

# COUNTY OF LUNENBURG, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015



COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

THIS PAGE LEFT BLANK INTENTIONALLY

## COUNTY OF LUNENBURG, VIRGINIA

---

### Board of Supervisors

---

T. Wayne Hoover, Chairperson

Robert G. Zava  
Dr. Frank W. Bacon  
David E. Wingold, Sr.

Charles R. Slayton  
Alvester L. Edmonds  
Edward W. Pennington

### Department of Social Services

---

Gail Berkley  
Charles R. Slayton  
Gloria Allen

Jacqueline Moore  
Mary Beth Gregory

### County School Board

---

Donald B. Carnes, Chairperson

Kathy P. Coffee  
James W. Duffy  
Ada A. Whitehead

Amy McClure  
Beverley P. Hawthorne  
Elizabeth R. Williams

### Other Officials

---

Judge of the Circuit Court .....	Donald C. Blessing
Clerk of the Circuit Court .....	Gordon F. Erby
Commonwealth's Attorney .....	Robert E. Clement
Commissioner of the Revenue .....	Liz Y. Hamlett
Treasurer .....	Amona Currin
Sheriff .....	Arthur Townsend
Superintendent of Schools .....	Charles M. Berkley, Jr.
Director of Social Services .....	Dorothy A. Newcomb
County Administrator .....	Tracy M. Gee

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF LUNENBURG, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1    Statement of Net Position	11
Exhibit 2    Statement of Activities	12
Fund Financial Statements:	
Exhibit 3    Balance Sheet--Governmental Funds	13
Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5    Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	15
Exhibit 6    Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7    Statement of Fiduciary Net Position --Fiduciary Funds	17
Notes to Financial Statements	18-67

COUNTY OF LUNENBURG, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

---

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 8     Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	68
Exhibit 9     Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Special Revenue Fund	69
Exhibit 10    Schedule of OPEB Funding Progress–Retiree Healthcare Plan	70
Exhibit 11    Schedule of Components of and Changes in Net Pension Liability and Related Ratios–Primary Government	71
Exhibit 12    Schedule of Components of and Changes in Net Pension Liability and Related Ratios–Component Unit School Board (Nonprofessional)	72
Exhibit 13    Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	73
Exhibit 14    Schedule of Employer Contributions	74
Exhibit 15    Notes to Required Supplementary Information	75
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 16    Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Debt Service Fund	76
Exhibit 17    Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	77
Exhibit 18    Combining Statement of Changes in Assets and Liabilities–Agency Funds	78
Discretely Presented Component Unit School Board:	
Exhibit 19    Combining Balance Sheet	79
Exhibit 20    Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	80
Exhibit 21    Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual	81-82



COUNTY OF LUNENBURG, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

---

Other Supplementary Information: (Continued)

	<u>Page</u>
Discretely Presented Component Unit Industrial Development Authority:	
Exhibit 22 Statement of Net Position	83
Exhibit 23 Statement of Revenues, Expenses and Changes in Net Position	84
Exhibit 24 Statement of Cash Flows	85
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	86-91
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	92-95
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function–Last Ten Fiscal Years	96-97
Table 2 Government-Wide Revenues–Last Ten Fiscal Years	98-99
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	100-101
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	102-103
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	104
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	105
Table 7 Property Tax Rates–Last Ten Fiscal Years	106
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	107
<u>Compliance:</u>	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	108-109
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	110-111
Schedule of Expenditures of Federal Awards	112-113
Notes to Schedule of Expenditures of Federal Awards	114
Schedule of Findings and Questioned Costs	115-116

THIS PAGE LEFT BLANK INTENTIONALLY

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

## Independent Auditors' Report

---

To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statements Nos. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 69-70, and 71-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Lunenburg, Virginia's basic financial statements. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

*Other Information (Continued)*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of County of Lunenburg, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Lunenburg, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a horizontal line.

Richmond, Virginia  
January 11, 2016

THIS PAGE LEFT BLANK INTENTIONALLY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Lunenburg, 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, 2015. Please read it in conjunction with the County's basic financial statements, which follow this section.

### **Financial Highlights**

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

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,733,608 (net position).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$313,202 (Exhibit 5) after making contributions totaling \$2,703,348 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$7,845,669, an increase of \$313,202 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,690,450, or 49.3% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,616,842 during the current fiscal 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.

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but 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 Lunenburg, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Lunenburg, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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 Lunenburg, 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 two categories: governmental funds and fiduciary funds.



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

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 four major governmental funds – the General Fund, the County Special Revenue Fund, the County Debt Service Fund and the County Capital Projects Fund.

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 position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and Industrial Development Authority. Neither issues separate financial statements.

*The remainder of this page left blank intentionally.*

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

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$11,733,608 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

<b>County of Lunenburg, Virginia's Net Position</b>			
	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	
Current and other assets	\$ 11,602,695	\$ 11,041,250	
Capital assets	<u>19,469,256</u>	<u>19,925,059</u>	
Total assets	<u>\$ 31,071,951</u>	<u>\$ 30,966,309</u>	
Deferred outflows of resources	<u>\$ 326,068</u>	<u>\$ -</u>	
Current liabilities	\$ 709,636	\$ 500,185	
Long-term liabilities outstanding	<u>15,621,582</u>	<u>14,986,281</u>	
Total liabilities	<u>\$ 16,331,218</u>	<u>\$ 15,486,466</u>	
Deferred inflows of resources	<u>\$ 3,333,193</u>	<u>\$ 2,809,027</u>	
Net position:			
Net investment in capital assets	\$ 5,697,448	\$ 5,177,139	
Unrestricted	<u>6,036,160</u>	<u>7,493,677</u>	
Total net position	<u>\$ 11,733,608</u>	<u>\$ 12,670,816</u>	

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations.

*The remainder of this page left blank intentionally.*

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

The County's net position increased by \$1,116,012 during the current fiscal year. The following table summarizes the County's Statement of Activities:

<b>County of Lunenburg, Virginia's Changes in Net Position</b>			
	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	
Revenues:			
Program revenues:			
Charges for services	\$ 317,265	\$ 327,273	
Operating grants and contributions	3,404,694	3,389,093	
Capital grants and contributions	556,961	265,875	
General property taxes	5,917,386	5,438,422	
Other local taxes	913,402	891,323	
Grants and other contributions not restricted	1,288,699	1,296,880	
Other general revenues	285,221	332,751	
Payment from Lunenburg County School Board	65,975	61,896	
Total revenues	\$ 12,749,603	\$ 12,003,513	
Expenses:			
General government administration	\$ 997,642	\$ 945,210	
Judicial administration	870,344	882,734	
Public safety	2,580,814	2,459,725	
Public works	297,905	453,493	
Health and welfare	2,130,408	2,228,259	
Education	3,242,837	3,353,114	
Parks, recreation, and cultural	-	3,074	
Community development	984,558	1,083,840	
Interest and other fiscal charges	529,083	567,880	
Total expenses	\$ 11,633,591	\$ 11,977,329	
Change in net position	\$ 1,116,012	\$ 26,184	
Net position, beginning of year as restated	10,617,596	12,644,632	
Net position, end of year	\$ 11,733,608	\$ 12,670,816	

Because prior year information related to pensions was not available, the 2014 numbers have not been restated to reflect GASB 68 calculations. Therefore, beginning net position for 2015 as displayed above does not agree to ending net position for 2014.

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

As noted earlier, the County uses 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 available 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 \$7,845,669, an increase of \$313,202 in comparison with the prior year. Approximately 73% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

## **General Fund Budgetary Highlights**

During the year, revenues and other sources exceeded budgetary estimates by \$67,824 and budgetary estimates were greater than expenditures and other uses by \$717,188. The resulting positive variance for change in fund balance was \$785,012.

## **Capital Asset and Debt Administration**

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2015 amounts to \$19,469,256 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$13,566,495. Of this amount, \$9,039,495 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., lease revenue bonds and capital leases).

The County's total debt decreased by \$961,327 during the current fiscal year.

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

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

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

The fiscal year 2016 budget decreased by approximately .5 percent and all tax rates remained the same as in 2015.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Lunenburg, 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 County Administrator, 11413 Courthouse Road, Lunenburg, Virginia 23952.

THIS PAGE LEFT BLANK INTENTIONALLY

## *BASIC FINANCIAL STATEMENTS*

THIS PAGE LEFT BLANK INTENTIONALLY



## *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
Statement of Net Position  
June 30, 2015

	Primary Governmental Activities	Component Units School Board	IDA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,399,721	\$ 188,707	\$ 15,025
Investments	1,144,019	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	3,237,688	-	-
Accounts receivable	123,127	14,497	-
Due from other governmental units	698,140	563,530	-
Net pension asset	-	168,072	-
Capital assets (net of accumulated depreciation):			
Land	240,260	37,807	-
Buildings and improvements	9,303,796	27,000	-
Improvements other than buildings	143,955	-	-
Equipment	741,749	528,804	-
Jointly owned assets	9,039,496	3,987,922	-
Total assets	<u>\$ 31,071,951</u>	<u>\$ 5,516,339</u>	<u>\$ 15,025</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	\$ 326,068	\$ 1,147,134	\$ -
Total deferred outflow of resources	<u>\$ 326,068</u>	<u>\$ 1,147,134</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 128,976	\$ 47,739	\$ -
Accrued liabilities	132,350	-	-
Reconciled overdraft payable	244,689	540,012	-
Accrued interest payable	179,856	-	-
Unearned revenue	23,765	-	-
Long-term liabilities:			
Due within one year	981,441	-	-
Due in more than one year	14,640,141	12,940,399	-
Total liabilities	<u>\$ 16,331,218</u>	<u>\$ 13,528,150</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 2,715,455	\$ -	\$ -
Items related to measurement of net pension liability	617,738	2,453,917	-
Total deferred inflows of resources	<u>\$ 3,333,193</u>	<u>\$ 2,453,917</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 5,697,448	\$ 4,581,533	\$ -
Unrestricted	6,036,160	(13,900,127)	15,025
Total net position	<u>\$ 11,733,608</u>	<u>\$ (9,318,594)</u>	<u>\$ 15,025</u>

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

County of Lunenburg, Virginia  
Statement of Activities  
For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary	Component Units	
		Charges for	Grants and	Grants and	Government		
Functions/Programs	Expenses	Services	Contributions	Contributions	Governmental	School Board	IDA
					Activities		
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 997,642	\$ -	\$ 207,320	\$ -	\$ (790,322)	\$ -	\$ -
Judicial administration	870,344	30,408	412,590	-	(427,346)	-	-
Public safety	2,580,814	79,567	845,656	217,739	(1,437,852)	-	-
Public works	297,905	204,014	-	-	(93,891)	-	-
Health and welfare	2,130,408	-	1,692,198	-	(438,210)	-	-
Education	3,242,837	-	140,573	-	(3,102,264)	-	-
Community development	984,558	3,276	106,357	339,222	(535,703)	-	-
Interest on long-term debt	529,083	-	-	-	(529,083)	-	-
Total governmental activities	\$ 11,633,591	\$ 317,265	\$ 3,404,694	\$ 556,961	\$ (7,354,671)	\$ -	\$ -
Total primary government	\$ 11,633,591	\$ 317,265	\$ 3,404,694	\$ 556,961	\$ (7,354,671)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 16,042,457	\$ 359,636	\$ 13,021,817	\$ -	\$ -	\$ (2,661,004)	\$ -
IDA	61,126	47,502	-	-	-	-	(13,624)
Total component units	\$ 16,103,583	\$ 407,138	\$ 13,021,817	\$ -	\$ -	\$ (2,661,004)	\$ (13,624)
General revenues:							
General property taxes					\$ 5,917,386	\$ -	\$ -
Local sales and use taxes					418,369	-	-
Motor vehicle licenses					228,716	-	-
Utility taxes					174,643	-	-
Other local taxes					91,674	-	-
Unrestricted revenues from use of money and property					97,278	671	125
Miscellaneous					187,943	-	-
Grants and contributions not restricted to specific programs					1,288,699	-	-
Contribution from Lunenburg County					-	2,863,916	-
Contribution from Lunenburg County School Board					65,975	-	-
Total general revenues					\$ 8,470,683	\$ 2,864,587	\$ 125
Change in net position					\$ 1,116,012	\$ 203,583	\$ (13,499)
Net position - beginning, as restated					10,617,596	(9,522,177)	28,524
Net position - ending					\$ 11,733,608	\$ (9,318,594)	\$ 15,025

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

## *FUND FINANCIAL STATEMENTS*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,876,207	\$ 143,514	\$ 380,000	\$ 6,399,721
Investments	1,144,019	-	-	1,144,019
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,237,688	-	-	3,237,688
Accounts receivable	45,894	77,233	-	123,127
Due from other governmental units	698,140	-	-	698,140
Total assets	<u>\$ 11,001,948</u>	<u>\$ 220,747</u>	<u>\$ 380,000</u>	<u>\$ 11,602,695</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 128,976	\$ -	\$ -	\$ 128,976
Accrued liabilities	52,350	80,000	-	132,350
Reconciled overdraft payable	-	244,689	-	244,689
Unearned revenue	-	23,765	-	23,765
Total liabilities	<u>\$ 181,326</u>	<u>\$ 348,454</u>	<u>\$ -</u>	<u>\$ 529,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 3,227,246	\$ -	\$ -	\$ 3,227,246
Total deferred inflows of resources	<u>\$ 3,227,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,227,246</u>
<b>FUND BALANCES</b>				
Committed	\$ 1,818,426	\$ -	\$ 380,000	\$ 2,198,426
Assigned	84,500	-	-	84,500
Unassigned	5,690,450	(127,707)	-	5,562,743
Total fund balances	<u>\$ 7,593,376</u>	<u>\$ (127,707)</u>	<u>\$ 380,000</u>	<u>\$ 7,845,669</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,001,948</u>	<u>\$ 220,747</u>	<u>\$ 380,000</u>	<u>\$ 11,602,695</u>

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

County of Lunenburg, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2015

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,845,669
--	--------------

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

Capital assets, cost	\$ 29,296,402	
Accumulated depreciation	<u>(9,827,146)</u>	19,469,256

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 511,791	
Items related to measurement of net pension liability	<u>(617,738)</u>	(105,947)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.	326,068
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bond	\$ (4,527,000)	
General obligation bonds	(9,039,495)	
Bond premium	(205,313)	
Compensated absences	(66,721)	
Net pension liability	(1,783,053)	
Accrued interest payable	<u>(179,856)</u>	(15,801,438)

Net position of governmental activities	<u><u>\$ 11,733,608</u></u>
---	-----------------------------

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



County of Lunenburg, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 5,802,033	\$ -	\$ -	\$ -	\$ 5,802,033
Other local taxes	913,402	-	-	-	913,402
Permits, privilege fees, and regulatory licenses	36,178	-	-	-	36,178
Fines and forfeitures	36,073	-	-	-	36,073
Revenue from the use of money and property	92,228	5,050	-	-	97,278
Charges for services	244,027	987	-	-	245,014
Miscellaneous	60,397	127,546	-	-	187,943
Recovered costs	1,013	-	-	-	1,013
Intergovernmental:					
Local Government	-	-	65,975	-	65,975
Commonwealth	3,868,849	462,620	-	-	4,331,469
Federal	716,159	62,153	140,573	-	918,885
Total revenues	\$ 11,770,359	\$ 658,356	\$ 206,548	\$ -	\$ 12,635,263
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 964,773	\$ -	\$ -	\$ -	\$ 964,773
Judicial administration	663,222	-	-	-	663,222
Public safety	2,403,211	64,596	-	-	2,467,807
Public works	800,555	-	-	-	800,555
Health and welfare	2,129,955	-	-	-	2,129,955
Education	2,703,348	-	-	-	2,703,348
Community development	435,902	544,360	-	-	980,262
Nondepartmental	80,383	-	-	-	80,383
Capital projects	9,550	-	-	-	9,550
Debt service:					
Principal retirement	17,838	-	943,489	-	961,327
Interest and other fiscal charges	97	-	560,782	-	560,879
Total expenditures	\$ 10,208,834	\$ 608,956	\$ 1,504,271	\$ -	\$ 12,322,061
Excess (deficiency) of revenues over (under) expenditures	\$ 1,561,525	\$ 49,400	\$ (1,297,723)	\$ -	\$ 313,202
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 48,450	\$ 18,859	\$ 1,325,375	\$ -	\$ 1,392,684
Transfers out	(1,344,234)	(13,000)	-	(35,450)	(1,392,684)
Total other financing sources (uses)	\$ (1,295,784)	\$ 5,859	\$ 1,325,375	\$ (35,450)	\$ -
Net change in fund balances	\$ 265,741	\$ 55,259	\$ 27,652	\$ (35,450)	\$ 313,202
Fund balances - beginning	7,327,635	(182,966)	352,348	35,450	7,532,467
Fund balances - ending	\$ 7,593,376	\$ (127,707)	\$ 380,000	\$ -	\$ 7,845,669

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

County of Lunenburg, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2015

---

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

Net change in fund balances - total governmental funds	\$	313,202
--	----	---------

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 depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 761,266	
Transfer of joint tenancy assets	(160,568)	
Depreciation expense	<u>(1,003,557)</u>	(402,859)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals and donations) is to decrease net position.		(52,944)
--	--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 115,353	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>(617,738)</u>	(502,385)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 404,000	
Principal retirement on general obligation bonds	539,489	
Principal retirement on capital lease	<u>17,838</u>	961,327

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.

(Increase) decrease in accrued interest payable	\$ 17,011	
Amortization of bond issuance premium	14,785	
(Increase) decrease in net pension liability	644,725	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	127,145	
(Increase) decrease in compensated absences	<u>(3,995)</u>	799,671

Change in net position of governmental activities	\$	<u><u>1,116,012</u></u>
---	----	-------------------------

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

County of Lunenburg, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

---

	Agency <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 27,795
	<u>27,795</u>
<b>LIABILITIES</b>	
Amounts held for others	\$ 26,422
Amounts held for social services clients	1,373
Total liabilities	<u>\$ 27,795</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements As of June 30, 2015

---

#### Note 1—Summary of Significant Accounting Policies:

---

The County of Lunenburg, Virginia (the "County") is governed by an elected seven member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, sanitation services, recreational activities, cultural events, education, and social services.

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

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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of 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.

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

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

---

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

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the 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 the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's 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 Lunenburg (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 that it is legally separate from the government.

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

---

**B. Individual Component Unit Disclosures**

*Blended Component Units.* The County has no blended component units at June 30, 2015.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of Lunenburg County. The School Board is 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 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, 2015.

The Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2015. The Industrial Development Authority of Lunenburg County does not issue a separate financial report.

**C. Other Related Organizations**

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$73,000 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

**D. 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 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.

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

---

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation *(continued)***

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.



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

---

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported 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.

Special Revenue Fund - The County Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

2. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the County 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 accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County reports the following Fiduciary Funds: Special Welfare and Cell Tower Escrow.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

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

---

#### 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 with a maturity date within three months of the date acquired by the government are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

#### 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 portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of the interfund loans).

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 \$347,195 at June 30, 2015 and is comprised solely of property taxes.

#### Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5/December 5 (50% each date)	June 5/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

#### H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, 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. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. 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 the asset’s life are not capitalized.

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

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

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

---

#### H. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

#### I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expenses in the Statement of Activities and long-term obligations in the Statement of Net Position. In accordance with the provisions of Governmental 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 is estimated will be taken as “terminal leave” prior to retirement.

#### J. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

#### K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

#### L. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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

---

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

*The remainder of this page left blank intentionally.*

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

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

---

N. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

*The remainder of this page left blank intentionally.*

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

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

**N. Fund Equity (Continued)**

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General	Major Special Revenue Fund	Major Debt Service Fund	Total
	Fund	County Special Revenue Fund	County Debt Service Fund	
Fund Balances:				
Committed:				
Landfill	\$ 1,154,023	\$ -	\$ -	\$ 1,154,023
Voting machines	17,077	-	-	17,077
Debt service	-	-	380,000	380,000
Land sale unclaimed funds	82,214	-	-	82,214
E-911	565,112	-	-	565,112
Total Committed Fund Balance	\$ 1,818,426	\$ -	\$ 380,000	\$ 2,198,426
Assigned:				
Reassessment	\$ 84,500	\$ -	\$ -	\$ 84,500
Unassigned	\$ 5,690,450	\$ (127,707)	\$ -	\$ 5,562,743
Total Fund Balances	\$ 7,593,376	\$ (127,707)	\$ 380,000	\$ 7,845,669

**O. Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

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

---

P. 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 position. 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 during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Q. Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing assets, liabilities, referred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the restatement of net position, reference Note 16.

*Note 2—Stewardship, Compliance, and Accounting:*

---

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

1. On or before March 30<sup>th</sup>, 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 fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### *Note 2—Stewardship, Compliance, and Accounting: (Continued)*

---

6. All appropriations expire as of June 30 each year.

#### Expenditures and Appropriations

Expenditures exceeded appropriations in the Airport, Asset Forfeiture and Economic Development funds at June 30, 2015.

---

### *Note 3—Deposits and Investments:*

---

#### Deposits

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

#### Investments

Statutes authorize 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).

#### Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2015 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Rated Debt Investments	Fair Quality Ratings			
	AAAm	AA	AA+	AA-
Money Market Mutual Fund	\$ 22,411	\$ -	\$ -	\$ -
Corporate Issues	-	50,537	49,976	83,309
Municipal Issues	-	50,308	120,866	51,762
U.S. Government Issues	-	-	714,849	-
Total	\$ 22,411	\$ 100,845	\$ 885,691	\$ 135,071



COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 3—Deposits and Investments: (Continued)*

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Corporate Issues	\$ 183,822	\$ 133,285	\$ 50,537
Municipal Issues	222,936	192,635	30,301
U.S. Government Issues	714,849	289,068	425,781
Total	<u>\$ 1,121,607</u>	<u>\$ 614,988</u>	<u>\$ 506,619</u>

*Note 4—Due to/from Other Governments:*

At June 30, 2015, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 62,837	\$ -
Welfare	28,535	-
Rolling stock tax	4,913	-
Mobile home titling tax	7,271	-
State sales tax	-	306,166
E911 grant	8,134	-
Constitutional officer reimbursements	104,742	-
Victim witness grant	8,621	-
Recordation tax	3,213	-
Comprehensive services act	348,138	-
Communications tax	33,777	-
Federal Government:		
School fund grants	-	257,364
Homeland security	38,964	-
Welfare	45,835	-
Other federal grants	<u>3,160</u>	<u>-</u>
Total due from other governments	<u>\$ 698,140</u>	<u>\$ 563,530</u>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 5—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Primary Government:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 284,304	\$ -	\$ 52,944	\$ 231,360
Jointly owned assets - construction in progress	-	8,900	-	8,900
Total capital assets not subject to depreciation	\$ 284,304	\$ 8,900	\$ 52,944	\$ 240,260
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,892,346	\$ 490,096	\$ -	\$ 12,382,442
Machinery and equipment	2,405,355	102,320	9,000	2,498,675
Intangible	-	159,950	-	159,950
Jointly owned assets	14,264,024	-	248,949	14,015,075
Total capital assets subject to depreciation	\$ 28,561,725	\$ 752,366	\$ 257,949	\$ 29,056,142
Accumulated depreciation:				
Buildings and improvements	\$ 2,728,417	\$ 350,229	\$ -	\$ 3,078,646
Machinery and equipment	1,507,514	258,412	9,000	1,756,926
Intangible	-	15,995	-	15,995
Jointly owned assets	4,685,039	378,921	88,381	4,975,579
Total accumulated depreciation	\$ 8,920,970	\$ 1,003,557	\$ 97,381	\$ 9,827,146
Total capital assets being depreciated, net	\$ 19,640,755	\$ (251,191)	\$ 160,568	\$ 19,228,996
Governmental activities capital assets, net	\$ 19,925,059	\$ (242,291)	\$ 213,512	\$ 19,469,256

Component Unit - School Board:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Total capital assets not subject to depreciation	\$ 37,807	\$ -	\$ -	\$ 37,807
Capital assets subject to depreciation:				
Buildings and improvements	\$ 30,000	\$ -	\$ -	\$ 30,000
Machinery and equipment	2,728,504	278,801	-	3,007,305
Jointly owned assets	5,934,032	-	(248,949)	6,182,981
Total capital assets subject to depreciation	\$ 8,692,536	\$ 278,801	\$ (248,949)	\$ 9,220,286
Accumulated depreciation:				
Buildings and improvements	\$ 1,500	\$ 1,500	\$ -	\$ 3,000
Machinery and equipment	2,314,647	163,854	-	2,478,501
Jointly owned assets	1,949,042	157,636	(88,381)	2,195,059
Total accumulated depreciation	\$ 4,265,189	\$ 322,990	\$ (88,381)	\$ 4,676,560
Total capital assets being depreciated, net	\$ 4,427,347	\$ (44,189)	\$ (160,568)	\$ 4,543,726
Governmental activities capital assets, net	\$ 4,465,154	\$ (44,189)	\$ (160,568)	\$ 4,581,533

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 5—Capital Assets: (Continued)*

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	55,598
Judicial administration		232,474
Public safety		196,761
Public works		37,161
Health and welfare		24,921
Education		378,921
Community development		<u>77,721</u>

Total Governmental activities	\$	<u><u>1,003,557</u></u>
-------------------------------	----	-------------------------

Component Unit School Board	\$	<u><u>322,990</u></u>
-----------------------------	----	-----------------------

*Note 6—Interfund Transfers:*

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 48,450	\$ 1,344,234
County special revenue	18,859	13,000
County debt service fund	1,325,375	-
County capital projects	<u>-</u>	<u>35,450</u>
Total Primary Government	\$ <u><u>1,392,684</u></u>	\$ <u><u>1,392,684</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund and Component Unit School Board to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	Restated Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 62,726	\$ 10,268	\$ 6,273	\$ 66,721	\$ 6,273
Capital lease	17,838	-	17,838	-	-
Net pension liability	2,427,778	1,041,714	1,686,439	1,783,053	-
Lease revenue bond	4,931,000	-	404,000	4,527,000	415,000
Total incurred by County	\$ 7,439,342	\$ 1,051,982	\$ 2,114,550	\$ 6,376,774	\$ 421,273
Incurred by School Board:					
General obligation bonds	\$ 9,578,984	\$ -	539,489	\$ 9,039,495	\$ 560,168
Issuance premium	220,098	-	14,785	205,313	-
Total incurred by School Board	\$ 9,799,082	\$ -	\$ 554,274	\$ 9,244,808	\$ 560,168
Total Governmental Activities Obligations	\$ 17,238,424	\$ 1,051,982	\$ 2,668,824	\$ 15,621,582	\$ 981,441

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

Year Ending June 30	Incurred by County	
	Lease Revenue Bond	
	Principal	Interest
2016	\$ 415,000	\$ 112,270
2017	426,000	101,978
2018	436,000	91,413
2019	446,000	80,600
2020	457,000	69,539
2021	468,000	58,205
2022	1,879,000	46,599
Total	\$ 4,527,000	\$ 560,604

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (continued)

Year Ending June 30	Incurred by School Board	
	General Obligation Bonds	
	Principal	Interest
2016	\$ 560,168	\$ 418,534
2017	581,002	398,583
2018	602,009	377,932
2019	708,209	356,757
2020	729,722	335,045
2021	751,771	312,591
2022	774,177	289,367
2023	721,765	265,541
2024	743,859	241,813
2025	760,678	217,769
2026	777,735	193,004
2027	414,500	176,708
2028	336,200	106,271
2029	347,700	97,976
2030	115,000	89,250
2031	115,000	44,625
Total	\$ <u>9,039,495</u>	\$ <u>3,921,766</u>

*The remainder of this page left blank intentionally.*

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness are as follows:

Incurring by County:

Lease Revenue Bond:

\$5,587,000 public facility lease revenue bond, Series 2012, issued January 31, 2012 due on varying installments of principal plus interest through February 1, 2022, interest at 2.48%.	\$	4,527,000
Net pension liability	\$	1,783,053
Compensated absences (payable from the General Fund)	\$	66,721
Total incurred by County	\$	6,376,774

Incurring by School Board:

General Obligation Bonds:

\$5,856,256 School Bonds 2005A Series issued October 25, 2005, due in varying annual installments through January 15, 2026, interest at various rates.	\$	3,570,895
\$3,020,000 School Bonds 2005B Series issued October 25, 2005, due in varying annual installments through February 1, 2029, interest at 3.75%.		2,573,600
\$1,175,000 School Bonds issued July 8, 2010, due in varying annual installments through June 1, 2027, interest at 4.25%.		990,000
\$2,100,000 Virginia Public School Authority bonds issued December 15, 2011, due in varying annual installments of principal and interest through December 1, 2030, interest at 4.25%.		1,905,000
Bond premium		205,313
Total Long-term Obligation Bonds	\$	9,244,808
Total Incurred by School Board	\$	9,244,808
Total General Obligations, Primary Government	\$	15,621,582

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 7—Long-Term Obligations: (Continued)*

Component Unit-School Board:

	Restated Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 15,057,191	\$ 1,127,329	\$ 3,436,520	\$ 12,748,000	-
Net OPEB obligation	141,846	88,453	37,900	192,399	\$ -
Total Component Unit-School Board	\$ <u>15,199,037</u>	\$ <u>1,215,782</u>	\$ <u>3,474,420</u>	\$ <u>12,940,399</u>	\$ <u>-</u>

*Note 8—Unearned and Deferred/Unavailable Revenue:*

Unearned and unavailable revenue represent 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. The County reports deferred/unavailable revenue totaling \$3,227,246 and unearned revenue of \$23,765 at June 30, 2015 which is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$174,974 at June 30, 2015.

Deferred/Unavailable Property Tax Revenue - Deferred/unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,052,272 at June 30, 2015.

Unearned Revenue: - Unearned revenue representing unspent federal asset forfeiture funds totaling \$23,765.

*Note 9—Commitments and Contingent Liabilities:*

Federal programs in which the County and its discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 disallowance of current grant program expenditures, if any, would be immaterial.

*Note 10—Litigation:*

At June 30, 2015, there were no matters of litigation involving the County or its component units which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

*Note 11 –Risk Management:*

---

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

*The remainder of this page left blank intentionally.*



## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

### **Note 12—Pension Plan:**

#### **Plan Description**

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li></ul>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

Note 12—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contributions Component:</b></u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <b><u>Defined Contributions Component: (Cont.)</u></b> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under Plan 1</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b> <b><u>Defined Contribution Component:</u></b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component:</u></b> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Normal Retirement Age</b> VRS: Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> VRS: Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <u><b>Defined Benefit Component:</b></u> VRS: Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>



COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u><b>Eligibility:</b></u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 2.</p> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1 and Plan 2.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

### **Note 12—Pension Plan: (Continued)**

#### **Plan Description (Continued)**

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### **Employees Covered by Benefit Terms**

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	46	22
Inactive members:		
Vested inactive members	12	-
Non-vested inactive members	16	4
Inactive members active elsewhere in VRS	26	3
Total inactive members	54	7
Active members	53	33
Total covered employees	153	62

#### **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2015 was 15.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$326,068 and \$198,923 for the years ended June 30, 2015 and June 30, 2014, respectively.

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### **Note 12—Pension Plan: (Continued)**

---

#### **Contributions (Continued)**

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 6.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$39,238 and \$37,671 for the years ended June 30, 2015 and June 30, 2014, respectively.

#### **Net Pension Liability**

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

#### **Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### **Note 12—Pension Plan: (Continued)**

---

#### **Actuarial Assumptions - General Employees (Continued)**

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

#### **Actuarial Assumptions - Public Safety Employees**

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### ***Note 12—Pension Plan: (Continued)***

---

#### ***Actuarial Assumptions - Public Safety Employees (Continued)***

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

# COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

## Note 12—Pension Plan: (Continued)

### Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.



COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Discount Rate**

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

**Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 11,389,092	\$ 8,961,314	\$ 2,427,778
Changes for the year:			
Service cost	\$ 260,971	\$ -	\$ 260,971
Interest	773,018	-	773,018
Contributions - employer	-	198,923	(198,923)
Contributions - employee	-	101,935	(101,935)
Net investment income	-	1,385,508	(1,385,508)
Benefit payments, including refunds of employee contributions	(691,966)	(691,966)	-
Administrative expenses	-	(7,725)	7,725
Other changes	-	73	(73)
Net changes	\$ 342,023	\$ 986,748	\$ (644,725)
Balances at June 30, 2014	\$ 11,731,115	\$ 9,948,062	\$ 1,783,053

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

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

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 2,084,543	\$ 2,068,352	\$ 16,191
Changes for the year:			
Service cost	\$ 66,261	\$ -	\$ 66,261
Interest	143,318	-	143,318
Contributions - employer	-	37,671	(37,671)
Contributions - employee	-	30,980	(30,980)
Net investment income	-	326,923	(326,923)
Benefit payments, including refunds of employee contributions	(74,286)	(74,286)	-
Administrative expenses	-	(1,750)	1,750
Other changes	-	18	(18)
Net changes	\$ 135,293	\$ 319,556	\$ (184,263)
Balances at June 30, 2014	\$ 2,219,836	\$ 2,387,908	\$ (168,072)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 3,139,752	\$ 1,783,053	\$ 641,047
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 106,388	\$ (168,072)	\$ (396,852)

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$171,936 and \$(675) respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 617,738	\$ -	\$ 145,917
Employer contributions subsequent to the measurement date	326,068	-	39,238	-
Total	<u>\$ 326,068</u>	<u>\$ 617,738</u>	<u>\$ 39,238</u>	<u>\$ 145,917</u>

\$326,068 and \$39,238 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (154,435)	\$ (36,479)
2017	(154,435)	(36,479)
2018	(154,435)	(36,479)
2019	(154,433)	(36,480)
Thereafter	-	-

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### ***Note 12—Pension Plan: (Continued)***

---

#### **Component Unit School Board (professional)**

##### ***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

##### ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,107,896 and \$901,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$12,748,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .10549% as compared to .10918% at June 30, 2013.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

For the year ended June 30, 2015, the school division recognized pension expense of \$916,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,892,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	416,000
Employer contributions subsequent to the measurement date	<u>1,107,896</u>	<u>-</u>
Total	<u>\$ 1,107,896</u>	<u>\$ 2,308,000</u>

\$1,107,896 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (565,000)
2017	(565,000)
2018	(565,000)
2019	(565,000)
Thereafter	(48,000)

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### ***Note 12—Pension Plan: (Continued)***

---

#### **Component Unit School Board (professional) (Continued)**

##### ***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

##### **Mortality rates:**

###### **Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

###### **Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

###### **Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

**Note 12—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

### **Note 12—Pension Plan: (Continued)**

#### **Component Unit School Board (professional) (Continued)**

##### ***Discount Rate***

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	18,719,000	\$ 12,748,000	\$ 7,832,000

##### ***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



## COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

---

### *Note 13 – Surety Bonds:*

---

The following surety bonds covered constitutional officers and County employees at June 30, 2015:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Amona Currin, Treasurer	400,000
Liz Y. Hamlett, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
VACo Risk Management Programs:	
Thomas Palmore, Clerk of the Board	10,000
Kathy Wray, Clerk of Textbook Fund	10,000
Mary B. Leistra, Deputy Clerk of the Board	10,000
Dora Wynn, School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Dorothy A. Newcomb, Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

### *Note 14 – Other Postemployment Benefits-Health Insurance:*

---

#### A. Plan Description

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

#### B. Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 8 retirees and dependents on their plan.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 14 – Other Postemployment Benefits-Health Insurance: (Continued)*

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	91,200
Interest on net OPEB obligation		4,965
Adjustment to annual required contribution		(7,712)
Annual OPEB cost (expense)	\$	<u>88,453</u>
Contributions made		<u>(37,900)</u>
Increase in net OPEB obligation		50,553
Net OPEB obligation-beginning of year		141,846
Net OPEB obligation-end of year	\$	<u><u>192,399</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2013	\$ 90,062	48.52%	\$ 94,782
6/30/2014	92,364	49.05%	141,846
6/30/2015	88,453	42.85%	192,399

*Note 14 – Other Postemployment Benefits-Health Insurance (Continued):*

---

D. Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$875,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,832,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.91%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost Method

In the January 1, 2015, the most recent actuarial valuation, the projected unit credit method with level dollar amount amortization was used.

The following simplifying assumptions were made:

*Retirement age for active employees*-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2020 using scale AA.

*Coverage elections*-The actuary assumed that 30% of eligible retirees who qualify will elect coverage and 30% of employees who elect coverage will elect to cover a spouse.

*Note 14 – Other Postemployment Benefits-Health Insurance (Continued):*

---

E. Actuarial Methods and Assumptions (Continued)

Cost Method (Continued)

*Healthcare cost trend rate* -Medical trend rates consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment were used. These trend rates do not include the effects of changes in demographics of the covered group. Health Cost trend assumptions under the Getzen Trend model include a 6.60% rate graded to 4.50% over 75 years.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount rate of 3.50% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2015 was thirty years.

*Note 15 – Other PostEmployment Benefits-Health Insurance Credit:*

---

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$82,836, \$85,022, and \$87,515, respectively and equaled the required contributions for each year.

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements (Continued)  
As of June 30, 2015

*Note 16 – Beginning Net Position Restatement:*

Net position was restated as of July 1, 2014 as follows:

	Primary Government	Component Unit School Board
Net position as previously reported	\$ 12,670,816	\$ 4,596,343
Implementation of GASB 68	(2,053,220)	(14,118,520)
Net position as adjusted	<u>\$ 10,617,596</u>	<u>\$ (9,522,177)</u>

*Note 17 – Upcoming Pronouncements:*

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

*Note 17 – Upcoming Pronouncements:*

---

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

*REQUIRED SUPPLEMENTARY INFORMATION*

THIS PAGE LEFT BLANK INTENTIONALLY



County of Lunenburg, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 5,631,500	\$ 5,779,200	\$ 5,802,033	\$ 22,833
Other local taxes	750,000	750,000	913,402	163,402
Permits, privilege fees, and regulatory licenses	38,750	38,750	36,178	(2,572)
Fines and forfeitures	52,100	52,100	36,073	(16,027)
Revenue from the use of money and property	68,500	68,500	92,228	23,728
Charges for services	217,996	217,996	244,027	26,031
Miscellaneous	20,000	20,000	60,397	40,397
Recovered costs	-	-	1,013	1,013
Intergovernmental:				
Commonwealth	3,956,371	3,956,371	3,868,849	(87,522)
Federal	569,492	679,492	716,159	36,667
Total revenues	<u>\$ 11,304,709</u>	<u>\$ 11,562,409</u>	<u>\$ 11,770,359</u>	<u>\$ 207,950</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 963,151	\$ 995,651	\$ 964,773	\$ 30,878
Judicial administration	650,122	704,622	663,222	41,400
Public safety	2,287,761	2,503,632	2,403,211	100,421
Public works	872,362	878,362	800,555	77,807
Health and welfare	2,221,975	2,221,975	2,129,955	92,020
Education	3,239,616	3,239,616	2,703,348	536,268
Community development	426,669	442,669	435,902	6,767
Nondepartmental	65,129	83,829	80,383	3,446
Capital projects	25,000	25,000	9,550	15,450
Debt service:				
Principal retirement	17,900	17,900	17,838	62
Interest and other fiscal charges	100	100	97	3
Total expenditures	<u>\$ 10,769,785</u>	<u>\$ 11,113,356</u>	<u>\$ 10,208,834</u>	<u>\$ 904,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 534,924</u>	<u>\$ 449,053</u>	<u>\$ 1,561,525</u>	<u>\$ 1,112,472</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 188,576	\$ 188,576	\$ 48,450	\$ (140,126)
Transfers out	(1,138,000)	(1,156,900)	(1,344,234)	(187,334)
Total other financing sources (uses)	<u>\$ (949,424)</u>	<u>\$ (968,324)</u>	<u>\$ (1,295,784)</u>	<u>\$ (327,460)</u>
Net change in fund balances	\$ (414,500)	\$ (519,271)	\$ 265,741	\$ 785,012
Fund balances - beginning	482,500	587,271	7,327,635	6,740,364
Fund balances - ending	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ 7,593,376</u>	<u>\$ 7,525,376</u>

County of Lunenburg, Virginia  
County Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 21,000	\$ 21,000	\$ 5,050	\$ (15,950)
Charges for services	1,000	1,000	987	(13)
Miscellaneous	20,100	20,100	127,546	107,446
Intergovernmental:				
Commonwealth	267,200	288,700	462,620	173,920
Federal	70,244	70,244	62,153	(8,091)
Total revenues	<u>\$ 379,544</u>	<u>\$ 401,044</u>	<u>\$ 658,356</u>	<u>\$ 257,312</u>
<b>EXPENDITURES</b>				
Current:				
Judicial administration	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Public safety	25,713	25,713	64,596	(38,883)
Community development	352,831	374,331	544,360	(170,029)
Total expenditures	<u>\$ 379,544</u>	<u>\$ 401,044</u>	<u>\$ 608,956</u>	<u>\$ (207,912)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,400</u>	<u>\$ 49,400</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 18,900	\$ 18,859	\$ (41)
Transfers out	(13,000)	(13,000)	(13,000)	-
Total other financing sources (uses)	<u>\$ (13,000)</u>	<u>\$ 5,900</u>	<u>\$ 5,859</u>	<u>\$ (41)</u>
Net change in fund balances	\$ (13,000)	\$ 5,900	\$ 55,259	\$ 49,359
Fund balances - beginning	13,000	13,000	(182,966)	(195,966)
Fund balances - ending	<u>\$ -</u>	<u>\$ 18,900</u>	<u>\$ (127,707)</u>	<u>\$ (146,607)</u>

County of Lunenburg, Virginia  
Schedule of OPEB Funding Progress - Retiree Healthcare Plan  
For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
School Board:						
1/1/2015	\$ -	\$ 875,700	\$ 875,700	0.00%	\$ 8,832,500	9.91%
1/1/2013	-	850,600	850,600	0.00%	8,681,400	9.80%
1/1/2011	-	571,600	571,600	0.00%	6,051,700	9.45%

County of Lunenburg, Virginia  
Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 260,971
Interest	773,018
Benefit payments, including refunds of employee contributions	(691,966)
Net change in total pension liability	\$ 342,023
Total pension liability - beginning	11,389,092
Total pension liability - ending (a)	\$ 11,731,115
Plan fiduciary net position	
Contributions - employer	\$ 198,923
Contributions - employee	101,935
Net investment income	1,385,508
Benefit payments, including refunds of employee contributions	(691,966)
Administrative expense	(7,725)
Other	73
Net change in plan fiduciary net position	\$ 986,748
Plan fiduciary net position - beginning	8,961,314
Plan fiduciary net position - ending (b)	\$ 9,948,062
County's net pension liability - ending (a) - (b)	\$ 1,783,053
Plan fiduciary net position as a percentage of the total pension liability	84.80%
Covered-employee payroll	\$ 2,037,922
County's net pension liability as a percentage of covered-employee payroll	87.49%

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

County of Lunenburg, Virginia  
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios  
Component Unit School Board (Nonprofessional)  
For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 66,261
Interest	143,318
Benefit payments, including refunds of employee contributions	(74,286)
Net change in total pension liability	\$ 135,293
Total pension liability - beginning	2,084,543
Total pension liability - ending (a)	\$ 2,219,836
Plan fiduciary net position	
Contributions - employer	\$ 37,671
Contributions - employee	30,980
Net investment income	326,923
Benefit payments, including refunds of employee contributions	(74,286)
Administrative expense	(1,750)
Other	18
Net change in plan fiduciary net position	\$ 319,556
Plan fiduciary net position - beginning	2,068,352
Plan fiduciary net position - ending (b)	\$ 2,387,908
School Board's net pension liability (asset) - ending (a) - (b)	\$ (168,072)
Plan fiduciary net position as a percentage of the total pension liability	107.57%
Covered-employee payroll	\$ 616,191
School Board's net pension liability (asset) as a percentage of covered-employee payroll	-27.28%

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

County of Lunenburg, Virginia  
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 For the Year Ended June 30, 2015\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.10549%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,748,000
Employer's Covered-Employee Payroll	7,659,650
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	166.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions  
For the Year Ended June 30, 2015

---

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2015	\$ 326,068	\$ 326,068	\$ -	\$ 2,138,151	15.25%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 39,238	\$ 39,238	\$ -	\$ 631,847	6.21%
<b>Component Unit School Board (professional)</b>					
2015	\$ 1,107,896	\$ 1,107,896	\$ -	\$ 7,640,664	14.50%

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

County of Lunenburg, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

---

**Changes of benefit terms** - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

**Largest 10 - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Largest 10 - LEOS:**

- Update mortality table
- Decrease in male rates of disability

**All Others (Non 10 Largest) - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**All Others (Non 10 Largest) - LEOS:**

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

**Component Unit School Board - Professional Employees**

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year



*OTHER SUPPLEMENTARY INFORMATION*

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
County Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental:				
Local Government	\$ -	\$ -	\$ 65,975	\$ 65,975
Federal	140,000	140,000	140,573	573
Total revenues	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 206,548</u>	<u>\$ 66,548</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 943,489	\$ 943,489	\$ 943,489	\$ -
Interest and other fiscal charges	714,511	714,511	560,782	153,729
Total expenditures	<u>\$ 1,658,000</u>	<u>\$ 1,658,000</u>	<u>\$ 1,504,271</u>	<u>\$ 153,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,518,000)</u>	<u>\$ (1,518,000)</u>	<u>\$ (1,297,723)</u>	<u>\$ 220,277</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,518,000	\$ 1,518,000	\$ 1,325,375	\$ (192,625)
Total other financing sources (uses)	<u>\$ 1,518,000</u>	<u>\$ 1,518,000</u>	<u>\$ 1,325,375</u>	<u>\$ (192,625)</u>
Net change in fund balances	\$ -	\$ -	\$ 27,652	\$ 27,652
Fund balances - beginning	-	-	352,348	352,348
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,000</u>	<u>\$ 380,000</u>

County of Lunenburg, Virginia  
County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (35,450)	\$ (35,450)	\$ -
Total other financing sources (uses)	\$ -	\$ (35,450)	\$ (35,450)	\$ -
Net change in fund balances	\$ -	\$ (35,450)	\$ (35,450)	\$ -
Fund balances - beginning	-	35,450	35,450	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

## County of Lunenburg, Virginia

Fiduciary Funds  
Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 2,357	\$ 7,205	8,189	\$ 1,373
Liabilities:				
Amounts held for social services clients	\$ 2,357	\$ 7,205	8,189	\$ 1,373
Cell Tower Escrow:				
Assets:				
Cash and cash equivalents	\$ 29,009	\$ 13,500	16,087	\$ 26,422
Liabilities:				
Amounts held for others	\$ 29,009	\$ 13,500	16,087	\$ 26,422
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 31,366	\$ 20,705	\$ 24,276	\$ 27,795
Total assets	\$ 31,366	\$ 20,705	\$ 24,276	\$ 27,795
Liabilities:				
Amounts held for others	\$ 29,009	\$ 13,500	\$ 16,087	\$ 26,422
Amounts held for social services clients	2,357	7,205	8,189	1,373
Total liabilities	\$ 31,366	\$ 20,705	\$ 24,276	\$ 27,795

THIS PAGE LEFT BLANK INTENTIONALLY



*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2015

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 188,707	\$ 188,707
Receivables (net of allowance for uncollectibles):			
Accounts receivable	14,497	-	14,497
Due from other governmental units	563,530	-	563,530
Total assets	<u>\$ 578,027</u>	<u>\$ 188,707</u>	<u>\$ 766,734</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 38,015	\$ 9,724	\$ 47,739
Reconciled overdraft payable	540,012		540,012
Total liabilities	<u>\$ 578,027</u>	<u>\$ 9,724</u>	<u>\$ 587,751</u>
<b>Fund balances:</b>			
Assigned	\$ -	\$ 178,983	\$ 178,983
Total fund balances	<u>\$ -</u>	<u>\$ 178,983</u>	<u>\$ 178,983</u>
Total liabilities and fund balances	<u>\$ 578,027</u>	<u>\$ 188,707</u>	<u>\$ 766,734</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Total fund balances per above			\$ 178,983
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost		\$ 9,258,093	
Accumulated depreciation		<u>(4,676,560)</u>	4,581,533
The net pension asset is not an available resource and, therefore, is not reported in the funds.			168,072
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Items related to measurement of net pension liability			(2,453,917)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.			1,147,134
Long-term liabilities, including net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB obligation		\$ (192,399)	
Net pension liability		<u>(12,748,000)</u>	(12,940,399)
Net position of governmental activities			<u>\$ (9,318,594)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 671	\$ 671
Charges for services	150,005	209,631	359,636
Intergovernmental:			
Local government	2,703,348	-	2,703,348
Commonwealth	11,080,630	14,348	11,094,978
Federal	1,268,916	657,923	1,926,839
Total revenues	<u>\$ 15,202,899</u>	<u>\$ 882,573</u>	<u>\$ 16,085,472</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 15,202,899	\$ 976,625	\$ 16,179,524
Total expenditures	<u>\$ 15,202,899</u>	<u>\$ 976,625</u>	<u>\$ 16,179,524</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (94,052)	\$ (94,052)
Net change in fund balances	\$ -	\$ (94,052)	\$ (94,052)
Fund balances - beginning	-	273,035	273,035
Fund balances - ending	<u>\$ -</u>	<u>\$ 178,983</u>	<u>\$ 178,983</u>

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

Net change in fund balances - total governmental funds - per above \$ (94,052)

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 depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 278,801	
Transfer of joint tenancy assets	160,568	
Depreciation expense	<u>(322,990)</u>	116,379

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in items related to measurement of net pension liability/asset (2,453,917)

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.

Change in Net OPEB obligation	\$ (50,553)	
Change in net pension liability/asset	2,477,263	
Change in deferred outflows related to pension payments subsequent to the measurement date	<u>208,463</u>	2,635,173

Change in net position of governmental activities \$ 203,583

County of Lunenburg, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services	214,101	214,101	150,005	(64,096)
Miscellaneous	3,500	3,500	-	(3,500)
Intergovernmental:				
Local government	3,239,616	3,239,616	2,703,348	(536,268)
Commonwealth	10,799,447	10,799,447	11,080,630	281,183
Federal	1,617,159	1,617,159	1,268,916	(348,243)
Total revenues	\$ 15,873,923	\$ 15,873,923	\$ 15,202,899	\$ (671,024)
EXPENDITURES				
Current:				
Education	\$ 15,873,923	\$ 15,873,923	\$ 15,202,899	\$ 671,024
Total expenditures	\$ 15,873,923	\$ 15,873,923	\$ 15,202,899	\$ 671,024
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Special Revenue Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	
\$ -	\$ -	\$ 671	\$ 671	
283,084	283,084	209,631	(73,453)	
-	-	-	-	
-	-	-	-	
16,358	16,358	14,348	(2,010)	
616,188	616,188	657,923	41,735	
\$ 915,630	\$ 915,630	\$ 882,573	\$ (33,057)	
\$ 915,630	\$ 915,630	\$ 976,625	\$ (60,995)	
\$ 915,630	\$ 915,630	\$ 976,625	\$ (60,995)	
\$ -	\$ -	\$ (94,052)	\$ (94,052)	
\$ -	\$ -	\$ (94,052)	\$ (94,052)	
-	-	273,035	273,035	
\$ -	\$ -	\$ 178,983	\$ 178,983	

THIS PAGE LEFT BLANK INTENTIONALLY



*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2015

---

## ASSETS

## Current assets:

Cash and cash equivalents	\$ 15,025
Total assets	\$ 15,025

## NET POSITION

## Unrestricted

Total net position	\$ 15,025
--------------------	-----------

County of Lunenburg, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2015

---

**OPERATING REVENUES**

## Charges for services:

Lease revenue	\$ 18,000
Contributions from local government	29,502
Total operating revenues	<u>\$ 47,502</u>

**OPERATING EXPENSES**

Other charges	\$ 31,624
Tax incentives	29,502
Total operating expenses	<u>\$ 61,126</u>

Operating income (loss)	<u>\$ (13,624)</u>
-------------------------	--------------------

**NONOPERATING REVENUES (EXPENSES)**

Interest income	\$ 125
Total nonoperating revenues (expenses)	<u>\$ 125</u>

Change in net position	\$ (13,499)
------------------------	-------------

Total net position - beginning	28,524
Total net position - ending	<u><u>\$ 15,025</u></u>

County of Lunenburg, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2015

---

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 47,502
Payments for operating activities	(61,126)
Net cash provided by (used for) operating activities	<u>\$ (13,624)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 125
Net cash provided by (used for) investing activities	<u>\$ 125</u>

Net increase (decrease) in cash and cash equivalents	\$ (13,499)
--	-------------

Cash and cash equivalents - beginning	28,524
Cash and cash equivalents - ending	<u><u>\$ 15,025</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

## *SUPPORTING SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY



County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,247,000	\$ 3,322,000	\$ 3,366,970	\$ 44,970
Real and personal public service corporation taxes	100,000	172,700	179,070	6,370
Personal property taxes	1,810,000	1,810,000	1,766,636	(43,364)
Mobile home taxes	24,000	24,000	24,852	852
Machinery and tools taxes	249,500	249,500	268,927	19,427
Merchant's capital taxes	69,000	69,000	84,877	15,877
Penalties	75,000	75,000	68,111	(6,889)
Interest	57,000	57,000	42,590	(14,410)
Total general property taxes	\$ 5,631,500	\$ 5,779,200	\$ 5,802,033	\$ 22,833
Other local taxes:				
Local sales and use taxes	\$ 330,000	\$ 330,000	\$ 418,369	\$ 88,369
Utility taxes	170,000	170,000	174,643	4,643
Consumption tax	25,000	25,000	25,037	37
Motor vehicle licenses	179,000	179,000	228,716	49,716
Taxes on recordation and wills	45,000	45,000	66,637	21,637
Total other local taxes	\$ 749,000	\$ 749,000	\$ 913,402	\$ 164,402
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 17,090	\$ 7,090
Transfer fees	450	450	402	(48)
Permits and other licenses	28,300	28,300	18,686	(9,614)
Total permits, privilege fees, and regulatory licenses	\$ 38,750	\$ 38,750	\$ 36,178	\$ (2,572)
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,100	\$ 30,100	\$ 36,073	\$ 5,973
Total fines and forfeitures	\$ 30,100	\$ 30,100	\$ 36,073	\$ 5,973
Revenue from use of money and property:				
Revenue from use of money	\$ 36,000	\$ 36,000	\$ 25,995	\$ (10,005)
Revenue from use of property	32,500	32,500	66,233	33,733
Total revenue from use of money and property	\$ 68,500	\$ 68,500	\$ 92,228	\$ 23,728
Charges for services:				
Excess fees of clerk	\$ 6,000	\$ 6,000	\$ 5,819	\$ (181)
Sheriff's fees	796	796	5,389	4,593
Courthouse security fees	17,000	17,000	21,653	4,653
Landfill fees	210,000	210,000	204,014	(5,986)
Charges for Commonwealth's Attorney	1,500	1,500	1,949	449
Charges for correction and detention	3,200	3,200	1,927	(1,273)
Document reproduction costs	2,500	2,500	3,276	776
Total charges for services	\$ 240,996	\$ 240,996	\$ 244,027	\$ 3,031
Miscellaneous revenue:				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 60,397	\$ 40,397
Total miscellaneous revenue	\$ 20,000	\$ 20,000	\$ 60,397	\$ 40,397

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Recovered costs:				
VJCCA juvenile reimbursement	\$ -	\$ -	\$ 1,013	1,013
Total recovered costs	\$ -	\$ -	\$ 1,013	\$ 1,013
 Total revenue from local sources	 \$ 6,778,846	 \$ 6,926,546	 \$ 7,185,351	 \$ 258,805
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 175,000	\$ 175,000	\$ 205,772	\$ 30,772
Mobile home titling tax	18,000	18,000	17,230	(770)
Rolling stock tax	-	-	4,913	4,913
Recordation tax	7,000	7,000	12,552	5,552
Personal property tax relief funds	1,048,232	1,048,232	1,048,232	-
Total noncategorical aid	\$ 1,248,232	\$ 1,248,232	\$ 1,288,699	\$ 40,467
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 212,430	\$ 212,430	\$ 181,950	\$ (30,480)
Sheriff	698,122	698,122	667,466	(30,656)
Commissioner of revenue	76,259	76,259	69,698	(6,561)
Treasurer	76,709	76,709	77,940	1,231
Registrar/electoral board	38,000	38,000	36,222	(1,778)
Clerk of the Circuit Court	177,799	177,799	181,950	4,151
Total shared expenses	\$ 1,279,319	\$ 1,279,319	\$ 1,215,226	\$ (64,093)
Other categorical aid:				
Public assistance and welfare administration	\$ 316,983	\$ 316,983	\$ 328,499	\$ 11,516
Voting machine	5,000	5,000	-	(5,000)
Animal friendly plates	100	100	147	47
Comprehensive services act	800,000	800,000	781,290	(18,710)
School resource officer	15,500	15,500	-	(15,500)
Emergency medical services	11,500	11,500	11,238	(262)
Victim-witness grant	37,420	37,420	48,690	11,270
E-911 wireless	57,890	57,890	48,585	(9,305)
E-911 equipment grant	131,927	131,927	108,652	(23,275)
Selective enforcement grant	20,000	20,000	-	(20,000)
Litter control	7,500	7,500	6,357	(1,143)
Fire programs fund	25,000	25,000	31,466	6,466
Total other categorical aid	\$ 1,428,820	\$ 1,428,820	\$ 1,364,924	\$ (63,896)
 Total categorical aid	 \$ 2,708,139	 \$ 2,708,139	 \$ 2,580,150	 \$ (127,989)
 Total revenue from the Commonwealth	 \$ 3,956,371	 \$ 3,956,371	 \$ 3,868,849	 \$ (87,522)

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 561,992	\$ 561,992	\$ 582,409	\$ 20,417
Byrne JAG funds	-	-	1,985	1,985
LEMP grant	7,500	7,500	7,377	(123)
FEMA/Homeland Security grants	-	110,000	109,087	(913)
Transportation safety grant	-	-	15,301	15,301
Total categorical aid	\$ 569,492	\$ 679,492	\$ 716,159	\$ 36,667
Total revenue from the federal government	\$ 569,492	\$ 679,492	\$ 716,159	\$ 36,667
Total General Fund	\$ 11,304,709	\$ 11,562,409	\$ 11,770,359	\$ 207,950
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 50	\$ 50
Revenue from the use of property	21,000	21,000	5,000	(16,000)
Total revenue from use of money and property	\$ 21,000	\$ 21,000	\$ 5,050	\$ (15,950)
Charges for services:				
Law Library	\$ 1,000	\$ 1,000	\$ 987	\$ (13)
Total charges for services	\$ 1,000	\$ 1,000	\$ 987	\$ (13)
Miscellaneous revenue:				
Miscellaneous	\$ 20,100	\$ 20,100	\$ 127,546	\$ 107,446
Total miscellaneous revenue	\$ 20,100	\$ 20,100	\$ 127,546	\$ 107,446
Total revenue from local sources	\$ 42,100	\$ 42,100	\$ 133,583	\$ 91,483
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ 10,000	\$ 31,500	\$ 23,313	\$ (8,187)
Tobacco funds	237,700	237,700	339,222	101,522
VDOT grant	-	-	100,000	100,000
Forfeited assets	19,500	19,500	85	(19,415)
Total categorical aid	\$ 267,200	\$ 288,700	\$ 462,620	\$ 173,920
Total revenue from the Commonwealth	\$ 267,200	\$ 288,700	\$ 462,620	\$ 173,920
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ 5,413	\$ 5,413	\$ 62,153	\$ 56,740
TEA 21 grant	64,831	64,831	-	(64,831)
Total categorical aid	\$ 70,244	\$ 70,244	\$ 62,153	\$ (8,091)
Total revenue from the federal government	\$ 70,244	\$ 70,244	\$ 62,153	\$ (8,091)
Total County Special Revenue Fund	\$ 379,544	\$ 401,044	\$ 658,356	\$ 257,312

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Debt Service Fund:				
County Debt Service Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from Lunenburg School Board	\$ -	\$ -	\$ 65,975	\$ 65,975
Total revenues from local governments	\$ -	\$ -	\$ 65,975	\$ 65,975
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ 140,000	\$ 140,000	\$ 140,573	\$ 573
Total categorical aid	\$ 140,000	\$ 140,000	\$ 140,573	\$ 573
Total revenue from the federal government	\$ 140,000	\$ 140,000	\$ 140,573	\$ 573
Total County Debt Service Fund	\$ 140,000	\$ 140,000	\$ 206,548	\$ 66,548
Total Primary Government	\$ 11,824,253	\$ 12,103,453	\$ 12,635,263	\$ 531,810
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 100	\$ 100	\$ -	\$ (100)
Total revenue from use of money and property	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services:				
Charges for education	\$ 214,101	\$ 214,101	\$ 150,005	\$ (64,096)
Total charges for services	\$ 214,101	\$ 214,101	\$ 150,005	\$ (64,096)
Miscellaneous revenue:				
Miscellaneous	\$ 3,500	\$ 3,500	\$ -	\$ (3,500)
Total miscellaneous revenue	\$ 3,500	\$ 3,500	\$ -	\$ (3,500)
Total revenue from local sources	\$ 217,701	\$ 217,701	\$ 150,005	\$ (67,696)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 3,239,616	\$ 3,239,616	\$ 2,703,348	\$ (536,268)
Total revenues from local governments	\$ 3,239,616	\$ 3,239,616	\$ 2,703,348	\$ (536,268)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,753,706	\$ 1,753,706	\$ 1,763,071	\$ 9,365
Basic school aid	5,333,833	5,333,833	5,547,551	213,718
Remedial summer education	101,054	101,054	304,384	203,330
Regular foster care	2,141	2,141	206	(1,935)
Foster care - special education	-	-	3,578	3,578
Gifted and talented	52,057	52,057	53,782	1,725
Remedial education	294,622	294,622	88,728	(205,894)
Special education	519,465	519,465	536,677	17,212
Textbook payment	106,573	106,573	110,105	3,532

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
GED funding	\$ 7,859	\$ 7,859	\$ 8,859	\$ 1,000
Vocational education	244,780	244,780	254,594	9,814
School fringes	1,009,026	1,009,026	1,034,447	25,421
Early reading intervention	28,532	28,532	28,529	(3)
Homebound	24,108	24,108	23,507	(601)
Vocational education - equipment	7,353	7,353	4,256	(3,097)
Adult education	2,754	2,754	-	(2,754)
Mentor teacher program	-	-	904	904
At risk payments	370,337	370,337	382,803	12,466
Technology funds	236,200	236,200	263,600	27,400
Primary class size	344,281	344,281	342,194	(2,087)
Standards of Learning algebra readiness	31,627	31,627	31,742	115
Tobacco settlement	19,000	19,000	-	(19,000)
Preschool initiative	247,467	247,467	242,935	(4,532)
English as a second language	62,672	62,672	54,178	(8,494)
Total categorical aid	\$ 10,799,447	\$ 10,799,447	\$ 11,080,630	\$ 281,183
Total revenue from the Commonwealth	\$ 10,799,447	\$ 10,799,447	\$ 11,080,630	\$ 281,183
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 793,664	\$ 793,664	\$ 555,121	\$ (238,543)
AP tests	-	-	814	814
Title VI-Rural	39,580	39,580	43,139	3,559
Title VIB	418,530	418,530	427,545	9,015
Preschool special education	12,385	12,385	12,558	173
21st century learning grant	155,000	155,000	55,168	(99,832)
Title II, part a-teacher quality	115,000	115,000	104,595	(10,405)
Carl Perkins Grant	38,000	38,000	28,888	(9,112)
JROTC	45,000	45,000	41,088	(3,912)
Total categorical aid	\$ 1,617,159	\$ 1,617,159	\$ 1,268,916	\$ (348,243)
Total revenue from the federal government	\$ 1,617,159	\$ 1,617,159	\$ 1,268,916	\$ (348,243)
Total School Operating Fund	\$ 15,873,923	\$ 15,873,923	\$ 15,202,899	\$ (671,024)

County of Lunenburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 1  
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 671	\$ 671
Total revenue from use of money and property	\$ -	\$ -	\$ 671	\$ 671
Charges for services:				
Cafeteria sales	\$ 283,084	\$ 283,084	\$ 209,631	\$ (73,453)
Total charges for services	\$ 283,084	\$ 283,084	\$ 209,631	\$ (73,453)
Total revenue from local sources	\$ 283,084	\$ 283,084	\$ 210,302	\$ (72,782)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 16,358	\$ 16,358	\$ 14,348	\$ (2,010)
Total categorical aid	\$ 16,358	\$ 16,358	\$ 14,348	\$ (2,010)
Total revenue from the Commonwealth	\$ 16,358	\$ 16,358	\$ 14,348	\$ (2,010)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 616,188	\$ 616,188	\$ 610,140	\$ (6,048)
Commodities	-	-	47,783	47,783
Total categorical aid	\$ 616,188	\$ 616,188	\$ 657,923	\$ 41,735
Total revenue from the federal government	\$ 616,188	\$ 616,188	\$ 657,923	\$ 41,735
Total School Special Revenue Fund	\$ 915,630	\$ 915,630	\$ 882,573	\$ (33,057)
Total Discretely Presented Component Unit - School Board	\$ 16,789,553	\$ 16,789,553	\$ 16,085,472	\$ (704,081)

County of Lunenburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 47,120	\$ 47,120	\$ 45,375	\$ 1,745
General and financial administration:				
County administrator	\$ 212,896	\$ 212,896	\$ 211,546	\$ 1,350
Professional services	100,000	122,000	121,937	63
Commissioner of revenue	201,254	201,254	192,576	8,678
Treasurer	217,908	217,908	212,529	5,379
Other general and financial administration	85,000	95,500	95,315	185
Total general and financial administration	\$ 817,058	\$ 849,558	\$ 833,903	\$ 15,655
Board of elections:				
Electoral board and officials	\$ 22,945	\$ 22,945	\$ 16,434	\$ 6,511
Voting machine	5,000	5,000	-	5,000
Registrar	71,028	71,028	69,061	1,967
Total board of elections	\$ 98,973	\$ 98,973	\$ 85,495	\$ 13,478
Total general government administration	\$ 963,151	\$ 995,651	\$ 964,773	\$ 30,878
Judicial administration:				
Courts:				
Circuit court	\$ 14,926	\$ 14,926	\$ 14,828	\$ 98
General district court	4,900	4,900	3,288	1,612
Special Magistrates	1,325	1,325	1,148	177
Juvenile and domestic relations court	40,247	84,747	84,176	571
Victim witness	40,478	40,478	40,409	69
Courthouse security	15,490	15,490	12,922	2,568
Clerk of the circuit court	265,737	275,737	270,929	4,808
Total courts	\$ 383,103	\$ 437,603	\$ 427,700	\$ 9,903
Commonwealth's attorney:				
Commonwealth's attorney	\$ 267,019	\$ 267,019	\$ 235,522	\$ 31,497
Total commonwealth's attorney	\$ 267,019	\$ 267,019	\$ 235,522	\$ 31,497
Total judicial administration	\$ 650,122	\$ 704,622	\$ 663,222	\$ 41,400
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,179,197	\$ 1,183,772	\$ 1,149,728	\$ 34,044
Total law enforcement and traffic control	\$ 1,179,197	\$ 1,183,772	\$ 1,149,728	\$ 34,044
Fire and rescue services:				
Fire department	\$ 291,040	\$ 482,336	\$ 462,189	\$ 20,147
Total fire and rescue services	\$ 291,040	\$ 482,336	\$ 462,189	\$ 20,147
Correction and detention:				
Payments to Regional Jail	\$ 400,000	\$ 400,000	\$ 382,499	\$ 17,501
Total correction and detention	\$ 400,000	\$ 400,000	\$ 382,499	\$ 17,501

County of Lunenburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 88,194	\$ 88,194	\$ 86,663	\$ 1,531
Total inspections	\$ 88,194	\$ 88,194	\$ 86,663	\$ 1,531
Other protection:				
Animal control	\$ 69,413	\$ 89,413	\$ 86,383	\$ 3,030
E-911	259,817	259,817	235,669	24,148
Medical examiner	100	100	80	20
Total other protection	\$ 329,330	\$ 349,330	\$ 322,132	\$ 27,198
Total public safety	\$ 2,287,761	\$ 2,503,632	\$ 2,403,211	\$ 100,421
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 120,000	\$ 120,000	\$ 104,927	\$ 15,073
Convenience sites	520,000	520,000	457,125	62,875
Total sanitation and waste removal	\$ 640,000	\$ 640,000	\$ 562,052	\$ 77,948
Maintenance of general buildings and grounds:				
General properties	\$ 232,362	\$ 238,362	\$ 238,503	\$ (141)
Total maintenance of general buildings and grounds	\$ 232,362	\$ 238,362	\$ 238,503	\$ (141)
Total public works	\$ 872,362	\$ 878,362	\$ 800,555	\$ 77,807
Health and welfare:				
Health:				
Supplement of local health department	\$ 115,000	\$ 115,000	\$ 92,048	\$ 22,952
Total health	\$ 115,000	\$ 115,000	\$ 92,048	\$ 22,952
Mental health and mental retardation:				
Crossroads Board	\$ 73,000	\$ 73,000	\$ 73,000	\$ -
Total mental health and mental retardation	\$ 73,000	\$ 73,000	\$ 73,000	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,018,975	\$ 1,018,975	\$ 1,008,392	\$ 10,583
Comprehensive services act	1,015,000	1,015,000	956,515	58,485
Total welfare	\$ 2,033,975	\$ 2,033,975	\$ 1,964,907	\$ 69,068
Total health and welfare	\$ 2,221,975	\$ 2,221,975	\$ 2,129,955	\$ 92,020
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 3,239,616	\$ 3,239,616	\$ 2,703,348	\$ 536,268
Total education	\$ 3,239,616	\$ 3,239,616	\$ 2,703,348	\$ 536,268



County of Lunenburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and community development	\$ 250,010	\$ 266,010	\$ 265,133	\$ 877
Economic development	78,239	78,239	78,088	151
Contribution to IDA - tax incentives	30,000	30,000	29,502	498
Total planning and community development	<u>\$ 358,249</u>	<u>\$ 374,249</u>	<u>\$ 372,723</u>	<u>\$ 1,526</u>
Cooperative extension program:				
Extension office	\$ 68,420	\$ 68,420	\$ 63,179	\$ 5,241
Total cooperative extension program	<u>\$ 68,420</u>	<u>\$ 68,420</u>	<u>\$ 63,179</u>	<u>\$ 5,241</u>
Total community development	<u>\$ 426,669</u>	<u>\$ 442,669</u>	<u>\$ 435,902</u>	<u>\$ 6,767</u>
Nondepartmental:				
Contingencies	\$ 65,129	\$ 83,829	\$ 80,383	\$ 3,446
Total nondepartmental	<u>\$ 65,129</u>	<u>\$ 83,829</u>	<u>\$ 80,383</u>	<u>\$ 3,446</u>
Capital projects:				
Capital improvements	\$ 25,000	\$ 25,000	\$ 9,550	\$ 15,450
Total capital projects	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 9,550</u>	<u>\$ 15,450</u>
Debt service:				
Principal retirement	\$ 17,900	\$ 17,900	\$ 17,838	\$ 62
Interest and other fiscal charges	100	100	97	3
Total debt service	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 17,935</u>	<u>\$ 65</u>
Total General Fund	<u>\$ 10,769,785</u>	<u>\$ 11,113,356</u>	<u>\$ 10,208,834</u>	<u>\$ 904,522</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Law Library	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total judicial administration	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Public Safety:				
Sheriff:				
Project lifesaver	\$ 800	\$ 800	\$ -	\$ 800
Asset forfeiture	24,913	24,913	64,596	(39,683)
Total Sheriff	<u>\$ 25,713</u>	<u>\$ 25,713</u>	<u>\$ 64,596</u>	<u>\$ (38,883)</u>
Total public safety	<u>\$ 25,713</u>	<u>\$ 25,713</u>	<u>\$ 64,596</u>	<u>\$ (38,883)</u>
Community Development:				
Airport	\$ 31,000	\$ 52,500	\$ 52,377	\$ 123
Economic development	321,831	321,831	491,983	(170,152)
Total community development	<u>\$ 352,831</u>	<u>\$ 374,331</u>	<u>\$ 544,360</u>	<u>\$ (170,029)</u>
Total County Special Revenue Fund	<u>\$ 379,544</u>	<u>\$ 401,044</u>	<u>\$ 608,956</u>	<u>\$ (207,912)</u>

County of Lunenburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Schedule 2  
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Debt Service Fund:				
Debt service:				
Principal retirement	\$ 943,489	\$ 943,489	\$ 943,489	\$ -
Interest and other fiscal charges	714,511	714,511	560,782	153,729
Total debt service	<u>\$ 1,658,000</u>	<u>\$ 1,658,000</u>	<u>\$ 1,504,271</u>	<u>\$ 153,729</u>
Total County Debt Service Fund	<u>\$ 1,658,000</u>	<u>\$ 1,658,000</u>	<u>\$ 1,504,271</u>	<u>\$ 153,729</u>
Total Primary Government	<u>\$ 12,807,329</u>	<u>\$ 13,172,400</u>	<u>\$ 12,322,061</u>	<u>\$ 850,339</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 11,823,210	\$ 11,823,210	\$ 11,980,547	\$ (157,337)
Administration, health, and attendance	818,952	818,952	679,667	139,285
Pupil transportation	1,292,068	1,292,068	1,070,010	222,058
Operation and maintenance of school plant	1,559,693	1,559,693	1,406,700	152,993
Contribution to County of Lunenburg, Virginia	380,000	380,000	65,975	314,025
Total School Operating Fund	<u>\$ 15,873,923</u>	<u>\$ 15,873,923</u>	<u>\$ 15,202,899</u>	<u>\$ 671,024</u>
School Special Revenue Fund:				
Education:				
Textbooks purchased	\$ -	\$ -	\$ 35,628	\$ (35,628)
Administration of school food program	915,630	915,630	893,214	22,416
Commodities	-	-	47,783	(47,783)
Total education	<u>\$ 915,630</u>	<u>\$ 915,630</u>	<u>\$ 976,625</u>	<u>\$ (60,995)</u>
Total School Special Revenue Fund	<u>\$ 915,630</u>	<u>\$ 915,630</u>	<u>\$ 976,625</u>	<u>\$ (60,995)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 16,789,553</u>	<u>\$ 16,789,553</u>	<u>\$ 16,179,524</u>	<u>\$ 610,029</u>

## *OTHER STATISTICAL INFORMATION*

County of Lunenburg, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years

---

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2006	\$ 872,726	\$ 552,728	\$ 1,539,548	\$ 691,477	\$ 1,424,581
2007	1,047,248	749,998	1,548,950	57,215	1,629,418
2008	1,267,311	788,780	1,589,530	1,066,336	2,139,340
2009	1,060,810	1,012,121	1,680,314	1,813,739	2,345,844
2010	1,158,659	770,596	1,851,410	1,434,191	2,058,065
2011	993,543	786,302	1,796,683	1,349,351	2,426,380
2012	1,202,736	842,594	1,855,943	1,490,600	2,530,373
2013	938,136	852,876	2,167,835	727,699	2,740,797
2014	945,210	882,734	2,459,725	453,493	2,228,259
2015	997,642	870,344	2,580,814	297,905	2,130,408

Table 1

---

Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
\$ 5,193,378	\$ -	\$ 717,798	\$ 1,115,450	\$ 12,107,686
3,762,143	138,242	486,207	815,530	10,234,951
3,722,611	-	1,178,275	743,397	12,495,580
3,343,586	-	1,150,648	706,413	13,113,475
3,622,849	133,242	487,960	677,615	12,194,587
3,687,691	138,749	408,819	705,728	12,293,246
3,853,703	-	833,964	808,152	13,418,065
3,791,866	-	571,048	626,724	12,416,981
3,353,114	3,074	1,083,840	567,880	11,977,329
3,242,837	-	984,558	529,083	11,633,591

County of Lunenburg, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

PROGRAM REVENUES				
Fiscal Year		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2006	\$	229,564	\$ 2,984,437	\$ 126,231
2007		177,896	3,488,400	126,669
2008		192,836	4,197,951	126,396
2009		152,202	3,524,726	-
2010		287,780	4,197,527	-
2011		206,780	3,614,913	-
2012		221,790	4,638,023	-
2013		176,037	3,824,968	150,000
2014		327,273	3,389,093	265,875
2015		317,265	3,404,694	556,961

Table 2

GENERAL REVENUES						
General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
\$ 4,148,559	\$ 1,021,693	\$ 531,082	\$ 144,720	\$ 2,613,337	\$ 11,799,623	
4,930,611	1,135,295	563,960	533,121	1,153,669	12,109,621	
5,141,240	1,104,475	373,171	507,423	1,115,543	12,759,035	
5,558,933	889,096	260,983	87,021	1,099,010	11,571,971	
5,394,155	640,729	166,291	144,487	1,287,101	12,118,070	
5,355,045	611,393	120,417	349,526	1,311,378	11,569,452	
8,451,150	781,842	81,293	69,459	1,281,254	15,524,811	
5,253,842	870,733	95,930	63,385	1,300,097	11,734,992	
5,438,422	891,323	78,350	316,297	1,296,880	12,003,513	
5,917,386	913,402	97,278	253,918	1,288,699	12,749,603	

County of Lunenburg, Virginia  
General Governmental Expenditures by Function (1,3)  
Last Ten Fiscal Years

---

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2006	\$ 863,887	\$ 551,471	\$ 1,427,408	\$ 744,635	\$ 1,432,282
2007	997,795	606,384	1,654,741	756,233	1,616,950
2008	1,061,929	535,879	1,599,390	1,027,727	2,161,754
2009	994,533	574,202	1,696,089	1,159,999	2,294,238
2010	1,106,845	563,350	2,556,889	1,036,023	2,058,513
2011	963,722	551,585	1,754,985	1,033,137	2,433,176
2012	1,345,432	607,878	1,782,118	1,021,773	2,518,865
2013	874,407	608,687	2,140,351	669,769	2,678,632
2014	925,521	638,264	2,302,880	353,786	2,217,030
2015	964,773	663,222	2,467,807	800,555	2,129,955

- (1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely  
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.  
(3) Excludes Capital Projects.



Table 3

---

Education (2)	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$ 16,567,203	\$ -	\$ 700,643	\$ -	\$ 1,421,129	\$ 23,708,658
17,269,676	138,242	469,824	-	1,711,642	25,221,487
17,049,964	-	1,158,703	-	1,678,318	26,273,664
17,553,259	-	1,144,920	-	1,613,638	27,030,878
16,871,972	133,242	484,086	-	1,638,396	26,449,316
16,977,943	138,749	388,843	-	1,672,947	25,915,087
16,977,828	-	1,699,913	-	7,360,005	33,313,812
16,047,752	-	608,583	-	1,951,091	25,579,272
15,623,242	-	1,004,149	-	1,611,422	24,676,294
16,179,524	-	980,262	80,383	1,522,206	25,788,687

Presented Component Unit - School Board.

County of Lunenburg, Virginia  
General Governmental Revenues by Source (1,3)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property
2006	\$ 4,320,849	\$ 1,021,693	\$ 45,875	\$ 10,885	\$ 531,082
2007	4,802,442	1,089,242	43,599	10,135	406,627
2008	5,037,134	1,104,475	37,001	10,642	281,880
2009	5,490,039	845,816	44,260	12,235	247,754
2010	5,311,432	640,729	30,566	22,632	165,380
2011	5,321,103	611,393	27,228	39,532	117,435
2012	8,206,738	781,842	25,682	35,644	77,669
2013	5,459,029	870,733	33,417	28,770	93,394
2014	5,529,434	891,323	41,096	22,864	78,475
2015	5,802,033	913,402	36,178	36,073	97,949

- (1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit - School Board and its Discretely Presented Component Unit - School Board to the Primary Government.  
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and its Discretely Presented Component Unit - School Board to the Primary Government.  
(3) Excludes Capital Projects.

Table 4

---

	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$	690,619	\$ 144,720	\$ 101,053	\$ 18,132,238	\$ 24,999,014
	683,611	33,121	120,700	18,431,238	25,620,715
	763,611	507,573	77,972	18,885,606	26,705,894
	526,005	188,646	68,324	19,037,845	26,460,924
	540,584	242,927	38,257	18,997,195	25,989,702
	504,953	349,526	29,765	18,113,790	25,114,725
	653,868	69,459	41,436	19,627,967	29,520,305
	504,883	63,385	-	17,662,296	24,715,907
	704,152	254,453	15,033	17,238,892	24,775,722
	604,650	187,943	1,013	18,338,146	26,017,387

esented Component Unit - School Board.

d contribution from the Discretely Presented Component

Table 5

County of Lunenburg, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2006	\$ 5,441,786	\$ 5,229,548	96.10%	\$ 147,596	\$ 5,377,144	98.81%	\$ 452,639	8.32%
2007	5,742,724	5,717,372	99.56%	161,591	5,878,963	102.37%	421,739	7.34%
2008	5,008,531	4,787,234	95.58%	118,147	4,905,381	97.94%	361,653	7.22%
2009	5,519,039	5,305,586	96.13%	161,618	5,467,204	99.06%	541,743	9.82%
2010	6,330,617	6,103,459	96.41%	248,538	6,351,997	100.34%	588,010	9.29%
2011	6,370,760	6,092,933	95.64%	263,411	6,356,344	99.77%	625,605	9.82%
2012	9,659,019	8,782,078	90.92%	334,995	9,117,073	94.39%	815,009	8.44%
2013	6,438,614	6,180,897	96.00%	192,453	6,373,350	98.99%	635,351	9.87%
2014	6,607,245	6,303,703	95.41%	148,079	6,451,782	97.65%	581,286	8.80%
2015	6,890,327	6,547,438	95.02%	208,886	6,756,324	98.06%	780,075	11.32%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year beginning in 2013.

(3) Includes Personal Property Tax Relief

Table 6

County of Lunenburg, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		
					Real Estate	Personal Property	Total
2006	\$ 561,941,100	\$ 79,390,477	\$ 17,569,810	\$ 4,181,950	\$ 30,228,596	- \$	693,311,933
2007	575,891,527	91,503,605	8,434,150	5,477,320	26,527,334	-	707,833,936
2008	588,071,913	92,209,376	9,725,364	5,572,380	26,479,654	-	722,058,687
2009	863,350,500	97,694,733	11,243,016	5,074,250	35,750,483	-	1,013,112,982
2010	871,988,824	86,504,098	12,637,030	4,588,940	34,579,627	-	1,010,298,519
2011	879,151,906	87,813,973	13,991,880	4,841,700	35,132,126	-	1,020,931,585
2012	843,252,361	91,125,404	14,272,974	5,751,715	40,076,714	-	994,479,168
2013	846,178,987	82,009,152	14,174,109	5,896,290	40,076,714	-	988,335,252
2014	854,073,900	84,582,007	15,757,159	6,553,264	44,843,992	-	1,005,810,322
2015	857,786,218	78,887,981	15,898,061	6,879,896	46,363,952	-	1,005,816,108

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Lunenburg, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2006	\$ 0.42	\$ 3.50	\$ 1.80	\$ 1.20
2007	0.44	3.50	1.80	1.20
2008	0.46	3.60	1.80	1.20
2009	0.33	3.60	1.80	1.20
2010	0.33	3.60	1.80	1.20
2011	0.33	3.60	1.80	1.20
2012	0.38	3.60	1.80	1.20
2013	0.38	3.60	1.80	1.20
2014	0.38	3.60	1.80	1.20
2015	0.38	3.60	1.80	1.20

(1) Per \$100 of assessed value.

Table 8

County of Lunenburg, Virginia  
Ratio of Net General Obligation Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	13,146	\$ 693,311,933	\$ 11,784,293	\$ 11,784,293	1.70%	\$ 896
2007	13,146	707,833,936	11,182,568	11,182,568	1.58%	851
2008	13,146	722,058,687	10,544,174	10,544,174	1.46%	802
2009	13,146	1,013,112,982	9,888,846	9,888,846	0.98%	752
2010	13,146	1,010,298,519	9,207,323	9,207,323	0.91%	700
2011	13,146	1,020,931,585	9,674,469	9,674,469	0.95%	736
2012	12,914	994,479,168	11,038,870	11,038,870	1.11%	855
2013	12,914	988,335,252	10,103,692	10,103,692	1.02%	782
2014	12,914	1,005,810,322	9,578,984	9,578,984	0.95%	742
2015	12,914	1,005,816,108	9,039,495	9,039,495	0.90%	700

(1) Weldon Cooper Center for Public Service for 2000 and 2010 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
Excludes related premiums on bonds, revenue bonds, landfill closure/post-closure care liability,  
capital leases, and compensated absences.

THIS PAGE LEFT BLANK INTENTIONALLY



*COMPLIANCE*

THIS PAGE LEFT BLANK INTENTIONALLY

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

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

---

To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Lunenburg, Virginia's basic financial statements, and have issued our report thereon dated January 11, 2016.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

### Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia  
January 11, 2016

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

To The Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, Virginia

### Report on Compliance for Each Major Federal Program

We have audited County of Lunenburg, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Lunenburg, Virginia's major federal programs for the year ended June 30, 2015. County of Lunenburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Lunenburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 County of Lunenburg, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Lunenburg, Virginia's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, County of Lunenburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. Frick", followed by a horizontal line.

Richmond, Virginia  
January 11, 2016

County of Lunenburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950114/0950115	\$ 979
Temporary Assistance for Needy Families (TANF)	93.558	0400114/0400115	109,281
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115	155
Low Income Home Energy Assistance	93.568	0600414/0600415	12,444
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760115	16,257
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/0900115	772
Foster Care - Title IV-E	93.658	1100114/1100115	46,325
Adoption Assistance	93.659	1120114/1120115	90,053
Social Services Block Grant	93.667	1000114/1000115	78,174
Chafee Foster Care Independence Program	93.674	9150114/9150115	2,640
Children's Health Insurance Program	93.767	0540114/0540115	3,173
Medical Assistance Program	93.778	1200114/1200115	116,172
Total Department of Health and Human Services			<u>\$ 476,425</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grant	97.042	77501-52743	\$ 7,377
Homeland Security Grant Program	97.067	77501-52703	100,000
State Homeland Security Program	97.073	77501-527001	9,087
Total Department of Homeland Security			<u>\$ 116,464</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution	10.555	17901-45707	\$ 47,783
Department of Education:			
National School Lunch Program	10.555	17901-40623	450,427
Total CFDA# 10.555			<u>\$ 498,210</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	\$ 159,713
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010100	105,984
Total Department of Agriculture			<u>\$ 763,907</u>
Department of the Treasury:			
Direct payments:			
Forfeited Assets	21.XXX	N/A	\$ 62,153
Total Department of Treasury			<u>\$ 62,153</u>

County of Lunenburg, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-71100/71200	\$ 1,985
Total Department of Justice			\$ 1,985
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-59393/50184	\$ 15,301
Total Department of Transportation			\$ 15,301
Department of Defense:			
Direct Payments:			
JROTC	12.xxx	N/A	\$ 41,088
Total Department of Defense			\$ 41,088
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 555,121
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	427,545
Special Education Preschool Grants	84.173	17901-62521	12,558
Career and Technical Education - Basic Grants to States	84.048	17901-61095	28,888
Twenty-First Century Community Learning Centers	84.287	17901-60565	55,168
Improving Teacher Quality - State Grants	84.367	17901-61480	104,595
Rural Education	84.358	17901-43481	43,139
Advanced Placement Program	84.330	17901-60957	814
Total Department of Education			\$ 1,227,828
Total Expenditures of Federal Awards			\$ 2,705,151

See accompanying notes to schedule of expenditures of federal awards.



County of Lunenburg, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

---

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Lunenburg, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Lunenburg, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

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

Note D - 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	\$ 716,159
County Debt Service Fund	140,573
County Special Revenue Fund	62,153
Total primary government	\$ <u>918,885</u>

Component Unit School Board:

School Operating Fund	\$ 1,268,916
School Special Revenue Fund	657,923
Total component unit school board	\$ <u>1,926,839</u>

Total expenditures of federal awards per basic financial statements	\$ <u>2,845,724</u>
---	---------------------

BAB's subsidy	\$ <u>(140,573)</u>
---------------	---------------------

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,705,151</u></u>
---	----------------------------

County of Lunenburg, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

---

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes ☒ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ☒ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes ☒ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ☒ none reported

Type of auditors' report issued on compliance  
for major programs: unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section .510(a) of  
Circular A-133? \_\_\_\_\_ yes ☒ no

Identification of major programs:

CFDA Number(s)

10.553/10.555

93.778

Name of Federal Program or Cluster

Child Nutrition Cluster

Medical Assistance Program

Dollar threshold used to distinguish between type A  
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes \_\_\_\_\_ no

County of Lunenburg, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

---

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Status of Prior Audit Findings

There were no prior year audit findings.

THIS PAGE LEFT BLANK INTENTIONALLY