</u>	<u>-</u>	<u>1,857,987</u>	<u>14,154,284</u>
Total capital assets being depreciated	<u>\$ 40,683,832</u>	<u>\$ 2,040,757</u>	<u>\$ 2,025,759</u>	<u>\$ 40,698,830</u>
Less accumulated depreciation for:				
Buildings	\$ 5,816,970	\$ 521,146	\$ -	\$ 6,338,116
Equipment	4,118,415	347,217	167,772	4,297,860
Jointly owned assets	<u>4,574,261</u>	<u>436,173</u>	<u>784,471</u>	<u>4,225,963</u>
Total accumulated depreciation	<u>\$ 14,509,646</u>	<u>\$ 1,304,536</u>	<u>\$ 952,243</u>	<u>\$ 14,861,939</u>
Total capital assets being depreciated, net	<u>\$ 26,174,186</u>	<u>\$ 736,221</u>	<u>\$ 1,073,516</u>	<u>\$ 25,836,891</u>
Governmental capital assets, net	<u>\$ 29,763,731</u>	<u>\$ 814,708</u>	<u>\$ 2,853,968</u>	<u>\$ 27,724,471</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Component Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 309,826	\$ -	\$ -	\$ 309,826
Capital assets being depreciated:				
Buildings	\$ 22,748,777	\$ -	\$ -	\$ 22,748,777
Equipment	6,908,272	465,203	10,500	7,362,975
Jointly owned assets	15,883,729	1,857,987	-	17,741,716
Total capital assets being depreciated	\$ 45,540,778	\$ 2,323,190	\$ 10,500	\$ 47,853,468
Less accumulated depreciation for:				
Buildings	\$ 16,345,078	\$ 1,155,471	\$ -	\$ 17,500,549
Equipment	5,217,625	423,924	10,500	5,631,049
Jointly owned assets	4,563,806	784,471	-	5,348,277
Total accumulated depreciation	\$ 26,126,509	\$ 2,363,866	\$ 10,500	\$ 28,479,875
Total capital assets being depreciated, net	\$ 19,414,269	\$ (40,676)	\$ -	\$ 19,373,593
Governmental capital assets, net	\$ 19,724,095	\$ (40,676)	\$ -	\$ 19,683,419

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	482,260
Public works	160,292
Health and welfare	2,756
Education	436,173
Parks, recreation and cultural	29,288
Community development	31,266
Total	\$ 1,304,536
Business-type activities:	
Amherst County Service Authority	\$ 604,103
Component Unit-School Board	\$ 1,579,395 *
* Total depreciation above	\$ 1,579,395
Transfer of jointly owned assets	784,471
Total accumulated depreciation	\$ 2,363,866

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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, 2010	Additions	Deletions	Balance December 31, 2010
Capital assets, not being depreciated:				
Land	\$ 623,523	\$ -	\$ -	\$ 623,523
Construction in progress, see detail below	3,372,611	4,949,012	820,748	7,500,875
Total capital assets not being depreciated	<u>\$ 3,991,901</u>	<u>\$ 4,949,012</u>	<u>\$ 820,748</u>	<u>\$ 8,124,398</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 84,535	\$ 6,790	\$ -	\$ 91,325
Vehicles and other equipment	948,965	103,394	-	1,052,359
Utility plant in service	26,525,104	1,297,233	-	27,822,337
Total capital assets being depreciated	<u>\$ 27,562,837</u>	<u>\$ 1,407,417</u>	<u>\$ -</u>	<u>\$ 28,966,021</u>
Less accumulated depreciation				
Buildings and improvements	\$ 52,272	\$ 1,524	\$ -	\$ 53,796
Vehicles and other equipment	878,369	19,930	-	898,299
Utility plant in service	12,694,277	582,649	-	13,276,926
Total accumulated depreciation	<u>\$ 13,624,918</u>	<u>\$ 604,103</u>	<u>\$ -</u>	<u>\$ 14,229,021</u>
Total capital assets being depreciated, net	<u>\$ 13,937,919</u>	<u>\$ 803,314</u>	<u>\$ -</u>	<u>\$ 14,737,000</u>
Business-type activities capital assets, net	<u>\$ 17,929,820</u>	<u>\$ 5,752,326</u>	<u>\$ 820,748</u>	<u>\$ 22,861,398</u>
Construction in Progress Details:				
Graham creek reservoir dam	\$ 3,359,749	\$ 4,141,126	\$ -	\$ 7,500,875
Water line extensions	-	603,372	603,372	-
Sewer line extensions	-	163,512	163,512	-
Water line replacements	-	17,741	17,741	-
Computer system upgrade	12,862	23,261	36,123	-
Total construction in progress	<u>\$ 3,372,611</u>	<u>\$ 4,949,012</u>	<u>\$ 820,748</u>	<u>\$ 7,500,875</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Other Assets — Amherst County Service Authority:

Other assets consist of bond issue costs (\$531,545) and the investment in the City of Lynchburg Sewage facilities (\$2,011,916) at December 31, 2010:

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, 2010</u>	<u>Current Year Amortization</u>	<u>Current Year Retirement</u>	<u>Total</u>	<u>Net Book Value</u>
2000 Issue	\$ 210,303	\$ 63,091	\$ -	\$ 147,212	\$ 210,303	\$ -
2009 Issue	118,450	-	3,950	-	3,950	114,500
2010 Issue	438,995	-	21,950	-	21,950	417,045
Total	<u>\$ 767,748</u>	<u>\$ 63,091</u>	<u>\$ 25,900</u>	<u>\$ 147,212</u>	<u>\$ 236,203</u>	<u>\$ 531,545</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>2010</u>
Balance, beginning of year	\$ 1,865,657
Increases	329,751
Decreases	<u>183,492</u>
Balance, end of year	<u>\$ 2,011,916</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

C. Restricted Cash:

At December 31, 2010 restricted assets consist of the following:

	<u>Non-current Assets</u>
Rate stabilization fund CD	\$ <u>1,000,000</u>
Totals	\$ <u><u>1,000,000</u></u>

Note 8—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2011:

	<u>Balance Outstanding July 1, 2010</u>		<u>Increases</u>	<u>Decreases</u>	<u>Balance Outstanding June 30, 2011</u>	<u>Amount Due Within One Year</u>
County notes payable	\$ 2,979,888	\$		\$ 236,245	\$ 2,743,643	\$ 143,761
County revenue bonds	8,092,000		-	497,000	7,595,000	523,000
County general obligation bonds	560,900		-	560,900	-	-
Landfill closure and post-closure liability	1,795,953		-	-	1,795,953	-
Compensated absences	1,243,395		77,010	378,241	942,164	9,422
School general obligation bonds	15,056,497	*	-	1,420,224	13,636,273	1,403,351
Premium on bonds payable	175,000	*		9,722	165,278	9,722
School literary fund loans	600,000		-	300,000	300,000	300,000
County capital leases	245,881		-	187,871	58,010	58,010
Total	\$ <u>30,749,514</u>	\$	<u>77,010</u>	<u>\$ 3,590,203</u>	<u>\$ 27,236,321</u>	<u>\$ 2,447,266</u>

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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		Revenue Bonds	
	Principal	Interest	Principal	Interest
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>\$ 2,743,643</u>	<u>\$ 2,316,634</u>	<u>\$ 7,595,000</u>	<u>2,823,209</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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
2012	\$ 1,403,351	\$ 669,227	\$ 300,000	\$ 9,000	\$ 58,010	\$ 2,303
2013	1,376,004	595,404	-	-	-	-
2014	1,373,798	522,193	-	-	-	-
2015	1,356,739	448,934	-	-	-	-
2016	1,359,833	367,250	-	-	-	-
2017	1,158,089	308,162	-	-	-	-
2018	886,515	254,548	-	-	-	-
2019	890,119	209,564	-	-	-	-
2020	693,916	169,758	-	-	-	-
2021	692,909	135,664	-	-	-	-
2022	495,000	106,681	-	-	-	-
2023	470,000	83,542	-	-	-	-
2024	425,000	62,267	-	-	-	-
2025	360,000	43,200	-	-	-	-
2026	305,000	27,018	-	-	-	-
2027	225,000	14,003	-	-	-	-
2028	165,000	4,208	-	-	-	-
Total	\$ <u>13,636,273</u>	\$ <u>4,021,621</u>	\$ <u>300,000</u>	\$ <u>9,000</u>	\$ <u>58,010</u>	\$ <u>2,303</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>County Notes Payable:</u>	
\$2,420,000 VRA note issued September 27, 2007, maturing in monthly installments of principal and interest of \$10,527 beginning October 1, 2009 through 2047, interest at 4.125%	\$ 2,371,997
\$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%	99,359
\$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>272,287</u>
Total notes payable	\$ <u>2,743,643</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%	\$ 445,000
\$5,350,000 EDA Lease Revenue Bonds, Series 2007 issued November 21, 2007, maturing in various installments through January 15, 2028, interest payable semi-annually at 3.94%	4,953,000
\$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>2,197,000</u>
Total revenue bonds	\$ <u>7,595,000</u>
<u>General Capital Leases:</u>	
\$218,716 capital lease obligation payable in annual installments of \$60,314 through October 1, 2011, interest at 3.97 %	\$ <u>58,010</u>
Total capital leases	\$ <u>58,010</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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%	\$ 845,000
\$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	85,000
\$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%	1,650,000
\$2,000,000 issued April 30, 1998, maturing in principal annual installments of \$100,000 through July 15, 2018, interest payable semi-annually at 4.95%	800,000
\$550,000, issued November 15, 2001, maturing annually in various installments through July 15, 2021; interest payable semi-annually at rates between 3.10% and 5.25%	280,000
\$2,000,000, issued April 30, 1999, maturing in principal annual installments of \$100,000 through July 15, 2019, interest payable at 4.73%	800,000
\$3,351,287 issued November 16, 2000, maturing annually in various installments through July 15, 2020, interest payable at 5.15%	1,821,273
\$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%	1,200,000

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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%	\$ 1,000,000
\$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%	770,000
\$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%	565,000
\$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%	1,005,000
\$3,325,000 issued November 8, 2007, maturing in annual principal installments of \$175,000 through July 15, 2028, interest payable semi-annually at rates ranging from 4.1% to 5.1%	<u>2,815,000</u>
Total school general obligation bonds	\$ <u>13,636,273</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%	\$ 125,000
\$3,500,000, issued January 15, 1992, due in annual installments of \$175,000 through February 15, 2012, interest at 3%	<u>175,000</u>
Total State Literary Fund Loans	\$ <u>300,000</u>
Landfill closure and postclosure costs	\$ <u>1,795,953</u>
Premium on bonds payable	\$ <u>165,278</u>
Accrued leave	\$ <u>942,164</u>
Total long-term obligations	\$ <u><u>27,236,321</u></u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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, 2011:

	Balance Outstanding July 1, 2010	Increases	Decreases	Balance Outstanding June 30, 2011	Amount Due Within One Year
School compensated absences \$	<u>354,570</u>	<u>\$ 54,245</u>	<u>\$ 28,798</u>	<u>\$ 380,017</u>	<u>\$ 38,002</u>
Total	<u>\$ 354,570</u>	<u>\$ 54,245</u>	<u>\$ 28,798</u>	<u>\$ 380,017</u>	<u>\$ 38,002</u>

Details of Long-term Obligations:

Accrued leave	<u>\$ 380,017</u>
Total long-term obligations	<u>\$ 380,017</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, 2010:

	Revenue Bonds	Notes	Compensated Absences	Total
Total outstanding, January 1, 2010	<u>\$ 11,739,000</u>	<u>\$ 1,865,657</u>	<u>\$ 85,495</u>	<u>\$ 13,690,152</u>
Additions:	<u>\$ 3,582,000</u>	<u>\$ 329,751</u>	<u>\$ 4,437</u>	<u>\$ 3,916,188</u>
Retirements:				
Bonds	<u>\$ 3,755,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,755,000</u>
Notes	<u>-</u>	<u>183,492</u>	<u>-</u>	<u>183,492</u>
Total retirements	<u>\$ 3,755,000</u>	<u>\$ 183,492</u>	<u>\$ -</u>	<u>\$ 3,938,492</u>
Total outstanding December 31, 2010	<u>\$ 11,566,000</u>	<u>\$ 2,011,916</u>	<u>\$ 89,932</u>	<u>\$ 13,667,848</u>
Current portion	<u>\$ 226,000</u>	<u>\$ 162,229</u>	<u>\$ 8,993</u>	<u>\$ 397,222</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

Details of Long-Term Obligations Outstanding:

Revenue Bonds:

\$3,582,000, issued June 23, 2010 due in annual installments ranging from \$60,000 to \$262,000 through December 15, 2029, interest payable semi-annually at 4.25%	\$ 3,522,000
\$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><u>\$ 11,566,000</u></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%	\$ 126,564
\$196,993 issued in 1995, due in annual principal installments of \$9,850 through June 1, 2015, interest at 5.96%	49,250
\$747,643 issued in 1998, due in annual principal installments of \$21,806 through June 1, 2017, interest at 3.5%	370,706
\$1,996,292 issued in 2001, due in annual principal installments of \$93,078 through June 1, 2017, interest at 3%	930,784
\$322,159 issued in 2002, due in annual installments of \$23,803 through June 1, 2021	215,775
\$329,751 issued in 2010, due in annual installments of \$24,565 through June 1, 2029	<u>318,837</u>
Total notes payable	<u><u>\$ 2,011,916</u></u>
Compensated absences	<u><u>\$ 89,932</u></u>
Total long-term obligations outstanding	<u><u>\$ 13,667,848</u></u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Amherst County Service Authority: (Continued)

Details of Long-Term Obligations Outstanding: (Continued)

<u>Year Ending December 31,</u>	<u>Revenue Bonds</u>		<u>Long-Term Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 226,000	\$ 511,665	\$ 162,229	\$ 50,749
2012	355,000	501,810	163,278	46,465
2013	410,000	486,160	164,367	42,140
2014	467,000	468,048	165,498	37,773
2015	490,000	447,380	166,671	33,364
2016	515,000	425,700	158,040	28,910
2017	534,000	402,918	159,305	27,227
2018	559,000	379,288	160,618	23,134
2019	580,000	354,553	161,980	19,062
2020	607,000	328,882	163,395	14,936
2021	633,000	302,017	71,786	8,124
2022	661,000	274,000	49,299	6,808
2023	689,000	244,742	50,035	6,073
2024	723,000	214,242	41,064	5,307
2025	752,000	182,243	41,862	4,510
2026	787,000	148,953	42,692	3,679
2027	822,000	114,117	43,557	2,815
2028	860,000	77,732	22,651	1,914
2029	896,000	39,665	23,589	977
Totals	\$ <u>11,566,000</u>	\$ <u>5,904,115</u>	\$ <u>2,011,916</u>	\$ <u>363,967</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (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 \$942,164. The Service Authority has outstanding accrued vacation and sick leave pay totaling \$89,932 in the enterprise fund. The School Board has outstanding accrued vacation and sick leave pay totaling \$380,017 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)

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

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

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

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2010-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. 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 and School's non-professional employees contribution rates for the fiscal year ended 2011 were 8.57% 4.62% of annual covered payroll, respectively. The Authority's contribution rate for the first half of the year ended 2010 was 4.75% of annual covered payroll, and the second half's rate was 6.69% of annual covered payroll.

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.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$656,633 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, 2011	\$ 656,633	100%	-
June 30, 2010	642,142	100%	-
June 30, 2009	665,148	100%	-

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$98,418 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, 2011	\$ 98,418	100%	-
June 30, 2010	111,623	100%	-
June 30, 2009	108,454	100%	-

For calendar year ended 2010, the Authority's annual pension cost of \$51,646 was equal to the Board's required and actual contributions.

Three Year Trend Information - Amherst County Service Authority			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2010	\$ 51,646	100%	-
December 31, 2009	44,102	100%	-
December 31, 2008	52,756	100%	-

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's 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, 2009 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 82.60% funded. The actuarial accrued liability for benefits was \$32,487,419, and the actuarial value of assets was \$26,835,520, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,651,899. The covered payroll (annual payroll of active employees covered by the plan) was \$7,744,610 and ratio of the UAAL to the covered payroll was 72.98%.

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's plan was 96.85% funded. The actuarial accrued liability for benefits was \$6,192,333, and the actuarial value of assets was \$5,997,556, resulting in an unfunded actuarial accrued liability (UAAL) of \$194,777. The covered payroll (annual payroll of active employees covered by the plan) was \$2,281,558, and ratio of UAAL to the covered payroll was 8.54%.

As of June 30, 2010, the most recent actuarial valuation date, the Authority's plan was 79.61% funded. The actuarial accrued liability for benefits was \$3,800,004, and the actuarial value of assets was \$3,025,064, resulting in an unfunded actuarial accrued liability (UAAL) of \$774,940. The covered payroll (annual payroll of active employees covered by the plan) was \$902,894, and ratio of UAAL to the covered payroll was 85.83%.

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.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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 \$6,830,253 is comprised of property taxes paid in advance at June 30, 2011 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, 2011, 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 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14—Litigation:

At June 30, 2011, 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, except for the following:

A Taxpayer has filed an Application in the Amherst County Circuit Court to correct various real estate tax assessments of various properties for tax years 2008 to 2011 alleging that the assessments are substantially in excess of their fair market value. The County Attorney has filed a Motion for a Bill of Particulars and a supporting memorandum seeking additional information about the Application. The County is contesting the Application, however, if the Taxpayer is successful the immediate loss could be in the neighborhood of \$500,000 and in addition the County could sustain revenue losses into the future based on changed assessments. The County estimates the likelihood of an unfavorable outcome is approximately five percent.

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, 2011 (Continued)

Note 17—Expenditures and Appropriations:

Expenditures exceeded appropriations at June 30, 2011 as follows:

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Amount</u>
Primary Government:			
Community development projects	\$ 48,223	\$ 166,910	\$ 118,687
Miscellaneous public safety grants	19,662	31,365	11,703
E-911 expenditures	-	4,621	4,621
Maintenance of highways, streets, bridges and sidewalks	-	1,777	1,777
Parks and recreation	-	54,619	54,619
General construction projects	-	186,768	186,768
Component Unit - School Board:			
Technology	1,146,933	1,344,871	197,938

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 GASB 45 and believes there is no material effect on the County's financial position.

Note 19—Fund Balance Restatement:

Fund balance was restated as of July 1, 2011 as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
Balance June 30, 2010, as originally reported	\$ 22,528,900	\$ -	\$ -
Amounts reclassified	<u>(9,984,998)</u>	<u>4,108,648</u>	<u>5,876,350</u>
Balance July 1, 2010, as restated	\$ <u>12,543,902</u>	\$ <u>4,108,648</u>	\$ <u>5,876,350</u>

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Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General Fund
 Year Ended June 30, 2011

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 18,614,574	\$ 18,614,574	\$ 19,609,216	\$ 994,642
Other local taxes	5,263,336	5,263,336	5,165,046	(98,290)
Permits, privilege fees and regulatory licenses	202,870	204,148	147,832	(56,316)
Fines and forfeitures	35,528	363,295	467,564	104,269
Revenue from use of money and property	313,387	335,250	273,284	(61,966)
Charges for services	1,054,199	1,121,672	1,250,345	128,673
Miscellaneous	46,590	146,179	182,852	36,673
Recovered costs	23,050	40,550	451,593	411,043
Intergovernmental:				
Commonwealth	8,110,135	9,281,092	8,745,700	(535,392)
Federal	1,175,661	1,175,661	1,511,571	335,910
Total revenues	\$ 34,839,330	\$ 36,545,757	\$ 37,805,003	\$ 1,259,246
Expenditures:				
Current:				
General government administration	\$ 1,810,675	\$ 1,851,268	\$ 1,731,847	\$ 119,421
Judicial administration	1,235,157	1,299,255	1,301,807	(2,552)
Public safety	8,330,590	8,978,972	8,585,142	393,830
Public works	781,942	719,193	674,536	44,657
Health and welfare	3,661,597	4,759,654	4,479,160	280,494
Education	11,658,835	11,758,835	11,699,144	59,691
Parks, recreation, and cultural	1,033,500	1,029,395	993,746	35,649
Community development	458,472	516,671	566,825	(50,154)
Debt service:				
Principal retirement	3,188,483	3,201,391	3,159,902	41,489
Interest and other fiscal charges	1,489,340	1,476,429	1,429,319	47,110
Total expenditures	\$ 33,648,591	\$ 35,591,063	\$ 34,621,428	\$ 969,635
Excess (deficiency) of revenues over expenditures	\$ 1,190,739	\$ 954,694	\$ 3,183,575	\$ 2,228,881
Other financing sources (uses):				
Transfers in	\$ -	\$ 386,966	\$ 520,373	\$ 133,407
Transfers out	(1,190,739)	(1,745,624)	(1,583,219)	162,405
Total other financing sources (uses)	\$ (1,190,739)	\$ (1,358,658)	\$ (1,062,846)	\$ 295,812
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ -	\$ (403,964)	\$ 2,120,729	\$ 2,524,693
Fund balances at beginning of year, as restated	-	403,964	12,543,902	12,139,938
Fund balances at end of year	\$ -	\$ -	\$ 14,664,631	\$ 14,664,631

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)
6/30/2010	\$ 26,835,520	\$ 32,487,419	\$ 5,651,899	82.60%	\$ 7,744,610	72.98%
6/30/2009	26,429,145	28,866,085	2,436,940	91.56%	8,102,157	30.08%
6/30/2008	25,325,285	27,027,064	1,701,779	93.70%	7,796,882	21.83%

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)
6/30/2010	\$ 5,997,556	\$ 6,192,333	\$ 194,777	96.85%	\$ 2,281,558	8.54%
6/30/2009	5,880,564	5,591,278	(289,286)	105.17%	2,228,026	-12.98%
6/30/2008	5,704,729	5,110,393	(594,336)	111.63%	2,176,511	-27.31%

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)
6/30/2010	\$ 3,025,064	\$ 3,800,004	\$ 774,940	79.61%	\$ 902,894	85.83%
6/30/2009	2,929,465	3,367,325	437,860	87.00%	937,000	46.73%
6/30/2008	2,793,189	3,062,447	269,258	91.21%	881,798	30.54%

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, 2011

	Agency Funds			Totals
	Special Welfare Fund	Forfeited Assets Fund	Sheriff's Accounts	
ASSETS				
Cash and cash equivalents	\$ 2,009	\$ 23,060	\$ -	\$ 25,069
Cash held by others	-	-	12,589	12,589
Total assets	<u>\$ 2,009</u>	<u>\$ 23,060</u>	<u>\$ 12,589</u>	<u>\$ 37,658</u>
LIABILITIES				
Amounts held for projects	\$ -	\$ 23,060	\$ -	\$ 23,060
Amounts held for inmates	-	-	12,589	12,589
Amounts held for social service clients	2,009	-	-	2,009
Total liabilities	<u>\$ 2,009</u>	<u>\$ 23,060</u>	<u>\$ 12,589</u>	<u>\$ 37,658</u>

Agency Funds

Combining Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 3,280	\$ 24,064	\$ 25,335	\$ 2,009
Liabilities:				
Amounts held for social service clients	\$ 3,280	\$ 24,064	\$ 25,335	\$ 2,009
Forfeited assets fund:				
Assets:				
Cash and cash equivalents	\$ 48,438	\$ 20,246	\$ 45,624	\$ 23,060
Liabilities:				
Amounts held for projects	\$ 48,438	\$ 20,246	\$ 45,624	\$ 23,060
Sheriff's accounts				
Assets:				
Cash and cash equivalents	\$ 7,480	\$ 150,101	\$ 144,992	\$ 12,589
Liabilities:				
Amounts held for others	\$ 7,480	\$ 150,101	\$ 144,992	\$ 12,589
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 59,198	\$ 194,411	\$ 215,951	\$ 37,658
Total assets	\$ 59,198	\$ 194,411	\$ 215,951	\$ 37,658
Liabilities:				
Amounts held for social service clients	\$ 3,280	\$ 24,064	\$ 25,335	\$ 2,009
Amounts held for projects	48,438	20,246	45,624	23,060
Amounts held for others	7,480	150,101	144,992	12,589
Total liabilities	\$ 59,198	\$ 194,411	\$ 215,951	\$ 37,658

Discretely Presented Component Unit-School Board

Balance Sheet

Discretely Presented Component Unit - School Board

At June 30, 2011

					Component Unit
	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Construction Fund	School Board
ASSETS					
Cash and cash equivalents	\$ -	\$ 669,937	\$ 1,104,414	\$ 145,863	\$ 1,920,214
Due from other governmental units	1,899,901	12,289	-	-	1,912,190
Due from primary government	2,467,364	-	-	-	2,467,364
Total assets	<u>\$ 4,367,265</u>	<u>\$ 682,226</u>	<u>\$ 1,104,414</u>	<u>\$ 145,863</u>	<u>\$ 6,299,768</u>
LIABILITIES					
Accounts payable	\$ 55,323	\$ 1,133	\$ -	\$ -	\$ 56,456
Accrued payroll	4,311,942	103,881	-	-	4,415,823
Total liabilities	<u>\$ 4,367,265</u>	<u>\$ 105,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,472,279</u>
FUND BALANCES					
Committed:					
Cafeteria	\$ -	\$ 577,212	\$ -	\$ -	\$ 577,212
Textbooks	-	-	1,104,414	-	1,104,414
Other capital purposes	-	-	-	145,863	145,863
Total fund balances	<u>\$ -</u>	<u>\$ 577,212</u>	<u>\$ 1,104,414</u>	<u>\$ 145,863</u>	<u>\$ 1,827,489</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.

19,683,419

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.

(380,017)

Net assets of General Government Activities

\$ 21,130,891

Statement of Revenues, Expenditures and Changes in Fund Balances -
Discretely Presented Component Unit - School Board
Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	School Textbook Fund	School Construction Fund	Component Unit School Board
Revenues:					
Revenue from use of money and property	\$ 573	\$ -	\$ 200,899	\$ 18,940	\$ 220,412
Charges for services	176,486	845,391	-	-	1,021,877
Miscellaneous	496,563	-	-	-	496,563
Intergovernmental:					
County contribution to School Board	11,674,454	-	-	-	11,674,454
Commonwealth	24,940,069	39,761	-	-	24,979,830
Federal	4,402,322	1,245,117	-	-	5,647,439
Total revenues	\$ 41,690,467	\$ 2,130,269	\$ 200,899	\$ 18,940	\$ 44,040,575
Expenditures:					
Current:					
Education	\$ 41,690,467	\$ 2,071,069	\$ -	\$ -	\$ 43,761,536
Total expenditures	\$ 41,690,467	\$ 2,071,069	\$ -	\$ -	\$ 43,761,536
Net change in fund balances	\$ -	\$ 59,200	\$ 200,899	\$ 18,940	\$ 279,039
Fund balances at beginning of year	-	518,012	903,515	126,923	1,548,450
Fund balances at end of year	\$ -	\$ 577,212	\$ 1,104,414	\$ 145,863	\$ 1,827,489

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, 2011

**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	\$	279,039	
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	\$	465,203	
Depreciation expense		<u>(1,579,395)</u>	(1,114,192)
Transfer of joint tenancy assets from primary government			1,073,516
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>(25,447)</u>
Change in net assets of governmental activities	\$	<u>212,916</u>	

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COUNTY OF AMHERST, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual -
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2011

	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	\$ 573	\$ (3,427)	\$ -	\$ -	\$ -	\$ -
Charges for services	356,500	386,500	176,486	(210,014)	948,088	948,088	845,391	(102,697)
Miscellaneous	170,177	469,377	496,563	27,186	-	-	-	-
Intergovernmental:								
County contribution to School Board	11,634,145	11,734,145	11,674,454	(59,691)	-	-	-	-
Commonwealth	26,054,198	26,204,398	24,940,069	(1,264,329)	25,016	25,016	39,761	14,745
Federal	3,403,949	3,790,236	4,402,322	612,086	1,093,203	1,093,203	1,245,117	151,914
Total revenues	\$ 41,622,969	\$ 42,588,656	\$ 41,690,467	\$ (898,189)	\$ 2,066,307	\$ 2,066,307	\$ 2,130,269	\$ 63,962
Expenditures:								
Current:								
Education	\$ 41,622,969	\$ 42,588,656	\$ 41,690,467	\$ 898,189	\$ 2,066,307	\$ 2,066,307	\$ 2,071,069	\$ (4,762)
Total expenditures	\$ 41,622,969	\$ 42,588,656	\$ 41,690,467	\$ 898,189	\$ 2,066,307	\$ 2,066,307	\$ 2,071,069	\$ (4,762)
Net change in fund balances	\$ -	-	-	-	\$ -	-	\$ 59,200	\$ 59,200
Fund balances at beginning of year	-	-	-	-	-	-	518,012	518,012
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,212	\$ 577,212

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)
\$ -	\$ -	\$ 200,899	\$ 200,899	\$ -	\$ -	\$ 18,940	\$ 18,940
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 200,899	\$ 200,899	\$ -	\$ -	\$ 18,940	\$ 18,940
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 200,899	\$ 200,899	\$ -	\$ -	\$ 18,940	\$ 18,940
-	-	903,515	903,515	-	-	126,923	126,923
\$ -	\$ -	\$ 1,104,414	\$ 1,104,414	\$ -	\$ -	\$ 145,863	\$ 145,863

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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, 2011

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	\$ 11,587,435	\$ 11,587,435	\$ 12,362,929	\$ 775,494
Real and personal public service corporation property taxes	536,254	536,254	516,077	(20,177)
Personal property taxes	4,233,123	4,233,123	4,313,094	79,971
Mobile home taxes	59,759	59,759	57,756	(2,003)
Machinery and tools taxes	1,633,003	1,633,003	1,706,800	73,797
Merchant's capital	300,000	300,000	254,433	(45,567)
Penalties	190,000	190,000	225,641	35,641
Interest	75,000	75,000	172,486	97,486
Total general property taxes	\$ 18,614,574	\$ 18,614,574	\$ 19,609,216	\$ 994,642
Other local taxes:				
Local sales and use taxes	\$ 2,250,000	\$ 2,250,000	\$ 2,099,345	\$ (150,655)
Consumers' utility taxes	823,000	823,000	830,521	7,521
Business license taxes	375,000	375,000	340,383	(34,617)
Motor vehicle licenses	700,000	700,000	686,550	(13,450)
Bank stock taxes	60,336	60,336	88,498	28,162
Taxes on recordation and wills	180,000	180,000	197,873	17,873
Lodging taxes	65,000	65,000	59,422	(5,578)
Meals tax	810,000	810,000	862,454	52,454
Total other local taxes	\$ 5,263,336	\$ 5,263,336	\$ 5,165,046	\$ (98,290)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 16,870	\$ 16,870	\$ 17,361	\$ 491
Building and related permits	150,000	150,000	80,277	(69,723)
Permits and other licenses	36,000	37,278	50,194	12,916
Total permits, privilege fees and regulatory licenses	\$ 202,870	\$ 204,148	\$ 147,832	\$ (56,316)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 35,528	\$ 363,295	\$ 467,564	\$ 104,269
Total fines and forfeitures	\$ 35,528	\$ 363,295	\$ 467,564	\$ 104,269
Revenue from use of money and property:				
Revenue from use of money	\$ 100,000	\$ 100,000	\$ 36,958	\$ (63,042)
Revenue from use of property	213,387	235,250	236,326	1,076
Total revenue from use of money and property	\$ 313,387	\$ 335,250	\$ 273,284	\$ (61,966)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 2,199	\$ 2,199	\$ 2,199	\$ -
Collection fees	-	21,120	33,120	12,000
Commonwealth attorney fees	1,000	1,000	2,279	1,279
Courthouse security fees	60,000	60,000	96,103	36,103
Work release	7,000	7,000	7,603	603
Weekend confinement	-	-	9,568	9,568
Charges for parks and recreation	40,000	40,000	53,646	13,646
Library	23,000	23,000	21,695	(1,305)
Emergency medical service fees	915,000	957,438	957,438	-
Automobile insurance charges	-	-	5,425	5,425
Telecommunication charges	-	-	21,218	21,218
Warehouse charges	-	-	18,810	18,810
Other charges for services	6,000	9,915	21,241	11,326
Total charges for services	\$ 1,054,199	\$ 1,121,672	\$ 1,250,345	\$ 128,673
Miscellaneous revenue:				
Miscellaneous	\$ 44,450	\$ 108,041	\$ 142,743	\$ 34,702
Insurance reimbursements	2,140	38,138	40,109	1,971
Total miscellaneous revenue	\$ 46,590	\$ 146,179	\$ 182,852	\$ 36,673
Recovered costs:				
Share of judge's expenses	\$ 19,050	\$ 19,050	\$ 19,440	\$ 390
Social services	-	-	115,608	115,608
CSA recoveries	-	-	37,719	37,719
Salary reimbursement - School Board	-	-	89,337	89,337
Sheriff department	4,000	14,866	19,226	4,360
Rescue truck purchase	-	-	162,500	162,500
Miscellaneous recoveries	-	6,634	7,763	1,129
Total recovered costs	\$ 23,050	\$ 40,550	\$ 451,593	\$ 411,043
Total revenue from local sources	\$ 25,553,534	\$ 26,089,004	\$ 27,547,732	\$ 1,458,728
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 50,000	\$ 50,000	\$ 72,082	\$ 22,082
Mobile home titling taxes	40,000	40,000	58,849	18,849
Communication taxes	1,292,373	1,292,373	1,338,832	46,459
Auto rental tax	42,400	42,400	29,301	(13,099)
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	48,000	48,000	67,187	19,187
Total noncategorical aid	\$ 3,671,791	\$ 3,671,791	\$ 3,765,269	\$ 93,478

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (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	\$ 342,118	\$ 342,118	\$ 335,299	\$ (6,819)
Sheriff	2,000,000	2,000,000	2,009,726	9,726
Commissioner of the Revenue	98,890	98,890	103,179	4,289
Treasurer	98,890	98,890	97,375	(1,515)
Registrar/electoral board	36,000	36,000	30,739	(5,261)
Clerk of the Circuit Court	250,000	252,709	280,034	27,325
Total shared expenses	\$ 2,825,898	\$ 2,828,607	\$ 2,856,352	\$ 27,745
Other categorical aid:				
Public assistance and welfare administration	\$ 1,006,408	\$ 1,159,962	\$ 775,195	\$ (384,767)
Health department	-	-	15,649	15,649
Library grant	155,542	155,542	138,874	(16,668)
Fire program	80,668	80,668	75,829	(4,839)
EMS - 2 for life	21,580	21,580	32,017	10,437
Juvenile justice - crime control	48,340	48,340	34,780	(13,560)
Victim witness	42,908	44,395	34,980	(9,415)
Jail	257,000	257,000	161,068	(95,932)
Juror reimbursement	-	-	20,486	20,486
Comprehensive services	-	1,013,207	816,828	(196,379)
Miscellaneous	-	-	18,373	18,373
Total other categorical aid	\$ 1,612,446	\$ 2,780,694	\$ 2,124,079	\$ (656,615)
Total categorical aid	\$ 4,438,344	\$ 5,609,301	\$ 4,980,431	\$ (628,870)
Total revenue from the Commonwealth	\$ 8,110,135	\$ 9,281,092	\$ 8,745,700	\$ (535,392)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	\$ 47,645	\$ 47,645	\$ 33,219	\$ (14,426)
Categorical aid:				
Public assistance and welfare	\$ 1,128,016	\$ 1,128,016	\$ 1,463,441	\$ 335,425
Emergency management	-	-	14,911	14,911
Total categorical aid	\$ 1,128,016	\$ 1,128,016	\$ 1,478,352	\$ 350,336
Total revenue from the Federal Government	\$ 1,175,661	\$ 1,175,661	\$ 1,511,571	\$ 335,910
Total General Fund	\$ 34,839,330	\$ 36,545,757	\$ 37,805,003	\$ 1,259,246
Special Revenue Funds:				
Revenue from use of money and property:				
Revenue from use of property - miscellaneous	\$ -	\$ -	\$ 2,785	\$ 2,785
Revenue from use of property - EDA	-	194,643	154,448	(40,195)
Total revenue from use of money and property	\$ -	\$ 194,643	\$ 157,233	\$ (37,410)
Charges for services:				
Recreation trips	\$ -	\$ -	\$ 55,735	\$ 55,735
Landfill operations	250,500	250,500	270,812	20,312
EDA bond maintenance fees	-	7,844	17,783	9,939
Total charges for services	\$ 250,500	\$ 258,344	\$ 344,330	\$ 85,986

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 46,559	\$ 46,559
Dare miscellaneous donations	-	18,385	27,685	9,300
Insurance recoveries - landfill	-	-	9,910	9,910
E-911 miscellaneous	-	-	811	811
Total miscellaneous revenue	\$ -	\$ 18,385	\$ 84,965	\$ 66,580
Total revenue from local sources	\$ 250,500	\$ 471,372	\$ 586,528	\$ 115,156
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	\$ -	\$ -	\$ 78,087	\$ 78,087
Litter control	-	-	10,256	10,256
Landfill state grant	3,000	3,000	7,655	4,655
DMV block grant	-	-	4,000	4,000
COPS	-	-	14,085	14,085
Total revenue from the Commonwealth	\$ 3,000	\$ 3,000	\$ 114,083	\$ 111,083
Revenue from the Federal Government:				
Categorical aid:				
Miscellaneous public safety grants	\$ -	\$ 19,662	\$ 26,577	\$ 6,915
Community development block grant - stump hill project	-	724,000	-	(724,000)
Total revenue from the Federal Government	-	743,662	26,577	(717,085)
Total Special Revenue Fund	\$ 253,500	\$ 1,218,034	\$ 727,188	\$ (490,846)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 13,765	\$ 13,765
Total Capital Projects Fund	\$ -	\$ -	\$ 13,765	\$ 13,765
Grand Total Revenues -- Primary Government	\$ 35,092,830	\$ 37,763,791	\$ 38,545,956	\$ 782,165

Governmental Funds and Discretely Presented Component Units
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
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	\$ 573	\$ (3,427)
Revenue from local sources: (Continued)				
Charges for services:				
Tuition	\$ 356,500	\$ 386,500	\$ 176,486	\$ (210,014)
Miscellaneous revenue:				
Miscellaneous	\$ 170,177	\$ 469,377	\$ 496,563	\$ 27,186
Total revenue from local sources	\$ 530,677	\$ 859,877	\$ 673,622	\$ (186,255)
Intergovernmental revenue:				
County contribution to School Board	\$ 11,634,145	\$ 11,734,145	\$ 11,674,454	\$ (59,691)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,479,343	\$ 4,479,343	\$ 4,662,455	\$ 183,112
Basic school aid	13,706,176	13,706,176	13,380,075	(326,101)
Special ed SOQ	1,784,159	1,784,159	1,763,083	(21,076)
Remedial education	402,563	402,563	397,807	(4,756)
Technology	310,000	400,500	303,681	(96,819)
Lottery	118,536	118,536	60,109	(58,427)
Primary class size	292,635	292,635	278,093	(14,542)
Fringe benefits	1,359,053	1,359,053	1,342,998	(16,055)
Textbooks	50,670	50,670	167,206	116,536
Preschool	338,923	338,923	338,923	-
Gifted and talented	144,923	144,923	143,211	(1,712)
At-risk	363,061	363,061	358,822	(4,239)
Regional program	621,576	621,576	652,100	30,524
Voc ed SOQ	334,932	334,932	330,976	(3,956)
Other state funds	1,747,648	1,807,348	760,530	(1,046,818)
Total categorical aid	\$ 26,054,198	\$ 26,204,398	\$ 24,940,069	\$ (1,264,329)
Total revenue from the Commonwealth	\$ 26,054,198	\$ 26,204,398	\$ 24,940,069	\$ (1,264,329)
Revenue from the federal government:				
Categorical aid:				
Preschool handicap	\$ 19,916	\$ 19,916	\$ 7,563	\$ (12,353)
Adult basic aid	390,583	390,583	366,858	(23,725)
Title I	1,034,006	1,070,122	961,147	(108,975)
Title II	210,258	210,258	194,418	(15,840)
Federal land use	30,000	30,000	74,271	44,271
Title VI-B special education	1,709,915	1,709,915	1,361,667	(348,248)
Fast grant	-	58,753	58,634	(119)
Vocational education	-	-	72,763	72,763
State fiscal stabilization fund	-	-	1,064,796	1,064,796
Other education	9,271	300,689	240,205	(60,484)
Total categorical aid	\$ 3,403,949	\$ 3,790,236	\$ 4,402,322	\$ 612,086
Total revenue from the federal government	\$ 3,403,949	\$ 3,790,236	\$ 4,402,322	\$ 612,086
Total School Operating Fund	\$ 41,622,969	\$ 42,588,656	\$ 41,690,467	\$ (898,189)

Governmental Funds and Discretely Presented Component Units
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2011 (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:				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 845,391	\$ (102,697)
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 25,016	\$ 25,016	\$ 39,761	\$ 14,745
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,093,203	\$ 1,093,203	\$ 1,245,117	\$ 151,914
Total School Cafeteria Fund	<u>\$ 2,066,307</u>	<u>\$ 2,066,307</u>	<u>\$ 2,130,269</u>	<u>\$ 63,962</u>
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 899	\$ 899
Revenue from use of property	-	-	200,000	200,000
Total School Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,899</u>	<u>\$ 200,899</u>
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 18,940	\$ 18,940
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,940</u>	<u>\$ 18,940</u>
Grand Total Revenues -- Component Unit -- School Board	<u>\$ 43,689,276</u>	<u>\$ 44,654,963</u>	<u>\$ 44,040,575</u>	<u>\$ (614,388)</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 78,782,106</u>	<u>\$ 82,418,754</u>	<u>\$ 82,586,531</u>	<u>\$ 167,777</u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2011

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	\$ 137,470	\$ 150,936	\$ 153,586	\$ (2,650)
General and financial administration:				
County administrator	\$ 235,780	\$ 233,506	\$ 227,370	\$ 6,136
Commissioner of the revenue	333,775	341,166	333,907	7,259
Treasurer	313,191	328,429	276,040	52,389
Central accounting	206,539	210,895	207,763	3,132
Purchasing	166,440	164,697	162,264	2,433
Information technology	261,534	261,948	228,857	33,091
Total general and financial administration	\$ 1,517,259	\$ 1,540,641	\$ 1,436,201	\$ 104,440
Board of Elections/Registrar:				
Electoral board and officials and registrar	\$ 155,946	\$ 159,691	\$ 142,060	\$ 17,631
Total general government administration	\$ 1,810,675	\$ 1,851,268	\$ 1,731,847	\$ 119,421
Judicial administration:				
Courts:				
Circuit court	\$ 70,920	\$ 72,190	\$ 70,598	\$ 1,592
General district court	4,125	5,259	5,259	-
Magistrate	1,219	760	758	2
Juvenile and domestic relations court	14,699	14,589	14,588	1
Clerk of the circuit court	383,839	392,484	389,994	2,490
Juror fees and expenses	-	-	20,150	(20,150)
VJCCCA	103,678	103,678	96,586	7,092
Total courts	\$ 578,480	\$ 588,960	\$ 597,933	\$ (8,973)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 464,322	\$ 493,400	\$ 489,654	\$ 3,746
County attorney	136,655	159,506	157,250	2,256
Victim advocate grant	55,700	57,389	56,970	419
Total commonwealth's attorney	\$ 656,677	\$ 710,295	\$ 703,874	\$ 6,421
Total judicial administration	\$ 1,235,157	\$ 1,299,255	\$ 1,301,807	\$ (2,552)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,047,114	\$ 3,500,773	\$ 3,417,294	\$ 83,479
Total law enforcement and traffic control	\$ 3,047,114	\$ 3,500,773	\$ 3,417,294	\$ 83,479

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2011 (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	\$ 240,626	\$ 251,615	\$ 251,515	\$ 100
Volunteer rescue services	163,229	133,372	124,632	8,740
Emergency medical services	963,502	1,084,500	1,041,966	42,534
Emergency service council	214,750	238,772	238,032	740
Total fire and rescue services	\$ 1,582,107	\$ 1,708,259	\$ 1,656,145	\$ 52,114
Correction and detention:				
Sheriff - jail	\$ 2,019,593	\$ 2,018,250	\$ 1,980,514	\$ 37,736
Inspections:				
Building	\$ 174,551	\$ 211,679	\$ 181,672	\$ 30,007
Other protection:				
Animal control	\$ 109,120	\$ 112,917	\$ 105,638	\$ 7,279
Animal Shelter	111,505	137,216	132,651	4,565
Emergency services	451,201	446,058	370,722	75,336
Communications dispatch	619,491	627,216	583,107	44,109
Other public safety	215,908	216,604	157,399	59,205
Total other protection	\$ 1,507,225	\$ 1,540,011	\$ 1,349,517	\$ 190,494
Total public safety	\$ 8,330,590	\$ 8,978,972	\$ 8,585,142	\$ 393,830
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ 32,241	\$ 35,205	\$ 35,205	\$ -
Maintenance of general buildings and grounds:				
General properties	590,555	607,996	564,863	43,133
Miscellaneous	159,146	75,992	74,468	1,524
Total public works	\$ 781,942	\$ 719,193	\$ 674,536	\$ 44,657
Health and welfare:				
Health:				
Supplement of local health department	\$ 231,493	\$ 231,493	\$ 212,099	\$ 19,394
Mental health and mental retardation:				
Chapter X board	\$ 90,571	\$ 90,571	\$ 90,571	\$ -

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2011 (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	\$ 1,706,831	\$ 1,738,351	\$ 1,632,138	\$ 106,213
Public assistance	1,049,734	1,169,917	1,122,579	47,338
State and local hospitalization	8,675	8,675	-	8,675
County contributions	65,219	65,219	65,219	-
Comprehensive services	509,074	1,455,428	1,356,554	98,874
Total welfare	\$ 3,339,533	\$ 4,437,590	\$ 4,176,490	\$ 261,100
Total health and welfare	\$ 3,661,597	\$ 4,759,654	\$ 4,479,160	\$ 280,494
Education:				
Contributions to community colleges	\$ 24,690	\$ 24,690	\$ 24,690	\$ -
County contribution to School Board	11,634,145	11,734,145	11,674,454	59,691
Total education	\$ 11,658,835	\$ 11,758,835	\$ 11,699,144	\$ 59,691
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 303,293	\$ 305,490	\$ 294,484	\$ 11,006
Library:				
Library	\$ 679,751	\$ 672,704	\$ 648,728	\$ 23,976
Museum	50,456	51,201	50,534	667
Total library	\$ 730,207	\$ 723,905	\$ 699,262	\$ 24,643
Total parks, recreation and cultural	\$ 1,033,500	\$ 1,029,395	\$ 993,746	\$ 35,649
Community development:				
Planning and community development:				
Planning	\$ 220,408	\$ 226,875	\$ 215,874	\$ 11,001
Planning commission	23,939	23,248	23,194	54
Zoning board	3,211	2,411	1,607	804
Central virginia planning	18,735	18,735	18,596	139
EDA	10,112	10,112	4,396	5,716
Economic development	26,700	27,608	5,987	21,621
Tourism	73,650	77,347	67,835	9,512
Community development projects	-	48,223	166,910	(118,687)
Total planning and community development	\$ 376,755	\$ 434,559	\$ 504,399	\$ (69,840)
Environmental management:				
Soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Cooperative extension program:				
VPI extension	\$ 73,217	\$ 73,612	\$ 53,926	\$ 19,686
Total community development	\$ 458,472	\$ 516,671	\$ 566,825	\$ (50,154)
Debt service:				
Principal retirement	\$ 3,188,483	\$ 3,201,391	\$ 3,159,902	\$ 41,489
Interest and fiscal charges	1,489,340	1,476,429	1,429,319	47,110
Total debt service	\$ 4,677,823	\$ 4,677,820	\$ 4,589,221	\$ 88,599
Total General Fund	\$ 33,648,591	\$ 35,591,063	\$ 34,621,428	\$ 969,635

Governmental Funds and Discretely Presented Component Unit
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2011 (Continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
Special Revenue Funds:				
Public safety:				
Other protection:				
Miscellaneous public safety grants	\$ -	\$ 19,662	\$ 31,365	\$ (11,703)
DARE program	-	50,272	27,444	22,828
E-911 expenditures	-	-	4,621	(4,621)
Total public safety	\$ -	\$ 69,934	\$ 63,430	\$ 6,504
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ -	\$ -	\$ 1,777	\$ (1,777)
Sanitation and waste removal:				
Solid waste	1,206,764	1,351,863	1,346,275	5,588
Total public works	\$ 1,206,764	\$ 1,351,863	\$ 1,348,052	\$ 3,811
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ -	\$ -	\$ 54,619	\$ (54,619)
Community development:				
Planning and community development:				
CDGE project - stump hill	\$ -	\$ 724,000	\$ 125	\$ 723,875
Depot relocation / enhancement	-	75,757	69,589	6,168
Total community development	\$ -	\$ 799,757	\$ 69,714	\$ 730,043
Debt service:				
Principal retirement	\$ -	\$ 42,951	\$ 42,338	\$ 613
Interest and fiscal charges	-	31,297	31,909	(612)
Total debt service	\$ -	\$ 74,248	\$ 74,247	\$ 1
Total Special Revenue Funds	1,206,764	2,295,802	1,610,062	685,740
Capital Projects Fund:				
Public works:				
General construction projects	\$ -	\$ -	\$ 186,768	\$ (186,768)
Total Capital Projects Fund	-	-	186,768	(186,768)
Grand Total Expenditures -- Primary Government	\$ 34,855,355	\$ 37,886,865	\$ 36,418,258	\$ 1,468,607
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 31,941,843	\$ 32,487,387	\$ 31,967,190	\$ 520,197
Administration, attendance and health	2,115,264	2,169,444	1,884,080	285,364
Pupil transportation services	2,778,739	2,930,181	2,797,018	133,163
Operation and maintenance services	3,730,690	3,854,711	3,697,308	157,403
Technology	1,056,433	1,146,933	1,344,871	(197,938)
Total School Operating Fund	\$ 41,622,969	\$ 42,588,656	\$ 41,690,467	\$ 898,189
School Cafeteria Fund:				
Education:				
School food services	\$ 2,066,307	\$ 2,066,307	\$ 2,071,069	\$ (4,762)
Grand Total Expenditures--Component Unit--School Board	\$ 43,689,276	\$ 44,654,963	\$ 43,761,536	\$ 893,427
Grand Total Expenditures -- Reporting Entity	\$ 78,544,631	\$ 82,541,828	\$ 80,179,794	\$ 2,362,034

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Other Statistical Information

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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
2005-06	\$	1,520,658	\$	1,386,110	\$	7,468,300	\$	2,112,458	\$	4,001,238
2006-07		1,753,718		1,444,904		8,081,177		2,145,719		4,191,694
2007-08		1,926,555		1,320,578		8,858,705		2,620,346		4,194,455
2008-09		1,845,246		1,382,588		9,754,820		1,992,168		5,107,006
2009-10		1,669,782		1,350,102		8,974,042		3,739,973		4,444,208
2010-11		1,690,623		1,356,685		8,756,354		2,141,153		4,147,244

Table 1

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

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
2005-06	\$ 4,024,517	\$ 6,450,831	\$ 599,042
2006-07	4,379,534	7,412,723	1,313,474
2007-08	4,627,769	7,117,806	2,416,352
2008-09	4,869,759	7,857,167	1,111,255
2009-10	5,178,969	7,174,916	1,904,889
2010-11	5,406,509	6,632,662	1,373,108

Table 2

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

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
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
2010-11		19,609,216		5,165,046		147,832		467,564		664,694

(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
\$ 1,729,692	\$ 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
2,616,552	764,380	451,593	41,025,200	70,912,077

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
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
2010-11	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	55,460,680

(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>
\$ 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	3,964,888	58,368,747
1,058,658	734,565	421,510	2,151,390	3,998,767	60,190,729
1,085,477	716,058	-	1,795,875	4,594,995	63,345,256
1,197,634	2,277,781	80,688	1,242,417	4,422,481	70,215,114
1,202,770	919,370	-	2,554,468	4,624,010	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
1,048,365	636,539	-	-	4,663,468	80,179,794

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total
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
2010-11	2,638,619,100	210,902,741	12,320,000	83,786,106	6,379,989	98,586,596	3,050,594,532

Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital
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
2010-11	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>
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%
2010-11	21,458,839	20,679,986	96.37%	730,120	21,410,106	99.77%	1,541,182	7.18%

(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
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
2010-11	31,894	3,050,594,532	33,097,273	11,566,000	21,531,273	1.08%	675

(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, 2011, which collectively comprise the County of Amherst, Virginia's basic financial statements and have issued our report thereon dated December 13, 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 2011-1)

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 December 13, 2011.

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
December 13, 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, 2011. 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, 2011.

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 December 13, 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
December 13, 2011

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government:			
DEPARTMENT OF INTERIOR:			
<u>Direct payments:</u>			
Bureau of land management - national forest			
Payments in lieu of taxes - public law #97-258 - (National forest acreage in the localities)	15.226	N/A	\$ 33,219
DEPARTMENT OF AGRICULTURE:			
<u>Pass through payments:</u>			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 262,008
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110	14,808
Total Department of Agriculture			\$ 276,816
DEPARTMENT OF TRANSPORTATION:			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL10504084031	\$ 26,557
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	\$ 14,911
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass through payments:</u>			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110	\$ 16,229
Temporary Assistance for Needy Families	93.558	0400111	214,510
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	543
Low-Income Home Energy Assistance	93.568	0600411	14,267
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770110	192,782
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	109,798
ARRA - Child Care and Development Block Grant	93.713	0770110	15,433
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	5,936
Child Welfare Services - State Grants	93.645	0900110	881
Foster Care - Title IV - E	93.658	1100111	\$ 219,222
ARRA - Foster Care - Title IV - E	93.658	1100111	12,227
Adoption Assistance	93.659	1120111	\$ 38,447
ARRA - Adoption Assistance	93.659	1120111	2,417
Social Services Block Grant	93.667	1000111	40,864
Chafee Foster Care Independence Program	93.674	9150110	170,407
Children's Health Insurance Program	93.767	0540111	5,773
Medical Assistance Program	93.778	1200111	8,106
Total Department of Health and Human Services			\$ 159,646
			\$ 1,186,624

COUNTY OF AMHERST, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2011 (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: Local Law Enforcement Block Grant	16.592	N/A	\$ 20
Total Primary Government			\$ 1,538,147
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	\$ 74,271
Child Nutrition Cluster: Food Distribution	10.555	N/A	\$ 134,698
Department of Education: National School Lunch Program	10.555	17901-40623	831,670
School Breakfast Program	10.553	17901-40591	278,749
Total Department of Agriculture			\$ 1,319,388
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Title I, Part A Cluster: Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 897,136
ARRA - Title I - Grants to Local Educational Agencies	84.389	17901-42913	218,531
Special Education Cluster: Special Education - Grants to States	84.027	17901-43071	929,271
ARRA - Special Education Grants to States	84.391	17901-61245	424,426
Special Education - Preschool Grants	84.173	17901-62521	7,563
ARRA - Special Education - Preschool Grants	84.392	17901-61247	7,971
Career and Technical Education - Basic Grants to States	84.048	17901-61095	72,763
Twenty-First Century Community Learning Centers	84.287	17901-60565	58,634
Adult Education - Basic Grants to States	84.002	17901-42801	366,858
Improving Teacher Quality State Grants	84.367	17901-61480	194,418
Education Technology State Grants	84.318	17901-61600	11,512
ARRA - Educational Technology Grants	84.386	17901-60897	17,456
School Improvement Grants	84.377	17901-43040	56,717
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	17901-62532	1,064,796
Total Department of Education			\$ 4,328,052
Total Component Unit School Board			\$ 5,647,440
Total Expenditures of Federal Awards			\$ 7,185,587

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, 2011

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, 2011 . 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	\$ 1,511,571
Special Revenue Fund	<u>26,577</u>
Total primary government	\$ <u>1,538,148</u>

Component Unit Public Schools:

School Operating Fund	\$ <u>5,647,439</u>
Total component unit public schools	\$ <u>5,647,439</u>
Total federal expenditures per basic financial statements	\$ <u>7,185,587</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>7,185,587</u></u>
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COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition 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
84.002	Adult Education
93.658	ARRA / Foster Care - Title IV-E

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

Auditee qualified as low-risk auditee? Yes

COUNTY OF AMHERST, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011 (Continued)

Section II - Financial Statement Findings

2011-1 - 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 a new Treasurer was elected to take office on January 1, 2012 and it is believed that the bank reconciliation task will be given a higher priority and reconciliations will be performed more timely.

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

Prior year findings are repeated in the current year. There are no questioned costs to report.

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