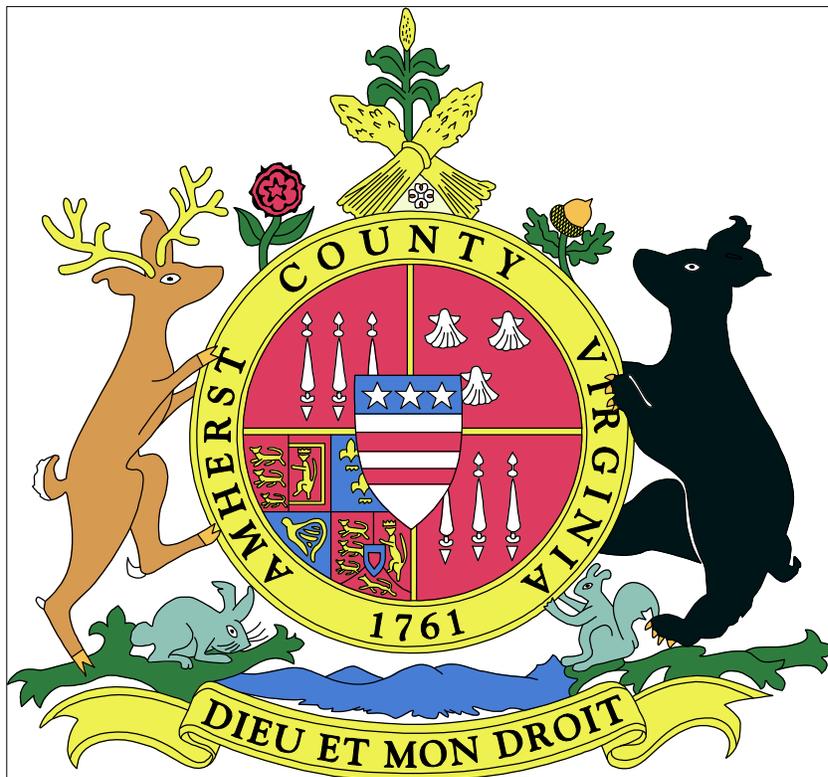


# County of Amherst, Virginia Comprehensive Annual Financial Report

Year Ended June 30, 2005





**COUNTY OF AMHERST, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2005**

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COUNTY OF AMHERST, VIRGINIA

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2005

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**COUNTY OF AMHERST, VIRGINIA**

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**BOARD OF SUPERVISORS**

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

**COUNTY SCHOOL BOARD**

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

**COUNTY SOCIAL SERVICES BOARD**

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

**COUNTY LIBRARY BOARD**

Jean Higginbotham, President  
Nelson C. Hyde  
James B. Young  
Stephen Witham, Vice-President  
Larry A. Langhans

**OTHER OFFICIALS**

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

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Amherst Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005, on our consideration of the County of Amherst, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Amherst, Virginia, basic financial statements. The introductory section, combining and individual fund financial statements, supporting schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Amherst, Virginia. The combining and individual nonmajor fund financial statements supporting schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 18, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Amherst, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005.

### **Financial Highlights**

#### **Government-wide Financial Statements**

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,254,950 (net assets). The County's business type activities assets exceeded its liabilities by \$12,624,748.

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues were in excess of expenditures by \$ 2,563 (Exhibit 4). The excess is contributed to the increase in sales tax receipts, PPTRA reimbursement increase, and the increase of interest earned on bank deposits.

➤ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$13,014,247 (Exhibit 4), an overall increase of \$1,506,063 in comparison with the prior year.

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

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

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

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

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

## **Overview of the Financial Statements (Continued)**

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

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

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

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

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

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

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

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Amherst County Service Authority is a component unit of the County of Amherst. The Authority's financial statements are shown as an enterprise fund in the County's fund statements. The Service Authority provides a centralized source for water and sewer services to County residents.

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

## Overview of the Financial Statements (Continued)

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$ 10,254,950 at the close of the most recent fiscal year.

#### County of Amherst's, Net Assets

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 20,444,138	\$ 19,347,575	\$ 6,150,568	\$ 2,810,321	\$ 26,594,706	\$ 22,157,896
Capital assets	<u>26,205,041</u>	<u>27,969,379</u>	<u>13,612,767</u>	<u>17,550,944</u>	<u>39,817,808</u>	<u>45,520,323</u>
Total assets	<u>\$ 46,649,179</u>	<u>\$ 47,316,954</u>	<u>\$ 19,763,335</u>	<u>\$ 20,361,265</u>	<u>\$ 66,412,514</u>	<u>\$ 67,678,219</u>
Long-term liabilities outstanding	\$ 25,679,820	\$ 27,493,726	\$ 6,520,027	\$ 6,712,811	\$ 32,199,847	\$ 34,206,537
Current liabilities	<u>10,714,409</u>	<u>11,054,667</u>	<u>618,560</u>	<u>1,129,272</u>	<u>11,332,969</u>	<u>12,183,939</u>
Total liabilities	<u>\$ 36,394,229</u>	<u>\$ 38,548,393</u>	<u>\$ 7,138,587</u>	<u>\$ 7,842,083</u>	<u>\$ 43,532,816</u>	<u>\$ 46,390,476</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 650,039	\$ 2,331,245	\$ 4,764,764	\$ 6,346,506	\$ 5,414,803	\$ 8,677,751
Restricted	50,204	1,241,093	588,306	1,572,430	638,510	2,813,523
Unrestricted	<u>9,554,708</u>	<u>5,196,224</u>	<u>7,271,678</u>	<u>4,600,246</u>	<u>16,826,386</u>	<u>9,796,470</u>
Total net assets	<u>\$ 10,254,950</u>	<u>\$ 8,768,562</u>	<u>\$ 12,624,748</u>	<u>\$ 12,519,182</u>	<u>\$ 22,879,698</u>	<u>\$ 21,287,745</u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets that is still outstanding represents 6% of total net assets. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Government-wide Financial Analysis (Continued)**

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The majority of these nets assets are to be used for solid waste convenience centers, and other capital improvements. Governmental Activities - Governmental activities increased the County's net assets by \$1,486,388. Key elements of this increase are as follows:

**County of Amherst, Virginia's Changes in Net Assets  
For the Years Ended June 30, 2005 and 2004**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Revenues:						
Program revenues:						
Charges for services	\$ 1,576,508	\$ 1,457,522	\$ 2,705,557	\$ 2,314,496	\$ 4,282,065	\$ 3,772,018
Operating grants and contributions	5,957,527	5,711,180	-	-	5,957,527	5,711,180
Capital grants and contributions	80,561	132,222	-	220,903	80,561	353,125
General revenues:						
General property taxes	14,776,240	14,645,233	-	-	14,776,240	14,645,233
Other local taxes	6,542,619	6,112,809	-	-	6,542,619	6,112,809
Use of money and property	600,215	411,475	31,513	18,631	631,728	430,106
C/VA non-categorical aid	2,261,781	2,379,828	-	-	2,261,781	2,379,828
Other general revenues	441,798	403,769	30,651	28,822	472,449	432,591
<b>Total revenues</b>	<b>\$ 32,237,249</b>	<b>\$ 31,254,038</b>	<b>\$ 2,767,721</b>	<b>\$ 2,582,852</b>	<b>\$ 35,004,970</b>	<b>\$ 33,836,890</b>
Expenses:						
General government administration	\$ 1,759,482	\$ 1,914,135	-	-	\$ 1,759,482	\$ 1,914,135
Judicial administration	1,188,600	1,132,335	-	-	1,188,600	1,132,335
Public safety	6,814,096	6,524,299	-	-	6,814,096	6,524,299
Public works	2,015,019	1,753,977	-	-	2,015,019	1,753,977
Health and welfare	3,485,737	3,183,397	-	-	3,485,737	3,183,397
Education	11,816,875	10,619,785	-	-	11,816,875	10,619,785
Parks, recreation, and cultural	1,059,533	1,015,333	-	-	1,059,533	1,015,333
Community development	1,744,841	1,042,401	-	-	1,744,841	1,042,401
Interest and other fiscal charges	866,678	1,039,583	-	-	866,678	1,039,583
Water and sewer	-	-	2,662,155	3,000,922	2,662,155	3,000,922
<b>Total expenses</b>	<b>\$ 30,750,861</b>	<b>\$ 28,225,245</b>	<b>\$ 2,662,155</b>	<b>\$ 3,000,922</b>	<b>\$ 33,413,016</b>	<b>\$ 31,226,167</b>
Change in net assets	\$ 1,486,388	\$ 3,028,793	\$ 105,566	\$ (418,070)	\$ 1,591,954	\$ 2,610,723
Net assets, July 1, 2004	8,768,562	5,739,769	12,519,182	12,937,252	21,287,744	18,677,021
Net assets, June 30, 2005	<u>\$ 10,254,950</u>	<u>\$ 8,768,562</u>	<u>\$ 12,624,748</u>	<u>\$ 12,519,182</u>	<u>\$ 22,879,698</u>	<u>\$ 21,287,744</u>

## **Government-wide Financial Analysis (Continued)**

Property taxes increased by \$131,007 during the year. Most of this increase is the product of general growth in assessments. Personal Property Tax Relief Act revenue is included in this analysis. The Commonwealth of Virginia reimbursement remained constant at the 70% in the current fiscal year.

Operating grants for governmental activities increased by \$246,347, mostly as a result of attaining recurring grant funds on the State level. Grants funds help to support activities and programs of three County functions: public safety, social services, and recreation.

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

## **Financial Analysis of the County's Funds**

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$13,014,247, an increase of \$1,506,063 in comparison with the prior year, *reference exhibit 10*. Approximately 55% of this total amount constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

### Proprietary funds

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

## **General Fund Budgetary Highlights**

Difference between the original budget and the final amended budget was an increase of \$2,403,176. Significant increases in expenditures are as follows:

- \$1,080,069 in increases for Capital Projects
- \$ 756,849 in increases for Public Safety
- \$ 333,814 in increases for Community Development

## **Capital Asset and Debt Administration**

Capital assets - The County's investment in capital assets totals \$26,205,041, the School Board's totals \$17,142,052 and the Service Authority's totals \$13,612,767 (net of accumulated depreciation), reference Note 6. This investment in capital assets includes infrastructure, buildings and improvements, and machinery and equipment. There were no major capital asset events during the current fiscal year.

Additional information on the County's capital assets can be found in note 6 of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$28,581,094. Of this amount \$21,331,094 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). There's a decrease in the County's total long-term obligations of \$1,748,056 during the current fiscal year.

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

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

- For the latest reporting period (June, 2005), the Virginia Employment Commission's non-seasonally adjusted unemployment rate for the United States is 5.0%, the Commonwealth of Virginia is 3.8%, and Region 2000 is 4.4%. The unemployment rate for Amherst County is 4.7%.
- Inflationary trends as measured by the United States Bureau of Labor Statistics in its Consumer Price Index (Southern Urban) increased in November 2004 to 4.5%. This inflation rate represents the best available information and can be used to infer inflationary trends for Amherst County and Region 2000.
- Residential growth from in-migration continues to increase and broaden the demand for locally provided services such as schools, emergency services, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries. For FY2005, there were 156 building permits issued for new dwelling units in Amherst County.
- The combination of an increasing demand for services responsive to population growth or citizen support coupled with needed capital investments resulted in an increased real estate tax rate for FY2005

## **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 18,707,939	\$ 1,404,122	\$ 20,112,061	\$ 1,293,327
Restricted assets	-	588,306	588,306	-
Receivables (net of allowance for uncollectibles):				
Property taxes	426,421	-	426,421	-
Accounts receivable	297,373	237,554	534,927	16,217
Inventory	-	151,078	151,078	-
Due from primary government	-	-	-	2,570,394
Due from other governments	1,012,405	-	1,012,405	950,805
<b>Total Current Assets</b>	<b>\$ 20,444,138</b>	<b>\$ 2,381,060</b>	<b>\$ 22,825,198</b>	<b>\$ 4,830,742</b>
Noncurrent Assets:				
Capital assets:				
Land	\$ 1,522,880	\$ 611,843	\$ 2,134,723	\$ 309,826
Buildings and equipment, net of depreciation	24,091,925	10,840,169	34,932,094	16,760,628
Construction in progress	590,236	2,160,755	2,750,991	71,598
Other assets	-	3,769,508	3,769,508	-
<b>Total Noncurrent Assets</b>	<b>\$ 26,205,041</b>	<b>\$ 17,382,275</b>	<b>\$ 43,587,316</b>	<b>\$ 17,142,052</b>
<b>Total Assets</b>	<b>\$ 46,649,179</b>	<b>\$ 19,763,335</b>	<b>\$ 66,412,514</b>	<b>\$ 21,972,794</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 366,921	\$ 389,605	\$ 756,526	\$ 62,834
Deferred revenue	4,178,409	-	4,178,409	-
Due to component unit	2,570,394	-	2,570,394	3,589,453
Accrued interest payable	551,400	-	551,400	9,218
Current portion of long-term obligations	3,047,285	228,955	3,276,240	98,640
<b>Total Current Liabilities</b>	<b>\$ 10,714,409</b>	<b>\$ 618,560</b>	<b>\$ 11,332,969</b>	<b>\$ 3,760,145</b>
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	25,679,820	6,520,027	32,199,847	566,449
<b>Total Liabilities</b>	<b>\$ 36,394,229</b>	<b>\$ 7,138,587</b>	<b>\$ 43,532,816</b>	<b>\$ 4,326,594</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 650,039	\$ 4,764,764	\$ 5,414,803	\$ 16,789,663
Restricted for:				
E-911	50,204	588,306	638,510	-
Unrestricted assets	9,554,708	7,271,678	16,826,386	856,537
<b>Total Net Assets</b>	<b>\$ 10,254,950</b>	<b>\$ 12,624,748</b>	<b>\$ 22,879,698</b>	<b>\$ 17,646,200</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 46,649,179</b>	<b>\$ 19,763,335</b>	<b>\$ 66,412,514</b>	<b>\$ 21,972,794</b>

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

COUNTY OF AMHERST, VIRGINIA

Statement of Activities  
 Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,759,482	\$ -	\$ 462,548	\$ -
Judicial administration	1,188,600	247,345	481,622	-
Public safety	6,814,096	640,868	2,597,599	-
Public works	2,015,019	472,573	8,781	-
Health and welfare	3,485,737	-	2,238,742	-
Education	11,816,875	-	-	-
Parks, recreation, and cultural	1,059,533	57,236	168,235	-
Community development	1,744,841	158,486	-	80,561
Interest on long-term debt	866,678	-	-	-
Total government activities	<u>\$ 30,750,861</u>	<u>\$ 1,576,508</u>	<u>\$ 5,957,527</u>	<u>\$ 80,561</u>
Business type activities:				
Water and sewer	\$ 2,662,155	\$ 2,705,557	\$ -	\$ -
Total primary government	<u>\$ 33,413,016</u>	<u>\$ 4,282,065</u>	<u>\$ 5,957,527</u>	<u>\$ 80,561</u>
<b>COMPONENT UNITS:</b>				
School Board	<u>\$ 38,100,240</u>	<u>\$ 1,038,936</u>	<u>\$ 26,212,165</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business license taxes				
Motor vehicle license taxes				
Meals tax				
E-911 taxes				
Taxes on recordation and wills				
Other local taxes				
Unrestricted revenues from use of money and property				
Grants and contributions not restricted to specific programs				
County contribution to School Board, unrestricted				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

**Net (Expense) Revenue  
and Changes in Net Assets**

Primary Government			Component Unit School Board
Governmental Activities	Business Type Activities	Total	
\$ (1,296,934)	\$ -	\$ (1,296,934)	\$ -
(459,633)	-	(459,633)	-
(3,575,629)	-	(3,575,629)	-
(1,533,665)	-	(1,533,665)	-
(1,246,995)	-	(1,246,995)	-
(11,816,875)	-	(11,816,875)	-
(834,062)	-	(834,062)	-
(1,505,794)	-	(1,505,794)	-
(866,678)	-	(866,678)	-
<u>\$ (23,136,265)</u>	<u>\$ -</u>	<u>\$ (23,136,265)</u>	<u>\$ -</u>
\$ -	\$ 43,402	\$ 43,402	\$ -
<u>\$ -</u>	<u>\$ 43,402</u>	<u>\$ (23,092,863)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,849,139)</u>
\$ 14,776,240	\$ -	\$ 14,776,240	\$ -
2,261,019	-	2,261,019	-
1,585,741	-	1,585,741	-
448,661	-	448,661	-
703,770	-	703,770	-
774,352	-	774,352	-
427,985	-	427,985	-
235,104	-	235,104	-
105,987	-	105,987	-
600,215	31,513	631,728	116,283
2,261,781	-	2,261,781	-
-	-	-	11,237,869
441,798	30,651	472,449	370,531
<u>\$ 24,622,653</u>	<u>\$ 62,164</u>	<u>\$ 24,684,817</u>	<u>\$ 11,724,683</u>
<u>\$ 1,486,388</u>	<u>\$ 105,566</u>	<u>\$ 1,591,954</u>	<u>\$ 875,544</u>
<u>8,768,562</u>	<u>12,519,182</u>	<u>21,287,744</u>	<u>16,770,656</u>
<u>\$ 10,254,950</u>	<u>\$ 12,624,748</u>	<u>\$ 22,879,698</u>	<u>\$ 17,646,200</u>

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## **Fund Financial Statements**

Balance Sheet - Governmental Funds  
At June 30, 2005

<b>ASSETS</b>	<b>Governmental Fund Types</b>
Cash and cash equivalents	\$ 18,707,939
Receivables (Net of allowances for uncollectibles):	
Taxes, including penalties	426,421
Accounts	297,373
Due from other governmental units	<u>1,012,405</u>
Total	<u>\$ 20,444,138</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 366,921
Deferred revenue	4,492,576
Due to component unit	<u>2,570,394</u>
Total liabilities	<u>\$ 7,429,891</u>
<b>FUND BALANCES</b>	
Unreserved:	
Designated for construction projects	\$ 288,380
Designated for E-911	50,204
Designated for subsequent expenditures	2,672,787
Undesignated	<u>10,002,876</u>
Total fund balances	\$ 13,014,247
Detailed explanation of adjustments from fund statements to government-wide statement of net assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	26,205,041
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(551,400)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	314,167
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	<u>(28,727,105)</u>
Net assets of general government activities	<u>\$ 10,254,950</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended June 30, 2005

	<b>Governmental Fund Types</b>
Revenues:	
General property taxes	\$ 14,807,688
Other local taxes	6,542,619
Permits, privilege fees and regulatory licenses	189,507
Fines and forfeitures	212,432
Revenue from use of money and property	600,215
Charges for services	1,174,569
Miscellaneous	441,798
Recovered costs	155,483
Intergovernmental:	
Commonwealth	6,579,016
Federal	<u>1,720,853</u>
Total revenues	<u>\$ 32,424,180</u>
Expenditures:	
Current:	
General government administration	\$ 1,453,612
Judicial administration	1,116,229
Public safety	6,777,563
Public works	1,714,980
Health and welfare	3,356,906
Education	10,490,854
Parks, recreation, and cultural	1,058,658
Community development	734,565
Nondepartmental	421,510
Capital projects	1,297,973
Debt service:	
Principal retirement	2,776,057
Interest and other fiscal charges	<u>1,222,710</u>
Total expenditures	<u>\$ 32,421,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,563</u>
Other financing sources (uses):	
Proceeds from sale of property	\$ 383,500
Long-term debt issued	<u>1,120,000</u>
Total other financing sources (uses)	<u>\$ 1,503,500</u>
Net change in fund balances	\$ 1,506,063
Fund balances at beginning of year	<u>11,508,184</u>
Fund balances at end of year	<u><u>\$ 13,014,247</u></u>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Funds  
For the Year Ended June 30, 2005

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	1,506,063
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital outlay	\$ 1,331,904	
Depreciation expense	<u>(1,312,200)</u>	19,704
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,460,199)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net assets		(323,845)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred revenue - taxes.		(31,448)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:		
Principal retired on notes payable	\$ 298,350	
Principal retired on County general obligation bonds	605,800	
Principal retired on County capital leases	139,063	
Principal retired on County revenue bonds	440,000	
Principal retired on School general obligation bonds	1,199,347	
Principal retired on School literary fund loans	352,975	
Long-term debt issued	<u>(1,120,000)</u>	1,915,535
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Decrease in interest payable	\$ 28,057	
Increase in accrued leave	<u>(167,479)</u>	<u>(139,422)</u>
Change in net assets of governmental activities	\$	<u><u>1,486,388</u></u>

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

Statement of Net Assets - Proprietary Fund  
At June 30, 2005

	<u>Business Type Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,404,122
Restricted assets	588,306
Accounts receivable	237,554
Inventory	<u>151,078</u>
Total current assets	<u>\$ 2,381,060</u>
Noncurrent assets:	
Restricted assets	<u>\$ 1,000,000</u>
Capital Assets:	
Land	\$ 611,843
Construction in progress	2,160,755
Buildings and equipment, net of depreciation	<u>10,840,169</u>
Other Assets	<u>\$ 2,769,508</u>
Total noncurrent assets	<u>\$ 17,382,275</u>
Total Assets	<u><u>19,763,335</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 389,605
Current portion of long-term obligations	<u>228,955</u>
Total current liabilities	<u>\$ 618,560</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>\$ 6,520,027</u>
Total Liabilities	<u>7,138,587</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 4,764,764
Restricted for construction, debt service, and other purposes	588,306
Unrestricted assets	<u>7,271,678</u>
Total Net Assets	<u>\$ 12,624,748</u>
Total Liabilities and Net Assets	<u><u>\$ 19,763,335</u></u>

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

Statement of Revenues, Expenses and Changes in Net Assets --  
 Proprietary Fund  
 Year Ended June 30, 2005

	<u>Proprietary Fund Enterprise</u>
Operating revenues:	
Water	\$ 1,655,670
Sewer	539,428
Other	<u>90,254</u>
Total revenues	\$ <u>2,285,352</u>
Operating expenses:	
Source of supply	\$ 185,424
Water treatment	356,041
Water distribution	168,169
Sewer line	16,174
Sewage pumping	34,176
Sewage treatment	134,893
Customer accounting	189,741
Administrative and general	534,319
Depreciation and amortization	<u>491,467</u>
Total operating expenses	\$ <u>2,110,404</u>
Operating income (loss)	\$ <u>174,948</u>
Non-operating revenues (expenses)	
Interest income	\$ 31,513
Connection and availability charges	281,819
Line extension and other fees	138,386
Interest expense	(255,313)
Capacity payment - City of Lynchburg	(220,677)
Miscellaneous outlays and connection expenses	(75,761)
Other nonoperating revenues	<u>30,651</u>
Total nonoperating revenues (expenses)	\$ <u>(69,382)</u>
Net income (loss)	\$ 105,566
Net assets at beginning of year	<u>12,519,182</u>
Net assets at end of year	\$ <u><u>12,624,748</u></u>

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

Statement of Cash Flows -  
 Proprietary Fund  
 Year Ended June 30, 2005

	<u>Proprietary Fund</u>
	<u>Enterprise</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,295,417
Payments to suppliers	(939,790)
Payments to employees	<u>(805,035)</u>
Net cash provided by (used in) operating activities	<u>\$ 550,592</u>
Cash flows from capital and related financing activities:	
Additions to utility plant	\$ (501,048)
Retirement of debt	(370,000)
Interest paid on debt	(255,313)
Connection and availability fees	281,819
Line extension and other fees	138,386
Capacity payments - City of Lynchburg	(220,677)
Other nonoperating income	30,651
Miscellaneous connection expenses	<u>(75,761)</u>
Net cash used in capital and related financing activities	<u>\$ (971,943)</u>
Cash flows from investing activities:	
Interest earned	\$ <u>31,513</u>
Net cash provided by investing activities	<u>\$ 31,513</u>
Increase in cash and cash equivalents	\$ (389,838)
Cash and cash equivalents at beginning of year	<u>3,382,266</u>
Cash and cash equivalents at end of year	<u>\$ 2,992,428</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating (loss)	\$ 174,948
Adjustments to reconcile net loss to net cash provided by operations:	
Depreciation	491,467
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	10,065
Inventory	29,359
(Decrease) increase in:	
Accounts payable and accrued expenses	<u>(155,247)</u>
Net cash provided by operating activities	<u>\$ 550,592</u>

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

Statement of Fiduciary Net Assets  
 At June 30, 2005

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>352,684</u>
Total assets	\$ <u><u>352,684</u></u>
<b>LIABILITIES</b>	
Amounts held for others	\$ <u><u>352,684</u></u>

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

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005

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

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

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

#### Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

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

#### Government-wide and Fund Financial Statements

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

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

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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

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

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

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

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

#### **A. Financial Reporting Entity**

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

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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#### **B. Individual Component Unit Disclosures**

##### *Blended Component Units*

##### Blended Component Unit - Amherst County Service Authority

The Amherst County Service Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a calendar year which ends December 31. The Authority's December 31, 2004 financial report is presented as an enterprise fund in the County's financial statements.

##### Discretely Presented Component Units - Amherst County School Board

The School Board members are appointed by the County's Board of Supervisors and are responsible for the operations of the County's school system within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its County budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2005.

##### Other Related Organizations Not Included in the County Financial Report

##### Amherst Industrial Development Authority

The Industrial Development Authority is excluded because the County exercises no oversight responsibilities nor has accountability for the fiscal affairs of the Authority. The County nominates members for the board however final appointment of board members rest with The Town of Amherst. The County is also not liable for any obligations of the authority.

##### Other Related Organizations

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

None

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

#### 1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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

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

###### a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

##### C. Proprietary Funds

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

###### Enterprise Funds

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports the following major enterprise fund:

Amherst County Service Authority - This fund is used to account for sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

Fiduciary Funds (Trust and Agency Funds) account for assets held be the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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#### D. Budgets and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the line item level. The appropriation for each department can be revised only by the Board of Supervisors. However, the School Board is authorized to transfer budgeted amounts within the School system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

#### E. Cash and Cash Equivalents

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

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

#### G. Receivables and Payables

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

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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**G. Receivables and Payables: (Continued)**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$37,828 at June 30, 2005 is composed of \$30,166 in property taxes and \$7,162 in utility accounts.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

**H. Inventory**

Inventory is reported at cost.

**I. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2005 totaled \$68,497.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Infrastructure	20-40
Vehicles	5
Office and computer equipment	5
Buses	12

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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#### J. Compensated Absences

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

#### K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### L. Fund Equity

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

#### M. Retirement Plan

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

#### N. Use of Estimates

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

#### O. Net Assets

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

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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### Note 2—Deposits and Investments:

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#### Deposits

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

#### Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

#### Custodial Credit Risk (Investments)

The County's investments at June 30, 2005 were held by the County or in the County's name by the County's custodial banks.

#### Credit Risk of Debt Securities

The County/City/Town's rated debt investments as of June 30, 2005 were rated by rating agency's name and/or an equivalent national rating organization and the ratings are presented below using the rating agency's name rating scale.

<u>Locality's Rate Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
SNAP	\$ 855,660
U.S. Government & Securities Money Market Funds	<u>318,758</u>
Total	<u>\$ 1,174,418</u>

#### External Investment Pools

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

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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**Deposits—Amherst County Service Authority**

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

**Note 3—Property Taxes Receivable:**

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Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on June 5 and December 5. The County bills and collects its own property taxes.

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

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	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local sales tax	\$ 421,156	\$ -
Public assistance and welfare administration	43,134	-
Motor vehicle carriers tax	57,311	-
Commonwealth Attorney	19,420	-
Sheriff	170,317	-
Commissioner of Revenue	8,879	-
Treasurer	9,795	-
Clerk	18,673	-
Comprehensive Services Act	143,618	-
State sales tax	-	729,070
Federal Government:		
School Grants	-	221,735
Public assistance and welfare administration	91,781	-
Criminal Justice Grants	28,321	-
Total	<u>\$ 1,012,405</u>	<u>\$ 950,805</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

<u>Fund</u>	<u>Due to Component Unit</u>	<u>Due From Primary Government</u>
General	\$ 2,570,394	\$ -
School	<u>-</u>	<u>2,570,394</u>
Totals	<u>\$ 2,570,394</u>	<u>\$ 2,570,394</u>

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Primary Government:				
Land	\$ 1,529,496	\$ -	\$ 6,616	\$ 1,522,880
Buildings	13,256,690	1,161,139	375,383	14,042,446
Equipment	2,992,101	323,067	28,275	3,286,893
Infrastructure	-	954,507	-	954,507
Jointly owned assets	16,870,114	2,279,999	1,915,208	17,234,905
Jointly owned construction in progress	2,157,940	712,295	2,279,999	590,236
Construction in progress	<u>1,819,102</u>	<u>289,246</u>	<u>2,108,348</u>	<u>-</u>
Total	\$ 38,625,443	\$ 5,720,253	\$ 6,713,829	\$ 37,631,867
Less accumulated depreciation	<u>10,656,064</u>	<u>1,312,200</u>	<u>541,438</u>	<u>11,426,826</u>
Net capital assets	<u>\$ 27,969,379</u>	<u>\$ 4,408,053</u>	<u>\$ 6,172,391</u>	<u>\$ 26,205,041</u>
Component Unit-School Board				
Land	\$ 309,826	\$ -	\$ -	\$ 309,826
Buildings	21,098,373	60,122	-	21,158,495
Equipment Vehicles	4,570,638	453,684	-	5,024,322
Construction in progress	-	131,720	60,122	71,598
Jointly owned assets	<u>4,774,968</u>	<u>1,915,208</u>	<u>-</u>	<u>6,690,176</u>
Total	\$ 30,753,805	\$ 2,560,734	\$ 60,122	\$ 33,254,417
Less accumulated depreciation	<u>14,570,211</u>	<u>1,542,154</u>	<u>-</u>	<u>16,112,365</u>
Net capital assets	<u>\$ 16,183,594</u>	<u>\$ 1,018,580</u>	<u>\$ 60,122</u>	<u>\$ 17,142,052</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 6—Capital Assets: (Continued)**

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

Governmental activities:		
General government	\$	95,725
Judicial administration		98,013
Public safety		376,982
Public works		122,538
Health and welfare		16,913
Education		578,117
Parks, recreation and cultural		23,912
Community development		-
Total	\$	<u>1,312,200</u>
Component Unit-School Board	\$	<u>1,087,145</u>
Amherst County Service Authority	\$	<u>475,761</u>

Property and Equipment is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation on property and equipment commences on the first day of the fiscal year following the date initially placed in service. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method:

Water/Sewer System	15-50 years
Building	50 years
Equipment	5-15 years

**Amherst County Service Authority**

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

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Land and land rights	\$ 611,843	\$ -	\$ -	\$ 611,843
Buildings	77,800	6,735	-	84,535
Utility plant	20,803,400	174,463	-	20,977,863
Equipment	857,741	8,420	-	866,161
Construction in progress	<u>1,846,587</u>	<u>314,168</u>	-	<u>2,160,755</u>
Sub-total	\$ 24,197,371	\$ 503,786	\$ -	\$ 24,701,157
Less accumulated depreciation	<u>10,612,629</u>	<u>475,761</u>	-	<u>11,088,390</u>
Net capital assets	<u>\$ 13,584,742</u>	<u>\$ 28,025</u>	<u>\$ -</u>	<u>\$ 13,612,767</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Other Assets – Amherst County Service Authority:**

Other assets consist of bond issue costs (\$182,260), the investment in the City of Lynchburg Sewage facilities \$2,587,248 and restricted cash (\$1,000,000) at June 30, 2005:

**A. Bond Issue Costs:**

Bond issue costs are amortized over the life of the bond issue, or 10 or 30 years, using the straight-line method and costs are summarized as follows:

	<u>Amortization Costs</u>	<u>Accumulated Amortization January 1, 2004</u>	<u>Current Year Amortization</u>	<u>Total</u>	<u>Net Book Value</u>
2000 Issue	\$ 210,303	\$ 21,033	\$ 7,010	\$ 28,043	\$ 182,260
1994 Issue	95,619	86,923	8,696	95,619	-
Total	<u>\$ 305,922</u>	<u>\$ 107,956</u>	<u>\$ 15,706</u>	<u>\$ 123,662</u>	<u>\$ 182,260</u>

**B. Investment in City of Lynchburg Sewage Facilities:**

The Authority invests in various City of Lynchburg Sewage Facilities Projects and agrees to repay the City for its applicable ownership interest annually.

	<u>2004</u>
Balance, beginning of year	\$ 2,768,237
Increases	-
Decreases	<u>180,989</u>
Balance, end of year	<u>\$ 2,587,248</u>

**C. Restricted Cash:**

At December 31, 2004 restricted assets consist of the following:

	<u>Current Assets</u>	<u>Non-current Assets</u>
Rate stabilization fund CD	\$ -	\$ 1,000,000
1994 Debt Service Reserve	252,512	-
2000 Debt Service Reserve	335,783	-
2000 Interest Reserve	<u>11</u>	<u>-</u>
Totals	<u>\$ 588,306</u>	<u>\$ 1,000,000</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 8—Long-Term Obligations:**

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

Year Ending June 30,	Notes Payable		General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 164,633	\$ 37,365	\$ 598,600	\$ 115,230	\$ 460,000	\$ 133,560
2007	170,111	31,887	585,800	95,278	480,000	114,056
2008	175,771	26,227	567,500	75,460	500,000	93,704
2009	181,619	20,379	553,900	55,785	515,000	72,504
2010	187,662	14,336	540,100	36,262	545,000	50,668
2011	193,906	8,092	560,900	16,340	205,000	27,560
2012	99,359	1,639	-	-	220,000	18,868
2013	-	-	-	-	225,000	9,540
Total	\$ <u>1,173,061</u>	\$ <u>139,925</u>	\$ <u>3,406,800</u>	\$ <u>394,355</u>	\$ <u>3,150,000</u>	\$ <u>520,460</u>

Year Ending June 30,	School General Obligation Bonds		School Literary Fund Loans		General Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,246,104	\$ 820,332	\$ 352,975	\$ 64,589	\$ 140,334	\$ 9,756
2007	1,228,249	745,215	300,000	54,000	143,513	6,577
2008	1,215,509	680,664	300,000	45,000	146,764	3,326
2009	1,198,300	615,275	300,000	36,000	-	-
2010	1,151,660	550,586	300,000	27,000	-	-
2011	1,115,224	488,276	300,000	18,000	-	-
2012	1,088,351	428,340	300,000	9,000	-	-
2013	1,061,004	370,383	-	-	-	-
2014	1,063,798	312,709	-	-	-	-
2015	1,046,739	255,061	-	-	-	-
2016	1,049,833	189,186	-	-	-	-
2017	848,089	145,908	-	-	-	-
2018	576,515	107,820	-	-	-	-
2019	580,119	78,117	-	-	-	-
2020	383,916	53,635	-	-	-	-
2021	387,909	34,754	-	-	-	-
2022	190,000	20,951	-	-	-	-
2023	165,000	12,388	-	-	-	-
2024	120,000	5,452	-	-	-	-
2025	55,000	1,265	-	-	-	-
Total	\$ <u>15,771,319</u>	\$ <u>5,916,317</u>	\$ <u>2,152,975</u>	\$ <u>253,589</u>	\$ <u>430,611</u>	\$ <u>19,659</u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2005:

	<b>Balance Outstanding July 1, 2004</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Outstanding June 30, 2005</b>	<b>Amount Due Within One Year</b>
County notes payable	\$ 1,471,411	\$ 1,258,600	\$ 1,556,950	\$ 1,173,061	\$ 164,633
County revenue bonds	3,590,000	-	440,000	3,150,000	460,000
County general obligation bonds	4,012,600	-	605,800	3,406,800	598,600
Landfill closure and post-closure liability	1,795,953	-	-	1,795,953	-
Compensated absences	678,907	167,479	-	846,386	84,639
School general obligation bonds	15,850,666	1,120,000	1,199,347	15,771,319	1,246,104
School literary fund loans	2,505,950	-	352,975	2,152,975	352,975
County capital leases	569,674	-	139,063	430,611	140,334
<b>Total</b>	<b>\$ 30,475,161</b>	<b>\$ 2,546,079</b>	<b>\$ 4,294,135</b>	<b>\$ 28,727,105</b>	<b>\$ 3,047,285</b>

Details of Long-term Obligations:

	<b>Amount Outstanding</b>
<u>County General Obligation Bonds/Loans:</u>	
\$2,262,600, issued December 18, 2003, maturing annually in various installments through July 15, 2010; interest at 2.47% payable semiannually	\$ 1,906,800
\$3,500,000 issued January 1, 1996, maturing annually in installments of \$250,000 interest at an average rate of 4.49%, payable semiannually	<u>1,500,000</u>
Total County general obligation bonds	\$ <u>3,406,800</u>
<u>County Notes Payable:</u>	
\$1,258,600 issued August 20, 2004, maturing in semi-annual installments of principal and interest of \$100,999 on July 1, and January 1, through 2012, interest at 3.30%	\$ <u>1,173,061</u>
<u>Revenue Bonds:</u>	
\$4,015,000 IDA Public Facility Lease Revenue Note Series 2001 issued December 20, 2001, maturing in various installments through January 15, 2013, interest payable semi-annually at 4.24%	\$ <u>3,150,000</u>

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>General Capital Leases:</u>	
\$343,607 capital lease obligation payable in annual installments of \$71,782 through August 15, 2007, interest at 2.12%	\$ 206,528
\$297,141 capital lease obligation payable in annual installments of \$78,308 through July 15, 2007, interest at 2.40%	<u>224,083</u>
Total capital leases	<u>\$ 430,611</u>
<u>School General Obligation Bonds:</u>	
\$1,315,000 issued November 6, 2003, maturing annually in various installments through July 15, 2024, interest payable semi-annually at rates ranging from 3.1% to 5.35%	\$ 1,245,000
\$3,500,000 issued November 18, 1993, maturing annually in various installments through December 15, 2013; interest various between 4.475% and 5.0% semiannually	830,000
\$5,500,000, issued May 15, 1996, maturing annually in installments of \$275,000 through July 15, 2016, interest payable semiannually at 5.57%	3,300,000
\$2,000,000 issued April 30, 1998, maturing in principal annual installments of \$100,000 through July 15, 2018, interest payable semiannually at 4.95%	1,400,000
\$550,000, issued November 15, 2001, maturing annually in various installments through July 15, 2021; interest payable semi-annually at rates between 3.10% and 5.25%	460,000
\$2,000,000, issued April 30, 1999, maturing in principal annual installments of \$100,000 through July 15, 2019, interest payable at 4.73%	1,400,000
\$3,351,287 issued November 16, 2000, maturing annually in various installments through July 15, 2020, interest payable at 5.15%	2,766,319

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>
<u>School General Obligation Bonds: (Continued)</u>	
\$890,000, issued January 3, 1994, maturing annually in various installments through December 15, 2010; interest payable semi-annually at rates between 6.85% and 7.57%	\$ 185,000
\$4,000,000 issued May 18, 1995, maturing annually in installments of \$200,000 each through July 15, 2015, interest payable semi-annually at rates between 5.4% and 5.975%	2,200,000
\$1,120,000 issued November 10, 2004, maturing annually in various installments through July 15, 2024, interest payable semi-annually at rates ranging from 4.1% to 5.6%	1,120,000
\$965,000 issued November 7, 2002, maturing annually in various installments through July 15, 2022, interest payable semi-annually at rates ranging from 2.35% to 7.85%	<u>865,000</u>
Total school general obligation bonds	<u>\$ 15,771,319</u>
<u>School State Literary Fund Loans:</u>	
\$1,059,527, issued June 15, 1986, due in annual installments of \$52,975 through June 15, 2006, interest at 3%	\$ 52,975
\$2,500,000, issued July 15, 1989, due in annual installments of \$125,000 through October 1, 2011, interest at 3%	875,000
\$3,500,000, issued January 15, 1992, due in annual installments of \$175,000 through February 15, 2012, interest at 3%	<u>1,225,000</u>
Total State Literary Fund Loans	<u>\$ 2,152,975</u>
Landfill closure and postclosure costs	<u>\$ 1,795,953</u>
Accrued leave	<u>\$ 846,386</u>
Total long-term obligations	<u><u>\$ 28,727,105</u></u>

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

**Component Unit School Board:**

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

Year Ending June 30,	Capital Lease	
	Principal	Interest
2006	\$ 67,370	\$ 9,619
2007	67,955	9,035
2008	70,109	6,881
2009	72,331	4,658
2010	<u>74,624</u>	<u>2,366</u>
Total	<u>\$ 352,389</u>	<u>\$ 32,559</u>

The following is a summary of changes in long-term obligation transactions for fiscal year ended June 30, 2005:

	Balance Outstanding July 1, 2004	Increases	Decreases	Balance Outstanding June 30, 2005	Amount Due Within One Year
School capital leases	\$ -	\$ 352,389	\$ -	\$ 352,389	\$ 67,370
School compensated absences	<u>270,201</u>	<u>42,499</u>	<u>-</u>	<u>312,700</u>	<u>31,270</u>
Total	<u>\$ 270,201</u>	<u>\$ 394,888</u>	<u>\$ -</u>	<u>\$ 665,089</u>	<u>\$ 98,640</u>

Details of Long-term Obligations:

Capital Leases:

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

\$ 352,389

Accrued leave

\$ 312,700

Total long-term obligations

\$ 665,089

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

**Amherst County Service Authority:**

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Authority for the year ended December 31, 2004:

	<u>Revenue Bonds</u>	<u>Notes</u>	<u>Compensated Absences</u>	<u>Total</u>
Total outstanding, January 1, 2004	\$ 4,470,000	\$ 2,768,237	\$ 56,528	\$ 7,294,765
Additions	\$ -	\$ -	\$ 5,206	\$ 5,206
Retirements:				
Bonds	\$ 370,000	\$ -	\$ -	\$ 370,000
Notes	-	180,989	-	180,989
Total retirements	\$ 370,000	\$ 180,989	\$ -	\$ 550,989
Total outstanding December 31, 2004	\$ 4,100,000	\$ 2,587,248	\$ 61,734	\$ 6,748,982
Current Portion	\$ 75,000	\$ 147,782	\$ 6,173	\$ 228,955

Details of Long-Term Obligations Outstanding:

Revenue Bonds:

\$4,300,000, issued December 28, 2000 due in annual installments ranging from \$65,000 to \$285,000 through December 15, 2030, interest payable semi-annually at 5.95% \$ 4,100,000

Long-Term Notes:

\$421,819 issued in 1993, due in annual principal installments of \$9,736 through June 1, 2023 interest at 5.5% \$ 184,980

\$196,993 issued in 1995, due in annual principal installments of \$9,850 through June 1, 2015, interest at 5.96% 108,350

\$747,643 issued in 1998, due in annual principal installments of \$21,806 through June 1, 2017, interest at 3.5% 501,546

\$1,996,292 issued in 2001, due in annual principal installments of \$93,078 through June 1, 2017 1,489,335

\$322,159 issued in 2002, due in annual installments of \$23,803 through June 1, 2021 303,037

Total notes payable \$ 2,587,248

Compensated absences \$ 61,734

Total long-term obligations outstanding \$ 6,748,982

COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

**Amherst County Service Authority: (Continued)**

Details of Long-Term Obligations Outstanding: (Continued)

<u>Year Ending December 31,</u>	<u>Revenue Bonds</u>		<u>Long-Term Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 75,000	\$ 241,663	\$ 147,782	\$ 60,044
2006	75,000	237,913	148,252	58,338
2007	80,000	234,125	148,739	52,616
2008	85,000	230,045	149,243	48,877
2009	90,000	225,668	149,764	45,120
2010	95,000	220,988	150,304	41,344
2011	100,000	216,000	150,863	37,549
2012	105,000	210,000	151,442	33,735
2013	110,000	203,700	152,041	29,901
2014	115,000	197,100	152,662	26,045
2015	125,000	190,200	153,304	20,171
2016	135,000	182,700	144,119	18,266
2017	140,000	174,600	144,807	17,159
2018	150,000	166,200	145,520	13,656
2019	155,000	157,200	146,258	10,220
2020	165,000	147,900	147,022	6,745
2021	175,000	138,000	54,818	611
2022	185,000	127,500	31,542	-
2023	195,000	116,400	31,542	-
2024	210,000	104,700	21,806	-
2025	220,000	92,100	21,806	-
2026	235,000	78,900	21,806	-
2027	250,000	64,800	21,806	-
2028	265,000	49,800	-	-
2029	280,000	33,900	-	-
2030	285,000	17,100	-	-
Totals	\$ 4,100,000	\$ <u>4,059,202</u>	\$ 2,587,248	\$ <u>520,397</u>
Less current portion	<u>(75,000)</u>		<u>(147,782)</u>	
Total long-term obligations	\$ <u>4,025,000</u>		\$ <u>2,439,466</u>	

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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In accordance with GASB Statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from outstanding claims and judgments and compensated absences. No benefits or pay is received for unused sick leave upon termination except for employees of the Department of Social Services who are paid sick leave at termination if employed by the agency for over five years. Accumulated vacation up to thirty six days is paid upon termination. The Primary Government has outstanding accrued vacation and sick leave pay totaling \$846,386. The Service Authority has outstanding accrued vacation and sick leave pay totaling \$61,734 in the enterprise fund. The School Board has outstanding accrued vacation and sick leave pay totaling \$312,700 in the Component Unit Long-term Debt Account Group.

### **Note 10—Defined Benefit Pension Plan:**

---

#### **A. Plan Description**

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credit service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issued a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

#### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County, and School Board non-professional employees and Authority contribution rates for the fiscal year ended 2004 were 7.50% and 1.00% and 1.00% of annual covered payroll, respectively.

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

**B. Funding Policy: (Continued)**

The School Board’s professional employees contributed \$2,112,982, \$1,586,333, and, \$1,468,763 to the teacher cost-sharing pool for the fiscal years ended June 30, 2005, 2004 and 2003 respectively and these contributions represented 11.03%, 8.77%, and 8.77% respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year ended 2005, the County’s annual pension cost of \$752,067 was equal to the County’s required and actual contributions. The required contributions were determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

For fiscal year ended 2005, the County School Board’s annual pension cost for the Board’s non-professional employees was \$99,558 which was equal to the Board’s required and actual contributions. The required contributions were determined as a part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

For calendar year ended 2004, the Authority’s annual pension cost of \$20,126 was equal to the Board’s required and actual contributions. The required contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal cost method.

	<u>County</u>	<u>Non-Professional School Board</u>	<u>Service Authority</u>
Valuation date	June 30, 2004	June 30, 2004	June 30, 2003
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate	3%	3%	3%
Remaining amortization period	13 Years	11 Years	10 Years
Asset valuation method	Modified market	Modified market	Modified market
Actuarial assumptions:			
Investment rate of return <sup>1</sup>	8.00%	8.00%	8.00%
Projected salary increases: <sup>1</sup>			
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%	3.0%

<sup>1</sup> Includes inflation at 3%

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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

Trend information for the County, School Board and Authority:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2005	\$ 752,067	100%	\$ -
June 30, 2004	523,261	100%	-
June 30, 2003	496,252	100%	-
School Board Non-Professional:			
June 30, 2005	\$ 99,558	100%	\$ -
June 30, 2004	85,798	100%	-
June 30, 2003	77,877	100%	-
Service Authority			
June 30, 2005	\$ 20,126	100%	\$ -
June 30, 2004	7,856	100%	-
December 31, 2002	7,574	100%	-

(1) Employer portion only

**Note 11—Deferred Revenue:**

---

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$4,492,576 is comprised of property taxes paid in advance at June 30, 2005 used to fund expenditures for next fiscal year.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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### **Note 12—Contingent Liabilities:**

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Federal programs in which the County and its component units participant were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

---

State and federal laws and regulations require the County to place a final cover on its operating landfill site when they stop accepting waste and to perform certain maintenance and monitoring functions at these sites for thirty years after closure. Although closure and postclosure cost will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. The \$1,795,953 reported as landfill closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date based on the use of 100.00% and 10% of the estimated capacity of the closed Landfill and the operating Landfill, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,101,351 as the remaining estimated capacities are filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

The County has demonstrated financial assurance requirements for closure, 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 14—Litigation:**

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At June 30, 2005, there were no other matters of litigation involving the County which would materially affect the County's financial position should any court decision on pending matters not be favorable to the County.

## COUNTY OF AMHERST, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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### Note 15–Risk Management:

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

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

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

### Note 16–Surety Bonds:

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

**COUNTY OF AMHERST, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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**Note 17—Expenditures and Appropriations:**

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Expenditures exceed appropriations at June 30, 2005 as follows:

	<b>Budget As Amended</b>	<b>Actual</b>	<b>Amount</b>
Primary Government:			
Commonwealth's attorney	\$ 311,761	\$ 319,060	\$ (7,299)
Building	146,675	147,263	(588)
Other public safety	134,642	176,521	(41,879)
E-911 expenditures	6,728	9,185	(2,457)
Street lights	15,000	15,485	(485)
Public assistance	764,391	769,299	(4,908)
Employment services	61,491	75,684	(14,193)
County contributions	64,392	69,319	(4,927)
Comprehensive services	610,597	759,645	(149,048)
Parks and recreation	297,942	338,087	(40,145)
Planning	142,975	193,633	(50,658)
Community development block grant	192,100	307,857	(115,757)
Miscellaneous nondepartmental	239,405	421,510	(182,105)
Debt service	3,917,297	3,998,767	(81,470)
Component Unit - School Board:			
Pupil transportation services	1,955,093	2,131,791	(176,698)
Operation and maintenance services	2,821,028	3,647,292	(826,264)
Technology	884,198	1,036,052	(151,854)

**REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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Schedule of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- General Fund  
 Year Ended June 30, 2005

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
<b>Revenues:</b>				
General property taxes	\$ 14,420,592	\$ 14,420,592	\$ 14,807,688	\$ 387,096
Other local taxes	6,131,917	6,131,917	6,542,619	410,702
Permits, privilege fees and regulatory licenses	143,700	143,700	189,507	45,807
Fines and forfeitures	18,500	136,638	212,432	75,794
Revenue from use of money and property	409,573	410,249	600,215	189,966
Charges for services	770,950	770,950	1,174,569	403,619
Miscellaneous	61,350	289,686	441,798	152,112
Recovered costs	32,359	51,764	155,483	103,719
<b>Intergovernmental:</b>				
Commonwealth	7,291,975	7,479,248	6,579,016	(900,232)
Federal	178,462	291,870	1,720,853	1,428,983
<b>Total revenues</b>	<b>\$ 29,459,378</b>	<b>\$ 30,126,614</b>	<b>\$ 32,424,180</b>	<b>\$ 2,297,566</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government administration	\$ 1,571,244	\$ 1,624,097	\$ 1,453,612	\$ 170,485
Judicial administration	1,039,234	1,142,020	1,116,229	25,791
Public safety	6,617,157	7,374,006	6,777,563	596,443
Public works	2,077,999	2,129,850	1,714,980	414,870
Health and welfare	3,203,862	3,267,791	3,356,906	(89,115)
Education	10,525,422	10,525,422	10,490,854	34,568
Parks, recreation, and cultural	1,010,195	1,044,797	1,058,658	(13,861)
Community development	401,182	617,368	734,565	(117,197)
Nondepartmental	86,200	239,405	421,510	(182,105)
Capital projects	-	1,080,069	1,297,973	(217,904)
<b>Debt service:</b>				
Principal retirement	2,677,424	2,677,424	2,776,057	(98,633)
Interest and other fiscal charges	1,245,561	1,239,873	1,222,710	17,163
<b>Total expenditures</b>	<b>\$ 30,455,480</b>	<b>\$ 32,962,122</b>	<b>\$ 32,421,617</b>	<b>\$ 540,505</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (996,102)</b>	<b>\$ (2,835,508)</b>	<b>\$ 2,563</b>	<b>\$ 2,838,071</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of property	\$ -	\$ -	\$ 383,500	\$ 383,500
Long-term debt issued	1,000,000	1,000,000	1,120,000	120,000
<b>Total other financing sources (uses)</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,503,500</b>	<b>\$ 503,500</b>
<b>Excess (deficiency) of revenues &amp; other sources over expenditures &amp; other uses</b>	<b>\$ 3,898</b>	<b>\$ (1,835,508)</b>	<b>\$ 1,506,063</b>	<b>\$ 3,341,571</b>
<b>Fund balances at beginning of year</b>	<b>(3,898)</b>	<b>1,835,508</b>	<b>11,508,184</b>	<b>9,672,676</b>
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,014,247</b>	<b>\$ 13,014,247</b>

Required Supplementary Information  
 Schedule of Pension Funding Progress for the Virginia Retirement System

**COUNTY:**

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
6/30/2004	\$ 17,417,161	\$ 18,333,456	\$ 916,295	95.00%	\$ 5,731,056	15.99%
6/30/2003	16,814,101	16,820,657	6,556	99.96%	5,716,534	0.11%
6/30/2002	16,276,852	15,842,968	(433,884)	102.74%	5,515,664	-7.87%

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD**  
**SCHOOL BOARD NON-PROFESSIONALS:**

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
6/30/2004	\$ 4,237,095	\$ 3,677,305	\$ (559,790)	115.22%	\$ 1,508,460	-37.11%
6/30/2003	4,243,299	3,574,049	(669,250)	118.73%	1,434,610	-46.65%
6/30/2002	4,309,561	3,515,550	(794,011)	122.59%	1,398,132	-56.79%

**AMHERST COUNTY SERVICE AUTHORITY:**

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
6/30/2003	\$ 1,676,494	\$ 1,567,823	\$ (108,671)	106.93%	\$ 761,485	-14.27%
6/30/2002	1,589,545	1,380,266	(209,279)	115.16%	751,057	-27.86%
6/30/2001	1,480,807	1,144,347	(336,460)	129.40%	706,879	-47.60%

**OTHER SUPPLEMENTARY INFORMATION**

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## **Combining and Individual Fund Statements and Schedules**

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Combining Schedule of Fiduciary Net Assets -  
 Agency Funds  
 At June 30, 2005

	Agency Funds				Totals
	Special Welfare Fund	Forfeited Assets Fund	Sheriff's Accounts	Revenue Maximization	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 62,818	\$ 42,128	\$ -	\$ 238,133	\$ 343,079
Cash held by others	-	-	9,605	-	9,605
Total assets	<u>\$ 62,818</u>	<u>\$ 42,128</u>	<u>\$ 9,605</u>	<u>\$ 238,133</u>	<u>\$ 352,684</u>
<b>LIABILITIES</b>					
Amounts held for projects	\$ -	\$ 42,128	\$ -	\$ -	\$ 42,128
Amounts held for inmates	-	-	9,605	-	9,605
Amounts held for others	-	-	-	238,133	238,133
Amounts held for social service clients	62,818	-	-	-	62,818
Total liabilities	<u>\$ 62,818</u>	<u>\$ 42,128</u>	<u>\$ 9,605</u>	<u>\$ 238,133</u>	<u>\$ 352,684</u>

Agency Funds  
 Combining Schedule of Changes in Assets and Liabilities  
 Year Ended June 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special welfare:				
Assets:				
Cash	\$ 52,568	\$ 43,246	\$ 32,996	\$ 62,818
Liabilities:				
Amounts held for social service clients	\$ 52,568	\$ 43,246	\$ 32,996	\$ 62,818
Forfeited assets fund:				
Assets:				
Cash	\$ 58,743	\$ 13,840	\$ 30,455	\$ 42,128
Liabilities:				
Amounts held for projects	\$ 58,743	\$ 13,840	\$ 30,455	\$ 42,128
Sheriff's accounts				
Assets:				
Cash	\$ 13,462	\$ 96,344	\$ 100,201	\$ 9,605
Liabilities:				
Amounts held for others	\$ 13,462	\$ 96,344	\$ 100,201	\$ 9,605
Revenue maximization:				
Assets:				
Cash	\$ 391,054	\$ 152,506	\$ 305,427	\$ 238,133
Liabilities:				
Amounts held for others	\$ 391,054	\$ 152,506	\$ 305,427	\$ 238,133
Totals -- All agency funds				
Assets:				
Cash	\$ 515,827	\$ 305,936	\$ 469,079	\$ 352,684
Total assets	\$ 515,827	\$ 305,936	\$ 469,079	\$ 352,684
Liabilities:				
Amounts held for social service clients	\$ 52,568	\$ 43,246	\$ 32,996	\$ 62,818
Amounts held for projects	58,743	13,840	30,455	42,128
Amounts held for others	391,054	152,506	305,427	238,133
Amounts held for inmates	13,462	96,344	100,201	9,605
Total liabilities	\$ 515,827	\$ 305,936	\$ 469,079	\$ 352,684

**Discretely Presented Component Unit-School Board**

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Balance Sheet  
 Discretely Presented Component Unit - School Board  
 At June 30, 2005

	<u>Component Unit</u>
	<u>School Board</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,293,327
Accounts receivable	16,217
Due from other governmental units	950,805
Due from primary government	<u>2,570,394</u>
Total	<u>\$ 4,830,742</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 62,834
Accrued payroll	<u>3,589,453</u>
Total liabilities	<u>\$ 3,652,287</u>
<b>FUND BALANCES</b>	
Unreserved:	
Designated for construction projects	\$ 545,110
Designated for subsequent expenditures	<u>633,345</u>
Total fund balances	\$ 1,178,455
Detailed explanation of adjustments from fund statements to government-wide statement of net assets:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.	17,142,052
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(9,218)
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	<u>(665,089)</u>
Net assets of General Government Activities	<u>\$ 17,646,200</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2005

	<b>Component Unit School Board</b>
Revenues:	
Revenue from use of money and property	\$ 116,283
Charges for services	1,038,936
Miscellaneous	370,531
Intergovernmental:	
County contribution to School Board	10,489,965
Commonwealth	22,870,707
Federal	3,341,458
Total revenues	<u>\$ 38,227,880</u>
Expenditures:	
Current:	
Education	\$ 37,405,660
Capital projects	<u>853,417</u>
Total expenditures	<u>\$ 38,259,077</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (31,197)
Other financing sources (uses):	
Long-term debt issued	<u>\$ 352,389</u>
Net change in fund balances	\$ 321,192
Fund balances at beginning of year	<u>857,263</u>
Fund balances at end of year	<u>\$ 1,178,455</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual -  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2005

	Component Unit School Board			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 116,283	\$ 112,283
Charges for services	964,588	964,588	1,038,936	74,348
Miscellaneous	94,040	324,085	370,531	46,446
Intergovernmental:				
County contribution to School Board	10,524,533	10,524,533	10,489,965	(34,568)
Commonwealth	22,152,670	22,522,829	22,870,707	347,878
Federal	2,258,482	3,185,737	3,341,458	155,721
Total revenues	<u>\$ 35,998,313</u>	<u>\$ 37,525,772</u>	<u>\$ 38,227,880</u>	<u>\$ 702,108</u>
Expenditures:				
Current:				
Education	\$ 34,998,313	\$ 36,525,772	\$ 37,405,660	\$ (879,888)
Capital projects	<u>1,000,000</u>	<u>1,000,000</u>	<u>853,417</u>	<u>146,583</u>
Total expenditures	<u>\$ 35,998,313</u>	<u>\$ 37,525,772</u>	<u>\$ 38,259,077</u>	<u>\$ (733,305)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (31,197)	\$ (31,197)
Other financing sources (uses):				
Long-term debt issued	<u>-</u>	<u>-</u>	<u>352,389</u>	<u>352,389</u>
Net change in fund balances	\$ -	\$ -	\$ 321,192	\$ 321,192
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>857,263</u>	<u>857,263</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178,455</u>	<u>\$ 1,178,455</u>

Reconciliation of Schedule of Revenues,  
Expenditures, and Changes in Fund Balances  
To the Statement of Activities -  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2005

	<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 321,192
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. A summary of items supporting this adjustment are as follows:	
Capital outlay	\$ 585,404
Depreciation expense	<u>(1,087,145)</u> (501,741)
Transfer of joint tenancy assets from primary government	1,460,199
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items the treatment of long-term debt and related items.	
Capital lease issued	(352,389)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:	
Increase in interest payable	\$ (9,218)
Increase in accrued leave	<u>(42,499)</u> <u>(51,717)</u>
Change in net assets of governmental activities	\$ <u><u>875,544</u></u>

## **Supporting Schedules**

Governmental Funds and Discretely Presented Component Unit  
 Statement of Revenues -- Budget and Actual  
 Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,560,032	\$ 8,560,032	\$ 8,722,488	\$ 162,456
Real and personal public service corporation property taxes	520,000	520,000	485,684	(34,316)
Personal property taxes	3,203,000	3,203,000	3,440,580	237,580
Mobile home taxes	92,290	92,290	94,769	2,479
Machinery and tools taxes	1,532,630	1,532,630	1,512,750	(19,880)
Merchant's capital	270,000	270,000	244,195	(25,805)
Penalties	182,640	182,640	223,225	40,585
Interest	60,000	60,000	83,997	23,997
Total general property taxes	<u>\$ 14,420,592</u>	<u>\$ 14,420,592</u>	<u>\$ 14,807,688</u>	<u>\$ 387,096</u>
Other local taxes:				
Local sales and use taxes	\$ 2,073,304	\$ 2,073,304	\$ 2,261,019	\$ 187,715
Consumers' utility taxes	1,492,030	1,492,030	1,585,741	93,711
Business license taxes	400,000	400,000	448,661	48,661
Motor vehicle licenses	696,250	696,250	703,770	7,520
Bank stock taxes	100,000	100,000	80,844	(19,156)
Taxes on recordation and wills	147,000	147,000	235,104	88,104
Lodging taxes	26,000	26,000	25,143	(857)
Meals tax	660,000	660,000	774,352	114,352
E-911 taxes	537,333	537,333	427,985	(109,348)
Total other local taxes	<u>\$ 6,131,917</u>	<u>\$ 6,131,917</u>	<u>\$ 6,542,619</u>	<u>\$ 410,702</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 13,000	\$ 13,000	\$ 13,784	\$ 784
Building and related permits	110,000	110,000	153,985	43,985
Permits and other licenses	20,700	20,700	21,738	1,038
Total permits, privilege fees and regulatory licenses	<u>\$ 143,700</u>	<u>\$ 143,700</u>	<u>\$ 189,507</u>	<u>\$ 45,807</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 18,500	\$ 136,638	\$ 212,432	\$ 75,794
Total fines and forfeitures	<u>\$ 18,500</u>	<u>\$ 136,638</u>	<u>\$ 212,432</u>	<u>\$ 75,794</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 140,000	\$ 140,000	\$ 282,249	\$ 142,249
Revenue from use of property	269,573	270,249	317,966	47,717
Total revenue from use of money and property	<u>\$ 409,573</u>	<u>\$ 410,249</u>	<u>\$ 600,215</u>	<u>\$ 189,966</u>

Governmental Funds and Discretely Presented Component Unit  
 Statement of Revenues - Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 2,000	\$ 2,000	\$ 2,199	\$ 199
Commonwealth attorney fees	800	800	1,133	333
Courthouse security fees	20,000	20,000	33,780	13,780
Work release	18,000	18,000	14,770	(3,230)
Charges for parks and recreation	34,000	34,000	32,658	(1,342)
Library	20,000	20,000	18,913	(1,087)
Landfill operations	316,250	316,250	296,850	(19,400)
Emergency medical service fees	358,000	358,000	610,115	252,115
Warehouse charges	-	-	158,486	158,486
Other charges for services	1,900	1,900	5,665	3,765
Total charges for services	<u>\$ 770,950</u>	<u>\$ 770,950</u>	<u>\$ 1,174,569</u>	<u>\$ 403,619</u>
Miscellaneous revenue:				
Miscellaneous	\$ 61,350	\$ 245,531	\$ 375,114	\$ 129,583
Insurance reimbursements	-	44,155	66,684	22,529
Total miscellaneous revenue	<u>\$ 61,350</u>	<u>\$ 289,686</u>	<u>\$ 441,798</u>	<u>\$ 152,112</u>
Recovered costs:				
Share of judge's expenses	\$ 13,159	\$ 13,159	\$ 13,159	\$ -
Public assistance refunds	-	-	24,020	24,020
Sheriff patrol	-	7,705	7,705	-
Lock up fees	2,000	2,000	14,510	12,510
School resource officer	-	-	44,692	44,692
Grant match	-	11,000	11,077	77
CSA recoveries	14,500	14,500	20,697	6,197
Miscellaneous recoveries	2,700	3,400	19,623	16,223
Total recovered costs	<u>\$ 32,359</u>	<u>\$ 51,764</u>	<u>\$ 155,483</u>	<u>\$ 103,719</u>
Total revenue from local sources	<u>\$ 21,988,941</u>	<u>\$ 22,355,496</u>	<u>\$ 24,124,311</u>	<u>\$ 1,768,815</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 50,000	\$ 50,000	\$ 17,378	\$ (32,622)
Wine taxes	40,000	40,000	18,215	(21,785)
Motor vehicles carriers' tax	70,000	70,000	57,311	(12,689)
Mobile home titling taxes	105,000	105,000	43,645	(61,355)
Auto rental tax	25,000	25,000	42,547	17,547
PPTRA	1,700,000	1,700,000	2,028,885	328,885
Recordation tax	66,500	66,500	53,800	(12,700)
Total noncategorical aid	<u>\$ 2,056,500</u>	<u>\$ 2,056,500</u>	<u>\$ 2,261,781</u>	<u>\$ 205,281</u>

Governmental Funds and Discretely Presented Component Unit  
 Statement of Revenues - Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 222,481	\$ 222,890	\$ 235,138	\$ 12,248
Sheriff	1,964,403	2,018,537	2,008,542	(9,995)
Commissioner of the Revenue	99,523	100,236	102,422	2,186
Treasurer	109,971	109,971	111,749	1,778
Medical examiner	500	500	510	10
Registrar/electoral board	35,420	43,461	57,960	14,499
Clerk of the Circuit Court	210,000	212,900	242,676	29,776
Total shared expenses	<u>\$ 2,642,298</u>	<u>\$ 2,708,495</u>	<u>\$ 2,758,997</u>	<u>\$ 50,502</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 1,623,156	\$ 1,736,165	\$ 501,651	\$ (1,234,514)
Health department	-	-	1,199	1,199
Library grant	165,016	167,786	165,332	(2,454)
Fire program	39,729	53,604	58,378	4,774
EMS - 2 for life	13,267	13,348	14,224	876
Juvenile justice - crime control	51,740	51,740	51,738	(2)
Victim witness	45,000	-	55,357	55,357
Jail	235,500	239,347	242,318	2,971
DMV mini grant	3,000	3,000	-	(3,000)
Emergency medical services	7,000	7,000	-	(7,000)
Rescue squad assistance	-	-	16,500	16,500
Juror reimbursement	-	-	3,808	3,808
Emergency management grant	-	16,500	-	(16,500)
E-911 wireless	-	15,994	20,553	4,559
Miscellaneous	-	-	133	133
School resource officer	26,250	26,250	18,722	(7,528)
Litter control	8,000	8,000	7,518	(482)
Landfill user fees - state	-	-	1,263	1,263
Comprehensive services	375,519	375,519	399,544	24,025
Total other categorical aid	<u>\$ 2,593,177</u>	<u>\$ 2,714,253</u>	<u>\$ 1,558,238</u>	<u>\$ (1,156,015)</u>
Total categorical aid	<u>\$ 5,235,475</u>	<u>\$ 5,422,748</u>	<u>\$ 4,317,235</u>	<u>\$ (1,105,513)</u>
Total revenue from the Commonwealth	<u>\$ 7,291,975</u>	<u>\$ 7,479,248</u>	<u>\$ 6,579,016</u>	<u>\$ (900,232)</u>

Governmental Funds and Discretely Presented Component Unit  
 Statement of Revenues - Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the Federal Government:				
Non-categorical aid:				
Payment in lieu of taxes	\$ 36,000	\$ 36,000	\$ 46,539	\$ 10,539
Categorical aid:				
Public assistance and welfare	\$ -	\$ -	\$ 1,316,577	\$ 1,316,577
Technology	20,000	20,000	-	(20,000)
Victim witness	-	43,467	-	(43,467)
Emergency management	-	-	7,455	7,455
Criminal justice grants	7,000	73,941	64,315	(9,626)
Healthy families	18,206	18,206	19,771	1,565
Help america vote assistance	-	-	143,878	143,878
School resource officer	-	-	20,208	20,208
DMV block grant	10,000	13,000	16,779	3,779
Library grant	-	-	2,770	2,770
Homeland security	-	-	2,000	2,000
CSA federal	87,256	87,256	-	(87,256)
Dry well replacement	-	-	80,561	80,561
Total categorical aid	\$ 142,462	\$ 255,870	\$ 1,674,314	\$ 1,418,444
Total revenue from the Federal Government	\$ 178,462	\$ 291,870	\$ 1,720,853	\$ 1,428,983
Total General Fund	\$ 29,459,378	\$ 30,126,614	\$ 32,424,180	\$ 2,297,566
Grand Total Revenues -- Primary Government	\$ 29,459,378	\$ 30,126,614	\$ 32,424,180	\$ 2,297,566
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 110,922	\$ 110,922
Revenue from use of property	4,000	4,000	5,361	1,361
Total revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 116,283	\$ 112,283

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Cafeteria sales	\$ 948,088	\$ 948,088	\$ 794,712	\$ (153,376)
Textbooks	-	-	237,624	237,624
Tuition	16,500	16,500	6,600	(9,900)
Total charges for services	\$ 964,588	\$ 964,588	\$ 1,038,936	\$ 74,348
Miscellaneous revenue:				
Miscellaneous	94,040	324,085	370,531	46,446
Total revenue from local sources	\$ 1,062,628	\$ 1,292,673	\$ 1,525,750	\$ 233,077
Intergovernmental revenue:				
County contribution to School Board	\$ 10,524,533	\$ 10,524,533	\$ 10,489,965	\$ (34,568)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,004,018	\$ 4,004,018	\$ 4,075,274	\$ 71,256
Basic school aid	12,050,663	12,050,663	12,686,703	636,040
Special ed SOQ	1,288,334	1,288,334	1,333,662	45,328
Remedial education	314,996	362,873	326,079	(36,794)
Technology	310,000	498,267	479,790	(18,477)
Lottery	688,911	688,911	772,644	83,733
Primary class size	326,955	326,955	320,513	(6,442)
Fringe benefits	1,115,469	1,115,469	1,151,686	36,217
Textbooks	198,839	198,839	205,821	6,982
Construction	166,930	166,930	166,805	(125)
School food	25,353	25,353	24,761	(592)
Preschool	198,245	198,245	198,245	-
Gifted and talented	122,857	122,857	127,171	4,314
At-risk	229,697	229,697	226,081	(3,616)
Regional program	207,232	207,232	162,751	(44,481)
Voc ed SOQ	248,847	248,847	257,602	8,755
Other state funds	655,324	789,339	355,119	(434,220)
Total categorical aid	\$ 22,152,670	\$ 22,522,829	\$ 22,870,707	\$ 347,878
Total revenue from the Commonwealth	\$ 22,152,670	\$ 22,522,829	\$ 22,870,707	\$ 347,878

Governmental Funds and Discretely Presented Component Units  
Statement of Revenues -- Budget and Actual  
Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Preschool handicap	\$ -	\$ -	\$ 30,434	\$ 30,434
School reform	-	258,657	76,893	(181,764)
Adult basic aid	-	-	54,850	54,850
Title I	748,189	766,790	805,740	38,950
Title II	210,282	210,282	269,845	59,563
Federal land use	30,000	30,000	82	(29,918)
Title VI-B special education	673,648	732,264	706,536	(25,728)
Fast grant	-	166,911	464,801	297,890
Drug free schools	16,697	33,189	26,442	(6,747)
Title II part A	18,062	18,062	-	(18,062)
Title II part B	-	-	38,645	38,645
Forest reserve	-	-	32,974	32,974
State assessments and related activities	-	-	14,948	14,948
Equipment replacement	-	-	87,516	87,516
Technology enhancing	-	23,704	-	(23,704)
Advanced placement	-	-	312	312
Reading first	-	324,000	3,616	(320,384)
E-rate	-	30,378	-	(30,378)
Other education	-	29,896	-	(29,896)
School food	561,604	561,604	727,824	166,220
Total categorical aid	<u>\$ 2,258,482</u>	<u>\$ 3,185,737</u>	<u>\$ 3,341,458</u>	<u>\$ 155,721</u>
Total revenue from the federal government	<u>\$ 2,258,482</u>	<u>\$ 3,185,737</u>	<u>\$ 3,341,458</u>	<u>\$ 155,721</u>
Total School Operating Fund	<u>\$ 35,998,313</u>	<u>\$ 37,525,772</u>	<u>\$ 38,227,880</u>	<u>\$ 702,108</u>
Grand Total Revenues -- Component Unit -- School Board	<u>\$ 35,998,313</u>	<u>\$ 37,525,772</u>	<u>\$ 38,227,880</u>	<u>\$ 702,108</u>
Grand Total Revenues -- Reporting Entity	<u>\$ 65,457,691</u>	<u>\$ 67,652,386</u>	<u>\$ 70,652,060</u>	<u>\$ 2,999,674</u>

Governmental Funds and Discretely Presented Component Unit  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2005

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 155,052	\$ 169,338	\$ 133,656	\$ 35,682
General and financial administration:				
County administrator	\$ 178,873	\$ 183,948	\$ 178,500	\$ 5,448
Commissioner of the revenue	300,183	302,621	275,870	26,751
Reassessment/Equalization board				-
Treasurer	293,405	293,405	262,794	30,611
Central accounting	162,168	170,847	164,309	6,538
Purchasing	118,452	119,536	116,077	3,459
Information technology	231,090	231,665	184,184	47,481
Total general and financial administration	\$ 1,284,171	\$ 1,302,022	\$ 1,181,734	\$ 120,288
Board of Elections/Registrar:				
Electoral board and officials and registrar	\$ 132,021	\$ 152,737	\$ 138,222	\$ 14,515
Total general government administration	\$ 1,571,244	\$ 1,624,097	\$ 1,453,612	\$ 170,485
Judicial administration:				
Courts:				
Circuit court	\$ 55,971	\$ 55,971	\$ 53,047	\$ 2,924
General district court	7,535	7,535	6,267	1,268
Magistrate	2,143	2,143	1,337	806
Juvenile and domestic relations court	19,258	19,258	12,931	6,327
Clerk of the circuit court	332,235	335,135	319,196	15,939
VJCCCA	79,971	79,971	79,538	433
Total courts	\$ 497,113	\$ 500,013	\$ 472,316	\$ 27,697
Commonwealth's attorney:				
Commonwealth's attorney	\$ 301,092	\$ 311,761	\$ 319,060	\$ (7,299)
County attorney	193,900	284,650	279,952	4,698
Victim advocate grant	47,129	45,596	44,901	695
Total commonwealth's attorney	\$ 542,121	\$ 642,007	\$ 643,913	\$ (1,906)
Total judicial administration	\$ 1,039,234	\$ 1,142,020	\$ 1,116,229	\$ 25,791
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,329,851	\$ 2,690,242	\$ 2,654,349	\$ 35,893
Total law enforcement and traffic control	\$ 2,329,851	\$ 2,690,242	\$ 2,654,349	\$ 35,893

Governmental Funds and Discretely Presented Component Unit  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2005

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer emergency services	\$ 170,000	\$ 188,378	\$ 188,378	\$ -
Volunteer rescue services	127,443	252,415	232,938	19,477
Emergency medical services	402,273	433,273	362,515	70,758
Emergency service council	295,610	295,610	279,429	16,181
Total fire and rescue services	<u>\$ 995,326</u>	<u>\$ 1,169,676</u>	<u>\$ 1,063,260</u>	<u>\$ 106,416</u>
Correction and detention:				
Sheriff - jail	<u>\$ 1,621,774</u>	<u>\$ 1,584,340</u>	<u>\$ 1,539,161</u>	<u>\$ 45,179</u>
Inspections:				
Building	<u>\$ 145,965</u>	<u>\$ 146,675</u>	<u>\$ 147,263</u>	<u>\$ (588)</u>
Other protection:				
Animal control	\$ 91,384	\$ 128,857	\$ 122,700	\$ 6,157
Emergency services	632,410	752,990	409,477	343,513
Communications dispatch	584,077	640,984	579,876	61,108
Other public safety	134,642	134,642	176,521	(41,879)
Miscellaneous public safety grants	75,000	81,971	57,227	24,744
DARE program	-	36,901	18,544	18,357
E-911 expenditures	6,728	6,728	9,185	(2,457)
Total other protection	<u>\$ 1,524,241</u>	<u>\$ 1,783,073</u>	<u>\$ 1,373,530</u>	<u>\$ 409,543</u>
Total public safety	<u>\$ 6,617,157</u>	<u>\$ 7,374,006</u>	<u>\$ 6,777,563</u>	<u>\$ 596,443</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street lights	\$ 15,000	\$ 15,000	\$ 15,485	\$ (485)
Sanitation and waste removal:				
Solid waste	1,527,319	1,527,319	1,128,391	398,928
Maintenance of general buildings and grounds:				
General properties	<u>535,680</u>	<u>587,531</u>	<u>571,104</u>	<u>16,427</u>
Total public works	<u>\$ 2,077,999</u>	<u>\$ 2,129,850</u>	<u>\$ 1,714,980</u>	<u>\$ 414,870</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 267,296</u>	<u>\$ 267,296</u>	<u>\$ 267,296</u>	<u>\$ -</u>
Mental health and mental retardation:				
Chapter X board	<u>\$ 91,686</u>	<u>\$ 91,686</u>	<u>\$ 91,686</u>	<u>\$ -</u>

Governmental Funds and Discretely Presented Component Unit  
 Statement of Expenditures - Budget and Actual  
 Year Ended June 30, 2005

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration	\$ 1,223,100	\$ 1,285,866	\$ 1,232,431	\$ 53,435
Public assistance	704,730	764,391	769,299	(4,908)
State and local hospitalization	8,444	8,444	6,321	2,123
Non-state welfare administration	86,042	76,048	71,299	4,749
Fuel services	14,135	17,839	13,926	3,913
Employment services	61,854	61,491	75,684	(14,193)
County contributions	44,118	64,392	69,319	(4,927)
Learning partnership program	22,000	19,741	-	19,741
Comprehensive services	680,457	610,597	759,645	(149,048)
Total welfare	<u>\$ 2,844,880</u>	<u>\$ 2,908,809</u>	<u>\$ 2,997,924</u>	<u>\$ (89,115)</u>
Total health and welfare	<u>\$ 3,203,862</u>	<u>\$ 3,267,791</u>	<u>\$ 3,356,906</u>	<u>\$ (89,115)</u>
Education:				
Contributions to community colleges	\$ 889	\$ 889	\$ 889	\$ -
Contributions to school board component unit	10,524,533	10,524,533	10,489,965	34,568
Total education	<u>\$ 10,525,422</u>	<u>\$ 10,525,422</u>	<u>\$ 10,490,854</u>	<u>\$ 34,568</u>
Parks, recreation and cultural:				
Parks and recreation				
Parks and recreation	\$ 297,942	\$ 297,942	\$ 338,087	\$ (40,145)
Library:				
Library	\$ 670,781	\$ 705,383	\$ 679,478	\$ 25,905
Museum	41,472	41,472	41,093	379
Total library	<u>\$ 712,253</u>	<u>\$ 746,855</u>	<u>\$ 720,571</u>	<u>\$ 26,284</u>
Total parks, recreation and cultural	<u>\$ 1,010,195</u>	<u>\$ 1,044,797</u>	<u>\$ 1,058,658</u>	<u>\$ (13,861)</u>
Community development:				
Planning and community development:				
Planning	\$ 142,975	\$ 142,975	\$ 193,633	\$ (50,658)
Planning commission	21,689	21,689	20,907	782
Zoning appeals board	5,140	5,140	2,127	3,013
Central virginia planning	16,070	16,070	16,070	-
Economic development	136,160	160,246	115,731	44,515
Community development block grant	-	192,100	307,857	(115,757)
Total planning and community development	<u>\$ 322,034</u>	<u>\$ 538,220</u>	<u>\$ 656,325</u>	<u>\$ (118,105)</u>

Governmental Funds and Discretely Presented Component Unit  
Statement of Expenditures - Budget and Actual  
Year Ended June 30, 2005

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Community Development: (Continued)				
Environmental management:				
Soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Cooperative extension program:				
VPI extension	\$ 69,148	\$ 69,148	\$ 68,240	\$ 908
Total community development	\$ 401,182	\$ 617,368	\$ 734,565	\$ (117,197)
Nondepartmental:				
Miscellaneous	\$ 86,200	\$ 239,405	\$ 421,510	\$ (182,105)
Total nondepartmental	\$ 86,200	\$ 239,405	\$ 421,510	\$ (182,105)
Capital Projects:				
Amelon industrial park	\$ -	\$ 1,080,069	\$ 1,077,469	\$ 2,600
General construction projects	-	-	220,504	(220,504)
Total capital projects	\$ -	\$ 1,080,069	\$ 1,297,973	\$ (217,904)
Debt service: county				
Principal retirement	\$ 1,184,863	\$ 1,184,863	\$ 1,223,235	\$ (38,372)
Interest and fiscal charges	315,524	309,836	320,441	(10,605)
Total county debt service	\$ 1,500,387	\$ 1,494,699	\$ 1,543,676	\$ (48,977)
Debt service: schools				
Principal retirement	\$ 1,492,561	\$ 1,492,561	\$ 1,552,822	\$ (60,261)
Interest and fiscal charges	930,037	930,037	902,269	27,768
Total schools debt service	\$ 2,422,598	\$ 2,422,598	\$ 2,455,091	\$ (32,493)
Total debt service:				
Principal retirement	\$ 2,677,424	\$ 2,677,424	\$ 2,776,057	\$ (98,633)
Interest and fiscal charges	1,245,561	1,239,873	1,222,710	17,163
Total debt service	\$ 3,922,985	\$ 3,917,297	\$ 3,998,767	\$ (81,470)
Total General Fund	\$ 30,455,480	\$ 32,962,122	\$ 32,421,617	\$ 540,505
Grand Total Expenditures -- Primary Government	\$ 30,455,480	\$ 32,962,122	\$ 32,421,617	\$ 540,505

Governmental Funds and Discretely Presented Component Unit  
 Statement of Expenditures - Budget and Actual  
 Year Ended June 30, 2005

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Instruction	\$ 26,525,217	\$ 27,655,892	\$ 27,446,043	\$ 209,849
Administration, attendance and health	1,676,081	1,674,515	1,612,550	61,965
Pupil transportation services	1,876,922	1,955,093	2,131,791	(176,698)
Operation and maintenance services	2,764,872	2,821,028	3,647,292	(826,264)
Technology	620,175	884,198	1,036,052	(151,854)
School food services	1,535,046	1,535,046	1,531,932	3,114
Total education	\$ 34,998,313	\$ 36,525,772	\$ 37,405,660	\$ (879,888)
Capital Projects:				
School construction	\$ 1,000,000	\$ 1,000,000	\$ 853,417	\$ 146,583
Grand Total Expenditures--Component Unit--School Board	<u>\$ 35,998,313</u>	<u>\$ 37,525,772</u>	<u>\$ 38,259,077</u>	<u>\$ (733,305)</u>
Grand Total Expenditures -- Reporting Entity	<u>\$ 66,453,793</u>	<u>\$ 70,487,894</u>	<u>\$ 70,680,694</u>	<u>\$ (192,800)</u>

## Statistical Tables

COUNTY OF AMHERST, VIRGINIA

Government-Wide Expenses by Function  
Last Three Fiscal Years

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<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2002-03	\$ 1,479,311	\$ 969,238	\$ 6,220,715	\$ 3,365,956	2,861,926
2003-04	1,914,135	1,132,335	6,524,299	1,753,977	3,183,397
2004-05	1,759,482	1,188,600	6,814,096	2,015,019	3,485,737

Table 1

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<u>Education</u>	<u>Recreation and Cultural</u>	<u>Community Develop- ment</u>	<u>Interest on Debt</u>	<u>Water Sewer</u>	<u>Total</u>
\$ 10,601,270	\$ 941,499	\$ 1,263,206	\$ 1,393,365	\$ 3,151,751	\$ 32,248,237
10,619,785	1,015,333	1,042,401	1,039,583	3,000,922	31,226,167
11,816,875	1,059,533	1,744,841	866,678	2,662,155	33,413,016

COUNTY OF AMHERST, VIRGINIA

Government-Wide Revenues  
Last Three Fiscal Years

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Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 3,612,260	\$ 5,355,524	\$ 619,530
2003-04	3,772,018	5,711,180	353,125
2004-05	4,282,065	5,957,527	80,561

Table 2

General Revenues					
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money & Property	Miscellaneous	Total
\$ 12,083,109	\$ 5,950,602	\$ 2,341,621	\$ 576,941	\$ 238,543	\$ 30,778,130
14,645,233	6,112,809	2,379,828	430,106	432,591	33,836,890
14,776,240	6,542,619	2,261,781	631,728	472,449	35,004,970

**COUNTY OF AMHERST, VIRGINIA**

General Government Revenues by Source (1)  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Permit Privilege Fees &amp; Regulatory Licenses</b>	<b>Fines &amp; Forfeitures</b>	<b>Revenues from the Use of Money &amp; Property</b>
1995-96	\$ 8,528,520	\$ 4,158,298	\$ 156,143	\$ 3,400	\$ 579,739
1996-97	9,862,944	4,201,603	185,048	8,107	1,291,980
1997-98	10,171,446	4,514,649	141,179	8,507	1,121,217
1998-99	11,079,003	4,766,793	178,772	13,649	852,649
1999-00	10,399,024	4,921,548	189,324	9,094	1,185,025
2000-01	12,065,459	5,653,023	195,880	18,515	1,336,073
2001-02	11,806,660	5,581,177	181,100	84,421	877,554
2002-03	12,362,827	5,950,602	151,241	87,781	711,792
2003-04	14,299,617	6,112,809	195,222	172,057	509,526
2004-05	14,807,688	6,542,619	189,507	212,432	716,498

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

Table 3

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<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter- govern- mental</b>	<b>Total</b>
\$ 832,175	\$ 318,104	\$ 108,374	\$ 24,317,562	\$ 39,002,315
1,602,554	285,316	145,813	21,409,222	38,992,587
1,601,484	163,803	171,570	21,674,375	39,568,230
1,454,876	225,094	146,527	23,655,722	42,373,085
1,536,243	318,707	139,316	26,235,096	44,933,377
1,615,437	1,379,413	137,408	27,354,296	49,755,504
1,729,692	433,213	166,465	29,993,645	50,853,927
1,640,765	365,113	106,643	30,359,405	51,736,169
2,186,742	692,647	81,487	31,598,560	55,848,667
2,213,505	812,329	155,483	34,512,034	60,162,095

**COUNTY OF AMHERST, VIRGINIA**

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

<u>Fiscal Year</u>	<u>General Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>
1995-96	\$ 907,352	\$ 491,023	\$ 3,072,290	\$ 1,206,856	\$ 2,140,204	22,117,378
1996-97	1,058,077	505,128	3,307,388	1,611,358	2,362,781	23,575,945
1997-98	1,039,340	711,413	3,828,672	1,381,074	2,416,672	24,255,114
1998-99	1,198,710	745,764	4,701,650	2,556,378	2,525,802	25,497,838
1999-00	1,699,816	805,808	4,975,340	1,792,841	2,792,787	27,900,731
2000-01	2,588,682	828,973	5,650,488	2,065,223	3,249,820	29,422,198
2001-02	1,788,967	863,627	5,387,231	1,849,389	3,152,823	30,709,849
2002-03	1,407,015	894,141	5,890,626	1,897,835	2,916,544	31,883,674
2003-04	1,584,752	1,043,146	6,644,597	1,656,032	3,091,062	34,014,792
2004-05	1,453,612	1,116,229	6,777,563	1,714,980	3,356,906	37,406,549

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

Table 4

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	<b>Parks Recreation &amp; Cultural</b>	<b>Community Develop- ment</b>	<b>Non- Departmental</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
\$	611,658	\$ 325,592	\$ 8,366	\$ -	\$ 2,033,104	\$ 32,913,823
	717,566	403,479	-	6,657,442	2,618,559	42,817,723
	805,062	717,451	-	5,931,797	3,433,146	44,519,741
	778,068	441,175	-	1,851,222	3,412,176	43,708,783
	773,575	358,412	-	1,855,114	3,690,121	46,644,545
	981,460	397,806	27,764	3,917,449	3,363,805	52,493,668
	1,006,229	527,610	36,793	2,030,856	3,743,200	51,096,574
	919,618	1,254,698	46,655	2,611,435	3,826,327	53,548,568
	1,008,157	1,041,033	286,544	4,033,744	3,964,888	58,368,747
	1,058,658	734,565	421,510	2,151,390	3,998,767	60,190,729

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total
1995-96	\$ 803,616,600	\$ 112,437,139	\$ 14,109,080	\$ 49,557,887	\$ 7,884,179	\$ 64,303,591	\$ 1,051,908,476
1996-97	943,680,937	126,925,309	14,074,491	57,225,132	5,313,600	76,374,134	1,223,593,603
1997-98	971,873,700	131,250,663	14,695,118	62,183,507	5,063,499	73,345,800	1,258,412,287
1998-99	993,401,300	138,979,770	15,730,621	65,084,414	6,626,917	75,187,621	1,295,010,643
1999-00	1,007,516,600	148,246,580	16,648,047	65,551,783	6,638,779	73,401,547	1,318,003,336
2000-01	1,034,455,900	161,567,812	17,650,105	65,262,162	7,084,293	66,051,396	1,352,071,668
2001-02	1,052,344,600	165,980,276	18,936,370	73,439,302	7,027,898	73,188,303	1,390,916,749
2002-03	1,404,647,092	163,211,121	17,495,500	72,902,036	7,112,192	90,086,929	1,755,454,870
2003-04	1,424,616,200	166,244,174	16,893,180	77,148,356	7,203,643	89,109,940	1,781,215,493
2004-05	1,442,657,700	172,176,094	16,656,870	75,291,845	6,416,549	85,213,679	1,798,412,737

Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery & Tools	Merchants' Capital
1995-96	\$ 0.51	\$ 2.50	\$ 0.51	\$ 2.00	\$ 3.95
1996-97	0.51	2.50	0.51	2.00	3.95
1997-98	0.51	2.50	0.51	2.00	3.95
1998-99	0.55	2.50	0.55	2.00	3.95
1999-00	0.55	2.50	0.55	2.00	3.95
2000-01	0.70	2.50	0.70	2.00	3.95
2001-02	0.70	2.50	0.70	2.00	3.95
2002-03	0.56	2.50	0.56	2.00	3.95
2003-04	0.59	3.25	0.59	2.00	3.95
2004-05	0.61	3.25	0.61	2.00	3.95

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total (1) Tax Levy</u>	<u>Current Tax (1) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding (1,2) Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1995-96	\$ 8,439,642	\$ 8,238,648	97.62%	\$ 191,685	\$ 8,430,333	99.89%	\$ 306,634	3.63%
1996-97	9,690,152	9,468,556	97.71%	156,413	9,624,969	99.33%	345,270	3.56%
1997-98	10,063,798	9,765,804	97.04%	223,386	9,989,190	99.26%	415,033	4.12%
1998-99	11,003,327	10,643,056	96.73%	244,187	10,887,243	98.95%	391,226	3.56%
1999-00	11,318,319	10,884,196	96.16%	114,080	10,998,276	97.17%	353,494	3.12%
2000-01	13,453,346	13,057,119	97.05%	399,667	13,456,786	100.03%	469,671	3.49%
2001-02	13,909,248	13,379,691	96.19%	284,442	13,664,133	98.24%	434,191	3.12%
2002-03	14,289,602	13,859,015	96.99%	308,381	14,167,396	99.14%	452,819	3.17%
2003-04	16,265,554	15,786,115	97.05%	348,488	16,134,603	99.19%	493,572	3.03%
2004-05	16,779,665	16,205,458	96.58%	323,893	16,529,351	98.51%	468,284	2.79%

(1) Exclusive of penalties and interest.

(2) Includes three years taxes

Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less: Debt Payable from Enterprise Revenue</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
1995-96	28,518	\$ 1,051,908,476	\$ 20,913,446	\$ 1,598,604	\$ 19,314,842	1.99%	677
1996-97	28,518	1,223,593,603	27,860,375	2,005,000	25,855,375	2.28%	907
1997-98	28,518	1,258,412,287	27,798,700	1,795,000	26,003,700	2.21%	912
1998-99	28,518	1,295,010,643	27,525,825	1,575,000	25,950,825	2.13%	910
1999-00	28,518	1,318,003,336	29,335,350	1,345,000	27,990,350	0.51%	981
2000-01	31,894	1,352,071,668	30,751,162	5,405,000	25,346,162	0.52%	795
2001-02	31,894	1,390,916,749	32,726,782	4,895,000	27,831,782	2.35%	873
2002-03	31,894	1,755,454,870	31,537,451	4,815,000	26,722,451	1.80%	838
2003-04	31,894	1,781,215,493	30,429,216	4,470,000	25,959,216	1.71%	814
2004-05	31,894	1,798,412,737	28,581,094	4,100,000	24,481,094	1.59%	768

(1) Bureau of the Census.

(2) From Table 5

(3) Includes all long-term general obligation debt

**Compliance**

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Amherst, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County of Amherst, Virginia's basic financial statements and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Amherst, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

However, we noted other matters that we have reported to management in a separate letter dated November 18, 2005.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 18, 2005

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

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

### Compliance

We have audited compliance of the County of Amherst, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The County of Amherst, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Amherst, Virginia's management. Our responsibility is to express an opinion on the County of Amherst, Virginia's compliance based on our audit.

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

In our opinion, the County of Amherst, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of the County of Amherst, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Amherst, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 18, 2005

**COUNTY OF AMHERST, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2005

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>Primary Government:</b>		
<u>DEPARTMENT OF INTERIOR:</u>		
<u>Direct payments:</u>		
Bureau of land management - national forest		
Payments in lieu of taxes - public law #97-258 - (National forest acreage in the localities)	15.000	\$ <u>46,539</u>
Total Department of Interior		\$ <u>46,539</u>
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
State administrative matching grants for food stamp program	10.561	\$ <u>199,694</u>
Total Department of Agriculture		\$ <u>199,694</u>
<u>DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT:</u>		
<u>Pass through payments:</u>		
Community development block grants/state's programs	14.228	\$ <u>80,561</u>
<u>DEPARTMENT OF MOTOR VEHICLES:</u>		
<u>Pass through payments:</u>		
State and community highway safety	20.600	\$ 7,015
State and community highway safety	20.000	<u>8,358</u>
Total Department of Motor Vehicles		\$ <u>15,373</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Pass through payments:</u>		
Emergency management preparedness	97.042	\$ <u>9,455</u>
Total Department of Homeland Security		\$ <u>9,455</u>
<u>NATIONAL FOUNDATION OF THE ARTS AND THE HUMANITIES:</u>		
<u>Pass through payments:</u>		
LSCA construction grants	45.310	\$ <u>2,770</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Family preservation and support	93.556	\$ 22,671
Temporary assistance to needy families	93.558	144,297
Refugee and entrant assistance	93.566	305
Emergency assistance	93.568	17,142
Payment for child care assistance	93.575	153,875
Child care and development	93.596	106,300
Foster care Title IV - E	93.658	292,480

**COUNTY OF AMHERST, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2005

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>Primary Government: (Continued)</b>		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services: (Continued)		
Adoption assistance	93.659	\$ 17,683
Social services block grant	93.667	191,930
Chafee foster care independent living	93.674	2,477
State children's insurance program	93.767	14,403
Statewide fraud program	93.775	1,143
Medical assistance	93.778	<u>171,948</u>
Total Department of Health and Human Services		\$ <u>1,136,654</u>
<u>ELECTION ASSISTANCE COMMISSION:</u>		
<u>Pass through payments:</u>		
Virginia Election Commission:		
Help America vote act	90.401	\$ <u>143,878</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Juvenile accountability incentive block grant	16.523	\$ 56,098
Drug control - Byrne formula grant	16.579	27,408
Local law enforcement block grant	16.592	1,406
<u>Direct payments:</u>		
Bullet proof vest grant	16.000	<u>1,017</u>
Total Department of Justice		\$ <u>85,929</u>
Total Primary Government		\$ <u><u>1,720,853</u></u>
<b>Component Unit - School Board:</b>		
<u>DEPARTMENT OF DEFENSE:</u>		
<u>Pass through payments:</u>		
Payments in lieu of real estate taxes	12.112	\$ <u>82</u>
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Schools and roads state grants	10.665	\$ 32,974
Food distribution	10.555	95,441

**COUNTY OF AMHERST, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2005 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expenditures
<b>Component Unit - School Board: (Continued)</b>		
<u>DEPARTMENT OF AGRICULTURE: (CONTINUED)</u>		
<u>Pass through payments: (Continued)</u>		
Department of Education:		
National school breakfast program	10.553	\$ 156,200
National school lunch program	10.555	571,624
		856,239
Total Department of Agriculture		\$ 856,239
 <u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Education Consolidation and Improvement Act of 1981:		
Chapter 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	\$ 805,740
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	706,536
Vocational Education:		
Basic grants to states (3E001311)	84.048	87,516
Special Projects:		
Drug free schools	84.186	26,442
Preschool handicap	84.173	30,434
Title II- Part A - Improving teacher quality	84.367	201,223
Twenty-first century community learning centers	84.287	144,417
Comprehensive school reform	84.332	76,893
Innovative education	84.298	38,645
State assessments and related activities	84.369	14,948
Title II - teacher quality grant	84.336	68,622
Reading first	84.357	324,000
Advance placement	84.330	312
Adult education	84.002	54,850
		2,580,578
Total Department of Education		\$ 2,580,578
Total Component Unit School Board		\$ 3,436,899
Total Federal Assistance		\$ 5,157,752

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**COUNTY OF AMHERST, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005

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Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ <u>1,720,853</u>
Total primary government	\$ <u>1,720,853</u>
Component Unit Public Schools:	
School Operating Fund	\$ <u>3,341,458</u>
Total component unit public schools	\$ <u>3,341,458</u>
Total federal expenditures per basic financial statements	\$ <u>5,062,311</u>
Non-cash expenditures - value of donated commodities	\$ <u>95,441</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>5,157,752</u></u>

**COUNTY OF AMHERST, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weaknesses identified? No  
Reportable conditions identified not considered  
to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:  
Material weaknesses identified? No  
Reportable conditions identified not considered  
to be material weaknesses? None reported

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

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Title VI-B -- special education cluster
84.173	Preschool handicap -- special education cluster

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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