

**COUNTY OF AMHERST, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**





**COUNTY OF AMHERST, VIRGINIA  
TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

Organizational Chart .....	i
Directory of Principal Officials.....	ii

**FINANCIAL SECTION**

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	4a

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1	Statement of Net Position .....	5
Exhibit 2	Statement of Activities.....	7

Fund Financial Statements

Exhibit 3	Balance Sheet – Governmental Funds.....	8
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	9
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	10
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Exhibit 7	Statement of Net Position – Proprietary Fund .....	12
Exhibit 8	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	13
Exhibit 9	Statement of Cash Flows – Proprietary Fund.....	14
Exhibit 10	Statement of Fiduciary Net Position – Fiduciary Fund.....	16

Notes to Financial Statements .....	17
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Required Supplementary Information

Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	88
Exhibit 12	Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government .....	89
Exhibit 13	Schedule of Changes in Net Pension Liability and Related Ratios – Schools – Nonprofessional Employees.....	90
Exhibit 14	Schedule of Pension Contributions.....	91

## FINANCIAL SECTION (Continued)

### Required Supplementary Information (Continued)

Exhibit 15	Schedule of Changes in Net Position Liability and Related Ratios – Service Authority .....	92
Exhibit 16	Schedule of Pension Contributions – Service Authority .....	93
Exhibit 17	Schedule of Employer’s Share of Net Pension Liability – VRS Teachers Retirement Plan.....	94
Exhibit 18	Schedule of Pension Contributions – VRS Teachers Retirement Plan .....	95
Exhibit 19	Schedule of Changes in Net OPEB Liability and Related Ratios – Agent Plan .....	96
Exhibit 20	Schedule of OPEB Contributions – Agent Plan.....	97
Exhibit 21	Schedule of Employer’s Share of Net OPEB Liability – Cost Sharing Plans.....	98
Exhibit 22	Schedule of OPEB Contributions – Cost Sharing Plans.....	99
Exhibit 23	Schedule of Changes in Net OPEB Liability and Related Ratios – Service Authority.....	100
Exhibit 24	Schedule of Employer’s Share of Net OPEB Liability – Service Authority.....	101
	Notes to Required Supplementary Information.....	102

### Other Supplementary Information

#### Agency Funds

Exhibit 25	Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	104
Exhibit 26	Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	105

#### Discretely Presented Component Unit – School Board

Exhibit 27	Combining Balance Sheet.....	106
Exhibit 28	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	107
Exhibit 29	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds.....	108

#### Discretely Presented Component Unit – Economic Development Authority

Exhibit 30	Statement of Net Position – Proprietary Fund .....	109
Exhibit 31	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund .....	110
Exhibit 32	Statement of Cash Flows – Proprietary Fund.....	111

### Supporting Schedules

#### Governmental Funds and Discretely Presented Component Unit – School Board

Schedule 1	Schedule of Revenues – Budget and Actual.....	112
Schedule 2	Schedule of Expenditures – Budget and Actual .....	118

## OTHER INFORMATION SECTION

Table 1	Government-Wide Expenses by Function .....	123
Table 2	Government-Wide Revenues .....	124
Table 3	General Government Revenues by Source .....	125
Table 4	General Governmental Expenditures by Function.....	126
Table 5	Assessed Value of Taxable Property.....	127
Table 6	Property Tax Rates.....	128
Table 7	Property Tax Levies and Collections .....	129
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita .....	130

## COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	131
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	133
Summary of Compliance Matters .....	135
Schedule of Expenditures of Federal Awards .....	136
Schedule of Findings and Questioned Costs .....	138

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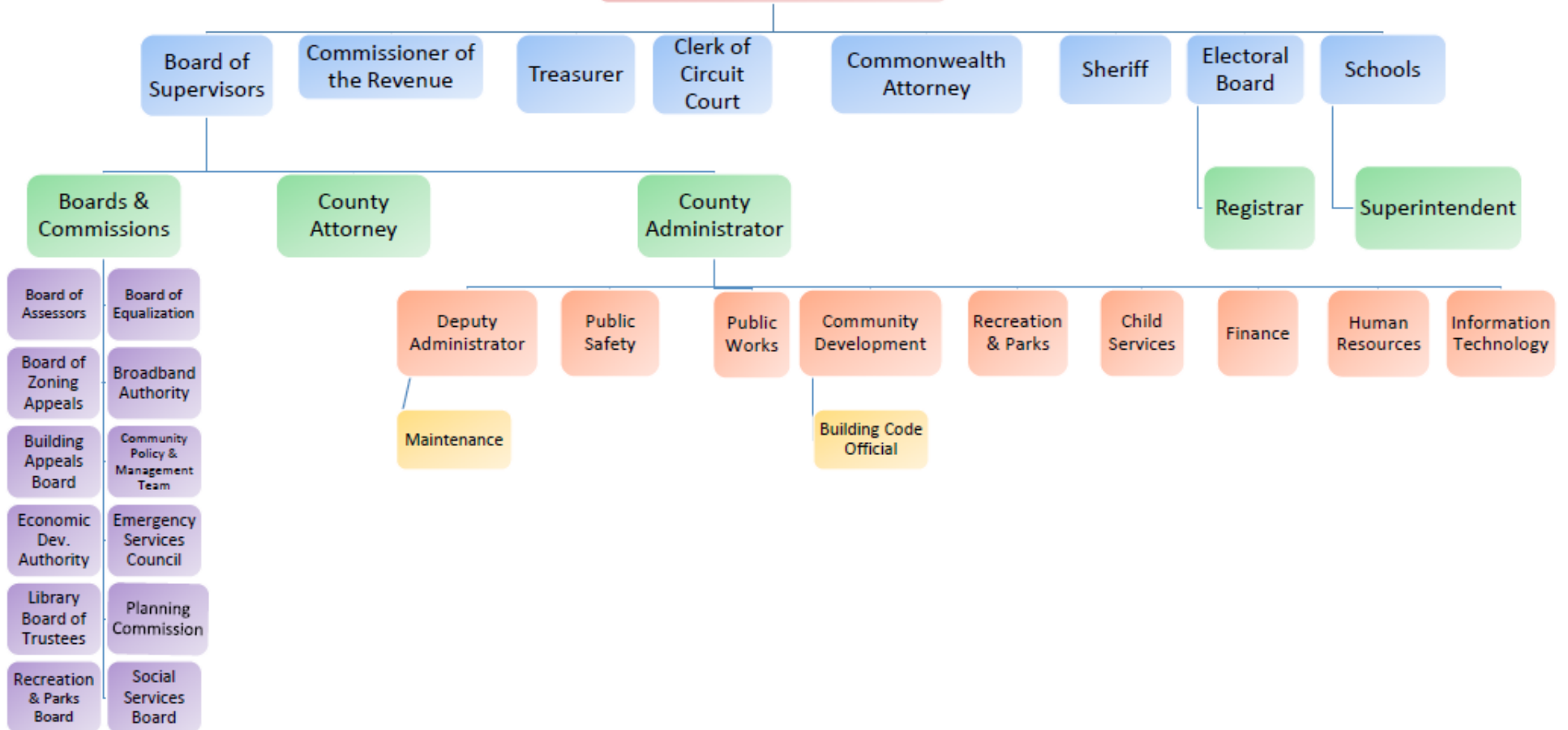
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# INTRODUCTORY SECTION

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# Citizens of Amherst County





**COUNTY OF AMHERST, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2019**

**BOARD OF SUPERVISORS**

L. J. Ayers, III, Chair  
Kenneth M. Campbell, Vice-Chair

David Pugh, Jr.

Jennifer Moore

Claudia D. Tucker

**SCHOOL BOARD**

W. Michael Henderson, Chair  
Priscilla Liggon, Vice-Chair

Francisco Mayo  
Craig Terwilliger

Amanda Wright  
David Cassise

Abby Thompson

**SOCIAL SERVICES BOARD**

Glenda Hash, Chair  
Elsie B. Smith, Vice-Chair

John A. Marks, Jr.

David Pugh, Jr.

Leon Parrish

**COUNTY LIBRARY BOARD**

Larry Langhans, President  
Edward Kryspin, Vice-President

Sandy Jennings-Neblett

Robert B. Simpkins

Stephen Witham

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2019**

**ECONOMIC DEVELOPMENT AUTHORITY BOARD**

Calvin Kennon, Jr., Chair  
Mitch Heishman, Vice-Chair  
Edgar O. Kinnier, Jr., Treasurer

Michael Russell

Chad Eby  
David Wall

Dan Sweeney

**OTHER OFFICIALS**

Judge of the Circuit Court .....	Michael Garrett
Clerk of the Circuit Court.....	Deborah C. Mozingo
Judge of the General District Court.....	Randy C. Krantz
Judge of the Juvenile & Domestic Relations Court .....	Jeffrey P. Bennett
Commonwealth's Attorney .....	W. Lyle Carver
Commissioner of the Revenue .....	Jane Irby
Treasurer .....	Joanne Carden
Sheriff .....	E. W. Viar, Jr.
Superintendent of Schools.....	Dr. Robert Arnold
Clerk of the School Board .....	Teresa Crouch
Director of Social Services .....	Susan B. Mays
County Administrator .....	Dean Rodgers
Library Director .....	Steve Preston
Finance Director .....	Stacey Wilkes

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

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
County of Amherst, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **Report on the Financial Statements (Continued)**

### *Auditor's Responsibility (Continued)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplementary information, and other information section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The other supplementary information section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

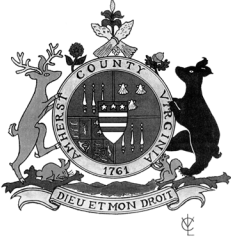
### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of the County'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 solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
December 9, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Management's Discussion and Analysis of the County's financial statements offers readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2019. The County's local contribution to the Amherst County Schools (Education) is included in this narrative.

### **Financial Highlights**

- The reporting entity has total net position of \$50,118,911 at June 30, 2019. \$28,765,736, or 57%, of this amount represents the net position of governmental activities at year-end. The remaining 43% or \$21,353,175 reflects the net position of the County's business-type activity, the Amherst County Service Authority.
- \$12,008,434 is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased (after restatement of beginning balance) by \$.3 million, the governmental activities increased \$.2 million while business-type activities increased \$0.1 million.
- At the close of fiscal year 2018, the County's Statement of Activities shows the net position of governmental activities an increase from the previous year \$289,226. (Exhibit 2)

### **Overview of the Financial Statements**

This discussion and analysis is 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 financial 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. These statements help in answering the question "Is the County as a whole better or worse as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. They take into account all of the current year's revenues and expenses regardless of when the cash is actually received or paid.

The *statement of net position* presents information on all of the County's assets, liabilities, deferred inflows/outflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. This is similar to a business balance sheet.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position 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 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, fire and EMS, sanitation, social services, education, parks and recreation and community development. The business-type activities of the County are the centralized water and sewer services provided by the Service Authority.

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

The Government-wide financial statements can be found on pages 5-7 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, like all other state and 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. This comparison of the two allows readers to better understand the long-term impact of the government's near-term financing decisions.

The County has three major governmental funds, the General Fund, the Special Revenue Fund, and the Capital Project Fund. The basic governmental fund financial statements can be found on pages 8-11 of this report.

#### Proprietary Funds

Proprietary funds are classified as 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 County maintains the accounting for one enterprise fund: the Amherst County Service Authority.

The Amherst County Service Authority is a blended component unit of the County of Amherst. The Authority delivers goods and services to the general public by providing water and sewer services to the citizens of Amherst County.

The proprietary fund financial statements can be found on pages 12-15 of this report.



### Fiduciary funds

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

The fiduciary fund financial statement can be found on page 16 of this report.

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. The notes can be found on pages 17-87.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for the School Board and the EDA. The School Board and the EDA do not issue separate financial statements.

### **Government-wide Financial Analysis**

The following table reflects condensed information for the County's net position. Percentage changes in the table below were rounded for the following narrative

*Net position* serves over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$50,118,911 at the close of the most recent fiscal year (Exhibit 1).

At the end of the current fiscal year, the County investment in capital assets represents approximately 66% of total net position. 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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. These funds are restricted for a required debt reserve for the Service Authority's outstanding bond and for a Community Development Block Grant restriction.

Assessed property values increased by \$10,444,085 during the year. The County's slight increase in revenue, of \$191,482, from property taxes only equated to a 1% difference from fiscal year 2018. The collection of delinquent taxes also showed decrease of approximately 3% and an increase in outstanding delinquent taxes of approximately 1% (See Table 7). 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 fiscal year 2018 budget year, the Board of Supervisors established the vehicle threshold as \$20,000 and approved a PPTRA rate of 36.6%.

The County was recipient of several grants to support activities and programs of these County functions: public safety, social services, cultural arts and community development.

# Financial Analysis of the County's Funds

## Summary Statement of Net Position

as of June 30, 2019

(\$ in millions)

Table 1

	Primary Government						
	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change
	2019	2018	2019	2018	2019	2018	
ASSETS							
Cash and investments	\$30.8	\$30.1	\$3.5	\$3.4	\$34.3	\$33.5	2.4%
Receivables, net	8.6	8.9	0.6	0.7	9.2	9.6	-4.2%
Due from other governments	1.4	1.4	0.0	0.0	1.4	1.4	0.0%
Inventories	0.0	0.0	0.2	0.2	0.2	0.2	0.0%
Prepaid items	0.1	0.1	0.0	0.0	0.1	0.1	0.0%
Loans Receivable	0.1	0.1	0.0	0.0	0.1	0.1	0.0%
Restricted assets:							
Cash and investments	5.6	8.7	1.8	1.6	7.4	10.3	-28.2%
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Capital assets	47.3	48.7	27.7	28.4	75.0	77.1	-2.7%
Total assets	93.9	98.0	33.8	34.3	127.7	132.3	-3.5%
DEFERRED OUTFLOWS							
Deferred amount on refunding	0.0	0.0	0.01	0.01	\$0.01	\$0.01	0.0%
Deferred outflows related to pensions	0.9	0.9	0.1	0.2	\$1.0	\$1.1	-9.1%
Deferred outflows related to other post-employment benefits	0.2	0.1	0	0	\$0.2	\$0.1	100.0%
Total deferred outflows	1.1	1.0	0.11	0.21	1.21	1.21	0.0%
LIABILITIES							
Accounts payable	1.6	2.5	0.3	0.1	1.9	2.6	-26.9%
Accrued liabilities	0.1	0.1	0	0	0.1	0.1	0.0%
Customer deposits	0	0	0.3	0.3	0.3	0.3	0.0%
Accrued interest	0.4	0.4	0.1	0.1	0.5	0.5	0.0%
Due to component unit	3.5	3.5	0	0	3.5	3.5	0.0%
Long-term liabilities: (Notes 8 and 11)							
Net pension liability	2.5	3	0.4	0.7	2.9	3.7	-21.6%
Net other postemployment benefits liability	0.8	0.7	0.1	0	0.9	0.7	28.6%
Due within one year	2.6	2.6	0.7	0.6	3.3	3.2	3.1%
Due in more than one year	39.9	42	10.6	11.3	50.5	53.3	-5.3%
Total liabilities	51.4	54.8	12.5	13.1	63.9	67.9	-5.9%
DEFERRED INFLOWS							
Property taxes	14.2	14.1	0	0	14.2	14.1	0.7%
related to pensions	0.5	0.8	0.2	0	0.7	0.8	-12.5%
related to postemployment benefits	0.1	0.1	0	0	0.1	0.1	0.0%
Total deferred inflows of resources	14.8	15	0.2	0	15	15	0.0%
NET POSITION							
Net investment in capital assets	16.7	18.5	16.5	16.9	33.2	35.4	-6.2%
Restricted for debt service	0	0	1.8	1.6	1.8	1.6	12.5%
Community Development Loans	0.1	0.1	0	0	0.1	0.1	0.0%
Unrestricted net position	12	10.5	3	2.5	15	13	15.4%
Total net position	\$28.8	\$29.1	\$21.3	\$21.0	\$50.1	\$50.1	0.0%

(Continued)

Table 1 above summarizes the *Statement of Net Position* for the primary government as of June 30, 2019 and 2018.

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County's total revenues and expenses for governmental activities, business-type activities and the total primary government are reflected in the following table:

<b>Summary Changes in Net Position</b> <b>Year Ended June 30, 2019</b> <b>(\$ millions)</b>						
<b>Table 2</b>						
	<b>Primary Government</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$3.4	\$3.0	\$4.0	\$4.0	\$7.4	\$7.0
Operating grants and contributions	6.7	6.3	0	0	6.7	6.3
Capital grants and contributions	0	0	0	0	0	0
<b>General revenues:</b>						
General property taxes	24.2	24	0	0	24.2	24
Other local taxes	7.3	7.2	0	0	7.3	7.2
Use of money and property	0.4	0.4	0	0	0.4	0.4
Non-categorical aid	2.5	2.5	0	0	2.5	2.5
Capital contribution	0	0	0.2	0.2	0.2	0.2
Other general revenues	0.9	0.6	0.3	0.3	1.2	0.9
<b>Total revenues</b>	<b>\$45.4</b>	<b>\$44.0</b>	<b>\$4.5</b>	<b>\$4.5</b>	<b>\$49.9</b>	<b>\$48.5</b>
<b>Expenses</b>						
General government	3.3	2.7	0	0	3.3	2.7
Judicial administration	1.5	1.3	0	0	1.5	1.3
Public safety	11.6	11.4	0	0	11.6	11.4
Public works	3.9	3.5	0	0	3.9	3.5
Health and welfare	5.7	4.7	0	0	5.7	4.7
Education	15.5	15.4	0	0	15.5	15.4
Parks, recreation and cultural	1.4	1.1	0	0	1.4	1.1
Community development	1.4	1.4	0	0	1.4	1.4
Interest on long-term debt	0.9	1	0	0	0.9	1
Water and sewer	0	0	4.4	4.1	4.4	4.1
<b>Total expenses</b>	<b>45.2</b>	<b>42.5</b>	<b>4.4</b>	<b>4.1</b>	<b>49.6</b>	<b>46.6</b>
<b>Change in net position</b>	<b>\$0.20</b>	<b>\$1.50</b>	<b>\$0.10</b>	<b>\$0.40</b>	<b>\$0.30</b>	<b>\$1.90</b>

Table 2 may differ from Exhibit 2 due to rounding

(Continued)

- The increase in Charge for Services is a result of increased EMS services
- The increase in operating grants and contributions is due to increased funding for Social Services.
- The increase in other local taxes was a result of increased sales tax revenue.
- The increase on other governmental revenues was due to the sale of real property.
- The increase to judicial administration expenses was the result of increased costs at the regional jail.
- The increase to general government expenses was due to expenses associated with the sale of real property.
- Public Safety expenses increased during the current year. The increases were a result of additional staff and purchases of new equipment.
- The public works expenditures increased due to additional staff, repairs and maintenance, and contracted services due to very rainy year.
- The increase in health and welfare expenses were the result of additional expenses associated with the Child Services Act and increased use of social services.
- The decrease in interest on long-term debt is due to paying off school debt.

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. Unassigned fund balance represents the portion of the fund balance which has not been limited to use for a particular purpose by an external party, the County, or an authorized group or individual. As a result, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending.

At June 30, the County's combined governmental funds reported fund balances of \$26,162,943, an overall decrease of \$1,981,688 in comparison with the prior year. Of the \$26,162,943, approximately \$12.4 million constitutes unassigned fund balance, which is available for spending at the government's discretion. To ensure adequate fund availability for unanticipated expenditures, the County adopted a financial policy to provide cash flow reserves of at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County Public Schools. This financial policy leaves \$5.9 million of spendable fund balance. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is obligated by either Board or management action for specific purposes. The overall decrease in fiscal 2019 was due to funds spent for capital projects.

The County's delinquency rate on current levy increased in comparison to the delinquency rate of FY2018. The delinquency rate has increased for a fourth year and the increase is slightly greater than the increase in FY 2018. The Treasurer has been aggressively collecting delinquent taxes and will continue to work to keep the delinquency rate reasonable.

<b>Fiscal Year</b>	<b>Delinquency Rate</b>
2011-2012	6.65%
2012-2013	4.97%
2013-2014	5.14%
2014-2015	4.25%
2015-2016	4.48%
2016-2017	4.80%
2017-2018	5.15%
2018-2019	5.69%

### **Capital Asset and Debt Administration**

Capital assets – Capital assets of the County carry a value total of \$47,319,707; the School Board's totals \$18,007,067; and the Service Authority's totals \$27,714,791 (net of accumulated depreciation). This includes infrastructure, buildings and improvements, and machinery and equipment. There remains an ongoing project for school infrastructure improvements. For the current fiscal year, the County's construction in progress has a value of \$160,812.

Additional information on the County's capital assets can be found in Note 7.

Long-term debt - At the end of the current fiscal year, the County had total obligations outstanding of \$42,533,202. Of this amount, \$8,266,000 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 2,090,018.

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

### **Economic Factors and Next Year's Budgets and Rates**

- In September 2019, the County's unemployment rate was 2.8%, which is slightly lower than it was in September 2018.
- The tax rates for 2017 remain unchanged at \$0.61 for real property and \$3.45 for personal property for every \$100 of assessed value. Tax rate detail is provided in Table 6 of this report.
- The enrollment in the County's public schools increased in fiscal year 2019 by 1.7% from 4,035 to 4,105.

### **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.

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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## COUNTY OF AMHERST, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2019

(Except for Business-Type Activities which are as of December 31, 2018)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
<b>ASSETS</b>					
Cash and investments (Note 3)	\$ 30,776,220	\$ 3,498,017	\$ 34,274,237	\$ 566,459	\$ 3,816,770
Receivables, net (Note 4)	8,627,141	638,702	9,265,843	-	-
Due from primary government	-	-	-	-	3,506,945
Due from other governments (Note 6)	1,396,943	-	1,396,943	-	1,140,552
Inventories	-	206,375	206,375	-	-
Prepaid items	105,958	-	105,958	28	141,754
Loans receivable (Note 5)	92,778	-	92,778	-	-
Restricted assets (Note 3)					
Cash and investments	5,605,128	1,775,019	7,380,147	-	-
Net pension asset (Notes 12 and 17)	-	-	-	-	1,565,707
Capital assets: (Note 8)					
Nondepreciable	2,697,745	940,555	3,638,300	492,258	369,931
Depreciable, net	44,621,962	26,774,236	71,396,198	418,925	17,410,530
Total assets	93,923,875	33,832,904	127,756,779	1,477,670	27,952,189
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	9,629	9,629	-	-
Deferred outflows related to pensions (Notes 10, 11, 12, 13, and 17)	858,544	96,790	955,334	-	4,081,036
Deferred outflows related to other postemployment benefits (Notes 14, 15, and 18)	156,751	17,373	174,124	-	531,993
Total deferred outflows of resources	1,015,295	123,792	1,139,087	-	4,613,029
<b>LIABILITIES</b>					
Accounts payable	1,574,972	269,140	1,844,112	19,132	294,562
Accrued liabilities	133,292	-	133,292	1,252	5,367,143
Customer deposits	-	276,234	276,234	3,250	-
Accrued interest	380,705	78,714	459,419	-	-
Due to component unit	3,506,945	-	3,506,945	-	-
Long-term liabilities:					
Net pension liability (Notes 10, 11, 13, and 16)	2,505,903	391,526	2,897,429	-	33,606,000
Net other postemployment benefits liability (Notes 10, 11, and 13)	753,023	114,033	867,056	-	5,642,000
Due within one year (Notes 9 and 15)	2,646,244	670,453	3,316,697	41,205	59,513
Due in more than one year (Notes 9 and 15)	39,886,958	10,632,970	50,519,928	729,479	535,623
Total liabilities	51,388,042	12,433,070	63,821,112	794,318	45,504,841

(Continued)

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2019

(Except for Business-Type Activities which are as of December 31, 2018)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	\$ 14,208,153	\$ -	\$ 14,208,153	\$ -	\$ -
Deferred inflows related to pensions (Notes 10, 11, 12, 13, and 17)	506,711	157,854	664,565	-	6,614,658
Deferred inflows related to other postemployment benefits (Notes 14, 15, and 18)	70,528	12,597	83,125	-	649,000
Total deferred inflows of resources	14,785,392	170,451	14,955,843	-	7,263,658
<b>NET POSITION</b>					
Net investment in capital assets	16,664,524	16,553,171	33,217,695	792,020	17,780,461
Restricted for:					
Debt service	-	1,775,019	1,775,019	-	-
Community development loans	92,778	-	92,778	-	-
Unrestricted net position (deficit)	12,008,434	3,024,985	15,033,419	(108,668)	(37,983,742)
Total net position	\$ 28,765,736	\$ 21,353,175	\$ 50,118,911	\$ 683,352	\$ (20,203,281)

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(Except for Business-Type Activities which are for the year ended December 31, 2018)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units	
					Governmental Activities	Business-Type Activities	Total	Economic Development Authority	School Board
Primary Government:									
Governmental activities:									
General government	\$ 3,332,172	\$ 408,465	\$ 325,465	\$ -	\$ (2,598,242)	\$ -	\$ (2,598,242)	\$ -	\$ -
Judicial administration	1,492,417	535,037	805,462	-	(151,918)	-	(151,918)	-	-
Public safety	11,645,637	1,504,484	1,936,572	-	(8,204,581)	-	(8,204,581)	-	-
Public works	3,870,102	711,242	10,647	-	(3,148,213)	-	(3,148,213)	-	-
Health and welfare	5,694,210	125,460	3,484,216	-	(2,084,534)	-	(2,084,534)	-	-
Education	15,517,802	-	-	-	(15,517,802)	-	(15,517,802)	-	-
Parks, recreation, and cultural	1,342,938	94,451	146,614	-	(1,101,873)	-	(1,101,873)	-	-
Community development	1,408,928	-	-	-	(1,408,928)	-	(1,408,928)	-	-
Interest on long-term debt	931,975	-	-	-	(931,975)	-	(931,975)	-	-
Total governmental activities	45,236,181	3,379,139	6,708,976	-	(35,148,066)	-	(35,148,066)	-	-
Business-type activities:									
Water and sewer	4,438,476	4,032,290	-	-	-	(406,186)	(406,186)	-	-
Total primary government	\$ 49,674,657	\$ 7,411,429	\$ 6,708,976	\$ -	(35,148,066)	(406,186)	(35,554,252)	-	-
Component Units:									
Economic Development Authority	\$ 293,188	\$ -	\$ -	\$ -	-	-	-	(293,188)	-
School Board	44,563,596	1,595,133	32,484,438	-	-	-	-	-	(10,484,025)
Total component units	\$ 44,856,784	\$ 1,595,133	\$ 32,484,438	\$ -	-	-	-	(293,188)	(10,484,025)
General revenues:									
General property taxes					24,229,683	-	24,229,683	-	-
Other local taxes:									
Local sales and use					2,783,437	-	2,783,437	-	-
Consumer's utility tax					1,906,799	-	1,906,799	-	-
Business license					378,768	-	378,768	-	-
Motor vehicle license taxes					789,418	-	789,418	-	-
Restaurant food taxes					1,016,301	-	1,016,301	-	-
Other taxes					410,960	-	410,960	-	-
Unrestricted revenues from use of money and property					401,287	1,269	402,556	86,497	38,976
Miscellaneous					899,353	320,637	1,219,990	6,715	163,230
County contribution					-	-	-	396,570	13,756,677
Capital contributions					-	167,925	167,925	-	-
Grants and contributions not restricted to specific programs					2,530,141	-	2,530,141	-	-
Transfers (Note 7)					7,500	-	7,500	-	-
Total general revenues					35,353,647	489,831	35,843,478	489,782	13,958,883
Change in net position					205,581	83,645	289,226	196,594	3,474,858
NET POSITION AT JULY 1, as restated (Notes 29 and 30)					28,560,155	21,269,530	49,829,685	486,758	(23,678,139)
NET POSITION AT JUNE 30					\$ 28,765,736	\$ 21,353,175	\$ 50,118,911	\$ 683,352	\$ (20,203,281)

The Notes to Financial Statements are an integral part of this statement.

**FUND**  
**FINANCIAL STATEMENTS**

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## COUNTY OF AMHERST, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 24,587,122	\$ 5,694,692	\$ 494,406	\$ 30,776,220
Receivables, net	8,624,193	2,948	-	8,627,141
Prepaid items	101,908	4,050	-	105,958
Due from other governments	1,374,880	22,063	-	1,396,943
Loans receivable	-	92,778	-	92,778
Cash and investments, restricted	-	-	5,605,128	5,605,128
	<u>-</u>	<u>-</u>	<u>5,605,128</u>	<u>5,605,128</u>
Total assets	<u>\$ 34,688,103</u>	<u>\$ 5,816,531</u>	<u>\$ 6,099,534</u>	<u>\$ 46,604,168</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 823,329	\$ 144,153	\$ 63,773	\$ 1,031,255
Retainage payable	-	-	543,717	543,717
Accrued liabilities	118,243	15,049	-	133,292
Due to component unit	3,506,945	-	-	3,506,945
	<u>4,448,517</u>	<u>159,202</u>	<u>607,490</u>	<u>5,215,209</u>
Total liabilities	<u>4,448,517</u>	<u>159,202</u>	<u>607,490</u>	<u>5,215,209</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable/unearned revenues	15,226,016	-	-	15,226,016
	<u>15,226,016</u>	<u>-</u>	<u>-</u>	<u>15,226,016</u>
<b>FUND BALANCES (Note 22)</b>				
Nonspendable	101,908	4,050	-	105,958
Restricted	-	92,778	5,492,044	5,584,822
Committed	1,168,604	-	-	1,168,604
Assigned	1,311,648	5,560,501	-	6,872,149
Unassigned	12,431,410	-	-	12,431,410
	<u>15,013,570</u>	<u>5,657,329</u>	<u>5,492,044</u>	<u>26,162,943</u>
Total fund balances	<u>15,013,570</u>	<u>5,657,329</u>	<u>5,492,044</u>	<u>26,162,943</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 34,688,103</u>	<u>\$ 5,816,531</u>	<u>\$ 6,099,534</u>	<u>\$ 46,604,168</u>

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2019**

**Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds** \$ 26,162,943

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 47,319,707

Certain receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,017,863

Financial statement elements related to pension and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to:

Pensions 858,544

Other postemployment benefits 156,751

Deferred inflows related to:

Pensions (506,711)

Other postemployment benefits (70,528)

Net pension liability (2,505,903)

Net other postemployment benefits liability (753,023)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable and lease revenue bonds, net of premiums and discounts (12,328,865)

Notes payable (1,264,719)

Capital leases payable (22,666,727)

Accrued interest (380,705)

Compensated absences (1,054,107)

Landfill closure and post-closure costs (5,218,784)

**Net position of governmental activities** \$ 28,765,736

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2019**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>				
General property taxes	\$ 24,281,191	\$ -	\$ -	\$ 24,281,191
Other local taxes	7,285,683	-	-	7,285,683
Permits, privilege fees, and regulatory licenses	178,315	-	-	178,315
Fines and forfeitures	430,626	-	-	430,626
Revenue from the use of money and property	242,947	-	158,340	401,287
Charges for services	1,731,872	727,125	-	2,458,997
Miscellaneous	827,405	71,948	-	899,353
Recovered costs	317,919	-	-	317,919
Intergovernmental revenues:				
Commonwealth	7,230,940	143,495	-	7,374,435
Federal	1,658,847	42,697	-	1,701,544
Total revenues	<u>44,185,745</u>	<u>985,265</u>	<u>158,340</u>	<u>45,329,350</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,692,756	-	-	2,692,756
Judicial administration	1,455,479	-	-	1,455,479
Public safety	11,406,434	133,586	-	11,540,020
Public works	1,131,031	1,831,054	-	2,962,085
Health and welfare	5,827,377	-	-	5,827,377
Education	13,763,427	-	-	13,763,427
Parks, recreation, and cultural	1,289,335	61,833	-	1,351,168
Community development	1,386,138	23,841	-	1,409,979
Nondepartmental	400,658	-	-	400,658
Capital projects	200,000	-	2,207,251	2,407,251
Debt service				
Principal	2,470,626	43,678	-	2,514,304
Interest	987,725	6,309	-	994,034
Total expenditures	<u>43,010,986</u>	<u>2,100,301</u>	<u>2,207,251</u>	<u>47,318,538</u>
Excess (deficiency) of revenues over expenditures	<u>1,174,759</u>	<u>(1,115,036)</u>	<u>(2,048,911)</u>	<u>(1,989,188)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 7)	454,000	1,666,220	327,715	2,447,935
Transfers out (Note 7)	<u>(2,440,435)</u>	<u>-</u>	<u>-</u>	<u>(2,440,435)</u>
Total other financing sources (uses)	<u>(1,986,435)</u>	<u>1,666,220</u>	<u>327,715</u>	<u>7,500</u>
Net change in fund balances	(811,676)	551,184	(1,721,196)	(1,981,688)
<b>FUND BALANCES AT JULY 1</b>	<u>15,825,246</u>	<u>5,106,145</u>	<u>7,213,240</u>	<u>28,144,631</u>
<b>FUND BALANCES AT JUNE 30</b>	<u><u>\$ 15,013,570</u></u>	<u><u>\$ 5,657,329</u></u>	<u><u>\$ 5,492,044</u></u>	<u><u>\$ 26,162,943</u></u>

The Notes to Financial Statements are an integral part of this statement.



## COUNTY OF AMHERST, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019**

**Net change in fund balances per Exhibit 5 – total governmental funds** \$ (1,981,688)

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

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.

Capital outlay	\$ 3,043,755	
Depreciation expense	(3,186,532)	
Book value of capital assets disposed	(9,271)	
Allocation of debt-financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(642,236)</u>	(794,284)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		104,914
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Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned, net of employee, contributions is reported as pension expense.

Employer pension contributions	839,562	
Pension expense	<u>(121,970)</u>	717,592

Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.

Employer other postemployment benefit contributions	68,515	
Other postemployment benefits	<u>(35,024)</u>	33,491

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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments:		
General obligation debt	890,116	
Lease revenue bonds	665,000	
Notes payable	30,507	
Capital leases	928,679	
Amortization of bond premium	<u>26,521</u>	2,540,823

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.

Compensated absences	(43,435)	
Landfill liability	(407,370)	
Accrued interest	<u>35,538</u>	(415,267)

<b>Change in net position of governmental activities</b>		<u><u>\$ 205,581</u></u>
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The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2018**

	<u><b>Enterprise Fund</b></u> <u><b>Amherst County</b></u> <u><b>Service Authority</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 3,498,017
Receivables, net	638,702
Inventories	206,375
Total current assets	<u>4,343,094</u>
Noncurrent assets	
Restricted cash and investments	1,775,019
Capital assets:	
Nondepreciable	940,555
Depreciable, net	26,774,236
Total noncurrent assets	<u>29,489,810</u>
Total assets	<u>33,832,904</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	9,629
Deferred outflows related to pensions	96,790
Deferred outflows related to OPEB	17,373
Total deferred outflows of resources	<u>123,792</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	269,140
Customer deposits	276,234
Accrued interest	78,714
Long-term liabilities due within one year	670,453
Total current liabilities	<u>1,294,541</u>
Noncurrent liabilities:	
Long-term liabilities due in more than one year	10,632,970
Net pension liability	391,526
Net OPEB liability	114,033
Total noncurrent liabilities	<u>11,138,529</u>
Total liabilities	<u>12,433,070</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	157,854
Deferred inflows related to OPEB	12,597
Total deferred inflows of resources	<u>170,451</u>
<b>NET POSITION</b>	
Net investment in capital assets	16,553,171
Restricted for debt service	1,775,019
Unrestricted net position	3,024,985
Total net position	<u><u>\$ 21,353,175</u></u>

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2018**

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
OPERATING REVENUES	
Charges for services	\$ 3,907,474
Miscellaneous	124,816
Total operating revenues	<u>4,032,290</u>
OPERATING EXPENSES	
Water transmission and distribution	149,548
Water distribution maintenance	351,911
Wastewater maintenance	35,866
General plant operations and maintenance	369,647
Wastewater treatment	481,467
General and administrative	1,066,907
Depreciation	1,070,669
Total operating expenses	<u>3,526,015</u>
Operating income	<u>506,275</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,269
Connection and availability charges	295,832
Interest expense	(341,265)
Rental income	24,805
Riverbank stabilization contribution	(571,196)
Total non-operating expenses, net	<u>(590,555)</u>
Income before capital contributions	(84,280)
CAPITAL CONTRIBUTIONS	<u>167,925</u>
Change in net position	83,645
NET POSITION AT JANUARY 1, as restated	<u>21,269,530</u>
NET POSITION AT DECEMBER 31	<u><u>\$ 21,353,175</u></u>

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended December 31, 2018

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,011,608
Payments to suppliers	(1,579,287)
Payments to employees	(949,482)
Other operating receipts	40,752
	<hr/>
Net cash provided by operating activities	1,523,591
	<hr/>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets and water rights	(223,728)
Connection and availability fees	295,832
Contribution from County	167,925
Contribution to Federal government	(571,196)
Principal paid on debt	(612,563)
Interest payments on long-term liabilities	(365,017)
	<hr/>
Net cash used in capital and related financing activities	(1,308,747)
	<hr/>
<b>INVESTING ACTIVITIES</b>	
Rent received	24,805
Interest received	1,269
	<hr/>
Net cash provided by investing activities	26,074
	<hr/>
Net increase in cash and cash equivalents	240,918
	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at January 1	5,032,118
	<hr/>
Ending at December 31	\$ 5,273,036
	<hr/> <hr/>
<b>RECONCILIATION TO EXHIBIT 7</b>	
Cash and investments	\$ 3,498,017
Restricted cash and investments	1,775,019
	<hr/>
	\$ 5,273,036
	<hr/> <hr/>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended December 31, 2018

	<u>Enterprise Fund</u> <u>Amherst County</u> <u>Service Authority</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 506,275
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,070,669
Pension expense net of employer contributions	(51,828)
Other postemployment expense net of employer contributions	(7,746)
Change in assets and liabilities:	
Decrease in:	
Receivables, net	18,470
Inventories	2,633
(Decrease) increase in:	
Accounts payable and accrued expenses	(37,963)
Customer deposits	1,600
Compensated absences	21,481
Net cash provided by operating activities	<u>\$ 1,523,591</u>
<b>NONCASH CAPITAL AND RELATED FINANCING</b>	
Capital assets acquired through accounts payable	<u>\$ 174,260</u>

The Notes to Financial Statements are an integral part of this statement.

**COUNTY OF AMHERST, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2019**

	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Cash and investments	\$      62,477
Total assets	<u>\$      62,477</u>
<b>LIABILITIES</b>	
Amounts held for others	\$      62,477
Total liabilities	<u>\$      62,477</u>

The Notes to Financial Statements are an integral part of this statement.

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The County of Amherst, Virginia (the “County”) is a political subdivision of the Commonwealth of Virginia governed by an elected five-member Board of Supervisors. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The County has taxing powers subject to statewide restrictions and tax limits, and provides a full range of services to its citizens including law enforcement, fire, social services, public improvements, planning and zoning, education, and sanitation. The County is the primary government of the reporting entity.

**Discretely Presented Component Units** – The component unit columns in the financial statements include the financial data of the County’s discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County.

The Amherst County School Board operates the elementary and secondary public schools in the County. The School Board is presented as a component unit because it is fiscally dependent upon the County. The County approves all debt issuances and provides significant funding for operations since the School Board does not have separate taxing powers. The Amherst County School Board does not prepare separate financial statements.

The Amherst County Economic Development Authority (the “EDA”) was created to promote industry and develop trade by encouraging enterprises to locate and remain in the County. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA is governed by a Board of Directors who are appointed by the County’s Board of Supervisors and the County is financially accountable for the EDA. The EDA does not prepare separate financial statements.

**Blended Component Unit** – A blended component unit is an entity, that while legally separate, is in substance part of the County’s operations, and so its financial information is combined with the financial statements of the County. The County can impose its will over the Amherst County Service Authority (the “Authority”) and is financially accountable for it.

The Authority serves the citizens of the County and provides water and sewer services. The County Board of Supervisors also serves as the Board of Directors for the Authority and approves all related user charges and debt issuances. The Authority operates on a December 31 year end, and the Authority’s December 31, 2018 financial report is presented as an enterprise fund in the County’s financial statements. Financial statements of the Authority may be obtained by contacting the County of Amherst, VA, County Administrator, P.O. Box 390, Amherst, VA 24521.

**Related Organization** – The Board of Supervisors is also responsible for nominating members of the board for the Amherst Industrial Development Authority, but the County’s accountability for this organization does not extend beyond making this nomination. Final appointment of members and accountability for fiscal affairs rests with the Town of Amherst.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position presents both governmental and business-type activities on the accrual basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

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*.

**Fund Financial Statements**

These statements are organized based on funds, each of which is considered a separate accounting unit. The emphasis is on major governmental and enterprise funds. The County reports the following major governmental funds:

The *General Fund* is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

*Special Revenue funds* account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue fund reports revenues and expenditures related to the Dare Program, Recreation Activities, E-911 operations, Community Development Block Grant, and Solid Waste.

*Capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The *capital projects fund* accounts for the renovations, construction, and improvements related to County capital assets. Financing is provided by debt issuances and General Fund transfers.

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The County reports the following major proprietary fund:

The Amherst County Service Authority is presented in an *enterprise fund* that accounts for the Authority's water distribution system and sewage collection, pumping stations, and treatment plant. 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 the fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. Operating expenses 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 non-operating revenues and expenses.

Additionally, the County reports the following fund type:

*Fiduciary funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare and Forfeited Assets Funds.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. General Fund tax revenues are considered measurable when they have been levied and available if collected within 60 days of year end. Grant revenues are considered measurable and available when related grant expenditures are incurred. All other revenue items are considered measurable and available when cash is received. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, other post-employment benefits, as well as expenditures related to claims and judgments are recorded only when payment is due.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements are necessary. The reconciliations are presented as exhibits in the governmental fund financial statements. As part of the reconciliation process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenditures.

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity**

**Deposits and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Interfund Receivables and Payables**

Outstanding balances between funds are reported as due to/from other funds, if applicable. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the County and the component units are reported as due to/from component unit or due to/from primary government.

**Inventories**

Inventories are valued using the first-in, first-out method. Inventories in the enterprise fund consist of materials and supplies for water and sewer repairs and maintenance.

**Taxes Receivable**

Property is assessed at its estimated fair value and property taxes attach as an enforceable lien as of January 1. Real estate taxes are payable in two installments on June 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are payable on December 5<sup>th</sup>. The County bills and collects its own property taxes. The property taxes due and collected on the June 5, 2019 billing installment, as well as those due on December 5, 2019, are reflected in deferred inflows on the statement of net position as they are intended to fund operations in a future period.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)**

**Capital Assets**

Capital assets, which include property, buildings, equipment, infrastructure, and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Most capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Building improvements	20-40 years
Furniture, equipment and vehicles	5-15 years
Utility plant in service	15-50 years

Landfill development costs are depreciated based on the percentage of capacity used compared to the total estimated capacity.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Due to the relationship with outstanding debt, these deferred outflows are included in the calculation of net position, net investment in capital assets.
- Contributions subsequent to the measurement date for pensions and other post-employment benefits (OPEB) are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool or OPEB cost sharing pool plans. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.

In addition to liabilities, the statements that presents financial position report a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- The governmental funds report unavailable revenue from property taxes, grants, and other receivables not collected within 60 days of year end and those property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- On the statement of net position, property taxes levied, but not yet due are intended to fund future years.

**Unearned/Unavailable Revenue**

In the statement of net position, unearned revenue arises when assets are received or recognized before revenue recognition criteria is satisfied and primarily consists of property taxes collected or recorded as a receivable, that are intended to finance the subsequent year's operations.

In the balance sheet of the governmental funds, unearned/unavailable revenue arises when assets are recognized but are not available to finance expenditures of the current fiscal period or when assets are recognized before revenue recognition criteria is satisfied as described. Unearned/unavailable revenue primarily consists of property taxes, EMS billings, grants, and other items not collected within the availability period.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)**

**Compensated Absences**

The County and School Board have policies to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds when the amounts are due for payment.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs associated with long-term obligations are expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

**Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the County's and Schools' Plans' and the additions to/deductions from the County's and Schools' Plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)**

**Fund Balance (Continued)**

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the County, under the formal action of Board of Supervisors’ resolution. Amounts cannot be used for any other purposes unless the Board of Supervisors takes action to remove or change the constraint.
- **Assigned** – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by County management based on governing body direction through adoption or amendment of the budget or through ordinance or resolution.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

**Restricted Amounts**

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Minimum Fund Balance Policy**

Within its General Fund, the County’s policy is to maintain an adequate fund balance amount for cash liquidity purposes. That balance is expected by management to be sufficient to meet the County’s cyclical cash flow requirements and avoid the need for short-term tax anticipation borrowing. Unassigned fund balances shall be at least 15% of the total annual General Fund expenditures inclusive of the transfer to the Amherst County School Board. The Board of Supervisors may, in times of declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County, appropriate amounts that will reduce available unassigned fund balance below the 15% target. Should the reserve fall or be reduced below the 15% targeted level, the Board must approve and adopt a plan to restore this balance to the target level within 36 months, unless that timeframe would cause severe hardship to the County.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position or Equity (Continued)**

**Minimum Fund Balance Policy (Continued)**

Other governmental funds of the County do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Board of Supervisors.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances outstanding at year end as all County purchase orders expire at year end and must be re-authorized in the subsequent year.

**Net Position**

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Note 2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

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 July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund.
2. Public hearings are conducted to obtain citizen comments.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 2. Stewardship, Compliance, and Accountability (Continued)**

**Budgetary Information (Continued)**

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 department level. The appropriation for each department can be revised by the Board of Supervisors only. However, the School Board is authorized to transfer budget amounts within the School System's categories. Amounts that do not fall under a department's control are categorized as non-departmental even though they may relate to a particular function.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with GAAP.
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

**Note 3. 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 the 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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies 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, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP).

External investment pools

The Virginia SNAP fund is an open-end management investment company and is overseen by the Treasurer of Virginia and State Treasury Board.

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 3. Deposits and Investments (Continued)**

Deposit and investment balances consist of the following:

Deposits:	
Demand deposits	\$ 23,850,766
Money market funds	16,329,677
Cash on hand	<u>6,650</u>
	40,187,093
Investments:	
SNAP	<u>5,850,520</u>
 Total deposits and investments	 <u><u>\$ 46,037,613</u></u>

Deposits and investments are presented on the Statement of Net Position as follows:

Cash and investments – Primary Government	\$ 34,274,237
Cash and investments – School Board	3,816,770
Cash and investments – EDA	566,459
Restricted cash and investments – Primary Government	<u>7,380,147</u>
 Total deposits and investments	 <u><u>\$ 46,037,613</u></u>

Restricted cash and investments

Restricted cash and investments in the governmental activities consist of \$5,850,520 of unspent debt proceeds maintained in SNAP accounts to be used for capital projects. Restricted cash and investments in the business-type activities consists of \$1,280,488 required to be maintained for debt service in the event of rate fluctuations or revenue decreases for water and sewer services, as well as \$494,531 of other unspent funding restricted for future capital needs.

Credit risk

Although the County does not have a formal policy addressing credit risk, the County adheres to the State guidelines. As required by the *Code of Virginia*, obligations of the Commonwealth of Virginia and its political subdivisions must have a debt rating of at least AA by Standard & Poor's (S&P) or Aa by Moody's Investors Service (Moody's). Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P or P-1 by Moody's. Corporate notes and bonds must have a rating of at least AA by S&P or As by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines. The County's money market funds were unrated at June 30, 2019. SNAP funds are rated by Moody's as AAAm.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 4. Receivables**

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Receivables			
Taxes	\$ 8,707,392	\$ -	\$ 8,707,392
Less: allowance for uncollectible accounts	<u>(658,815)</u>	<u>-</u>	<u>(658,815)</u>
Net taxes receivable	<u>8,048,577</u>	<u>-</u>	<u>8,048,577</u>
Accounts receivable	690,503	676,702	1,367,205
Less: allowance for uncollectible accounts	<u>(111,939)</u>	<u>(38,000)</u>	<u>(149,939)</u>
Net accounts receivable	<u>578,564</u>	<u>638,702</u>	<u>1,217,266</u>
Net total receivables	<u><u>\$ 8,627,141</u></u>	<u><u>\$ 638,702</u></u>	<u><u>\$ 9,265,843</u></u>

Taxes receivable represent the current and past four years of uncollected tax levies for personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Governmental activities accounts receivable are comprised of amounts due for EMS billings and other local revenues. The allowances for uncollectible accounts are based on historical collection rates, aging of receivable balances, and specific account analysis. Accounts receivable for business-type activities primarily represent amounts due for water and sewer services.

**Note 5. Loans Receivable**

The County provided housing loans through the Community Development Block Grant Housing Loan Program to low income citizens within the County as part of a project in Old Town Madison Heights in 2012 and 2013. Several of those loans are still in repayment and in good standing at year end. All of the loans are secured by a deed of trust on the related real estate. These loans are forgivable loans under which no interest is charged and a portion of the principal balance is forgiven at the time of each monthly payment. At June 30, 2019, the five loans outstanding totaled \$92,778.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 6. Due From Other Governments**

Amounts due from other governments consist of the following:

	<b>Primary Government Governmental Activities</b>	<b>Component Unit School Board</b>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 598,475
Local sales taxes	484,392	-
Communication taxes	171,364	-
Public assistance and welfare administration	64,167	-
Comprehensive youth service	281,091	-
Sheriff	155,736	-
Commonwealth's Attorney	32,891	-
Clerk of Circuit Court	25,798	-
Treasurer	9,663	-
Commissioner of Revenue	8,876	-
Other	14,545	-
Federal Government:		
Education grants	-	542,077
Public safety grants	22,063	-
Public assistance	126,357	-
	<u>\$ 1,396,943</u>	<u>\$ 1,140,552</u>

**Note 7. Transfers**

Interfund transfers consist of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
Governmental Funds:		
General fund	\$ 454,000	\$ 2,440,435
Special revenue fund	1,666,220	-
Capital projects fund	327,715	-
	<u>2,447,935</u>	<u>2,440,435</u>
School Board:		
School construction	908,955	-
School operating	-	908,955
	<u>908,955</u>	<u>908,955</u>
Fiduciary Funds:		
Forfeited assets	1,500	9,000
	<u>1,500</u>	<u>9,000</u>
	<u>\$ 3,358,390</u>	<u>\$ 3,358,390</u>

Transfers are used to (1) move revenues from the fund where statute or budget requires collection to the fund that statute or budget requires expenditure and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Capital Assets**

Capital asset activity for the year consisted of the following:

	<b>Beginning Balance*</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,513,933	\$ 23,000	\$ -	\$ 2,536,933
Construction in progress	8,446,429	2,045,204	10,330,821	160,812
Total capital assets not depreciated	10,960,362	2,068,204	10,330,821	2,697,745
Capital assets depreciated:				
Buildings and improvements	41,091,232	10,587,907	9,388	51,669,751
Jointly owned school buildings and improvements	4,821,944	-	890,119	3,931,825
Furniture, equipment, and vehicles	11,488,576	718,464	185,396	12,021,644
Total capital assets depreciated	57,401,752	11,306,371	1,084,903	67,623,220
Less accumulated depreciation:				
Buildings and improvements	(11,825,886)	(1,944,539)	117	(13,770,308)
Jointly owned school buildings and improvements	(1,647,125)	-	247,883	(1,399,242)
Furniture, equipment, and vehicles	(6,775,112)	(1,241,992)	185,396	(7,831,708)
Total accumulated depreciation	(20,248,123)	(3,186,531)	433,396	(23,001,258)
Capital assets depreciated, net	37,153,629	8,119,840	651,507	44,621,962
Net capital assets	\$ 48,113,991	\$ 10,188,044	\$ 10,982,328	\$ 47,319,707
*As restated, see Note 30				
<b>Business-Type Activities:</b>				
Capital assets not depreciated:				
Land	\$ 800,523	\$ 50,001	\$ -	\$ 850,524
Construction in progress	22,399	90,031	22,399	90,031
Total capital assets not depreciated	822,922	140,032	22,399	940,555
Capital assets depreciated:				
Buildings and improvements	1,243,269	-	-	1,243,269
Utility plant in service	46,619,376	185,755	-	46,805,131
Furniture, equipment, and vehicles	1,056,223	80,252	-	1,136,475
Total capital assets depreciated	48,918,868	266,007	-	49,184,875
Less accumulated depreciation	(21,339,970)	(1,070,669)	-	(22,410,639)
Capital assets depreciated, net	27,578,898	(804,662)	-	26,774,236
Net capital assets	\$ 28,401,820	\$ (664,630)	\$ 22,399	\$ 27,714,791

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 8. Capital Assets (Continued)**

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

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total Primary Government</b></u>
General government administration	\$ 303,146	\$ -	\$ 303,146
Judicial administration	102,644	-	102,644
Public safety	1,111,176	-	1,111,176
Public works	376,515	-	376,517
Health and welfare	16,701	-	16,701
Education	1,112,139	-	1,112,139
Parks, recreation, and cultural	147,389	-	147,389
Community development	16,820	-	16,820
Water and sewer	<u>-</u>	<u>1,070,669</u>	<u>1,070,669</u>
Total depreciation expense – primary government	<u>\$ 3,186,530</u>	<u>\$ 1,070,669</u>	<u>\$ 4,257,199</u>

**Discretely Presented Component Unit – Economic Development Authority**

Capital asset activity for the EDA for the year consisted of the following:

	<u><b>Beginning Balance</b></u>	<u><b>Increases</b></u>	<u><b>Decreases</b></u>	<u><b>Ending Balance</b></u>
Capital assets not depreciated:				
Land	<u>\$ 492,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,258</u>
Capital assets depreciated:				
Buildings and improvements	577,828	-	-	577,828
Less accumulated depreciation:				
Buildings and improvements	<u>(144,457)</u>	<u>(14,446)</u>	<u>-</u>	<u>(158,903)</u>
Capital assets depreciated, net	<u>433,371</u>	<u>(14,446)</u>	<u>-</u>	<u>418,925</u>
Net capital assets	<u><u>\$ 925,629</u></u>	<u><u>\$ (14,446)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 911,183</u></u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Capital Assets (Continued)**

**Discretely Presented Component Unit – School Board**

Capital asset activity for the School Board for the year consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 309,181	\$ -	\$ (875)	\$ 308,306
Construction in progress	<u>-</u>	<u>61,625</u>	<u>-</u>	<u>61,625</u>
Total capital assets not depreciated	<u>309,181</u>	<u>61,625</u>	<u>(875)</u>	<u>369,931</u>
Capital assets depreciated:				
Buildings and improvements	36,834,261	2,221,600	(1,016,141)	38,039,720
Jointly owned school buildings and improvements	13,214,762	890,119	(2,000,000)	12,104,881
Furniture, equipment, and vehicles	<u>8,933,961</u>	<u>661,005</u>	<u>-</u>	<u>9,594,966</u>
Total capital assets depreciated	<u>58,982,984</u>	<u>3,772,724</u>	<u>(3,016,141)</u>	<u>59,739,567</u>
Less accumulated depreciation:				
Buildings and improvements	(29,862,674)	(1,665,313)	790,410	(30,737,577)
Jointly owned school buildings and improvements	(5,307,749)	(648,801)	1,000,000	(4,956,550)
Furniture, equipment, and vehicles	<u>(6,242,009)</u>	<u>(392,901)</u>	<u>-</u>	<u>(6,634,910)</u>
Total accumulated depreciation	<u>(41,412,432)</u>	<u>(2,707,015)</u>	<u>1,790,410</u>	<u>(42,329,037)</u>
Capital assets depreciated, net	<u>17,570,552</u>	<u>1,065,709</u>	<u>(1,225,731)</u>	<u>17,410,530</u>
Net capital assets	<u>\$ 17,879,733</u>	<u>\$ 1,127,334</u>	<u>\$ (1,226,606)</u>	<u>\$ 17,780,461</u>

Local governments in Virginia and their school boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board. These assets are now reported in the School Board's building and improvement line as they are no longer considered jointly owned. For the debt issued in fiscal year 2017 and future issuances, the assets will remain in the capital assets of the County until the related debt is paid in full.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 9. Long-Term Liabilities**

Changes in long-term liabilities consisted of the following:

**Primary Government:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 4,821,941	\$ -	\$ 890,116	\$ 3,931,825	\$ 890,119
Premium on bonds	157,561	-	26,521	131,040	26,521
	<u>4,979,502</u>	<u>-</u>	<u>916,637</u>	<u>4,062,865</u>	<u>916,640</u>
Lease revenue bonds	8,931,000	-	665,000	8,266,000	665,000
Note payable	1,295,226	-	30,507	1,264,719	30,515
Capital leases	23,595,406	-	928,679	22,666,727	928,678
	<u>33,821,632</u>	<u>-</u>	<u>1,624,186</u>	<u>32,197,446</u>	<u>1,624,193</u>
Landfill closure/post-closure	4,811,414	407,370	-	5,218,784	-
Compensated absences	1,010,672	43,435	-	1,054,107	105,411
	<u>5,822,086</u>	<u>450,805</u>	<u>-</u>	<u>6,272,891</u>	<u>105,411</u>
	<u>\$ 44,623,220</u>	<u>\$ 450,805</u>	<u>\$ 2,540,823</u>	<u>\$ 42,533,202</u>	<u>\$ 2,646,244</u>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 9,272,000	\$ -	\$ 388,000	\$ 8,884,000	\$ 407,000
Premium on bond	482,623	-	20,984	461,639	20,984
Deferred gain on refunding	63,231	-	3,161	60,070	3,161
Notes payable	1,990,103	-	224,563	1,765,540	226,091
Compensated absences	110,693	21,481	-	132,174	13,217
	<u>\$ 11,918,650</u>	<u>\$ 21,481</u>	<u>\$ 636,708</u>	<u>\$ 11,303,423</u>	<u>\$ 670,453</u>

Compensated absences and landfill closure/post-closure costs for governmental activities are expected to be paid out of the General Fund.

**Discretely Presented Component Unit – Economic Development Authority:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Notes payable	\$ 809,782	\$ -	\$ 39,098	\$ 770,684	\$ 41,205

**Discretely Presented Component Unit – School Board:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 603,153	\$ -	\$ 8,017	\$ 595,136	\$ 59,513

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities:</b>					
<b>General Obligation Bonds</b>					
Schools:					
VPSA Bonds	4.73%	1999	2019	\$ 2,000,000	\$ 100,000
VPSA Bonds	5.15	2000	2020	3,351,287	391,825
VPSA Bonds	3.10-5.25	2001	2021	550,000	75,000
VPSA Bonds	2.35-7.85	2002	2022	965,000	180,000
VPSA Bonds	3.10-5.35	2003	2023	1,315,000	325,000
VPSA Bonds	4.10-5.60	2004	2024	1,120,000	330,000
VPSA Bonds	4.60-5.10	2005	2025	1,615,000	560,000
VPSA Bonds	4.225-5.10	2006	2026	1,265,000	485,000
VPSA Bonds	4.10-5.10	2007	2027	3,325,000	1,485,000
Total general obligation bonds					<u>\$ 3,931,825</u>
<b>Lease Revenue Bonds</b>					
Amherst County EDA Series 2017A	2.32%	2017	2032	\$ 4,000,000	\$ 3,778,000
Amherst County EDA Series 2017B	2.32	2017	2027	5,395,000	4,488,000
Total lease revenue bonds					<u>\$ 8,266,000</u>
<b>Capital Leases</b>					
Pinnacle – Energy Conservation	2.25%	2016	2030	\$ 15,000,000	\$ 14,075,000
U.S. Bancorp – Energy Conservation	2.19	2016	2030	8,850,000	8,415,000
Caterpillar – Equipment	3.20	2016	2021	292,937	176,727
Total capital leases					<u>\$ 22,666,727</u>
<b>Note Payable</b>					
USDA – Rural Development – Animal Shelter	4.125%	2007	2043	\$ 1,597,200	\$ 1,264,719
<b>Business-Type Activities:</b>					
Revenue refunding bond	5.125%	2012	2039	\$ 9,915,000	2,790,000
BB&T bond	2.89%	2017	2037	6,177,000	6,094,000
Total revenue bonds					<u>\$ 8,884,000</u>
<b>Notes payable</b>					
Sewage facilities note	- %	1993	2023	\$ 421,819	\$ 48,679
Sewage facilities note	-	1998	2027	747,643	196,256
Sewage facilities note	3.00	2001	2020	1,996,292	186,157
Sewage facilities note	3.41	2002	2021	322,159	67,230

(Continued)



**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 9. Long-Term Liabilities (Continued)**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
<b>PRIMARY GOVERNMENT</b>					
<b>(Continued)</b>					
<b>Business-Type Activities: (Continued)</b>					
<b>Notes payable (Continued)</b>					
Sewage facilities note	4.14%	2010	2029	\$ 329,751	\$ 213,589
Sewage facilities note	3.25	2011	2041	129,890	97,282
Sewage facilities note	2.80	2011	2041	41,049	31,471
Sewage facilities note	-	2013	2033	1,062,266	796,699
Sewage facilities note	3.22	2013	2043	30,001	26,894
Sewage facilities note	3.08	2014	2034	64,890	54,736
Sewage facilities note	3.14	2016	2036	50,297	46,547
Total notes payable					<u>\$ 1,765,540</u>

**COMPONENT UNIT –  
ECONOMIC DEVELOPMENT  
AUTHORITY**

**Notes Payable**

USDA – Rural Development –

Animal Shelter

Carter Bank and Trust

4.125%	2007	2043	\$ 822,800	\$ 651,521
6.00	2008	2023	309,067	119,163

Total notes payable \$ 770,684

Annual debt payments

<b>Year Ending June 30,</b>	<b>Primary Government Governmental Activities</b>			
	<b>General Obligation and Lease Revenue Bonds</b>		<b>Note Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 1,555,119	\$ 365,415	\$ 30,515	\$ 51,572
2021	1,390,909	312,149	33,139	50,235
2022	1,209,000	266,196	34,531	48,843
2023	1,202,000	225,679	35,983	47,391
2024	1,175,000	186,591	37,496	45,878
2025-2029	4,525,000	433,977	212,490	204,379
2030-2034	1,140,797	63,789	261,072	155,798
2035-2039	-	-	320,759	96,111
2040-2044	-	-	298,734	24,856
	<u>\$ 12,197,825</u>	<u>\$ 1,853,796</u>	<u>\$ 1,264,719</u>	<u>\$ 725,063</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Long-Term Liabilities (Continued)**

Annual debt payments (Continued)

<b>Year Ending June 30,</b>	<b>Capital Leases</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 928,678	\$ 494,310
2021	1,251,462	467,744
2022	1,550,265	435,037
2023	1,545,000	400,738
2024	1,650,000	365,004
2025-2029	10,551,000	1,186,219
2030-2032	5,190,322	112,159
	<u>\$ 22,666,727</u>	<u>\$ 3,461,211</u>

<b>Year Ending June 30,</b>	<b>Primary Government Business-Type Activities</b>			
	<b>Revenue Bonds</b>		<b>Notes Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 407,000	\$ 319,104	\$ 226,091	\$ 27,228
2021	430,000	300,302	227,676	22,756
2022	453,000	261,399	136,243	15,593
2023	460,000	254,403	113,938	13,919
2024	483,000	238,021	114,860	12,821
2025-2029	2,707,000	894,336	518,975	46,308
2030-2034	2,179,000	438,930	356,388	19,014
2035-2039	1,765,000	129,212	48,187	7,989
2040-2044	-	-	23,182	1,851
	<u>\$ 8,884,000</u>	<u>\$ 2,835,707</u>	<u>\$ 1,765,540</u>	<u>\$ 167,479</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Long-Term Liabilities (Continued)**

Annual debt payments (Continued)

Year Ending June 30,	Component Unit	
	Economic Development Authority	
	Notes Payable	
	Principal	Interest
2020	\$ 41,205	\$ 33,043
2021	43,424	30,823
2022	45,768	28,479
2023	48,241	26,005
2024	29,621	23,763
2025-2029	109,465	105,286
2030-2034	134,492	80,259
2035-2039	165,240	49,510
2040-2044	153,228	12,805
	<u>\$ 770,684</u>	<u>\$ 389,973</u>

Capital leases – energy conservation

During fiscal year 2018, the County issued two capital leases totaling \$23,850,000 for energy conservation projects at various schools that include roofing, lighting, and HVAC. Funds are held in the County's SNAP investment account and will be used as the projects progress. Unspent funds of \$1,058,156 are included in the SNAP account discussed in Note 3.

The assets acquired through capital leases are as follows:

Furniture, equipment, and vehicles	\$ 292,937
Buildings and improvements	22,405,598
Less: accumulated depreciation	<u>(1,443,387)</u>
Net	<u>\$ 21,255,148</u>

**Note 10. Defined Benefit Pension Plan**

**Plan Description**

All full-time, salaried permanent employees of the County of Amherst, Virginia, (the "Political Subdivision") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

**Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	144
Inactive members:	
Vested inactive members	28
Non-vested inactive members	42
Inactive members active elsewhere in VRS	109
Total inactive members	179
Active members	197
Total covered employees	520

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 9.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$839,562 and \$807,947 for the years ended June 30, 2019 and 2018, respectively.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Net Pension Liability**

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

(Continued)

# COUNTY OF AMHERST, VIRGINIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 10. Defined Benefit Pension Plan (Continued)

#### Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

#### Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80
	Inflation		2.50
			<u>7.30 %</u>

\*Expected arithmetic nominal return

- \* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2017	\$ 41,548,502	\$ 38,602,542	\$ 2,945,960
Changes for the year:			
Service cost	987,060	-	987,060
Interest	2,836,683	-	2,836,683
Differences between expected and actual experience	(192,175)	-	(192,175)
Contributions – employer	-	831,426	(831,426)
Contributions – employee	-	422,882	(422,882)
Net investment income	-	2,844,587	(2,844,587)
Benefit payments, including refunds of employee contributions	(2,048,909)	(2,048,909)	-
Administrative expenses	-	(24,748)	24,748
Other changes	-	(2,522)	2,522
Net changes	1,582,659	2,022,716	(440,057)
Balances at June 30, 2018	\$ 43,131,161	\$ 40,625,258	\$ 2,505,903

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b><u>1.00% Decrease (6.00%)</u></b>	<b><u>Current Discount Rate (7.00%)</u></b>	<b><u>1.00% Increase (8.00%)</u></b>
Political subdivision's net pension liability (asset)	\$ 7,833,049	\$ 2,505,903	\$ (1,935,728)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the political subdivision recognized pension expense of \$145,449. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 18,982	\$ 156,304
Change in assumptions	-	24,651
Net difference between projected and actual earnings on pension plan investments	-	325,756
Employer contributions subsequent to the measurement date	839,562	-
Total	<u>\$ 858,544</u>	<u>\$ 506,711</u>

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Defined Benefit Pension Plan (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$839,562 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to Pension Expense</b>
2020	\$ 40,334
2021	(91,440)
2022	(402,389)
2023	(34,234)
2024	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2019, approximately \$70,295 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

**Note 11. Defined Benefit Pension Plan – Amherst County Service Authority**

**Plan Description**

All full-time, salaried permanent employees of the Amherst County Service Authority, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Plan participants are covered under three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 10.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 11. Defined Benefit Pension Plan – Amherst County Service Authority**

**Employees Covered by Benefit Terms**

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u><b>Number</b></u>
Inactive members or their beneficiaries currently receiving benefits	<u>12</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	6
Inactive members active elsewhere in VRS	<u>4</u>
Total inactive members	<u>11</u>
Active members	<u>20</u>
Total covered employees	<u><u>43</u></u>

**Contributions**

The political subdivision's contractually required contribution rate for the year ended December 31, 2018 was 7.16% of covered employee compensation. This rate were based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

Contributions to the pension plan from the political subdivision were \$63,622 and \$78,020 for the years ended June 30, 2018 and 2017, respectively.

**Net Pension Liability**

The political subdivision's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 11. Defined Benefit Pension Plan – Amherst County Service Authority (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2016	\$ 5,254,123	\$ 4,565,518	\$ 688,605
Changes for the year:			
Service cost	86,869	-	86,869
Interest	360,637	-	360,637
Changes of assumptions	(89,816)	-	(89,816)
Differences between expected and actual experience	11,383	-	11,383
Contributions – employer	-	67,280	(67,280)
Contributions – employee	-	47,702	(47,702)
Net investment income	-	554,892	(554,892)
Benefit payments, including refunds of employee contributions	(204,339)	(204,339)	-
Administrative expenses	-	(3,231)	3,231
Other changes	-	(491)	491
Net changes	164,734	461,813	(297,079)
Balances at June 30, 2017	\$ 5,418,857	\$ 5,027,331	\$ 391,526

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's net pension liability (asset)	\$ 1,074,132	\$ 391,526	\$ (181,653)

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 11. Defined Benefit Pension Plan – Amherst County Service Authority (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2018, the Authority recognized pension expense of \$5,175. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,792	\$ 23,278
Changes in assumption	-	61,483
Net difference between projected and actual earnings on pension plan investments	-	73,093
Employer contributions subsequent to the measurement date	88,998	-
	<u>\$ 96,790</u>	<u>\$ 157,854</u>

The \$88,998 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>Increase (Reduction) to Pension Expense</b>
2019	\$ (82,021)
2020	(15,641)
2021	(4,688)
2022	(47,712)
2023	-
Thereafter	-

**Payables to the Pension Plan**

At December 31, 2018, there were no amounts payable to the Virginia Retirement System.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 12. Defined Benefit Pension Plan – School Nonprofessionals**

**Plan Description**

All full-time, salaried permanent non-professional employees (non-teachers) of the County of Amherst, Virginia, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced in Note 10.

**Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u><b>Number</b></u>
Inactive members or their beneficiaries currently receiving benefits	<u>66</u>
Inactive members:	
Vested inactive members	8
Non-vested inactive members	51
Inactive members active elsewhere in VRS	<u>17</u>
Total inactive members	<u>76</u>
Active members	<u>125</u>
Total covered employees	<u><u>267</u></u>

**Contributions**

The school division’s contractually required contribution rate for the year ended June 30, 2019 was 3.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

Contributions to the pension plan from the school division were \$60,247 and \$83,743 for the years ended June 30, 2019 and June 30, 2018, respectively.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)**

**Changes in Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balances at June 30, 2017	\$ 7,882,724	\$ 9,029,391	\$ (1,146,667)
Changes for the year:			
Service cost	255,979	-	255,979
Interest	541,082	-	541,082
Differences between expected and actual experience	(341,762)	-	(341,762)
Contributions – employer	-	85,287	(85,287)
Contributions – employee	-	128,696	(128,696)
Net investment income	-	666,675	(666,675)
Benefit payments, including refunds of employee contributions	(305,975)	(305,975)	-
Administrative expenses	-	(5,723)	5,723
Other changes	-	(596)	596
Net changes	149,324	568,364	(419,040)
Balances at June 30, 2018	\$ 8,032,048	\$ 9,597,755	\$ (1,565,707)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the school division using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's net pension liability (asset)	\$ (621,341)	\$ (1,565,707)	\$ (2,362,313)

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the school division recognized pension expense of \$249,718. At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 295,545
Change in assumptions	-	44,461
Net difference between projected and actual earnings on pension plan investments	-	79,652
Employer contributions subsequent to the measurement date	<u>60,247</u>	<u>-</u>
Total	<u><u>\$ 60,247</u></u>	<u><u>\$ 419,658</u></u>

The \$60,247 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
<u>2020</u>	<u>\$ (175,394)</u>
2021	(133,076)
2022	(103,577)
2023	(7,611)
2024	-
Thereafter	-

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 12. Defined Benefit Pension Plan – School Nonprofessionals (Continued)**

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Pension Plan**

At June 30, 2019, approximately \$5,209 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan**

**General Information about the Teacher Cost Sharing Plan**

*Plan Description*

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including County of Amherst, Virginia, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employers pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced in Note 10.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,607,789 and \$3,604,742 for the years ended June 30, 2019 and 2018, respectively.

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2019, the school division reported a liability of \$33,606,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.28577% as compared to 0.29504% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,338,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,873,000
Change in assumptions	401,000	-
Net difference between projected and actual earnings on pension plan investments	-	713,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,000	2,609,000
Employer contributions subsequent to the measurement date	3,607,789	-
Total	<u>\$ 4,020,789</u>	<u>\$ 6,195,000</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

The \$3,607,789 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
2020	\$ (1,161,000)
2021	(1,439,000)
2022	(2,079,000)
2023	(860,000)
2024	(243,000)
Thereafter	-

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
Plan fiduciary net position as a percentage of the total pension liability	74.81%

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 13. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)**

**General Information about the Teacher Cost Sharing Plan (Continued)**

*Net Pension Liability (Continued)*

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

*Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the school division's proportionate share of the net pension liability of the school division using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 51,334,000	\$ 33,606,000	\$ 18,932,000

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Payables to the Pension Plan*

At June 30, 2019, approximately \$302,258 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans**

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County of Amherst, Virginia also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

**Plan Descriptions**

**Group Life Insurance Program**

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

**Teacher Employee Health Insurance Credit Program**

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

**General Employee Health Insurance Credit Program**

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Plan Descriptions (Continued)**

General Employee Health Insurance Credit Program (Continued)

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	30
Inactive members:	
Vested inactive members	2
Total inactive members	32
Active members	89
Total covered employees	121

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$47,014
June 30, 2018 Contribution	\$45,416

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.12% of covered employee compensation.
June 30, 2019 Contribution	\$21,502
June 30, 2018 Contribution	\$20,686

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

June 30, 2019 proportionate share of liability	\$ 692,000
June 30, 2018 proportion	0.04558%
June 30, 2017 proportion	0.04377%
June 30, 2019 expense	\$ 15,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2017	\$ 178,302	\$ 123,064	\$ 55,238
Changes for the year:			
Service cost	4,565	-	4,565
Interest	11,939	-	11,939
Differences between expected and actual experience	6,253	-	6,253
Contributions – employer	-	9,237	(9,237)
Net investment income	-	8,582	(8,582)
Benefit payments	(15,483)	(15,483)	-
Administrative expenses	-	(197)	197
Other changes	-	(650)	650
Net changes	7,274	1,489	5,785
Balances at June 30, 2018	\$ 185,576	\$ 124,553	\$ 61,023

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 34,000	\$ 12,000
Change in assumptions	-	29,000
Net difference between projected and actual earnings on OPEB plan investments	-	23,000
Changes in proportion	49,000	-
Employer contributions subsequent to the measurement date	47,014	-
	<hr/>	<hr/>
Total	<u>\$ 130,014</u>	<u>\$ 64,000</u>

General Employee Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,236	\$ -
Change in assumptions	-	3,358
Net difference between projected and actual earnings on OPEB plan investments	-	3,170
Employer contributions subsequent to the measurement date	21,501	-
	<hr/>	<hr/>
Total	<u>\$ 26,737</u>	<u>\$ 6,528</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

The deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2020	\$ -
2021	-
2022	-
2023	6,000
2024	11,000
Thereafter	2,000

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2020	\$ (826)
2021	(826)
2022	(826)
2023	172
2024	863
Thereafter	151

(Continued)



**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 7.00%; LODA 3.89%

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 10.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>
Total OPEB Liability	\$ 3,113,508	\$ 1,381,313
Plan fiduciary net position	1,594,773	111,639
Employers' net OPEB liability (asset)	1,518,735	1,269,674
Plan fiduciary net position as a percentage of total OPEB liability	51.22%	8.08%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

**Long-Term Expected Rate of Return**

**Group Life Insurance and Health Insurance Credit Programs**

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
<b>Total</b>	<b>100.00 %</b>		<b>4.80</b>
<b>Inflation</b>			<b>2.50</b>
<b>*Expected arithmetic nominal return</b>			<b>7.30 %</b>

- \* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The discount rate used to measure the LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liabilities of the County, as well as what the County's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00% HIC; GLI/2.89% LODA) or one percentage point higher (8.00% HIC; GLI/4.89% LODA) than the current discount rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
GLI Net OPEB liability	\$ 905,000	\$ 692,000	\$ 520,000
General Employee HIC Net OPEB liability	\$ 79,639	\$ 61,023	\$ 45,127

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the OPEB Plan**

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Group Life Insurance	\$ 9,897
General Employee Health Insurance Credit	1,803

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division**

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County of Amherst (the "school division") also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

**Plan Descriptions**

**Group Life Insurance Program**

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Plan Descriptions (Continued)**

Group Life Insurance Program (Continued)

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Contributions (Continued)**

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution – general employees	\$13,592
June 30, 2019 Contribution – teachers	\$123,568
June 30, 2018 Contribution – general employees	\$13,960
June 30, 2018 Contribution – teachers	\$120,045

Teacher Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i>
Total rate:	1.20% of covered employee compensation.
June 30, 2019 Contribution	\$283,833
June 30, 2018 Contribution	\$278,378

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

Group Life Insurance Program

General Employees

June 30, 2019 proportionate share of liability	\$ 214,000
June 30, 2018 proportion	0.01407%
June 30, 2017 proportion	0.01320%
June 30, 2019 expense	\$ 2,000

Teachers

June 30, 2019 proportionate share of liability	\$ 1,830,000
June 30, 2018 proportion	0.12051%
June 30, 2017 proportion	0.12555%
June 30, 2019 expense	\$ (16,000)

Teacher Health Insurance Credit Program

June 30, 2019 proportionate share of liability	\$ 3,598,000
June 30, 2018 proportion	0.28335%
June 30, 2017 proportion	0.29341%
June 30, 2019 expense	\$ 249,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program – General Employees

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,000	\$ 4,000
Change in assumptions	-	9,000
Net difference between projected and actual earnings on OPEB plan investments	-	7,000
Changes in proportion	12,000	7,000
Employer contributions subsequent to the measurement date	13,592	-
Total	<u>\$ 35,592</u>	<u>\$ 27,000</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division  
(Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to  
OPEB (Continued)**

Group Life Insurance Program – Teachers

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 89,000	\$ 33,000
Change in assumptions	-	76,000
Net difference between projected and actual earnings on OPEB plan investments	-	60,000
Changes in proportion	-	139,000
Employer contributions subsequent to the measurement date	<u>123,568</u>	<u>-</u>
Total	<u><u>\$ 212,568</u></u>	<u><u>\$ 308,000</u></u>

Teacher Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 18,000
Change in assumptions	-	31,000
Net difference between projected and actual earnings on OPEB plan investments	-	3,000
Changes in proportion	-	262,000
Employer contributions subsequent to the measurement date	<u>283,833</u>	<u>-</u>
Total	<u><u>\$ 283,833</u></u>	<u><u>\$ 314,000</u></u>

(Continued)



**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

The deferred outflows of resources related to OPEB resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense		
	Group Life Insurance Program – General Employees	Group Life Insurance Program – Teachers	Teacher Health Insurance Credit Program
2020	\$ (2,000)	\$ (56,000)	\$ (53,000)
2021	(2,000)	(56,000)	(53,000)
2022	(2,000)	(56,000)	(53,000)
2023	-	(39,000)	(52,000)
2024	-	(12,000)	(52,000)
Thereafter	1,000	-	(51,000)

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation 2.50%

Salary increases, including inflation:

- Locality – general employees 3.50 – 5.35%
- Locality – hazardous duty employees 3.50 – 4.75%
- Teachers 3.50 – 5.95%

Healthcare cost trend rates:

- Under age 65 7.75 – 5.00%
- Ages 65 and older 5.75 – 5.00%

Investment rate of return, net of expenses, including inflation\* GLI & HIC: 7.00%; LODA 3.89%

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Actuarial Assumptions and Other Inputs (Continued)**

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 10.

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Teacher Employee HIC OPEB Plan</b>
Total OPEB liability	\$ 3,113,508	\$ 1,381,313
Plan fiduciary net position	1,594,773	111,639
Employers' net OPEB liability (asset)	1,518,735	1,269,674
Plan fiduciary net position as a percentage of total OPEB liability	51.22%	8.08%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Long-Term Expected Rate of Return**

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80
Inflation			2.50
*Expected arithmetic nominal return			7.30 %

- \* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The discount rate used to measure the LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liabilities of the School Division, as well as what the School Division's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00% HIC; GLI/2.89% LODA) or one percentage point higher (8.00% HIC; GLI/4.89% LODA) than the current discount rate:

	<b><u>1.00% Decrease (6.00%)</u></b>	<b><u>Current Discount Rate (7.00%)</u></b>	<b><u>1.00% Increase (8.00%)</u></b>
GLI Net OPEB liability – general employees	<u>\$ 280,000</u>	<u>\$ 214,000</u>	<u>\$ 161,000</u>
GLI Net OPEB liability – teachers	<u>\$ 2,392,000</u>	<u>\$ 1,830,000</u>	<u>\$ 1,374,000</u>
Teacher HIC Net OPEB liability	<u>\$ 4,019,000</u>	<u>\$ 3,598,000</u>	<u>\$ 3,240,000</u>

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 15. Other Postemployment Benefits Liability – Virginia Retirement System Plans – School Division (Continued)**

**Payables to the OPEB Plan**

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Group Life Insurance – general employees	\$	2,898
Group Life Insurance – teachers		29,303
Teacher Employee Health Insurance Credit		26,844

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority**

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Amherst County Service Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

**Plan Descriptions**

**Group Life Insurance Program**

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

**General Employee Health Insurance Credit Program**

The General Employee Health Insurance Credit Program (HIC) is available for all full-time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**Plan Descriptions (Continued)**

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>8</u>
Active members	<u>20</u>
Total covered employees	<u><u>28</u></u>

**Contributions**

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

**Group Life Insurance Program**

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution	\$7,880
June 30, 2017 Contribution	\$5,287

**General Employee Health Insurance Credit Program**

Governed by:	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	0.44% of covered employee compensation.
June 30, 2018 Contribution	\$4,493
June 30, 2017 Contribution	\$3,355

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB**

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2018 proportionate share of liability	\$	83,000
June 30, 2017 proportion		0.00551%
June 30, 2016 proportion		0.00515%
June 30, 2018 expense	\$	2,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2016	\$ 71,102	\$ 35,457	\$ 35,645
Changes for the year:			
Service cost	1,024	-	1,024
Interest	4,867	-	4,867
Assumption changes	(2,881)	-	(2,881)
Contributions – employer	-	3,355	(3,355)
Net investment income	-	4,126	(4,126)
Benefit payments	(3,145)	(3,145)	-
Administrative expenses	-	(67)	67
Other changes	-	208	(208)
Net changes	(135)	4,477	(4,612)
Balances at June 30, 2017	\$ 70,967	\$ 39,934	\$ 31,033

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,000
Change in assumptions	-	4,000
Net difference between projected and actual earnings on OPEB plan investments	-	3,000
Changes in proportion	5,000	-
Employer contributions subsequent to the measurement date	7,880	-
	<u>\$ 12,880</u>	<u>\$ 9,000</u>

General Employee Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ -	\$ 2,291
Net difference between projected and actual earnings on OPEB plan investments	-	1,306
Employer contributions subsequent to the measurement date	4,493	-
	<u>\$ 4,493</u>	<u>\$ 3,597</u>

(Continued)



**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2019	\$ (1,000)
2020	(1,000)
2021	(1,000)
2022	(1,000)
2023	-
Thereafter	-

General Employee Health Insurance Credit Program

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2019	\$ (916)
2020	(916)
2021	(916)
2022	(849)
2023	-
Thereafter	-

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 7.00%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 6.

**Net OPEB Liabilities**

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Employee HIC OPEB Plan</b>
Total OPEB Liability	\$ 2,942,426	\$ 39,141
Plan fiduciary net position	1,437,586	22,156
Employers' net OPEB liability (asset)	1,504,840	16,985
Plan fiduciary net position as a percentage of total OPEB liability	48.86%	56.61%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 16. Other Post-Employment Benefits – Virginia Retirement Systems Plans – Amherst County Service Authority (Continued)**

**Long-Term Expected Rate of Return**

**Group Life Insurance and Health Insurance Credit Programs**

The long-term expected rate of return on VRS investments was determined using the method described in Note 9.

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liabilities of the Authority, as well as what the Authority's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
GLI Net OPEB liability	\$ 107,000	\$ 83,000	\$ 63,000
General Employee HIC Net OPEB liability	\$ 37,680	\$ 31,033	\$ 25,262

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 17. Summary of Pension Elements**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>School Board</u>
Net pension asset				
VRS basic pension plan	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,565,707</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 18,982	\$ 7,792	\$ 26,774	\$ -
Change in assumptions	-	-	-	401,000
Change in proportion	-	-	-	12,000
Employer contributions subsequent to measurement date	<u>839,562</u>	<u>88,998</u>	<u>928,560</u>	<u>3,668,036</u>
Total deferred outflows of resources	<u>\$ 858,544</u>	<u>\$ 96,790</u>	<u>\$ 955,334</u>	<u>\$ 4,081,036</u>
Net pension liability				
VRS basic pension plan	<u>\$ 2,505,903</u>	<u>\$ 391,526</u>	<u>\$ 2,897,429</u>	<u>\$ 33,606,000</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ 156,304	\$ 23,278	\$ 179,582	\$ 3,168,545
Change in assumptions	24,651	61,483	86,134	44,461
Net difference between projected and actual earnings on plan investments	<u>325,756</u>	<u>73,093</u>	<u>398,849</u>	<u>792,652</u>
Change in proportion	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,609,000</u>
	<u>\$ 506,711</u>	<u>\$ 157,854</u>	<u>\$ 664,565</u>	<u>\$ 6,614,658</u>

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 18. Summary of Other Postemployment Benefit Elements**

A summary of the other postemployment benefits-related financial statement elements is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>School Board</u>
Deferred outflows of resources				
Difference between expected and actual experience:				
GLI – general employees	\$ 34,000	\$ -	\$ 34,000	\$ 10,000
GLI – teachers	-	-	-	89,000
HIC – general employees	5,236	-	5,236	-
Change in proportion:				
GLI – general employees	49,000	5,000	54,000	12,000
Contributions subsequent to measurement date:				
GLI – general employees	47,014	7,880	54,894	13,592
GLI – teachers	-	-	-	123,568
HIC – general employees	21,501	4,493	25,994	-
HIC – teachers	-	-	-	283,833
	<u>\$ 156,751</u>	<u>\$ 17,373</u>	<u>\$ 174,124</u>	<u>\$ 531,993</u>
Total deferred outflows of resources				
Net other postemployment benefits liability				
GLI – general employees	\$ 692,000	\$ 83,000	\$ 775,000	\$ 214,000
GLI – teachers	-	-	-	1,830,000
HIC – general employees	61,023	31,033	92,056	-
HIC – teachers	-	-	-	3,598,000
	<u>\$ 753,023</u>	<u>\$ 114,033</u>	<u>\$ 867,056</u>	<u>\$ 5,642,000</u>
Total net other postemployment benefits liability				
Deferred inflows of resources				
Difference between expected and actual experience:				
GLI – general employees	\$ 12,000	\$ 2,000	\$ 14,000	\$ 4,000
GLI – teachers	-	-	-	33,000
HIC – teachers	-	-	-	18,000
Net difference between projected and actual investment earnings				
GLI – general employees	23,000	3,000	26,000	7,000
GLI – teachers	-	-	-	60,000
HIC – general employees	3,170	1,306	4,476	-
HIC – teachers	-	-	-	3,000
Change in actuarial assumptions:				
GLI – general employees	29,000	4,000	33,000	9,000
GLI – teachers	-	-	-	76,000
HIC – general employees	3,358	2,291	5,649	-
HIC – teachers	-	-	-	31,000
Change in proportion				
GLI – general employees	-	-	-	7,000
GLI – teachers	-	-	-	139,000
HIC – teachers	-	-	-	262,000
	<u>\$ 70,528</u>	<u>\$ 12,597</u>	<u>\$ 83,125</u>	<u>\$ 649,000</u>
Total deferred inflows of resources				

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 19. Landfill Closure and Post-Closure Care Cost**

**Permit 181 – Closed Landfill**

The County closed its former landfill site in 1997. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The cumulative amount of estimated closure, post-closure care, and corrective action costs for this site, less costs paid to date, totals \$579,877. Actual costs may be higher due to inflation, changes in technology, changes in regulations or other unforeseen circumstances. The County intends to fund these costs from funds accumulated for this purpose in the Special Revenue fund as well as transfers from the General Fund.

**Permit 563 – Open Landfill**

The County owns and operates a landfill site from which it collects tipping fees based upon the source of the waste. The landfill began accepting waste in 1997.

State and federal laws will require the County to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for thirty years after closure. Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County will report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used. An accrual of \$4,638,907 for landfill closure and post-closure liability as of June 30 represents the cumulative amount reported to date based on estimated use of approximately 81% of the estimated capacity of the entire landfill site. The remaining estimated cost of closure and post-closure care of \$1,067,006 will be recognized as remaining capacity is filled. Actual future costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

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

**Note 20. Commitments and Contingencies**

**Federal Grants**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 20. Commitments and Contingencies (Continued)**

**Commitments**

The County has also entered into various construction contracts at year end. Future amounts due under these agreements are approximately \$2,200,000 at year end.

**Litigation**

The County and School Board are potential defendants in litigation involving claims for damages of various types. Officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on financial position.

**Note 21. Risk Management**

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the government carries insurance.

The County and School Board are members of the Virginia Municipal Group Self Insurance Association (the "Association") for workers' compensation. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Virginia Municipal Group contributions and assessments are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 22. Fund Balances**

Fund balances is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County and School Board are bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints are presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>	<u>Component Unit – School Board</u>
<b>Nonspendable:</b>					
Prepaid expenditures	\$ 101,908	\$ 4,050	\$ -	\$ 105,958	\$ 141,754
<b>Restricted:</b>					
Community development	-	92,778	-	92,778	-
Other capital projects	-	-	5,492,044	5,492,044	-
<b>Total restricted</b>	-	92,778	5,492,044	5,584,822	-
<b>Committed to:</b>					
General government administration	446,102	-	-	446,102	-
Community development	6,412	-	-	6,412	-
Parks, recreation, and cultural	419,616	-	-	419,616	-
Other capital projects	296,474	-	-	296,474	-
<b>Total committed</b>	1,168,604	-	-	1,168,604	-
<b>Assigned to:</b>					
Public safety	-	651,631	-	651,631	-
Public works	80,000	4,892,779	-	4,972,779	-
Parks, recreation, and cultural	51,693	16,091	-	67,784	-
Education	-	-	-	-	2,944,316
Other capital projects	1,179,955	-	-	1,179,955	-
<b>Total assigned</b>	1,311,648	5,560,501	-	6,872,149	2,944,316
<b>Unassigned</b>	12,431,410	-	-	12,431,410	(141,754)
<b>Total fund balances</b>	<u>\$ 15,013,570</u>	<u>\$ 5,657,329</u>	<u>\$ 5,492,044</u>	<u>\$ 26,162,943</u>	<u>\$ 2,944,316</u>

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 23. Jointly Governed Organizations and Joint Venture**

The following organizations are excluded from the accompanying financial statements:

**Jointly Governed Organizations:**

*Horizon Behavioral Health (HBH)*

The County, in conjunction with the Counties of Appomattox, Bedford, and Campbell, and the City of Lynchburg, participates in HBH, whose board is composed of two members from each of the participating localities. The County contributed \$136,500 for operations to HBH for 2019.

*Blue Ridge Regional Jail Authority (BRRJA)*

The County, in conjunction with the Counties of Appomattox, Bedford, Campbell, and Halifax, and the City of Lynchburg, participates in the BRRJA. Each member jurisdiction pays a per diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per diem charge into operating and debt service components. The per diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year. The County contributed \$1,494,040 for operations to BRRJA for 2019.

**Joint Venture:**

*Region 2000 Radio Communications Board*

The County, along with the County of Bedford and City of Lynchburg, is a participant in the operation of a regional radio communication system, the Region 2000 Radio Communications Board (the "Board"). As part of the agreement, each member locality is required to contribute its pro rata share for annual capital and operational costs, as well as any annual deficit. The Board issued debt of \$13,100,000 in May 2012 for the upgrade and replacement of the prior system. At June 30, 2019, \$8,340,360 of this debt was still outstanding. Each participant agreed to contribute its pro rata share towards debt service payments of the Board. The County's share is 28%, and annual contributions for debt service will approximate \$310,625 through May 2027. Should the Communications Board fail to make debt service payments, the member jurisdictions have a moral non-binding obligation to pay the debt service. During fiscal year 2019, the County paid \$234,640 to the Board for debt service and other operating costs.

**Note 24. Performance Incentives**

The County and EDA are parties to incentive agreements with existing companies for expansion in the county and with new companies for locating within the County. Incentives under these agreements range from tax rebates based on the real and tangible business property added to the County's tax rolls to small payroll incentives. Amounts under these incentives are not due until taxes are paid by the company and refunds are requested. Accordingly, there are no amounts accrued in the financial statements at year end for outstanding incentive agreements.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 25. Significant Transactions of the County and Component Unit – School Board**

Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the County’s governmental activities. The proceeds from the debt issued “on behalf” of the School Board are recorded in the County’s General Fund. Funds are then transferred to the School’s Capital Projects Fund for approved projects. This fund then accounts for capital expenditures relating to major school construction projects.
2. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.
3. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. As the debt related to a particular capital asset is retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
4. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit (Exhibit 26)	\$ 47,326,506
Expenditures for School HVAC, roofs, and electrical upgrades	2,006,810
School-related principal and other debt service expenditures included in primary government (Exhibit 5)	<u>890,119</u>
Total expenditures for school activities	<u><u>\$ 50,223,435</u></u>

**Note 26. Significant Transactions of the County and Component Unit – EDA**

The EDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the EDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the EDA but ultimately are long-term obligations reported in the County’s government-wide statement of net assets. When the underlying requirements have been substantially met, these amounts are recorded by the EDA as payable to the grant recipient and as receivable from the County. At year end, there were no amounts to report for economic incentives payable.

The County also provides personnel assistance for some functions to the EDA at no charge.

(Continued)

## COUNTY OF AMHERST, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

#### Note 27. Conduit Debt Outstanding – EDA

The EDA has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and/or construction of industrial, commercial, or educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the entities involved in the underlying loans. Ownership of the acquired facilities rests with the entities served by the bond issuance. Neither the EDA, the County, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2019, outstanding conduit debt was as follows:

Lynchburg College, Series 2003	\$ 9,040,000
Total conduit debt outstanding	<u>\$ 9,040,000</u>

#### Note 28. Tax Abatements

According to the County's Code of Ordinances, Section 7-308, the County provides tax incentives to qualifying entities that make new taxable investments in taxable real property and improvements, taxable machinery and equipment, or taxable business personal property totaling \$250,000 for existing businesses and \$500,000 for new businesses.

The County has agreements with six local businesses regarding the abatement of property taxes. Only one company had met all requirements to receive their abatement for the year ended June 30, 2019. The Company received a tax abatement during fiscal year 2019 totaling \$245,494, and there are three years remaining on that agreement.

#### Note 29. Adoption of a New Standard and Net Position Restatement – Amherst County Service Authority

In the year ended December 31, 2018, the Amherst County Service Authority, a blended component unit which represents the County's business-type activities as reported in Note 1, adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 29. Adoption of a New Standard and Net Position Restatement – Amherst County Service Authority (Continued)**

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75:

Net position at December 31, 2017, as previously reported	\$ 21,386,533
Recognition of other postemployment benefit liabilities and related deferred outflows/inflows in accordance with GASB Statement No. 75	<u>(117,003)</u>
Net position at December 31, 2017, as restated	<u><u>\$ 21,269,530</u></u>

**Note 30. Restatement of Net Position**

Beginning net position of the government activities was restated for an error in recording construction in progress in the prior year as follows:

	<u>Governmental Activities</u>	
	<u>Construction in Progress</u>	<u>Net Position</u>
July 1, 2018, as previously reported	\$ 9,028,687	\$ 29,142,413
Decrease in amounts recorded to construction in progress	<u>(582,258)</u>	<u>(582,258)</u>
July 1, 2018, as restated	<u><u>\$ 8,446,429</u></u>	<u><u>\$ 28,560,155</u></u>

**Note 31. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

(Continued)

## COUNTY OF AMHERST, VIRGINIA

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

#### Note 31. New Accounting Standards (Continued)

Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61 in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Statement No. 91, *Conduit Debt Obligations*, in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 24,248,000	\$ 24,248,000	\$ 24,281,191	\$ 33,191
Other local taxes	7,193,000	7,193,000	7,285,683	92,683
Permits, fees, license	213,000	213,000	178,315	(34,685)
Fines and forfeitures	-	357,784	430,626	72,842
Use of money and property	136,332	136,332	242,947	106,615
Charges for services	1,338,849	1,376,572	1,731,872	355,300
Miscellaneous	151,702	580,498	827,405	246,907
Recovered costs	193,185	241,451	317,919	76,468
Intergovernmental revenues:				
Commonwealth	6,513,518	7,834,016	7,230,940	(603,076)
Federal	1,300,000	1,300,000	1,658,847	358,847
Total revenues	41,287,586	43,480,653	44,185,745	705,092
EXPENDITURES				
Current:				
General government administration	2,551,970	2,754,972	2,692,756	62,216
Judicial administration	1,454,832	1,547,292	1,455,479	91,813
Public safety	10,668,390	12,092,068	11,406,434	685,634
Public works	867,006	1,372,530	1,131,031	241,499
Health and welfare	4,002,354	5,737,848	5,827,377	(89,529)
Education	13,964,085	14,214,085	13,763,427	450,658
Parks, recreation, and cultural	1,216,901	1,303,233	1,289,335	13,898
Community development	1,156,343	1,279,942	1,386,138	(106,196)
Nondepartmental	2,584,871	1,290,560	400,658	889,902
Capital outlay	-	200,000	200,000	-
Debt service:				
Principal	2,435,119	2,440,119	2,470,626	(30,507)
Interest	1,018,235	1,018,235	987,725	30,510
Bond issuance costs	2,000	2,000	-	2,000
Total expenditures	41,922,106	45,252,884	43,010,986	2,241,898
Excess of revenues (under) expenditures	(634,520)	(1,772,231)	1,174,759	2,946,990
OTHER FINANCING SOURCES (USES)				
Transfers in	1,966,758	3,802,669	454,000	(3,348,669)
Transfers out	(1,332,237)	(2,030,436)	(2,440,435)	(409,999)
Total other financing sources (uses)	634,521	1,772,233	(1,986,435)	(3,758,668)
Net change in fund balance	\$ 1	\$ 2	\$ (811,676)	\$ (811,678)

Note 2 to the Financial Statements is an integral part of this statement.



## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –**  
**PRIMARY GOVERNMENT**  
**June 30, 2019**

	Plan Year				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 987,060	\$ 906,378	\$ 914,633	\$ 874,938	\$ 950,553
Interest on total pension liability	2,836,683	2,727,579	2,649,097	2,567,290	2,439,990
Difference between expected and actual experience	(192,175)	59,368	(411,642)	(442,541)	-
Changes in assumptions	-	(77,099)	-	-	-
Benefit payments, including refunds of employee contributions	(2,048,909)	(2,066,268)	(1,995,574)	(1,666,446)	(1,477,503)
Net change in total pension liability	1,582,659	1,549,958	1,156,514	1,333,241	1,913,040
<b>Total pension liability – beginning</b>	<b>41,548,502</b>	<b>39,998,544</b>	<b>38,842,030</b>	<b>37,508,789</b>	<b>35,595,749</b>
<b>Total pension liability – ending</b>	<b>43,131,161</b>	<b>41,548,502</b>	<b>39,998,544</b>	<b>38,842,030</b>	<b>37,508,789</b>
<b>Plan Fiduciary Net Position</b>					
Contributions – employer	831,426	778,770	953,295	942,715	884,349
Contributions – employee	422,882	449,906	369,207	369,385	368,536
Net investment income	2,844,587	4,256,473	597,465	1,554,214	4,678,377
Benefit payments, including refunds of employee contributions	(2,048,909)	(2,066,268)	(1,995,574)	(1,666,446)	(1,477,503)
Administrative expenses	(24,748)	(24,889)	(22,083)	(21,323)	(25,170)
Other	(2,522)	(3,773)	(258)	(331)	247
Net change in plan fiduciary net position	2,022,716	3,390,219	(97,948)	1,178,214	4,428,836
<b>Plan fiduciary net position – beginning</b>	<b>38,602,542</b>	<b>35,212,323</b>	<b>35,310,271</b>	<b>34,132,057</b>	<b>29,703,221</b>
<b>Plan fiduciary net position – ending</b>	<b>40,625,258</b>	<b>38,602,542</b>	<b>35,212,323</b>	<b>35,310,271</b>	<b>34,132,057</b>
<b>Net pension liability – ending</b>	<b>\$ 2,505,903</b>	<b>\$ 2,945,960</b>	<b>\$ 4,786,221</b>	<b>\$ 3,531,759</b>	<b>\$ 3,376,732</b>
Plan fiduciary net position as a percentage of total pension liability	94%	93%	88%	91%	91%
Covered payroll	\$ 8,631,987	\$ 8,026,035	\$ 6,665,766	\$ 7,085,697	\$ 7,232,732
Net pension liability as a percentage of covered payroll	29%	37%	72%	50%	47%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –**  
**SCHOOLS – NONPROFESSIONAL EMPLOYEES**  
**June 30, 2019**

	Plan Year				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 255,979	\$ 253,898	\$ 247,311	\$ 241,309	\$ 248,646
Interest on total pension liability	541,082	519,493	504,728	469,365	443,148
Difference between expected and actual experience	(341,762)	(50,064)	(232,007)	115,149	-
Changes in assumptions	-	(113,391)	-	-	-
Benefit payments, including refunds of employee contributions	(305,975)	(297,090)	(321,116)	(320,157)	(314,377)
Net change in total pension liability	149,324	312,846	198,916	505,666	377,417
<b>Total pension liability – beginning</b>	<b>7,882,724</b>	<b>7,569,878</b>	<b>7,370,962</b>	<b>6,865,296</b>	<b>6,487,879</b>
<b>Total pension liability – ending</b>	<b>8,032,048</b>	<b>7,882,724</b>	<b>7,569,878</b>	<b>7,370,962</b>	<b>6,865,296</b>
<b>Plan Fiduciary Net Position</b>					
Contributions – employer	85,287	78,384	143,860	138,428	159,871
Contributions – employee	128,696	119,548	122,555	118,082	113,591
Net investment income	666,675	991,087	141,606	355,124	1,062,244
Benefit payments, including refunds of employee contributions	(305,975)	(297,090)	(321,116)	(320,157)	(314,377)
Administrative expenses	(5,723)	(5,704)	(4,981)	(4,860)	(5,711)
Other	(596)	(882)	(60)	(75)	56
Net change in plan fiduciary net position	568,364	885,343	81,864	286,542	1,015,674
<b>Plan fiduciary net position – beginning</b>	<b>9,029,391</b>	<b>8,144,048</b>	<b>8,062,184</b>	<b>7,775,642</b>	<b>6,759,968</b>
<b>Plan fiduciary net position – ending</b>	<b>9,597,755</b>	<b>9,029,391</b>	<b>8,144,048</b>	<b>8,062,184</b>	<b>7,775,642</b>
<b>Net pension asset – ending</b>	<b>\$ (1,565,707)</b>	<b>\$ (1,146,667)</b>	<b>\$ (574,170)</b>	<b>\$ (691,222)</b>	<b>\$ (910,346)</b>
Plan fiduciary net position as a percentage of total pension liability	119%	115%	108%	109%	113%
Covered payroll	\$ 2,904,472	\$ 2,652,660	\$ 2,431,341	\$ 2,353,184	\$ 2,232,203
Net pension asset as a percentage of covered payroll	-54%	-43%	-24%	-29%	-41%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
Primary Government					
2019	\$ 839,562	\$ 839,562	\$ -	\$ 8,956,710	9.37 %
2018	807,947	807,947	-	8,631,987	9.36
2017	778,770	778,770	-	8,026,035	9.70
2016	946,476	946,476	-	6,665,766	14.20
2015	936,908	936,908	-	7,085,697	13.22
Schools – Nonprofessional Employees					
2019	\$ 60,247	\$ 60,247	\$ -	\$ 2,595,173	2.32 %
2018	83,743	83,743	-	2,904,472	2.88
2017	78,384	78,384	-	2,652,660	2.95
2016	132,090	132,090	-	2,431,341	5.43
2015	139,666	139,666	-	2,353,184	5.94

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only four years of data is available. Additional years will be included as they become available.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SERVICE AUTHORITY**  
**December 31, 2018**

	<b>Plan Year</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>				
Service cost	\$ 86,869	\$ 86,773	\$ 92,629	\$ 90,808
Interest on total pension liability	360,637	346,205	326,042	304,802
Difference between expected and actual experience	11,383	(47,040)	(1,265)	-
Changes in assumptions	(89,816)	-	-	-
Benefit payments, including refunds of employee contributions	(204,339)	(155,194)	(103,535)	(80,845)
Net change in total pension liability	164,734	230,744	313,871	314,765
<b>Total pension liability – beginning</b>	<b>5,254,123</b>	<b>5,023,379</b>	<b>4,709,508</b>	<b>4,394,743</b>
<b>Total pension liability – ending</b>	<b>5,418,857</b>	<b>5,254,123</b>	<b>5,023,379</b>	<b>4,709,508</b>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	67,280	85,259	89,044	87,241
Contributions – employee	47,702	45,108	47,414	48,578
Net investment income	554,892	78,869	198,567	582,084
Benefit payments, including refunds of employee contributions	(204,339)	(155,194)	(103,535)	(80,845)
Administrative expenses	(3,231)	(2,794)	(2,647)	(3,060)
Other	(491)	(33)	(41)	31
Net change in plan fiduciary net position	461,813	51,215	228,802	634,029
<b>Plan fiduciary net position – beginning</b>	<b>4,565,518</b>	<b>4,514,303</b>	<b>4,285,501</b>	<b>3,651,472</b>
<b>Plan fiduciary net position – ending</b>	<b>5,027,331</b>	<b>4,565,518</b>	<b>4,514,303</b>	<b>4,285,501</b>
<b>Net pension liability – ending</b>	<b>\$ 391,526</b>	<b>\$ 688,605</b>	<b>\$ 509,076</b>	<b>\$ 424,007</b>
Plan fiduciary net position as a percentage of total pension liability	93%	87%	90%	91%
Covered payroll	\$ 1,501,733	\$ 1,515,122	\$ 1,454,691	\$ 1,403,408
Net pension liability as a percentage of covered payroll	26%	45%	35%	30%

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The above information is derived from the plan year, which is then reported in the subsequent fiscal year of the Authority, (i.e., plan year ended June 30, 2016 is reported in the Authority's fiscal year ended December 31, 2017).

The Notes to Required Supplementary Information are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**SERVICE AUTHORITY**  
**December 31, 2018**

<b>Entity Year Ended December 31,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 57,921	\$ 57,921	\$ -	\$ 1,014,014	5.71 %
2017	63,622	63,622	-	985,556	6.46
2016	78,020	78,020	-	989,800	7.88
2015	87,597	87,597	-	962,500	9.10

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only three years of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's calendar year - i.e. the covered payroll on which required contributions were based for the same year.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**VRS TEACHER RETIREMENT PLAN**  
**June 30, 2019**

<b>School Division Fiscal Year Ended June 30,</b>	<b>Employer's Proportion of the Net Pension Liability</b>	<b>Employer's Proportionate Share of the Net Pension Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	0.29 %	\$ 33,606,000	\$ 26,583,619	126.42 %	74.81 %
2018	0.30	36,284,000	26,278,262	138.08	72.92
2017	0.31	43,362,000	23,505,345	184.48	68.28
2016	0.31	39,132,000	23,106,966	169.35	70.68
2015	0.32	38,334,000	24,876,103	154.10	70.88

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**VRS TEACHER RETIREMENT PLAN**  
**June 30, 2019**

<b>Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2019	\$ 3,607,789	\$ 3,607,789	\$ -	\$ 23,542,395	15.32 %
2018	3,604,742	3,604,742	-	26,583,619	13.56
2017	3,304,277	3,304,277	-	26,278,262	12.57
2016	3,311,310	3,311,310	-	23,505,345	14.09
2015	3,233,120	3,233,120	-	23,106,966	13.99

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the school division's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – AGENT PLAN**  
**June 30, 2019**

	<b>Primary Government</b> <b>VRS Health Insurance Credit</b> <b>General Employees</b> <b>Plan Year</b>	
	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 4,565	\$ 4,050
Interest on total OPEB liability	11,939	12,056
Difference between expected and actual experience	6,253	-
Changes in assumptions	-	(4,960)
Benefit payments	(15,483)	(10,148)
Net change in total OPEB liability	7,274	998
<b>Total OPEB liability – beginning</b>	<b>178,302</b>	<b>177,304</b>
<b>Total OPEB liability – ending</b>	<b>185,576</b>	<b>178,302</b>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	9,237	8,839
Net investment income	8,582	12,748
Benefit payments	(15,483)	(10,148)
Administrative expenses	(197)	(204)
Other	(650)	650
Net change in plan fiduciary net position	1,489	11,885
<b>Plan fiduciary net position – beginning</b>	<b>123,064</b>	<b>111,179</b>
<b>Plan fiduciary net position – ending</b>	<b>124,553</b>	<b>123,064</b>
<b>Net OPEB liability – ending</b>	<b>\$ 61,023</b>	<b>\$ 55,238</b>
Plan fiduciary net position as a percentage of total OPEB liability	67%	69%
Covered payroll	\$ 8,631,987	\$ 8,026,035
Net OPEB liability as a percentage of covered payroll	1%	1%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.



## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS – AGENT PLAN**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>VRS Health Insurance Credit – General Employees</b>					
2019	\$ 21,502	\$ 21,502	\$ -	\$ 8,956,710	0.24 %
2018	20,686	20,686	-	8,631,987	0.24

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – COST SHARING PLANS**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Virginia Retirement System – Health Insurance Credit – Teachers</b>					
2019	0.2834 %	\$ 3,598,000	\$ 26,583,619	13.53 %	8.08 %
2018	0.2934	3,722,000	26,278,262	14.16	7.04
<b>Virginia Retirement System – Group Life Insurance – General Employees</b>					
2019	0.0456 %	\$ 692,000	\$ 8,631,987	8.02 %	51.22 %
2018	0.0438	659,000	8,026,035	8.21	48.86
<b>Virginia Retirement System – Group Life Insurance – General School Employees</b>					
2019	0.0141 %	\$ 214,000	\$ 2,904,472	7.37 %	51.22 %
2018	0.0132	198,000	2,652,660	7.46	48.86
<b>Virginia Retirement System – Group Life Insurance – Teachers</b>					
2019	0.1205 %	\$ 1,830,000	\$ 26,583,619	6.88 %	51.22 %
2018	0.1256	1,889,000	26,278,262	7.19	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS – COST SHARING PLANS**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System – Health Insurance Credit – Teachers</b>					
2019	\$ 283,833	\$ 283,833	\$ -	\$ 23,542,395	1.21 %
2018	278,378	278,378	-	26,583,619	1.05
<b>Virginia Retirement System – Group Life Insurance – General Employees</b>					
2019	\$ 47,014	\$ 47,014	\$ -	\$ 8,956,710	0.52 %
2018	45,416	45,416	-	8,631,987	0.53
<b>Virginia Retirement System – Group Life Insurance – General School Employees</b>					
2019	\$ 13,592	\$ 13,592	\$ -	\$ 2,595,173	0.52 %
2018	13,960	13,960	-	2,904,472	0.48
<b>Virginia Retirement System – Group Life Insurance – Teachers</b>					
2019	\$ 123,568	\$ 123,568	\$ -	\$ 23,542,395	0.52 %
2018	120,045	120,045	-	26,583,619	0.45

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS –**  
**SERVICE AUTHORITY**  
**December 31, 2018**

	<b>VRS Health Insurance Credit General Employees Plan Year 2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,024
Interest on total OPEB liability	4,867
Changes in assumptions	(2,881)
Benefit payments	(3,145)
	<hr/>
Net change in total OPEB liability	(135)
<b>Total OPEB liability – beginning</b>	71,102
	<hr/>
<b>Total OPEB liability – ending</b>	70,967
	<hr/>
<b>Plan Fiduciary Net Position</b>	
Contributions – employer	3,355
Net investment income	4,126
Benefit payments	(3,145)
Administrative expenses	(67)
Other	208
	<hr/>
Net change in plan fiduciary net position	4,477
<b>Plan fiduciary net position – beginning</b>	35,457
	<hr/>
<b>Plan fiduciary net position – ending</b>	39,934
	<hr/>
<b>Net OPEB liability – ending</b>	\$ 31,033
	<hr/> <hr/>
Plan fiduciary net position as a percentage of total OPEB liability	56%
	<hr/> <hr/>
Covered payroll	\$ 1,501,733
	<hr/> <hr/>
Net OPEB liability as a percentage of covered payroll	2%
	<hr/> <hr/>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

## COUNTY OF AMHERST, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY –**  
**SERVICE AUTHORITY**  
**December 31, 2018**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Virginia Retirement System – Group Life Insurance – General Employees</b>					
2018	0.00551 %	\$ 83,000	\$ 1,014,014	8.19 %	48.86 %

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2019**

**Note 1. Changes of Benefit Terms**

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Note 2. Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ended June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2019**

**Note 2. Changes of Assumptions (Continued)**

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

Teacher Cost-Sharing Pool:

- Update mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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**OTHER  
SUPPLEMENTARY INFORMATION**

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## **AGENCY FUNDS**

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## COUNTY OF AMHERST, VIRGINIA

**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2019**

	<u>Special Welfare</u>	<u>Forfeited Assets</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 12,668	\$ 49,809	\$ 62,477
Total assets	<u>\$ 12,668</u>	<u>\$ 49,809</u>	<u>\$ 62,477</u>
<b>LIABILITIES</b>			
Amounts held for others	\$ 12,668	\$ 49,809	\$ 62,477
Total liabilities	<u>\$ 12,668</u>	<u>\$ 49,809</u>	<u>\$ 62,477</u>

## COUNTY OF AMHERST, VIRGINIA

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**Year Ended June 30, 2019**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Special Welfare Fund				
ASSETS				
Cash and investments	\$ 11,532	\$ 81,852	\$ 80,716	\$ 12,668
Total assets	<u>\$ 11,532</u>	<u>\$ 81,852</u>	<u>\$ 80,716</u>	<u>\$ 12,668</u>
LIABILITIES				
Amounts held for others	\$ 11,532	\$ 81,852	\$ 80,716	\$ 12,668
Total liabilities	<u>\$ 11,532</u>	<u>\$ 81,852</u>	<u>\$ 80,716</u>	<u>\$ 12,668</u>
Forfeited Assets				
ASSETS				
Cash and investments	\$ 40,993	\$ 26,316	\$ 17,500	\$ 49,809
Total assets	<u>\$ 40,993</u>	<u>\$ 26,316</u>	<u>\$ 17,500</u>	<u>\$ 49,809</u>
LIABILITIES				
Amounts held for others	\$ 40,993	\$ 26,316	\$ 17,500	\$ 49,809
Total liabilities	<u>\$ 40,993</u>	<u>\$ 26,316</u>	<u>\$ 17,500</u>	<u>\$ 49,809</u>
Totals – All Agency Funds				
ASSETS				
Cash and investments	\$ 52,525	\$ 108,168	\$ 98,216	\$ 62,477
Total assets	<u>\$ 52,525</u>	<u>\$ 108,168</u>	<u>\$ 98,216</u>	<u>\$ 62,477</u>
LIABILITIES				
Amounts held for others	\$ 52,525	\$ 108,168	\$ 98,216	\$ 62,477
Total liabilities	<u>\$ 52,525</u>	<u>\$ 108,168</u>	<u>\$ 98,216</u>	<u>\$ 62,477</u>

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# **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

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## **School Operating Fund**

The School Operating Fund is a Special Revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal Governments as well as contributions from the General Fund.

## **School Cafeteria Fund**

The Cafeteria Fund is a Special Revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

## **School Textbook Fund**

The School Textbook Fund is a Special Revenue fund that accounts for transactions related to the adoption of textbooks to be utilized in the County's school system.

## **School Construction Fund**

The School Construction Fund accounts for the construction and renovation activities for the County's school system.

## COUNTY OF AMHERST, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**COMBINING BALANCE SHEET**  
**June 30, 2019**

	<b>School Operating</b>	<b>School Cafeteria</b>	<b>School Textbook</b>	<b>School Construction</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ 533,756	\$ 1,065,296	\$ 970,171	1,247,547	\$ 3,816,770
Due from primary government	3,506,945	-	-	-	3,506,945
Due from other governmental units	1,140,552	-	-	-	1,140,552
Prepaid items	141,754	-	-	-	141,754
Total assets	<u>\$ 5,323,007</u>	<u>\$ 1,065,296</u>	<u>\$ 970,171</u>	<u>\$ 1,247,547</u>	<u>\$ 8,606,021</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 247,305	\$ 7,582	\$ -	\$ 39,675	\$ 294,562
Accrued liabilities	5,075,702	291,441	-	-	5,367,143
Total liabilities	<u>5,323,007</u>	<u>299,023</u>	<u>-</u>	<u>39,675</u>	<u>5,661,705</u>
<b>FUND BALANCES</b>					
Nonspendable	141,754	-	-	-	141,754
Assigned	-	766,273	970,171	1,207,872	2,944,316
Unassigned	(141,754)	-	-	-	(141,754)
Total fund balances	<u>-</u>	<u>766,273</u>	<u>970,171</u>	<u>1,207,872</u>	<u>2,944,316</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,323,007</u>	<u>\$ 1,065,296</u>	<u>\$ 970,171</u>	<u>\$ 1,247,547</u>	<u>\$ 8,606,021</u>

**Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:**

Total fund balances – governmental funds	\$ 2,944,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,780,461
Financial statement elements related to pension and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to:	
Pensions	4,081,036
Other postemployment benefits	531,993
Deferred inflows related to:	
Pensions	(6,614,658)
Other postemployment benefits	(649,000)
Net pension asset	1,565,707
Net pension liability	(33,606,000)
Net other postemployment benefit liability	(5,642,000)
	<u>(40,332,922)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	<u>(595,136)</u>
<b>Net position of governmental activities</b>	<u><u>\$ (20,203,281)</u></u>



## COUNTY OF AMHERST, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2019**

	<b>School Operating</b>	<b>School Cafeteria</b>	<b>School Textbook</b>	<b>School Construction</b>	<b>Total</b>
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 15,009	\$ -	\$ 97	\$ 23,870	\$ 38,976
Charges for services	171,057	720,295	-	-	891,352
Miscellaneous	87,201	76,029	-	-	163,230
Recovered costs	703,781	-	-	-	703,781
Intergovernmental revenues:					
County contribution	13,451,431	-	-	305,246	13,756,677
Commonwealth	28,635,158	53,735	-	-	28,688,893
Federal	2,661,434	1,409,666	-	-	4,071,100
Total revenues	<u>45,725,071</u>	<u>2,259,725</u>	<u>97</u>	<u>329,116</u>	<u>48,314,009</u>
<b>EXPENDITURES</b>					
Education	44,816,116	2,107,792	-	402,598	47,326,506
Total expenditures	<u>44,816,116</u>	<u>2,107,792</u>	<u>-</u>	<u>402,598</u>	<u>47,326,506</u>
Excess (deficiency) of revenues over expenditures	<u>908,955</u>	<u>151,933</u>	<u>97</u>	<u>(73,482)</u>	<u>987,503</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	908,955	908,955
Transfers out	(908,955)	-	-	-	(908,955)
Total other financing sources and uses	<u>(908,955)</u>	<u>-</u>	<u>-</u>	<u>908,955</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>151,933</u>	<u>97</u>	<u>835,473</u>	<u>987,503</u>
FUND BALANCES AT JULY 1	<u>-</u>	<u>614,340</u>	<u>970,074</u>	<u>372,399</u>	<u>1,956,813</u>
FUND BALANCES AT JUNE 30	<u>\$ -</u>	<u>\$ 766,273</u>	<u>\$ 970,171</u>	<u>\$ 1,207,872</u>	<u>\$ 2,944,316</u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances – total governmental funds	\$ 987,503
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.	
Capital outlay	\$ 944,230
Depreciation expense	(1,459,134)
Disposition of capital assets	(226,606)
repayments and drawdowns of bond proceeds	<u>642,238</u>
	(99,272)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(275,555)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned, net of employee contributions, is reported as pension expense.	
Employer pension contributions	3,668,036
Pension expense	<u>(996,480)</u>
	2,671,556
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.	
Employer other postemployment benefit contributions	420,993
Other postemployment benefit expense	<u>(238,383)</u>
	182,610
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.	
Compensated absences	<u>8,016</u>
Change in net position of governmental activities	<u>\$ 3,474,858</u>

**COUNTY OF AMHERST, VIRGINIA**

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS  
Year Ended June 30, 2019**

	School Operating				School Cafeteria			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ 13,443	\$ 15,009	\$ 1,566	\$ -	\$ -	\$ -	\$ -
Charges for services	349,500	423,341	171,057	(252,284)	748,257	748,257	720,295	(27,962)
Miscellaneous	117,927	121,927	87,201	(34,726)	-	-	76,029	76,029
Recovered costs	620,952	769,172	703,781	(65,391)	-	-	-	-
Intergovernmental revenues:								
County contribution	13,902,089	13,902,089	13,451,431	(450,658)	-	-	-	-
Commonwealth	27,096,078	28,771,464	28,635,158	(136,306)	92,000	92,000	53,735	(38,265)
Federal	2,741,000	2,865,074	2,661,434	(203,640)	1,412,165	1,412,165	1,409,666	(2,499)
Total revenues	44,827,546	46,866,510	45,725,071	(1,141,439)	2,252,422	2,252,422	2,259,725	7,303
<b>EXPENDITURES</b>								
Education	44,827,546	45,957,555	44,816,116	1,141,439	2,252,422	2,252,422	2,107,792	144,630
Total expenditures	44,827,546	45,957,555	44,816,116	1,141,439	2,252,422	2,252,422	2,107,792	144,630
Excess (deficiency) of revenues over expenditures	-	908,955	908,955	-	-	-	151,933	151,933
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(908,955)	(908,955)	-	-	-	-	-
Total other financing sources (uses)	-	(908,955)	(908,955)	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,933	\$ 151,933

# EXHIBIT 29

School Textbook				School Construction			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 97	\$ 97	\$ -	\$ -	\$ 23,870	\$ 23,870
-	-	-	-	-	-	-	-
1	1	-	(1)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1	250,001	305,246	55,245
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	1	97	96	1	250,001	329,116	79,115
1	1	-	1	1	1,158,956	402,598	756,358
1	1	-	1	1	1,158,956	402,598	756,358
-	-	97	97	-	(908,955)	(73,482)	835,473
-	-	-	-	-	908,955	908,955	-
-	-	-	-	-	-	-	-
-	-	-	-	-	908,955	908,955	-
\$ -	\$ -	\$ 97	\$ 97	\$ -	\$ -	\$ 835,473	\$ 835,473

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**DISCRETELY PRESENTED COMPONENT UNIT –  
ECONOMIC DEVELOPMENT AUTHORITY**

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## COUNTY OF AMHERST, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
June 30, 2019**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 566,459
Prepaid items	28
	<hr/>
Total current assets	566,487
	<hr/>
Noncurrent assets	
Capital assets:	
Nondepreciable	492,258
Depreciable, net	418,925
	<hr/>
Total noncurrent assets	911,183
	<hr/>
Total assets	1,477,670
	<hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	19,132
Accrued wages	1,252
Security deposits	3,250
Current portion of notes payable	41,205
	<hr/>
Total current liabilities	64,839
	<hr/>
Noncurrent liabilities:	
Notes payable, net of current portion	729,479
	<hr/>
Total liabilities	794,318
	<hr/>
<b>NET POSITION</b>	
Net investment in capital assets	792,020
Unrestricted	(108,668)
	<hr/>
Total net position	\$ 683,352
	<hr/>

## COUNTY OF AMHERST, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUND  
Year Ended June 30, 2019**

	<b>Enterprise Fund</b>
	<hr/>
OPERATING REVENUES	
Rents	\$ 86,497
	<hr/>
OPERATING EXPENSES	
Salaries and benefits	139,785
Contractual services	59,661
Depreciation expense	14,446
Facilities costs	4,230
Other operating costs	39,916
	<hr/>
Total operating expenses	258,038
	<hr/>
Operating income	(171,541)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Contributions from Amherst County	396,570
Other income	6,715
Interest expense	(35,150)
	<hr/>
Net nonoperating expenses	368,135
	<hr/>
Change in net position	196,594
	<hr/>
NET POSITION JULY 1	486,758
	<hr/>
NET POSITION JUNE 30	\$ 683,352
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## COUNTY OF AMHERST, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT –  
AMHERST ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
Year Ended June 30, 2019**

	<b>Enterprise Fund</b>
<b>OPERATING ACTIVITIES</b>	
Receipts from grantors and customers	\$ 86,497
Payments to employees	(139,522)
Payments to grantees and suppliers	(98,441)
Net cash provided by operating activities	(151,466)
<b>NONCAPITAL FINANCING ACTIVITIES</b>	
Contributions from Amherst County	396,570
Other receipts	6,715
Net cash provided by noncapital financing activities	403,285
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments on long-term debt	(39,098)
Interest paid on long-term debt	(35,150)
Net cash used in capital and related financing activities	(74,248)
Net increase in cash and cash equivalents	177,571
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning at July 1	388,888
Ending at June 30	\$ 566,459
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ (171,541)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	14,446
Change in assets and liabilities:	
Increase in prepaids	(28)
Increase in accounts payable	5,394
Increase in accrued wages	263
Net cash provided by operating activities	\$ (151,466)



## **SUPPORTING SCHEDULES**

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**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,270,000	\$ 14,270,000	\$ 14,356,985	\$ 86,985
Real and personal public service corporation property taxes	770,000	770,000	778,659	8,659
Personal property taxes	6,250,000	6,250,000	6,323,482	73,482
Mobile home taxes	53,000	53,000	63,807	10,807
Machinery and tools taxes	2,300,000	2,300,000	2,083,179	(216,821)
Merchant's capital	305,000	305,000	290,696	(14,304)
Penalties	175,000	175,000	244,290	69,290
Interest	125,000	125,000	140,093	15,093
Total general property taxes	24,248,000	24,248,000	24,281,191	33,191
Other local taxes:				
Local sales and use taxes	2,700,000	2,700,000	2,783,437	83,437
Consumers' utility taxes	2,015,000	2,015,000	1,906,799	(108,201)
Business license taxes	380,000	380,000	378,768	(1,232)
Bank stock taxes	93,000	93,000	123,790	30,790
Motor vehicle licenses	725,000	725,000	789,418	64,418
Taxes on recordation and wills	210,000	210,000	226,758	16,758
Lodging taxes	70,000	70,000	60,412	(9,588)
Meals tax	1,000,000	1,000,000	1,016,301	16,301
Total other local taxes	7,193,000	7,193,000	7,285,683	92,683
Permits, privilege fees, and regulatory licenses:				
Animal licenses	13,000	13,000	11,867	(1,133)
Building and related permits	160,000	160,000	125,568	(34,432)
Permits and other licenses	40,000	40,000	40,880	880
Total permits, privilege fees, and regulatory licenses	213,000	213,000	178,315	(34,685)
Fines and forfeitures:				
Court fines and forfeitures	-	357,784	430,626	72,842
Total fines and forfeitures	-	357,784	430,626	72,842
Revenue from use of money and property:				
Revenue from use of money	32,000	32,000	132,541	100,541
Revenue from use of property	104,332	104,332	110,406	6,074
Total revenue from use of money and property	136,332	136,332	242,947	106,615
Charges for services:				
Sheriff's fees	2,199	2,199	2,199	-
Collection fees – taxes and liens	135,000	161,300	170,373	9,073
Commonwealth attorney fees	3,500	3,500	3,292	(208)
Courthouse security fees	89,000	89,000	74,635	(14,365)
Jail processing fees	3,000	3,000	2,709	(291)
Charges for parks and recreation	40,000	40,000	45,238	5,238

(Continued)

**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Library	\$ 24,500	\$ 24,500	\$ 21,863	\$ (2,637)
Emergency medical service fees	1,036,000	1,036,000	1,178,582	142,582
Telecommunication charges	-	-	92,312	92,312
Warehouse charges	-	-	11,824	11,824
Other charges for services	5,650	17,073	128,845	111,772
Total charges for services	1,338,849	1,376,572	1,731,872	355,300
Miscellaneous revenue:				
Miscellaneous	151,702	580,498	827,405	246,907
Total miscellaneous revenue	151,702	580,498	827,405	246,907
Recovered costs:				
Share of judge's expenses	25,000	25,000	26,484	1,484
Social services	12,135	37,334	37,153	(181)
CSA recoveries	-	-	88,307	88,307
Public safety	125,900	148,967	149,397	430
Miscellaneous recoveries	30,150	30,150	16,578	(13,572)
Total recovered costs	193,185	241,451	317,919	76,468
Total revenue from local sources	33,474,068	34,346,637	35,295,958	949,321
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	77,000	77,000	76,013	(987)
Mobile home titling taxes	30,000	30,000	20,787	(9,213)
Auto rental tax	23,000	23,000	23,745	745
PPTRA	2,199,018	2,199,018	2,199,018	-
Recordation tax	50,000	50,000	58,186	8,186
Total noncategorical aid	2,379,018	2,379,018	2,377,749	(1,269)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	410,000	425,461	404,247	(21,214)
Sheriff	1,700,000	1,700,000	1,588,584	(111,416)
Commissioner of the Revenue	110,250	110,250	97,057	(13,193)
Treasurer	120,000	120,000	122,987	2,987
Registrar/electoral board	41,000	41,000	42,436	1,436
Clerk of the Circuit Court	300,000	300,000	295,073	(4,927)
Total shared expenses	2,681,250	2,696,711	2,550,384	(146,327)

(Continued)

**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 1,000,000	\$ 1,114,933	\$ 690,031	\$ (424,902)
Health department	10,000	10,000	19,774	9,774
Library grant	150,000	150,000	146,614	(3,386)
Fire program	97,750	97,750	104,261	6,511
EMS – 4 for life	32,000	32,000	33,508	1,508
Juvenile justice – crime control	35,000	35,000	37,022	2,022
Victim witness	99,500	99,500	99,662	162
Juror reimbursement	8,000	8,000	6,480	(1,520)
Comprehensive services	11,000	1,177,000	1,104,818	(72,182)
Miscellaneous	10,000	34,104	60,637	26,533
Total other categorical aid	1,453,250	2,758,287	2,302,807	(455,480)
Total categorical aid	4,134,500	5,454,998	4,853,191	(601,807)
Total revenue from the Commonwealth	6,513,518	7,834,016	7,230,940	(603,076)
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	-	-	132,618	132,618
Categorical aid:				
Public assistance and welfare	1,300,000	1,300,000	1,526,229	226,229
Total categorical aid	1,300,000	1,300,000	1,526,229	226,229
Total revenue from the Federal Government	1,300,000	1,300,000	1,658,847	358,847
Other Financing Sources (Uses)				
Transfers in	1,966,758	3,802,669	454,000	(3,348,669)
Total other financing sources (uses)	1,966,758	3,802,669	454,000	(3,348,669)
Total General Fund	43,254,344	47,283,322	44,639,745	(2,643,577)
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Recreation trips	-	-	27,350	27,350
Landfill operations	410,000	560,000	699,418	139,418
Other charges for services	-	-	357	357
Total charges for services	410,000	560,000	727,125	167,125
Miscellaneous revenue:				
Dare donations	-	-	27,672	27,672
Miscellaneous	2	24,082	44,276	20,194
Total miscellaneous revenue	2	24,082	71,948	47,866
Total revenue from local sources	410,002	584,082	799,073	214,991

(Continued)

**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
Special Revenue Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Other categorical aid:				
E-911 wireless grant	\$ -	\$ -	\$ 130,500	\$ 130,500
Litter control	11,000	11,000	10,647	(353)
Other state revenues	-	-	2,348	2,348
Total revenue from the Commonwealth	11,000	11,000	143,495	132,495
Revenue from the Federal Government:				
Categorical aid:				
DMV grants	-	38,327	42,697	4,370
Total revenue from the Federal Government	-	38,327	42,697	4,370
Other Financing Sources (Uses)				
Transfers in	1,332,239	1,666,223	1,666,220	(3)
Total other financing sources (uses)	1,332,239	1,666,223	1,666,220	(3)
Total Special Revenue Fund	1,753,241	2,299,632	2,651,485	351,853
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	158,340	158,340
Miscellaneous revenue:				
Miscellaneous	-	310,892	-	(310,892)
Other Financing Sources (Uses)				
Proceeds from loan notes	-	86,400	-	(86,400)
Transfers in	-	327,715	327,715	-
Total other financing sources (uses)	-	414,115	327,715	(86,400)
Total Capital Projects Fund	-	725,007	486,055	(238,952)
Total Revenues – Primary Government	\$ 45,007,585	\$ 50,307,961	\$ 47,777,285	\$ (2,530,676)
Component Unit – School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ 13,443	\$ 15,009	\$ 1,566
Charges for services:				
Tuition	11,500	46,500	123,680	77,180
Textbook sales	336,000	336,000	-	(336,000)
Transportation	-	23,525	28,336	4,811
Other	2,000	17,316	19,041	1,725
Total charges for services	349,500	423,341	171,057	(252,284)
Miscellaneous revenue:				
Miscellaneous	117,927	121,927	87,201	(34,726)

(Continued)

**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Component Unit – School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Recovered costs	\$ 620,952	\$ 769,172	\$ 703,781	\$ (65,391)
Total revenue from local sources	1,088,379	1,327,883	977,048	(350,835)
Intergovernmental revenue:				
County contribution to School Board	13,902,089	13,902,089	13,451,431	(450,658)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	4,941,017	4,978,842	4,998,988	20,146
Basic school aid	12,503,797	13,116,752	13,010,719	(106,033)
Special ed SOQ	1,907,610	1,974,930	1,974,930	-
Remedial education	501,174	518,861	518,861	-
Technology	310,000	310,000	205,105	(104,895)
Lottery	711,655	991,411	989,231	(2,180)
Primary class size	551,954	551,954	573,367	21,413
Fringe benefits	2,639,691	2,639,691	2,732,847	93,156
Textbooks	264,205	274,140	273,529	(611)
Preschool	352,151	373,564	350,562	(23,002)
Gifted and talented	131,197	131,197	135,827	4,630
At-risk	447,246	447,246	512,202	64,956
Regional program	745,666	879,798	879,798	-
Vocational education SOQ	354,233	366,734	366,734	-
Adult Basic Education Regionalization	110,000	110,000	90,685	(19,315)
Other state funds	624,482	1,106,344	1,021,773	(84,571)
Total categorical aid	27,096,078	28,771,464	28,635,158	(136,306)
Total revenue from the Commonwealth	27,096,078	28,771,464	28,635,158	(136,306)
Revenue from the Federal Government:				
Non-categorical				
Federal land use	10,078	65,731	65,731	-
Categorical aid:				
Preschool handicap	19,916	19,916	23,053	3,137
Adult basic aid	374,277	374,277	350,234	(24,043)
Title I	997,048	997,048	1,035,318	38,270
Title II	156,148	156,148	154,550	(1,598)
Title VI-B special education	1,104,933	1,104,933	936,386	(168,547)
Vocational education	78,600	78,600	62,245	(16,355)
Other education	-	68,421	33,917	(34,504)
Total categorical aid	2,730,922	2,799,343	2,595,703	(203,640)
Total revenue from the Federal Government	2,741,000	2,865,074	2,661,434	(203,640)
Total School Operating Fund	44,827,546	46,866,510	45,725,071	(1,141,439)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	748,257	748,257	720,295	(27,962)
Miscellaneous revenue:				
Miscellaneous	-	-	76,029	76,029

(Continued)

**SCHEDULE 1**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 92,000	\$ 92,000	\$ 53,735	\$ (38,265)
Revenue from the Federal Government:				
Categorical aid:				
School food	1,412,165	1,412,165	1,409,666	(2,499)
Total School Cafeteria Fund	2,252,422	2,252,422	2,259,725	7,303
School Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	97	97
Miscellaneous revenue:				
Miscellaneous	1	1	-	(1)
Total School Textbook Fund	1	1	97	96
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	-	-	23,870	23,870
Total revenue from use of money and property	-	-	23,870	23,870
Intergovernmental revenue:				
County contribution to School Board	1	250,001	305,246	55,245
Other Financing Sources (Uses)				
Transfers in	-	908,955	908,955	-
Total School Construction Fund	1	1,158,956	1,238,071	79,115
Total Revenues – Component Unit – School Board	\$ 47,079,970	\$ 50,277,889	\$ 49,222,964	\$ (1,054,925)

**SCHEDULE 2**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 177,913	\$ 185,057	\$ 183,447	\$ 1,610
General and financial administration:				
County administrator	281,544	301,264	299,713	1,551
Commissioner of the revenue	346,336	342,753	337,489	5,264
Treasurer	423,370	454,474	453,058	1,416
Central accounting	280,975	292,056	290,414	1,642
Purchasing	185,765	192,144	190,497	1,647
County attorney	171,402	172,352	167,940	4,412
Information technology	384,665	437,507	414,631	22,876
Human resources	96,030	157,326	148,130	9,196
Total general and financial administration	2,170,087	2,349,876	2,301,872	48,004
Board of Elections/Registrar:				
Electoral board and officials and registrar	203,970	220,039	207,437	12,602
Total general government administration	2,551,970	2,754,972	2,692,756	62,216
Judicial administration:				
Courts:				
Circuit court	112,243	119,798	120,098	(300)
General district court	15,000	15,000	13,272	1,728
Magistrate	1,000	1,000	494	506
Juvenile and domestic relations court	14,900	14,900	13,506	1,394
Clerk of the circuit court	497,806	540,482	500,742	39,740
Jurors	24,240	24,240	5,370	18,870
VJCCCA	65,255	77,255	77,152	103
Total courts	730,444	792,675	730,634	62,041
Commonwealth's attorney:				
Commonwealth's attorney	607,576	634,976	607,686	27,290
Victim advocate grant	116,812	119,641	117,159	2,482
Total commonwealth's attorney	724,388	754,617	724,845	29,772
Total judicial administration	1,454,832	1,547,292	1,455,479	91,813
Public safety:				
Law enforcement and traffic control:				
Sheriff	4,025,123	4,547,659	4,391,748	155,911
Total law enforcement and traffic control	4,025,123	4,547,659	4,391,748	155,911
Fire and rescue services:				
Volunteer emergency services	333,644	684,249	628,319	55,930
Volunteer rescue services	199,725	199,725	157,467	42,258
Emergency medical services	1,962,682	1,957,306	1,738,964	218,342
Emergency service council	277,442	276,942	207,793	69,149
Total fire and rescue services	2,773,493	3,118,222	2,732,543	385,679

(Continued)



**SCHEDULE 2**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Contribution to regional jail operations	\$ 1,500,000	\$ 1,818,763	\$ 1,812,803	\$ 5,960
Inspections:				
Building	236,819	317,924	292,430	25,494
Other protection:				
Animal control	138,526	140,394	123,507	16,887
Animal Shelter	167,485	193,678	185,057	8,621
Emergency services	799,495	915,520	840,604	74,916
Communications dispatch	910,949	935,408	965,994	(30,586)
Other public safety	116,500	104,500	61,748	42,752
Total other protection	2,132,955	2,289,500	2,176,910	112,590
Total public safety	10,668,390	12,092,068	11,406,434	685,634
Public works:				
Maintenance of general buildings and grounds:				
General properties	867,006	1,372,530	1,131,031	241,499
Health and welfare:				
Health:				
Supplement of local health department	239,493	239,493	239,493	-
Mental health and mental retardation:				
Community services board	136,500	136,500	136,500	-
Welfare:				
Welfare administration	2,395,617	2,496,328	2,406,211	90,117
Public assistance	486,023	529,244	565,330	(36,086)
County contributions	260,230	261,730	261,730	-
Comprehensive services	484,491	2,074,553	1,975,806	98,747
Tax relief for the elderly	-	-	242,307	(242,307)
Total welfare	3,626,361	5,361,855	5,451,384	(89,529)
Total health and welfare	4,002,354	5,737,848	5,827,377	(89,529)
Education:				
Contributions to community colleges	6,750	6,750	6,750	-
County contribution to School Board	13,957,335	14,207,335	13,756,677	450,658
Total education	13,964,085	14,214,085	13,763,427	450,658

(Continued)

**SCHEDULE 2**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
General Fund: (Continued)				
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 365,319	\$ 440,026	\$ 432,937	\$ 7,089
Library:				
Library	796,739	807,348	801,435	5,913
Museum	54,843	55,859	54,963	896
Total library	851,582	863,207	856,398	6,809
Total parks, recreation, and cultural	1,216,901	1,303,233	1,289,335	13,898
Community development:				
Planning and community development:				
Planning	293,906	324,593	297,837	26,756
Planning commission	24,189	26,189	25,031	1,158
Zoning board	3,160	3,160	1,529	1,631
Central Virginia planning	18,481	18,481	18,481	-
EDA board	4,522	4,522	3,445	1,077
Contribution to EDA	393,691	395,691	395,691	-
Tourism	41,900	63,486	54,272	9,214
County fair	1	1	167,047	(167,046)
Community development projects	281,457	348,783	328,550	20,233
Total planning and community development	1,061,307	1,184,906	1,291,883	(106,977)
Environmental management:				
Soil and water conservation district	8,500	8,500	8,500	-
Cooperative extension program:				
VPI extension	86,536	86,536	85,755	781
Total community development	1,156,343	1,279,942	1,386,138	(106,196)
Non-Departmental:				
Non-departmental:				
Insurance	67,000	69,827	69,827	-
Line of duty	70,000	70,000	67,962	2,038
Other	2,447,871	1,150,733	262,869	887,864
Total non-departmental	2,584,871	1,290,560	400,658	889,902
Capital Outlay:				
Capital outlay:				
School buses	-	200,000	200,000	-
Total capital outlay	-	200,000	200,000	-
Debt service:				
Principal retirement	2,435,119	2,440,119	2,470,626	(30,507)
Interest and fiscal charges	1,018,235	1,018,235	987,725	30,510
Bond issuance costs	2,000	2,000	-	2,000
Total debt service	3,455,354	3,460,354	3,458,351	2,003

(Continued)

**SCHEDULE 2**

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**

**Year Ended June 30, 2019**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Primary Government: (Continued)				
Other Financing Sources (Uses)				
Transfers out	\$ 1,332,237	\$ 2,030,436	\$ 2,440,435	\$ (409,999)
Total other financing sources (uses)	1,332,237	2,030,436	2,440,435	(409,999)
Total General Fund	43,254,343	47,283,320	45,451,421	1,831,899
Special Revenue Fund:				
Public safety:				
Other protection:				
Miscellaneous public safety grants	1	38,328	89,942	(51,614)
DARE program	-	24,080	43,644	(19,564)
Total public safety	1	62,408	133,586	(71,178)
Public works:				
Sanitation and waste removal:				
Solid waste	1,753,236	1,933,986	1,831,054	102,932
Total public works	1,753,236	1,933,986	1,831,054	102,932
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	-	-	54,799	(54,799)
Farmer's market				
Welfare administration	-	6,900	1,884	5,016
Cultural				
Miscellaneous grants	-	-	5,150	(5,150)
Total parks, recreation, and cultural	-	6,900	61,833	(54,933)
Community development:				
Planning and community development:				
CDBG project – stump hill	-	-	23,841	(23,841)
Total community development	-	-	23,841	(23,841)
Debt service:				
Principal retirement	-	-	43,678	(43,678)
Interest and fiscal charges	-	-	6,309	(6,309)
Total debt service	-	-	49,987	(49,987)
Contribution to EDA				
Transfer to general fund	1	1	-	1
Depot Relocation/Enhancement				
Contracted services	-	296,334	-	296,334
Other Financing Sources (Uses)				
Transfers out	3	3	-	3
Total Special Revenue Funds	1,753,241	2,299,632	2,100,301	199,331
Capital Projects Fund:				
Public works:				
General construction projects	-	725,007	2,207,251	(1,482,244)
Total Capital Projects Fund	-	725,007	2,207,251	(1,482,244)
Total Expenditures – Primary Government	\$ 45,007,584	\$ 50,307,959	\$ 49,758,973	\$ 548,986

(Continued)

## COUNTY OF AMHERST, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD

## SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL

Year Ended June 30, 2019

	Budget Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
Component Unit – School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,817,780	\$ 35,419,266	\$ 34,581,122	\$ 838,144
Administration, attendance, and health	2,131,342	2,295,975	2,214,578	81,397
Pupil transportation services	2,823,443	2,978,440	2,951,548	26,892
Operation and maintenance services	3,667,577	3,860,129	3,812,064	48,065
Technology	1,387,404	1,403,745	1,256,804	146,941
Total Education:	44,827,546	45,957,555	44,816,116	1,141,439
Other Financing Sources (Uses)				
Transfers out	-	908,955	908,955	-
Total School Operating Fund	44,827,546	46,866,510	45,725,071	1,141,439
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services	2,252,422	2,252,422	2,107,792	144,630
Special Revenue Fund:				
School Textbook Fund:				
Instructional	1	1	-	1
School Construction Fund:				
Education:				
Capital projects	1	1,158,956	402,598	756,358
Total Expenditures – Component Unit – School Board	\$ 47,079,970	\$ 50,277,889	\$ 48,235,461	\$ 2,042,428

## **OTHER INFORMATION SECTION**

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TABLE 1

**COUNTY OF AMHERST, VIRGINIA**

**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>General Government Administration</b>	<b>Judicial Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health and Welfare</b>	<b>Education</b>	<b>Recreation and Cultural</b>	<b>Community Development</b>	<b>Interest on Debt</b>	<b>Water and Sewer</b>	<b>Total</b>
2010	\$ 1,669,782	\$ 1,350,102	\$ 8,974,042	\$ 3,739,973	\$ 4,444,208	\$ 12,899,817	\$ 1,245,055	\$ 490,425	\$ 1,196,863	\$ 3,408,338	\$ 39,418,605
2011	1,690,623	1,356,685	8,756,354	2,141,153	4,147,244	13,208,833	1,072,529	667,805	1,387,309	3,409,473	37,838,008
2012	1,767,430	1,287,304	10,077,086	1,861,116	4,081,753	13,701,208	1,105,089	168,682	1,141,516	3,341,373	38,532,557
2013	2,267,593	1,260,079	10,699,839	4,801,185	4,564,438	13,412,266	420,238	597,117	1,064,766	3,718,640	42,806,161
2014	2,310,834	1,252,945	12,337,529	3,292,690	3,813,066	15,473,905	1,655,635	1,872,726	684,512	3,770,700	46,464,542
2015	2,297,022	1,269,372	10,575,623	3,326,923	3,818,367	14,418,116	1,555,006	1,375,216	688,554	3,819,278	43,143,477
2016	2,252,063	1,279,439	10,108,631	3,380,591	4,133,175	15,663,137	1,221,157	655,103	600,798	3,792,350	43,086,444
2017	2,769,062	1,295,433	10,908,850	3,074,740	4,572,841	15,813,456	1,232,390	1,247,749	1,458,621	3,810,554	46,183,696
2018	2,715,342	1,349,155	11,362,549	3,471,751	4,676,817	15,378,025	1,091,043	1,427,839	1,040,351	4,066,492	46,579,364
2019	3,332,172	1,492,417	11,645,637	3,870,102	5,694,210	15,744,408	1,342,938	1,408,928	931,975	4,438,476	49,901,263

TABLE 2

## COUNTY OF AMHERST, VIRGINIA

GOVERNMENT-WIDE REVENUES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money and Property	Miscellaneous	Total
2010	\$ 5,178,969	\$ 7,174,916	\$ 1,904,889	\$ 18,945,245	\$ 5,420,027	\$ 3,632,335	\$ 488,571	\$ 380,687	\$ 43,125,639
2011	5,406,509	6,632,662	1,373,108	19,578,113	5,165,046	3,765,269	465,955	312,852	42,699,514
2012	5,404,275	6,682,107	146,894	20,436,547	5,171,164	3,625,924	330,555	143,760	41,941,226
2013	5,786,955	5,103,339	1,007,534	20,047,980	5,490,027	3,854,695	336,447	353,607	41,980,584
2014	5,703,356	6,301,493	1,986,253	21,099,556	6,847,214	2,451,644	103,384	179,001	44,671,901
2015	6,338,102	5,487,075	417,869	21,721,228	6,848,592	2,435,205	177,154	189,654	43,614,879
2016	6,820,048	5,603,239	398,248	21,990,825	7,021,941	2,467,038	124,223	141,268	44,566,830
2017	6,906,027	6,114,114	527,439	23,786,506	7,107,816	2,413,980	234,641	328,698	47,419,221
2018	7,031,180	6,328,886	-	24,038,201	7,168,048	2,561,106	341,432	576,546	48,045,399
2019	7,470,163	6,708,976	-	24,229,683	7,285,683	2,530,141	401,287	899,353	49,525,286

TABLE 3

## COUNTY OF AMHERST, VIRGINIA

**GENERAL GOVERNMENT REVENUES BY SOURCE <sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Permit Privilege Fees and Regulatory Licenses</b>	<b>Fines and Forfeitures</b>	<b>Revenues from the Use of Money and Property</b>	<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter-Governmental <sup>(2)</sup></b>	<b>Total</b>
2010	\$ 18,579,009	\$ 5,420,027	\$ 197,282	\$ 442,051	\$ 484,685	\$ 2,881,950	\$ 641,153	\$ 200,857	\$ 44,102,004	\$ 72,949,018
2011	19,609,216	5,165,046	147,832	467,564	664,694	2,616,552	764,380	451,593	41,025,200	70,912,077
2012	20,325,759	5,171,164	167,088	554,292	337,609	2,430,066	962,279	230,478	42,229,309	72,408,044
2013	20,192,306	5,490,027	178,669	626,244	356,574	3,272,242	1,099,117	197,554	38,819,135	70,231,868
2014	21,519,385	6,847,214	183,707	510,928	345,948	3,135,838	321,053	1,062,477	37,986,613	71,913,163
2015	21,700,594	6,848,592	153,827	443,406	374,454	2,920,001	292,097	1,166,486	39,340,868	73,240,325
2016	21,919,213	7,021,941	166,321	278,583	301,536	2,973,236	321,780	1,107,912	38,383,212	72,473,734
2017	23,735,333	7,107,816	239,820	469,572	461,042	2,761,065	802,394	980,145	39,009,863	75,567,050
2018	24,052,792	7,168,048	222,071	530,585	756,878	2,858,668	824,943	822,514	39,865,328	77,101,827
2019	24,281,191	7,285,683	178,315	430,626	921,330	3,350,349	1,069,298	1,021,700	41,835,972	80,374,464

<sup>(1)</sup> Includes General, Special Revenue, and Capital Project Funds of the Primary Government and its Discretely Presented Component Units.

<sup>(2)</sup> Excludes contribution from Primary Government to Discretely Presented Component Units.



TABLE 4

## COUNTY OF AMHERST, VIRGINIA

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION <sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>General Government Administration</b>	<b>Judicial Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health and Welfare</b>	<b>Education <sup>(2)</sup></b>	<b>Recreation and Cultural</b>	<b>Community Development <sup>(2)</sup></b>	<b>Non- developmental</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
2010	\$ 1,752,085	\$ 1,287,963	\$ 9,451,528	\$ 3,688,457	\$ 4,544,073	\$ 45,637,598	\$ 1,190,048	\$ 731,934	\$ -	\$ 303,517	\$ 4,811,679	\$ 73,398,882
2011	1,731,847	1,301,807	8,648,572	2,209,356	4,479,160	43,786,226	1,048,365	636,539	-	-	4,663,468	68,505,340
2012	1,832,094	1,210,565	9,858,074	2,338,924	4,170,975	45,135,290	1,078,219	705,600	-	-	3,528,109	69,857,850
2013	2,243,747	1,191,970	10,249,829	2,683,550	4,602,056	44,630,715	1,232,773	565,851	-	-	3,257,314	70,657,805
2014	2,180,893	1,161,835	12,139,969	3,248,502	3,826,389	45,901,389	1,538,316	1,746,524	89,924	2,609,326	2,476,387	76,919,454
2015	2,220,308	1,234,131	10,753,707	2,887,296	3,876,099	45,490,573	1,491,094	1,116,624	99,190	472,615	2,478,022	72,119,659
2016	2,470,122	1,234,688	10,994,314	2,786,914	4,253,852	46,113,110	1,313,819	1,022,438	136,625	2,747,028	2,407,984	75,480,894
2017	2,591,426	1,239,942	11,928,485	2,646,505	4,615,919	46,961,515	1,593,137	1,228,419	114,247	12,425,601	2,961,192	88,306,388
2018	2,489,389	1,336,579	11,361,700	2,990,098	4,725,330	46,597,341	1,302,676	1,380,561	193,501	8,872,209	2,912,923	84,162,307
2019	2,692,756	1,455,479	11,540,020	2,962,085	5,827,377	47,333,256	1,351,168	1,701,167	400,658	2,407,251	3,508,338	81,179,555

<sup>(1)</sup> Includes General, Special Revenue, and Capital Project funds of the Primary Government and its Discretely Presented Component Units.

<sup>(2)</sup> Excludes contribution from Primary Government to Discretely Presented Component Units.

TABLE 5

**COUNTY OF AMHERST, VIRGINIA**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Merchants' Capital</b>	<b>Public Service</b>	<b>Total</b>
2010	\$ 2,324,219,300	\$ 206,267,750	\$ 12,346,600	\$ 82,343,504	\$ 7,598,061	\$ 103,341,541	\$ 2,736,116,756
2011	2,621,264,200	205,608,421	12,311,200	84,420,400	7,085,055	98,586,596	3,029,275,872
2012	2,638,619,100	210,902,741	12,320,000	83,786,106	6,379,989	99,488,417	3,051,496,353
2013	2,380,975,900	220,204,158	12,576,500	84,984,166	6,473,300	107,140,300	2,812,354,324
2014	2,399,856,100	222,483,401	12,573,000	88,407,275	6,943,910	108,863,554	2,839,127,240
2015	2,322,802,000	221,807,920	12,478,000	91,682,335	7,195,285	110,708,512	2,766,674,052
2016	2,328,617,800	228,367,429	10,230,500	102,058,311	7,959,415	118,573,643	2,795,807,098
2017	2,336,518,000	238,821,725	10,392,150	109,064,626	6,792,875	126,915,081	2,828,504,457
2018	2,351,114,100	248,466,285	10,571,150	113,111,841	8,116,970	126,915,081	2,858,295,427
2019	2,361,100,400	258,157,030	11,163,000	103,614,690	7,458,340	127,246,052	2,868,739,512

TABLE 6

## COUNTY OF AMHERST, VIRGINIA

**PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Merchants' Capital</b>
2010	\$ 0.52	\$ 3.25	\$ 0.52	\$ 2.00	\$ 3.95
2011	0.52	3.25	0.52	2.00	3.95
2012	0.52	3.25	0.52	2.00	3.95
2013	0.54	3.25	0.52	2.00	3.95
2014	0.54	3.45	0.54	2.00	3.95
2015	0.56	3.45	0.56	2.00	3.95
2016	0.61	3.45	0.61	2.00	3.95
2017	0.61	3.45	0.61	2.00	3.95
2018	0.61	3.45	0.61	2.00	3.95
2019	0.61	3.45	0.61	2.00	3.95

TABLE 7

**COUNTY OF AMHERST, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes <sup>(1, 2)</sup></b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2010	\$ 21,212,184	\$ 20,228,826	95.36 %	\$ 445,920	\$ 20,674,746	97.47 %	\$ 1,325,725	6.25 %
2011	21,458,839	20,679,986	96.37	730,120	21,410,106	99.77	1,541,182	7.18
2012	22,076,519	20,921,553	94.77	1,098,860	22,020,413	99.75	1,468,593	6.65
2013	22,856,724	21,564,459	94.35	505,693	22,070,152	96.56	1,136,956	4.97
2014	22,796,962	22,150,167	97.16	1,568,236	23,718,403	104.04	1,171,922	5.14
2015	23,299,349	22,195,862	95.26	1,703,750	23,899,612	102.58	991,033	4.25
2016	24,957,139	23,599,590	94.56	518,641	24,118,231	96.64	1,117,498	4.48
2017	25,005,330	24,166,916	96.65	1,631,312	25,798,228	103.17	1,200,017	4.80
2018	25,561,439	24,588,889	96.20	1,296,055	25,884,944	101.27	1,315,787	5.15
2019	25,744,253	24,840,449	96.49	1,255,376	26,095,825	101.37	1,450,481	5.63

<sup>(1)</sup> Exclusive of penalties and interest.

<sup>(2)</sup> Includes three years taxes.

TABLE 8

## COUNTY OF AMHERST, VIRGINIA

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
NET GENERAL BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Assessed Value <sup>(2)</sup></b>	<b>Gross Bonded Debt <sup>(3)</sup></b>	<b>Less: Debt Payable from Enterprise Revenue</b>	<b>Net General Bonded Debt</b>	<b>Ratio of Gross Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
2010	31,894	\$ 2,736,116,756	\$ 36,223,397	\$ 11,739,000	\$ 24,484,397	1.32 %	\$ 768
2011	31,894	3,029,275,872	33,097,273	11,566,000	21,531,273	1.09	675
2012	32,353	3,051,496,353	34,412,922	11,340,000	23,072,922	1.13	713
2013	32,353	2,812,354,324	30,690,078	9,730,000	20,960,078	1.09	648
2014	32,353	2,839,127,240	25,277,120	9,490,000	15,787,120	0.89	488
2015	32,353	2,766,674,052	23,329,381	9,240,000	14,089,381	0.84	435
2016	31,914	2,795,807,098	21,350,548	8,975,000	12,375,548	0.76	388
2017	31,914	2,828,504,457	23,798,456	8,695,000	15,103,456	0.84	473
2018	31,594	2,858,295,427	23,024,941	9,272,000	13,752,941	0.81	435
2019	31,666	2,868,739,512	21,081,822	8,884,000	12,197,822	0.73	385

<sup>(1)</sup> Bureau of the Census.

<sup>(2)</sup> From Table 5.

<sup>(3)</sup> Includes all long-term general obligation debt.

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S 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**

Honorable Members of Board of Supervisors  
County of Amherst, Virginia

We have audited, 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 the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 9, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. **We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs at Items 2019-001 and 2019-002, that we consider to be significant deficiencies.**



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2019-003 to 2019-006.**

## County of Amherst, Virginia's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
December 9, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Honorable Members of Board of Supervisors  
County of Amherst, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the County of Amherst, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County of Amherst, Virginia, complied, in all material respects, with the types of 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, 2019.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia  
December 9, 2019

**COUNTY OF AMHERST, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2019**

As more fully described in the Independent Auditor's 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*, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

**STATE COMPLIANCE MATTERS**

*Code of Virginia*

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Debt Provisions
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Comprehensive Services Act
- Sheriff Internal Controls

State Agency Requirements

- Education
- Social Services

**FEDERAL COMPLIANCE MATTERS**

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

**COUNTY OF AMHERST, VIRGINIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019**

<b>Federal Grantor/Pass – Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 11,282
Temporary Assistance to Needy Families (TANF)	93.558		216,977
Refugee and Entrant Assistance – Discretionary Grants	93.566		137
Low Income Home Energy Assistance	93.568		35,267
Child Care Mandatory and Matching funds of the			
Child Care and Development Fund	93.596		40,842
Child Welfare Services – State Grants	93.645		251
Foster Care – Title IV-E	93.658		221,774
Adoption Assistance	93.659		74,931
Social Services Block Grant	93.667		167,289
Chafee Foster Care Independence Program	93.674		2,747
Children’s Health Insurance Program	93.767		8,429
Medical Assistance Program	93.778		395,047
			<u>1,174,973</u>
Department of Housing and Urban Development:			
Pass through Payments:			
Virginia Department of Housing and Community Development			
Community Development Block Grants/State’s Program			
and Non-entitlement Grants	14.228		<u>125,184</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Child and Adult Care Food Program (CACFP)	10.558		35,573
Schools and Roads – Grants to States	10.665		65,731
Child Nutrition Cluster – Summer Food Service Program	10.559	\$ 40,630	
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	375,302	
National School Lunch Program	10.555	<u>958,161</u>	
Total Child Nutrition Cluster			1,374,093
Department of Social Services:			
State Administration:			
Matching Grants for Supplemental Nutrition			
Assistance Program	10.561		<u>351,257</u>
Total Department of Agriculture			<u>1,826,654</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles			
State Community and Highway Safety	20.600		10,648
Alcohol Open Container Requirements	20.607		<u>24,871</u>
Total Department of Transportation			<u>35,519</u>

**COUNTY OF AMHERST, VIRGINIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019**

<b>Federal Grantor/Pass – Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Cluster Amounts</b>	<b>Federal Expenditures</b>
Department of Transportation: (Continued)			
Pass Through Payments:			
Department of Education:			
Adult Education – Basic Grants to States	84.002		\$ 349,597
Title I Grants to Local Educational Agencies	84.010		1,011,311
Special Education – Grants to States (Special Education Cluster)	84.027	\$ 984,148	
Special Education – Preschool Grants (Special Education Cluster)	84.173	<u>19,105</u>	
Total Special Education Cluster			<u>1,003,253</u>
Career and Technical Education: Basic grants to states	84.048		90,139
Supporting Effective Instruction State Grants	84.367		<u>159,890</u>
Total Department of Education			<u>2,614,190</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,776,520</u></u>

**NOTE 1 – BASIS OF PRESENTATION:**

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the County of Amherst, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

**NOTE 2 – FOOD DISTRIBUTION:**

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

**NOTE 3 – DE MINIMIS INDIRECT COST RATE:**

The County has not elected to use the de minimis 10% indirect cost rate.

**NOTE 4 – OUTSTANDING LOAN BALANCES:**

At June 30, 2019, the County had no outstanding loan balances requiring continuing disclosure.

COUNTY OF AMHERST, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **Two significant deficiencies** relating to the audit of the financial statements is reported in the Independent Auditor's 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<b><u>Name of Program:</u></b>	<b><u>CFDA #</u></b>
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Special Education – Grants to States (Special Education Cluster)	84.027
Special Education – Preschool Grants (Special Education Cluster)	84.173

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The County was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

**2019-001: Segregation of Duties (Significant Deficiency)**

*Condition:*

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to payroll, accounts receivable, cash disbursements, and journal entries for the Schools. A proper segregation of duties has not been established in functions related to accounts receivable and journal entries for the County. We noted the finance department started reviewing bank reconciliations prepared by the Treasurer's office as a compensating control.

(Continued)

**COUNTY OF AMHERST, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2019**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)**

**2019-001: Segregation of Duties (Significant Deficiency) (Continued)**

*Recommendation:*

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

*Management's Response:*

We agree that duties need to be further segregated and are making efforts to do so within our current staffing constraints.

**2019-002: Segregation of Duties – Information Technology (Significant Deficiency)**

*Condition:*

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. In addition to having normal IT system administrator rights to grant and change access to the network and financial systems, the process of processing, printing, and signing checks is able to be fully performed by only one IT employee. However, we noted that IT personnel cannot enter payroll records or update the Payroll Interoffice communication program and process records. IT also is responsible for creating positive pay files remitted to the bank and uploading direct deposit information for paychecks. We also noted there are system logs IT cannot modify that log changes made in the system and who made those changes.

*Recommendation:*

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

*Management's Response:*

During fiscal year 2019, the call back feature was implemented so that somebody other than the initiator must approve. Also, check stock is maintained in a locked cabinet within the Finance department now. Check stock is taken to IT when it is time to print checks.

(Continued)



**COUNTY OF AMHERST, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2019**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**D. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2019-003: Budget Appropriations**

*Condition:*

Expenditures exceeded budgeted appropriations in the health and welfare, education, and planning and community development functions in the General Fund for the year ended June 30, 2019.

*Recommendation:*

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the Board of Supervisors and the budget amended accordingly.

*Management's Response:*

Management is addressing budget issues within smaller funds that are presented as part of the General Fund so that they are complete and amended correctly in fiscal year 2020.

**2019-004: Annual Review of Access – Social Services**

*Condition:*

The Virginia Department of Social Services requires review of local employees with access to OASIS, VaCMS, ADAPT, and EAS to determine if they have a current access request form on file and that the form agrees to the system access. We noted in our testing that this review did not occur on one of the five employees selected and these employees had access to systems not on their access request form.

*Recommendations:*

The Local Security Officer and supervisors should perform and document annual reviews, ensuring that each employee's access request form matches the employee's actual access in the system and is appropriate given the employee's assigned job responsibilities.

*Management's Response:*

Management will monitor to ensure user access is appropriately reviewed annually.

**COUNTY OF AMHERST, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2019**

**D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)**

**2019-005: Social Services VDSS Acceptable Use Policy**

*Condition:*

The Virginia Department of Social Services requires all local departments of social services to update and review the Acceptable Use Policy every five years. We noted in our testing that this policy was last updated in 2012.

*Recommendations:*

Steps should be taken to ensure that the Acceptable Use Policy is updated and reviewed every five years.

*Management's Response:*

Management gave out new forms to employees to review and update after year end and will ensure that the form is updated and reviewed every five years.

**2019-006: Unclaimed Property**

*Condition:*

Localities are required to file an annual report for unclaimed property with the state Treasurer by November 1<sup>st</sup>. The County did not complete the annual report during fiscal year 2019.

*Recommendations:*

Steps should be taken to ensure that the report is completed annually and timely.

*Management's Response:*

Management stated that the unclaimed property report was not filed on time due to system issues with uploading the information. Management will take steps to ensure the report is filed timely in fiscal year 2020 and for all future years.