

# COUNTY OF APPOMATTOX, VIRGINIA



## ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2016



COUNTY OF APPOMATTOX, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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# COUNTY OF APPOMATTOX, VIRGINIA

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## Board of Supervisors

Samuel E. Carter, Chairperson

William H. Hogan  
Sara E. Carter

Bryan A. Moody  
Chad E. Millner

## School Board

Rowena F. Robinson, Chairperson

Rev. Al L. Jones III  
Gregory A. Smith

Dr. Wendy Hageman Smith  
Cynthia L. Hall

## Board of Social Services

Nelson Mann, Chairperson

Sammy Carter

Ronald Spiggle

## Other Officials

Judge of the Circuit Court .....Donald Carl Blessing  
Clerk of the Circuit Court ..... Janet A. Hix  
Judge of the General District Court ..... Robert Woodson, Jr.  
Judge of the Juvenile and Domestic Relations Court .....Marvin Dunkam  
Commonwealth's Attorney..... Darrel W. Puckett  
Commissioner of the Revenue ..... Sara R. Henderson  
Treasurer.....Alice F. Gillette  
Sheriff ..... Barry E. Letterman  
Superintendent of Schools ..... Dorinda G. Grasty  
Director of Social Services ..... Brad Burdette  
County Administrator ..... Susan M. Adams

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# 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 Appomattox  
Appomattox, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox, Virginia, as of and for the year ended June 30, 2016, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox, Virginia, as of June 30, 2016, 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 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 *Fair Value Measurement and Application*, 79 *Certain External Investment Pools and Pool Participants*, and 82 *Pension Issues - and amendment of GASB Statements No. 67, No. 68, and No. 73*. 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, 81, and 82-87 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 the County of Appomattox, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of County of Appomattox, 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 Appomattox, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a long horizontal line extending to the right.

Richmond, Virginia  
December 2, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Appomattox, 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, 2016. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

### **Financial Highlights**

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

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,592,955 (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 \$796,088 (Exhibit 5) after making contributions totaling \$5,174,171 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$12,903,621, an increase of \$796,088 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,606,686 or 41% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,964,922 during the current fiscal year.

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## **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 between the two 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 Appomattox, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Appomattox, 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 Appomattox, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, business-type 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 two major governmental funds – the General Fund, and the County Capital Projects Fund and one non-major governmental fund - the County Special Revenue Fund.

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

The Utility Fund provides a centralized source for water services to County residents.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net 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 unit - School Board and the component unit – Economic Development Authority. Neither the School Board nor the Economic Development Authority issues separate financial statements.

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## **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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,592,955 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Appomattox, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 18,516,231	\$ 18,210,340	\$ 44,150	\$ 27,208	\$ 18,560,381	\$ 18,237,548
Capital assets	21,302,697	23,145,540	5,255,298	5,369,544	26,557,995	28,515,084
Total assets	\$ 39,818,928	\$ 41,355,880	\$ 5,299,448	\$ 5,396,752	\$ 45,118,376	\$ 46,752,632
Deferred outflows of resources	\$ 1,372,320	\$ 597,846	\$ -	\$ -	\$ 1,372,320	\$ 597,846
Current liabilities	\$ 643,994	\$ 1,441,648	\$ 18,775	\$ 11,208	\$ 662,769	\$ 1,452,856
Long-term liabilities outstanding	31,187,116	33,029,628	2,386,982	2,509,392	33,574,098	35,539,020
Total liabilities	\$ 31,831,110	\$ 34,471,276	\$ 2,405,757	\$ 2,520,600	\$ 34,236,867	\$ 36,991,876
Deferred inflows of resources	\$ 4,660,874	\$ 5,256,199	\$ -	\$ -	\$ 4,660,874	\$ 5,256,199
Net investment in capital assets	\$ (2,278,061)	\$ (2,568,988)	\$ 2,868,316	\$ 2,860,152	\$ 590,255	\$ 291,164
Restricted for:						
Veterans wall of honor	3,038	3,038	-	-	3,038	3,038
Comprehensive services	30,309	30,309	-	-	30,309	30,309
Asset forfeiture	234,137	238,421	-	-	234,137	238,421
Courthouse maintenance	24,908	20,156	-	-	24,908	20,156
Courthouse security fund	127,665	106,724	-	-	127,665	106,724
Law library	15,443	13,108	-	-	15,443	13,108
Unrestricted	6,541,825	4,383,483	25,375	16,000	6,567,200	4,399,483
Total net position	\$ 4,699,264	\$ 2,226,251	\$ 2,893,691	\$ 2,876,152	\$ 7,592,955	\$ 5,102,403

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

The County's net position increased by \$2,490,552 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Appomattox, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Charges for services	\$ 259,887	\$ 295,733	\$ 167,307	\$ 135,052	\$ 427,194	\$ 430,785
Operating grants and contributions	4,858,154	6,018,492	-	-	4,858,154	6,018,492
General property taxes	12,718,739	11,460,249	-	-	12,718,739	11,460,249
Other local taxes	2,196,290	1,993,511	-	-	2,196,290	1,993,511
Grants and other contributions not restricted	1,722,939	1,701,420	-	-	1,722,939	1,701,420
Other general revenues	387,161	487,766	-	-	387,161	487,766
Transfers	(243,763)	(247,953)	243,763	247,953	-	-
Total revenues	\$ 21,899,407	\$ 21,709,218	\$ 411,070	\$ 383,005	\$ 22,310,477	\$ 22,092,223
General government administration	\$ 1,742,754	\$ 1,687,368	\$ -	\$ -	\$ 1,742,754	\$ 1,687,368
Judicial administration	1,215,521	1,113,594	-	-	1,215,521	1,113,594
Public safety	3,469,665	3,319,233	-	-	3,469,665	3,319,233
Public works	739,745	1,649,772	393,531	361,128	1,133,276	2,010,900
Health and welfare	3,567,121	3,296,299	-	-	3,567,121	3,296,299
Education	6,381,912	6,215,141	-	-	6,381,912	6,215,141
Parks, recreation, and cultural	519,526	501,026	-	-	519,526	501,026
Community development	508,631	2,001,695	-	-	508,631	2,001,695
Interest and other fiscal charges	1,281,519	1,180,516	-	-	1,281,519	1,180,516
Total expenses	\$ 19,426,394	\$ 20,964,644	\$ 393,531	\$ 361,128	\$ 19,819,925	\$ 21,325,772
Change in net position	\$ 2,473,013	\$ 744,574	\$ 17,539	\$ 21,877	\$ 2,490,552	\$ 766,451
Net position, beginning of year	2,226,251	1,481,677	2,876,152	2,854,275	5,102,403	4,335,952
Net position, end of year	\$ 4,699,264	\$ 2,226,251	\$ 2,893,691	\$ 2,876,152	\$ 7,592,955	\$ 5,102,403

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

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned 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 \$12,903,621, an increase of \$796,088 in comparison with the prior year. Approximately 67% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$3,341,804, all of which was committed for current or future capital projects.

Proprietary Funds – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$25,375. The total increase in net position was \$17,539. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities

## **General Fund Budgetary Highlights**

During the year, revenues and other sources exceeded budgetary estimates by \$789,937. Budgetary estimates exceeded expenditures and other uses by \$1,373,821 resulting in a positive variance of \$2,163,758.

## **Capital Asset and Debt Administration**

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2016 amounts to \$21,302,697 (net of accumulated depreciation). The County's investment in capital assets for its proprietary fund as of June 30, 2016 amounted to \$5,255,298. This investment in capital assets includes land, buildings and system, 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 \$26,541,164. Of this amount, \$12,147,386 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 \$1,432,332 during the current fiscal year.

Additional information on the County of Appomattox, 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 favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

The fiscal year 2017 budget increased by roughly 5% and the property tax rates all remained the same as the 2016 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Appomattox, 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, P.O. Box 863, Appomattox, Virginia 24522.

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## *BASIC FINANCIAL STATEMENTS*

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## *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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County of Appomattox, Virginia  
Statement of Net Position  
June 30, 2016

	Primary Government			Component Units	
	Governmental	Business-type		School Board	EDA
	Activities	Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 11,403,100	\$ -	\$ 11,403,100	\$ 2,674,020	\$ 145,349
Cash in custody of others	-	-	-	4,000	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,188,035	-	5,188,035	-	-
Accounts receivable	143,489	44,150	187,639	20,684	-
Due from other governmental units	1,781,607	-	1,781,607	719,447	-
Net pension asset	-	-	-	28,022	-
Capital assets (net of accumulated depreciation):					
Land	1,316,010	-	1,316,010	211,370	1,381,873
Buildings and improvements	18,780,232	-	18,780,232	9,803,368	-
Utility plant in service	-	5,255,298	5,255,298	-	-
Equipment	921,787	-	921,787	803,223	-
Infrastructure	18,228	-	18,228	-	1,205,179
Intangibles	266,440	-	266,440	-	-
Construction in progress	-	-	-	30,440	-
Total assets	\$ 39,818,928	\$ 5,299,448	\$ 45,118,376	\$ 14,294,574	\$ 2,732,401
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 670,812	\$ -	\$ 670,812	\$ -	\$ -
Pension contributions subsequent to measurement date	595,828	-	595,828	1,483,968	-
Items related to measurement of net pension liability/asset	105,680	-	105,680	100,000	-
Total deferred outflows of resources	\$ 1,372,320	\$ -	\$ 1,372,320	\$ 1,583,968	\$ -
LIABILITIES					
Accounts payable	\$ 463,684	\$ 7,723	\$ 471,407	\$ 34,551	\$ -
Accrued liabilities	-	-	-	1,661,784	-
Accrued interest payable	180,310	11,052	191,362	-	-
Due to other governmental units	-	-	-	754,993	-
Long-term liabilities:					
Due within one year	2,160,389	125,712	2,286,101	33,767	-
Due in more than one year	29,026,727	2,261,270	31,287,997	18,059,831	-
Total liabilities	\$ 31,831,110	\$ 2,405,757	\$ 34,236,867	\$ 20,544,926	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 4,161,714	\$ -	\$ 4,161,714	\$ -	\$ -
Items related to measurement of net pension liability/asset	499,160	-	499,160	1,804,538	-
Total deferred inflows of resources	\$ 4,660,874	\$ -	\$ 4,660,874	\$ 1,804,538	\$ -
NET POSITON					
Net investment in capital assets	\$ (2,278,061)	\$ 2,868,316	\$ 590,255	\$ 10,848,401	\$ 2,587,052
Restricted:					
Veterans wall of honor	3,038	-	3,038	-	-
Comprehensive services	30,309	-	30,309	-	-
Asset forfeiture	234,137	-	234,137	-	-
Courthouse maintenance	24,908	-	24,908	-	-
Courthouse security fund	127,665	-	127,665	-	-
Law library	15,443	-	15,443	-	-
Unrestricted	6,541,825	25,375	6,567,200	(17,319,323)	145,349
Total net position	\$ 4,699,264	\$ 2,893,691	\$ 7,592,955	\$ (6,470,922)	\$ 2,732,401
Total liabilities, deferred inflows of resources and net position					
	\$ 41,191,248	\$ 5,299,448	\$ 46,490,696	\$ 15,878,542	\$ 2,732,401

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

County of Appomattox, Virginia  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		Component Units	
			Grants and Contributions			Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,742,754	\$ -	\$ 226,465	\$ -	\$ (1,516,289)	\$ -	\$ (1,516,289)	\$ -	\$ -
Judicial administration	1,215,521	59,379	505,339	-	(650,803)	-	(650,803)	-	-
Public safety	3,469,665	85,271	866,976	-	(2,517,418)	-	(2,517,418)	-	-
Public works	739,745	56,502	8,622	-	(674,621)	-	(674,621)	-	-
Health and welfare	3,567,121	-	2,555,884	-	(1,011,237)	-	(1,011,237)	-	-
Education	6,381,912	-	-	-	(6,381,912)	-	(6,381,912)	-	-
Parks, recreation, and cultural	519,526	58,735	195,468	-	(265,323)	-	(265,323)	-	-
Community development	508,631	-	80,000	-	(428,631)	-	(428,631)	-	-
Interest on long-term debt	1,281,519	-	419,400	-	(862,119)	-	(862,119)	-	-
Total governmental activities	\$ 19,426,394	\$ 259,887	\$ 4,858,154	\$ -	\$ (14,308,353)	\$ -	\$ (14,308,353)	\$ -	\$ -
Business-type activities:									
Sanitary District	\$ 393,531	\$ 167,307	\$ -	\$ -	\$ -	\$ (226,224)	\$ (226,224)	\$ -	\$ -
Total business-type activities	\$ 393,531	\$ 167,307	\$ -	\$ -	\$ -	\$ (226,224)	\$ (226,224)	\$ -	\$ -
Total primary government	\$ 19,819,925	\$ 427,194	\$ 4,858,154	\$ -	\$ (14,308,353)	\$ (226,224)	\$ (14,534,577)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 20,666,221	\$ 463,349	\$ 15,322,982	\$ -	\$ -	\$ -	\$ -	\$ (4,879,890)	\$ (57,643)
Economic Development Authority	57,643	-	-	-	-	-	-	-	(57,643)
Total component units	\$ 20,723,864	\$ 463,349	\$ 15,322,982	\$ -	\$ -	\$ -	\$ (4,879,890)	\$ (57,643)	
General revenues:									
General property taxes			\$ 12,718,739	\$ -	\$ 12,718,739	\$ -	\$ -	\$ -	
Local sales and use taxes			1,197,414	-	1,197,414	-	-	-	
Consumer utility taxes			373,973	-	373,973	-	-	-	
Motor vehicle taxes			473,616	-	473,616	-	-	-	
Other local taxes			151,287	-	151,287	-	-	-	
Unrestricted revenues from use of money and property			122,353	-	122,353	-	11,759	221	
Miscellaneous			234,469	-	234,469	-	195,225	14,387	
Grants and contributions not restricted to specific programs			1,722,939	-	1,722,939	-	-	-	
Payment from Appomattox County School Board			30,339	-	30,339	-	-	-	
Payment from Appomattox County			-	-	-	-	5,476,694	-	
Gain on sale of land			-	-	-	-	-	59,399	
Transfers			(243,763)	-	243,763	-	-	-	
Total general revenues and transfers			\$ 16,781,366	\$ 243,763	\$ 17,025,129	\$ 5,683,678	\$ 74,007	\$ 16,364	
Change in net position			\$ 2,473,013	\$ 17,539	\$ 2,490,552	\$ 803,788	\$ 2,716,037	\$ -	
Net position - beginning			2,226,251	2,876,152	5,102,403	(7,274,710)	2,716,037		
Net position - ending			\$ 4,699,264	\$ 2,893,691	\$ 7,592,955	\$ (6,470,922)	\$ 2,732,401		

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

## *FUND FINANCIAL STATEMENTS*

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County of Appomattox, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,059,154	\$ 3,425,546	\$ 918,400	\$ 11,403,100
Receivables (net of allowance for uncollectibles):				
Taxes receivable	5,188,035	-	-	5,188,035
Accounts receivable	141,591	-	1,898	143,489
Due from other funds	83,742	-	-	83,742
Due from other governmental units	1,773,035	-	8,572	1,781,607
Total assets	<u>\$ 14,245,557</u>	<u>\$ 3,425,546</u>	<u>\$ 928,870</u>	<u>\$ 18,599,973</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 463,684	\$ -	\$ -	\$ 463,684
Due to other funds	-	83,742	-	83,742
Total liabilities	<u>\$ 463,684</u>	<u>\$ 83,742</u>	<u>\$ -</u>	<u>\$ 547,426</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 5,148,925	\$ -	\$ -	\$ 5,148,925
Total deferred inflows of resources	<u>\$ 5,148,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,148,925</u>
Fund balances:				
Restricted	\$ 3,038	\$ -	\$ 432,462	\$ 435,500
Committed	23,224	3,341,804	496,408	3,861,436
Unassigned	8,606,686	-	-	8,606,686
Total fund balances	<u>\$ 8,632,948</u>	<u>\$ 3,341,804</u>	<u>\$ 928,870</u>	<u>\$ 12,903,622</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,245,557</u>	<u>\$ 3,425,546</u>	<u>\$ 928,870</u>	<u>\$ 18,599,973</u>

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

County of Appomattox, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2016

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,903,622
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 43,543,397		
Accumulated depreciation	(22,240,700)		21,302,697

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

Unavailable revenue - property taxes	\$ 987,211		
Deferred charges on refunding	670,812		
Items related to measurement of net pension liability	(499,160)		1,158,863

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		595,828
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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:

Bonds payable	\$ (23,982,386)		
Issuance premium	(97,388)		
Capital lease	(171,796)		
Compensated absences	(383,109)		
Net OPEB obligation	(73,570)		
Net pension liability	(4,735,347)		
Deferred outflows related to measurement of net pension liability	105,680		
Landfill postclosure care liability	(1,743,520)		
Accrued interest payable	(180,310)		(31,261,746)

Net position of governmental activities	\$	4,699,264
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The notes to the financial statements are an integral part of this statement.



County of Appomattox, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General <u>Fund</u>	County Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 12,467,821	\$ -	\$ -	\$ 12,467,821
Other local taxes	2,196,290	-	-	2,196,290
Permits, privilege fees, and regulatory licenses	79,993	-	-	79,993
Fines and forfeitures	29,153	-	-	29,153
Revenue from the use of money and property	122,353	-	-	122,353
Charges for services	122,110	-	28,631	150,741
Miscellaneous	234,469	-	-	234,469
Recovered costs	258,634	-	-	258,634
Intergovernmental:				
Appomattox School Board	-	30,339	-	30,339
Commonwealth	4,986,887	-	159,784	5,146,671
Federal	1,434,422	-	-	1,434,422
Total revenues	<u>\$ 21,932,132</u>	<u>\$ 30,339</u>	<u>\$ 188,415</u>	<u>\$ 22,150,886</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,586,520	\$ -	\$ -	\$ 1,586,520
Judicial administration	1,105,003	-	7,522	1,112,525
Public safety	3,482,531	-	4,890	3,487,421
Public works	1,398,180	-	-	1,398,180
Health and welfare	3,713,993	-	-	3,713,993
Education	5,174,546	-	-	5,174,546
Parks, recreation, and cultural	479,301	-	-	479,301
Community development	465,094	-	-	465,094
Capital projects	266,956	-	-	266,956
Debt service:				
Principal retirement	1,929,922	-	-	1,929,922
Interest and other fiscal charges	1,146,577	-	-	1,146,577
Total expenditures	<u>\$ 20,748,623</u>	<u>\$ -</u>	<u>\$ 12,412</u>	<u>\$ 20,761,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,183,509</u>	<u>\$ 30,339</u>	<u>\$ 176,003</u>	<u>\$ 1,389,851</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 123,609	\$ -	\$ -	\$ 123,609
Transfers out	(243,763)	(115,750)	(7,859)	(367,372)
Issuance of general obligation bonds	7,110,000	-	-	7,110,000
Payment to refunded bond escrow agent	(7,305,733)	-	-	(7,305,733)
Bond issuance costs	(154,267)	-	-	(154,267)
Total other financing sources (uses)	<u>\$ (470,154)</u>	<u>\$ (115,750)</u>	<u>\$ (7,859)</u>	<u>\$ (593,763)</u>
Net change in fund balances	\$ 713,355	\$ (85,411)	\$ 168,144	\$ 796,088
Fund balances - beginning	7,919,593	3,427,215	760,725	12,107,533
Fund balances - ending	<u>\$ 8,632,948</u>	<u>\$ 3,341,804</u>	<u>\$ 928,869</u>	<u>\$ 12,903,621</u>

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

County of Appomattox, Virginia  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	796,088
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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 the capital outlays in the current period.

Capital asset additions	\$ 26,190	
Jointly owned asset allocation	(302,523)	
Depreciation expense	<u>(1,566,510)</u>	(1,842,843)

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

Property taxes	\$ 250,918	
Decrease (increase) in items related to measurement of net pension liability	<u>640,654</u>	891,572

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Principal payments	\$ 1,929,922	
Issuance of long-term debt	(7,110,000)	
Payment to refunded bond escrow agent	7,305,733	
(Increase) decrease in landfill closure liability	<u>935,265</u>	3,060,920

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.

Amortization of bond premium	\$ 8,116	
(Increase) decrease in compensated absences	(26,081)	
(Increase) decrease in net OPEB obligation	(9,990)	
(Increase) decrease in net pension liability	(519,640)	
(Increase) decrease in deferred outflows related to pension payments subsequent to the measurement date	(2,018)	
Increase (decrease) in deferred outflows related to measurement of net pension liability	105,680	
(Increase) decrease in accrued interest payable	<u>11,209</u>	(432,724)

Change in net position of governmental activities	\$	<u><u>2,473,013</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Appomattox, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Enterprise Fund <u>Sanitary District</u>
<b>ASSETS</b>	
Current assets:	
Accounts receivable, net of allowances for uncollectibles	\$ 44,150
Total current assets	<u>\$ 44,150</u>
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 5,712,281
accumulated depreciation	(456,983)
Total capital assets	<u>\$ 5,255,298</u>
Total noncurrent assets	<u>\$ 5,255,298</u>
Total assets	<u>\$ 5,299,448</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,723
Accrued interest payable	11,052
Bonds payable - current portion	125,712
Total current liabilities	<u>\$ 144,487</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	<u>\$ 2,261,270</u>
Total noncurrent liabilities	<u>\$ 2,261,270</u>
Total liabilities	<u>\$ 2,405,757</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,868,316
Unrestricted	<u>25,375</u>
Total net position	<u><u>\$ 2,893,691</u></u>

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

County of Appomattox, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2016

	Enterprise Fund <u>Sanitary District</u>
<b>OPERATING REVENUES</b>	
Miscellaneous	\$ 167,307
Total operating revenues	<u>\$ 167,307</u>
<b>OPERATING EXPENSES</b>	
Other supplies and expenses	\$ 210,661
Depreciation	114,246
Total operating expenses	<u>\$ 324,907</u>
Operating income (loss)	<u>\$ (157,600)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	<u>\$ (68,624)</u>
Total nonoperating revenues (expenses)	\$ (68,624)
Income before transfers	<u>\$ (226,224)</u>
Transfers in	<u>243,763</u>
Change in net position	\$ 17,539
Total net position - beginning	2,876,152
Total net position - ending	<u><u>\$ 2,893,691</u></u>

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

County of Appomattox, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	Enterprise Fund <u>Sanitary District</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Other receipts (payments)	\$ 150,365
Receipts for materials and supplies	(202,938)
Net cash provided by (used for) operating activities	<u>\$ (52,573)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 243,763
Net cash provided by (used for) noncapital financing activities	<u>\$ 243,763</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds	\$ (122,410)
Interest expense	(68,780)
Net cash provided by (used for) capital and related financing activities	<u>\$ (191,190)</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (157,600)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	114,246
(Increase) decrease in accounts receivable	(16,942)
Increase (decrease) in accounts payable	7,723
Total adjustments	<u>\$ 105,027</u>
Net cash provided by (used for) operating activities	<u><u>\$ (52,573)</u></u>

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

County of Appomattox, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

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	Agency <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 25,679
	<u>25,679</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 12,456
Amounts held for others	13,223
Total liabilities	<u>\$ 25,679</u>

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

## COUNTY OF APPOMATTOX, VIRGINIA

### Notes to Financial Statements As of June 30, 2016

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

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

The financial statements of the County of Appomattox, 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 the financial position of the primary government (governmental and business-type 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.

## COUNTY OF APPOMATTOX, VIRGINIA

### Notes to Financial Statements As of June 30, 2016 (Continued)

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

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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 is 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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 Appomattox, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.



COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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**B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2016.

*Discretely Presented Component Units.*

The School Board members are elected by the citizens of Appomattox 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, 2016.

The Economic Development Authority of Appomattox County is responsible for industrial and commercial development in the County. The Authority consists of members that are 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, 2016. The Economic Development Authority does not issue a separate financial report.

**C. Other Related Organizations Included in the County's Financial Report**

None

**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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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.

## COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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#### 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 as a major governmental fund.

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

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. The County also reports the County Capital Projects Fund as a major Capital Projects Fund.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund reports the following activities: Asset Forfeiture, E-911, Courthouse Security, Courthouse Maintenance, Jail Keep, Law Library and CSA.

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Sanitary District Fund.

3. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Special Welfare Fund, Sheriff Drug Fund, and Swim Team Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

#### 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 APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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F. Investments

The money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposits (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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 “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.”

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 \$288,271 at June 30, 2016 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	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

# COUNTY OF APPOMATTOX, VIRGINIA

## Notes to Financial Statements As of June 30, 2016 (Continued)

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

#### H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2016.

Property, plant, equipment, and infrastructure 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	40
Building Improvements	40
Utility plant	50
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Infrastructure	5-10
Intangibles	5-20

#### 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 an expense in the Statement of Activities and a long-term obligation 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 received 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.

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

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J. Use of Estimates

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

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.

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds 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.

N. 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 has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) 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.

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

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

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 liability (asset) 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 the changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

**O. Fund Equity**

The County reports fund balances 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.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

**O. Fund Equity (Continued)**

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

	General Fund	Major Capital Projects Fund County Capital Projects Fund	Nonmajor Special Revenue Fund Other Governmental Funds	Total
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Veterans wall of honor	\$ 3,038	\$ -	\$ -	\$ 3,038
Comprehensive services	-	-	30,309	30,309
Asset forfeiture	-	-	234,137	234,137
Courthouse maintenance	-	-	24,908	24,908
Courthouse security fund	-	-	127,665	127,665
Law library	-	-	15,443	15,443
<b>Total Restricted Fund Balance</b>	<b>\$ 3,038</b>	<b>\$ -</b>	<b>\$ 432,462</b>	<b>\$ 435,500</b>
<b>Committed:</b>				
Sports complex	\$ 18,585	\$ -	\$ -	\$ 18,585
Rev max	4,605	-	-	4,605
Ballpark fund	34	-	-	34
Capital Improvements	-	3,341,804	-	3,341,804
Jail keep fund	-	-	10	10
150th Sesquicentennial	-	-	100,000	100,000
E-911	-	-	396,398	396,398
<b>Total Committed Fund Balance</b>	<b>\$ 23,224</b>	<b>\$ 3,341,804</b>	<b>\$ 496,408</b>	<b>\$ 3,861,436</b>
<b>Unassigned</b>	<b>\$ 8,606,686</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,606,686</b>
<b>Total Fund Balances</b>	<b>\$ 8,632,948</b>	<b>\$ 3,341,804</b>	<b>\$ 928,870</b>	<b>\$ 12,903,622</b>



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

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P. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

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

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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.

## COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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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 fund 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).
6. Appropriations lapse on June 30, for all County units.

### Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2016.

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

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#### 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, 2016 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County will minimize credit risk by limiting investments to the safest type of securities.

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Local Government Investment Pool	\$	100,392
Total	\$	100,392

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

**External Investment Pools**

The fair value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

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

At June 30, 2016, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Appomattox County School Board	\$ 754,993	\$ -
Commonwealth of Virginia:		
Local sales tax	215,275	-
Welfare	35,258	-
Rolling stock tax	39,530	-
Comprehensive services	356,559	-
State Sales Tax	-	435,290
Wireless grant	8,572	-
Constitutional officer reimbursements	128,034	-
Recordation tax	8,333	-
Mobile home titling tax	7,588	-
Department of Forestry	32,422	-
Communications tax	89,042	-
Virginia domestic violence victims fund	45,000	
Federal Government:		
School fund grants	-	284,157
Transportation safety	2,447	-
Welfare	58,554	-
Total due from other governments	\$ <u>1,781,607</u>	\$ <u>719,447</u>

At June 30, 2016, amounts due to other local governments are as follows:

Other Local Governments:		
County of Appomattox	\$ <u>-</u>	\$ <u>754,993</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 5—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

Primary Government:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Total capital assets not subject to depreciation	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,764,501	\$ -	\$ -	\$ 12,764,501
Equipment	6,194,910	26,190	-	6,221,100
Infrastructure	83,095	-	-	83,095
Intangibles	1,810,216	-	-	1,810,216
Jointly owned assets	21,880,145	-	531,670	21,348,475
Total capital assets subject to depreciation	\$ 42,732,867	\$ 26,190	\$ 531,670	\$ 42,227,387
Accumulated depreciation:				
Buildings and improvements	\$ 5,664,100	\$ 467,555	\$ -	\$ 6,131,655
Equipment	5,007,355	291,958	-	5,299,313
Infrastructure	58,064	6,803	-	64,867
Intangibles	1,454,962	88,814	-	1,543,776
Jointly owned assets	8,718,856	711,380	229,147	9,201,089
Total accumulated depreciation	\$ 20,903,337	\$ 1,566,510	\$ 229,147	\$ 22,240,700
Total capital assets being depreciated, net	\$ 21,829,530	\$ (1,540,320)	\$ 302,523	\$ 19,986,687
Governmental activities capital assets, net	\$ 23,145,540	\$ (1,540,320)	\$ 302,523	\$ 21,302,697

Enterprise Fund:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:				
Utility plant in service	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Total capital assets being depreciated	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Accumulated depreciation:				
Utility plant in service	\$ 342,737	\$ 114,246	\$ -	\$ 456,983
Total accumulated depreciation	\$ 342,737	\$ 114,246	\$ -	\$ 456,983
Total capital assets being depreciated, net	\$ 5,369,544	\$ (114,246)	\$ -	\$ 5,255,298
Business-type capital assets, net	\$ 5,369,544	\$ (114,246)	\$ -	\$ 5,255,298

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 5—Capital Assets: (Continued)*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

Component Unit - School Board:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 211,370	\$ -	\$ -	\$ 211,370
Construction in progress	17,120	76,090	62,770	30,440
Total capital assets not subject to depreciation	\$ 228,490	\$ 76,090	\$ 62,770	\$ 241,810
Capital assets subject to depreciation:				
Buildings and improvements	\$ 777,842	\$ 220,876	\$ -	\$ 998,718
Equipment	4,371,288	328,781	-	4,700,069
Jointly owned assets	15,266,431	-	(531,670)	15,798,101
Total capital assets subject to depreciation	\$ 20,415,561	\$ 549,657	\$ (531,670)	\$ 21,496,888
Accumulated depreciation:				
Buildings and improvements	\$ 140,649	\$ 43,898	\$ -	\$ 184,547
Equipment	3,691,649	205,197	-	3,896,846
Jointly owned assets	6,083,406	496,351	(229,147)	6,808,904
Total accumulated depreciation	\$ 9,915,704	\$ 745,446	\$ (229,147)	\$ 10,890,297
Total capital assets being depreciated, net	\$ 10,499,857	\$ (195,789)	\$ (302,523)	\$ 10,606,591
Governmental activities capital assets, net	\$ 10,728,347	\$ (119,699)	\$ (302,523)	\$ 10,848,401

Component Unit - Economic Development Authority:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,386,773	\$ -	\$ 4,900	\$ 1,381,873
Total capital assets not subject to depreciation	\$ 1,386,773	\$ -	\$ 4,900	\$ 1,381,873
Capital assets subject to depreciation:				
Infrastructure	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Total capital assets subject to depreciation	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Accumulated depreciation:				
Infrastructure	\$ 659,782	\$ 52,118	\$ -	\$ 711,900
Total accumulated depreciation	\$ 659,782	\$ 52,118	\$ -	\$ 711,900
Total capital assets being depreciated, net	\$ 1,257,297	\$ (52,118)	\$ -	\$ 1,205,179
Business-type capital assets, net	\$ 2,644,070	\$ (52,118)	\$ 4,900	\$ 2,587,052

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements

As of June 30, 2016 (Continued)

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*Note 5—Capital Assets: (Continued)*

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Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental activities:

General government administration	\$	160,778
Judicial administration		139,591
Public safety		197,403
Public works		232,662
Health and welfare		17,850
Education		714,460
Parks, recreation and cultural		56,448
Community development		<u>47,318</u>
Total Governmental activities	\$	<u><u>1,566,510</u></u>

Business-type activities:

Sanitary District Fund	\$	<u><u>114,246</u></u>
Component Unit School Board	\$	<u><u>745,446</u></u>
Component Unit Economic Development Authority	\$	<u><u>52,118</u></u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 6—Interfund Transfers and Obligations:*

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 123,609	\$ 243,763
County Special Revenue Fund	-	115,750
County Capital Projects Fund	-	7,859
Total Governmental Funds	\$ <u>123,609</u>	\$ <u>367,372</u>
Enterprise Funds:		
Sanitary District	\$ <u>243,763</u>	\$ -
Total Enterprise Funds	\$ <u>243,763</u>	\$ -
Component Unit—School Board:		
School Operating Fund	\$ -	\$ 187,892
School Special Revenue Fund	<u>187,892</u>	<u>-</u>
Total Component Unit—School Board Funds	\$ <u>187,892</u>	<u>187,892</u>
Total All Funds	\$ <u><u>555,264</u></u>	\$ <u><u>555,264</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 to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 6—Interfund Transfers and Obligations: (Continued)*

Details of the Primary Government's interfund receivables and payables as of June 30, 2016 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 83,742	\$ -
County Capital Projects Fund	<u>-</u>	<u>83,742</u>
Total Governmental Funds	\$ <u>83,742</u>	\$ <u>83,742</u>
Component Unit—School Board:		
School Operating Fund	\$ 53,486	\$ -
School Special Revenue Fund	<u>-</u>	<u>53,486</u>
Total Component Unit—School Board Funds	\$ <u>53,486</u>	<u>53,486</u>
Total All Funds	\$ <u><u>137,228</u></u>	\$ <u><u>137,228</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments made between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 7—Long-Term Obligations:*

The following is a summary of long-term obligation transactions of the County for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 357,028	\$ 61,784	\$ 35,703	\$ 383,109	\$ 38,311
Lease revenue bonds	12,090,000	7,110,000	7,365,000	11,835,000	580,000
Issuance premium	250,424	-	153,036	97,388	-
Capital lease	212,815	-	41,019	171,796	42,751
Net OPEB obligation	63,580	45,090	35,100	73,570	-
Net pension liability	4,215,707	2,154,079	1,634,439	4,735,347	-
Landfill postclosure care liability	2,678,785	-	935,265	1,743,520	-
Total incurred by County	\$ 19,868,339	\$ 9,370,953	\$ 10,199,562	\$ 19,039,730	\$ 661,062
Incurred by School Board:					
General obligation bonds	\$ 13,161,289	\$ -	\$ 1,013,903	\$ 12,147,386	\$ 1,499,327
Total incurred by School Board	\$ 13,161,289	\$ -	\$ 1,013,903	\$ 12,147,386	\$ 1,499,327
Total Governmental Activities	\$ 33,029,628	\$ 9,370,953	\$ 11,213,465	\$ 31,187,116	\$ 2,160,389
Business-type Activities:					
Lease revenue bond	\$ 2,509,392	\$ -	\$ 122,410	\$ 2,386,982	\$ 125,712
Total Business-type Activities	\$ 2,509,392	\$ -	\$ 122,410	\$ 2,386,982	\$ 125,712

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Primary Government:

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

Governmental Activities

Year Ending June 30,	County Obligations			
	Lease Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2017	\$ 580,000	\$ 363,321	\$ 42,751	\$ 7,249
2018	860,000	348,138	44,554	5,446
2019	900,000	317,233	46,435	3,565
2020	955,000	281,403	38,056	1,605
2021	1,055,000	233,923	-	-
2022	1,085,000	181,443	-	-
2023	1,640,000	151,763	-	-
2024	1,680,000	109,480	-	-
2025	1,720,000	70,840	-	-
2026	1,360,000	31,280	-	-
Total	\$ <u>11,835,000</u>	\$ <u>2,088,824</u>	\$ <u>171,796</u>	\$ <u>17,865</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Primary Government: (Continued)

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

Governmental Activities (Continued)

Year Ending June 30,	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2017	\$ 1,499,327	\$ 582,793
2018	1,264,676	552,957
2019	1,276,431	528,959
2020	1,293,541	504,224
2021	1,302,253	483,854
2022	1,344,493	463,035
2023	833,333	450,000
2024	833,333	450,000
2025	833,333	450,000
2026	833,333	450,000
2027	833,333	450,000
Total	\$ <u>12,147,386</u>	\$ <u>5,365,822</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Primary Government: (Continued)

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

Business-type Activities

Year Ending June 30,	Lease Revenue	
	Bond	
	Principal	Interest
2017	\$ 125,712	\$ 65,478
2018	129,103	62,086
2019	132,587	58,603
2020	136,164	55,026
2021	139,837	51,352
2022	143,610	47,580
2023	147,485	43,705
2024	151,464	39,726
2025	155,550	35,640
2026	159,747	31,443
2027	164,057	27,133
2028	168,483	22,707
2029	173,029	18,161
2030	177,697	13,493
2031	182,491	8,699
2032	99,966	3,776
Total	\$ <u>2,386,982</u>	\$ <u>584,608</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Primary Government: (Continued)

Details of long-term obligations at June 30, 2016 are as follows:

Governmental Activities:

Incurred by County:

Lease Revenue Bonds:

\$14,605,000 lease revenue bond issued April 27, 2010, payable in varying annual installments, interest at 1.00% to 5.00%, through May 1, 2023.	\$ 4,725,000
\$7,110,000 refunding lease revenue bond issued May 5, 2016, payable in varying annual installments, interest at 2.30%, through May 1, 2026.	<u>7,110,000</u>
Total lease revenue bonds	<u>\$ 11,835,000</u>

Capital Lease:

\$326,175 capital lease issued July 15, 2011, payable in annual installments of principal and interest in the amount of \$50,000, through July 15, 2019.	\$ 171,796
Issuance premium	<u>97,388</u>
Net OPEB obligation (payable by the general fund)	<u>73,570</u>
Net pension liability	<u>4,735,347</u>
Landfill postclosure care liability (payable by the general fund)	<u>1,743,520</u>
Compensated absences (payable by the general fund)	<u>383,109</u>
Total Incurred by County	<u>\$ 19,039,730</u>

Incurred by School Board:

General Obligation bonds

\$3,789,949 school bond issued November 1, 1996, payable in varying amounts and interest rates through July 15, 2017.	\$ 246,071
\$1,850,000 school bond issued October 26, 2001, payable in varying amounts and interest rates through July 15, 2021.	750,000
\$6,512,513 school bond issued October 26, 2001, payable in varying amounts and rates through July 15, 2021.	2,151,317
\$10,000,000 school bond issued June 26, 2011, payable in varying amounts, interest at 0.00%, through June 1, 2027.	<u>8,999,998</u>
Total General Obligation Bonds	<u>\$ 12,147,386</u>
Total Incurred by School Board	<u>\$ 12,147,386</u>
Total Governmental Activities	<u>\$ 31,187,116</u>

Business-type Activities:

Lease Revenue Bond:

\$2,807,161 VRA lease revenue bond issued June 16, 2011, payable in varying annual installments, interest at 2.18%, through May 1, 2032.	\$ 2,386,982
Total Business-type Activities	<u>\$ 2,386,982</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Primary Government: (Continued)

The County issued series 2016 refunding lease revenue bonds in the amount of \$7,110,000 to refund a portion of the series 2010 lease revenue bonds. The aggregate difference in the debt service between the refunded debt and the refunding debt was (\$6,733) and the economic loss on the transaction was \$102,150.

Discretely Presented Component - Unit School Board:

The following is a summary of long-term obligation transactions of the Component Unit School Board for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016	Amounts Due Within One Year
Component Unit-School Board:					
Early retirement liability	\$ 390,434	\$ -	\$ 31,266	\$ 359,168	\$ 33,767
Net pension liability	16,680,000	4,279,000	3,477,000	17,482,000	-
Net OPEB obligation	225,420	121,910	94,900	252,430	-
Total Component Unit-School Board	\$ <u>17,295,854</u>	\$ <u>4,400,910</u>	\$ <u>3,603,166</u>	\$ <u>18,093,598</u>	\$ <u>33,767</u>

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

Year Ending June 30	Early Retirement Liability	
	Principal	Interest
2017	\$ 33,767	\$ 28,734
2018	36,468	26,033
2019	39,386	23,115
2020	42,537	19,964
2021	45,940	16,561
2022	49,615	12,886
2023	53,584	8,917
2024	57,871	4,630
Total	\$ <u>359,168</u>	\$ <u>140,840</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

Discretely Presented Component - Unit School Board: (Continued)

Details of long-term obligations at June 30, 2016 are as follows:

\$703,618 VRS early retirement incentive issued July 1, 1994, payable in annual amounts of principal and interest of \$62,501 through July 1, 2024.	\$ 359,168
Net pension liability	17,482,000
Net OPEB obligation (payable from the School Fund)	<u>252,430</u>
Long-term obligations Incurred by the School Board (payable from the School Fund)	<u>\$ 18,093,598</u>

*Note 8—Capital Lease:*

The government has entered into a lease agreement as lessee for financing the acquisition of a fire truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	<u>Primary Government</u>
Equipment	\$ 501,567
Less: Accumulated depreciation	<u>(200,627)</u>
Total	<u>\$ 300,940</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2016, are follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2017	\$ 50,000
2018	50,000
2019	50,000
2020	<u>39,661</u>
Total minimum lease payments	\$ 189,661
Less: amount representing interest	<u>(17,865)</u>
Present value of minimum lease payments	<u>\$ 171,796</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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*Note 9—Deferred/Unavailable Revenue:*

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Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$5,148,925 and deferred revenue totaling \$4,161,714 is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,929,382 (including 2<sup>nd</sup> half tax billings of \$3,942,172 not due until December 5) at June 30, 2016.

Deferred/Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2016 but paid in advance by the taxpayers totaled \$219,542 at June 30, 2016.

Deferred Revenue - Deferred revenue representing prepaid taxes due subsequent to June 30, 2016 totaled \$219,542 and at 2<sup>nd</sup> half 2016 tax billing levied in current year but due in FY2017 totaled \$3,942,172.

*Note 10—Commitments and Contingent Liabilities:*

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Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

A memorandum of understanding was issued on April 12, 1999 between the County and the Town of Appomattox for the purchase of water rights. The Town entered in a financing agreement with the VRA and the County agreed to pay the Town 48.67% of the debt for the use of 146,000 gallons of water per day.

*Note 11—Litigation:*

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At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.



COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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*Note 12—Risk Management:*

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The County also participates with other localities in a public entity risk pool for their coverage of general liability and auto insurance with Virginia Municipal League and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for general insurance through member premiums. The County continues to carry commercial insurance for all other risks of loss. The Component Unit School Board carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**Note 13—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 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
<p><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.</p>	<p><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.</p>	<p><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")</p> <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>

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <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>

**Note 13—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>

**Note 13—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>

**Note 13—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>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)  <u>Defined Contributions Component: (Cont.)</u>            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>Calculating the Benefit            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>Calculating the Benefit            See definition under Plan 1.</p>	<p>Calculating the Benefit  <u>Defined Benefit Component:</u>            See definition under Plan 1.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) 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>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> 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>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: 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>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: 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>Service Retirement Multiplier VRS: 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>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: 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>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>



COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility 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>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility 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>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</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>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility 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>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</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 APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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>Eligibility:</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>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>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>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> 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>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

**Note 13—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>Defined Benefit Component:</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>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-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, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	61	26
Inactive members:		
Vested inactive members	10	3
Non-vested inactive members	11	11
Inactive members active elsewhere in VRS	23	8
Total inactive members	44	22
Active members	104	37
Total covered employees	209	85

**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, 2016 was 14.83% 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.

**Note 13—Pension Plan: (Continued)**

**Contributions (Continued)**

Contributions to the pension plan from the County were \$595,828 and \$594,544 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 7.53% 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 \$51,446 and \$51,385 for the years ended June 30, 2016 and June 30, 2015, respectively.

**Net Pension Liability (Asset)**

The County's and Component Unit School Board's (nonprofessional) net pension liability (asset) were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

**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, 2014, 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, 2015.

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.

**Note 13—Pension Plan: (Continued)**

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

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

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, 2014 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

**Note 13—Pension Plan: (Continued)**

**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, 2014, 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, 2015.

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.

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



COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 13—Pension Plan: (Continued)**

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The actuarial assumptions used in the June 30, 2014 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

*The remainder of this page left blank intentionally.*

**Note 13—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 APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—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, 2014	\$ 22,765,315	\$ 18,549,608	\$ 4,215,707
Changes for the year:			
Service cost	\$ 449,518	\$ -	\$ 449,518
Interest	1,553,677	-	1,553,677
Differences between expected and actual experience	139,018	-	139,018
Contributions - employer	-	594,544	(594,544)
Contributions - employee	-	198,597	(198,597)
Net investment income	-	841,298	(841,298)
Benefit payments, including refunds of employee contributions	(1,139,855)	(1,139,855)	-
Administrative expenses	-	(11,689)	11,689
Other changes	-	(177)	177
Net changes	\$ 1,002,358	\$ 482,718	\$ 519,640
Balances at June 30, 2015	\$ 23,767,673	\$ 19,032,326	\$ 4,735,347

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—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, 2014	\$ 2,764,214	\$ 2,826,033	\$ (61,819)
Changes for the year:			
Service cost	\$ 76,215	\$ -	\$ 76,215
Interest	189,111	-	189,111
Differences between expected and actual experience	(19,255)	-	(19,255)
Contributions - employer	-	51,385	(51,385)
Contributions - employee	-	34,024	(34,024)
Net investment income	-	128,667	(128,667)
Benefit payments, including refunds of employee contributions	(125,249)	(125,249)	-
Administrative expenses	-	(1,778)	1,778
Other changes	-	(24)	24
Net changes	\$ 120,822	\$ 87,025	\$ 33,797
Balances at June 30, 2015	\$ 2,885,036	\$ 2,913,058	\$ (28,022)

**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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 7,638,464	\$ 4,735,347	\$ 2,308,441
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 326,231	\$ (28,022)	\$ (323,089)

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—Pension Plan: (Continued)**

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

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$367,850 and \$488 respectively. At June 30, 2016, 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
Differences between expected and actual experience	\$ 105,680	\$ -	\$ -	\$ 12,772
Net difference between projected and actual earnings on pension plan investments	-	499,160	-	75,766
Employer contributions subsequent to the measurement date	595,828	-	51,446	-
Total	<u>\$ 701,508</u>	<u>\$ 499,160</u>	<u>\$ 51,446</u>	<u>\$ 88,538</u>

\$595,828 and \$51,446 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 (increase to) the Net Pension Liability (Asset) in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
207	\$ (162,691)	\$ (36,251)
2018	(162,691)	(36,057)
2019	(162,689)	(29,768)
2020	94,591	13,538
Thereafter	-	-

***Note 13—Pension Plan: (Continued)***

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**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, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. 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, 2016. Contributions to the pension plan from the School Board were \$1,432,522 and \$1,485,208 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$17,482,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.13890% as compared to 0.13802% at June 30, 2014.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 13—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, 2016, the school division recognized pension expense of \$1,184,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, 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>
Differences between expected and actual experience \$	-	\$ 241,000
Net difference between projected and actual earnings on pension plan investments	-	1,070,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,000	405,000
Employer contributions subsequent to the measurement date	<u>1,432,522</u>	<u>-</u>
Total	<u>\$ 1,532,522</u>	<u>\$ 1,716,000</u>

\$1,432,522 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 fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (570,000)
2018	(570,000)
2019	(570,000)
2020	108,000
2021	(14,000)

**Note 13—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, 2014, 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, 2015.

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, 2014 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



**Note 13—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%.

**Note 13—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		
1% Decrease	Current Discount	1% Increase
(6.00%)	(7.00%)	(8.00%)

School division's proportionate  
share of the VRS Teacher  
Employee Retirement Plan

Net Pension Liability (Asset)	\$	25,584,000	\$	17,482,000	\$	10,813,000
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**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF APPOMATTOX, VIRGINIA

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### *Note 14 –Landfill Closure and Postclosure Costs:*

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The County closed its landfill and is liable for postclosure monitoring for a period of thirty years. In addition, the County participates in a Regional Landfill and is liable for its portion of closure and postclosure monitoring costs. In conjunction with both, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and State Regulations. The \$1,743,520 reported as landfill postclosure liability at June 30, 2016, represents the estimated liability for postclosure monitoring over the remaining twenty-seven years for the County Landfill and the closure and postclosure costs of the Regional Landfill. These amounts are based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

#### *Note 15–Surety Bonds:*

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The Commonwealth of Virginia has established a Faithful Performance of Duty Bond Plan to cover the following positions:

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
Janet A. Hix, Clerk of the Circuit Court	\$ 115,430
Alice F. Gillette, Treasurer	400,000
Sara R. Henderson, Commissioner of the Revenue	3,000
Barry E. Letterman, Sheriff	30,000
Utica Mutual Insurance Company-Surety:	
Clerk and Deputy Clerk of the School Board	10,000
Virginia Local Government Risk Management Plan:	
All Social Services Employees	1,000,000

#### *Note 16–Other Postemployment Benefits - Health Insurance:*

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##### A. Post-retirement Health Insurance for Employee

###### Plan Description

The County of Appomattox and the County of Appomattox School Board offer eligible retirees post-retirement medical and dental coverage if they retire directly from the County or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical, disability and dental coverage.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 16-Other Postemployment Benefits - Health Insurance: (Continued)*

**A. Post-retirement Health Insurance for Employee (Continued)**

Funding Policy

The County and the School Board in Appomattox allow retirees and their spouses continue to participate in the County's medical, dental and disability coverage plans. The retiree pays 100% of all premiums. Medical and dental coverage stops at age 65 or when eligible for Medicare. Disability coverage changes to a carveout class at eligibility for Medicare and stops at age 65.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 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 County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Insurance Plan:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 45,090	\$ 121,910
Interest on net OPEB obligation	3,240	8,760
Adjustment to annual required contribution	(3,240)	(8,760)
Annual OPEB cost (expense)	\$ 45,090	\$ 121,910
Contributions made	(35,100)	(94,900)
Increase in net OPEB obligation	9,990	27,010
Net OPEB obligation-beginning of year	63,580	225,420
Net OPEB obligation-end of year	\$ 73,570	\$ 252,430

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 16-Other Postemployment Benefits - Health Insurance: (Continued)*

**A. Post-retirement Health Insurance for Employee (Continued)**

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the 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>
County:			
6/30/2014	\$ 30,140	74.45%	\$ 50,600
6/30/2015	35,640	63.58%	63,580
6/30/2016	45,090	77.84%	73,570
Component Unit School Board:			
6/30/2014	\$ 106,860	74.45%	\$ 179,400
6/30/2015	126,360	63.58%	225,420
6/30/2016	121,910	77.84%	252,430

**Funded Status and Funding Progress**

As of July 1, 2014, the County's most recent actuarial date, accrued liability for benefits was \$331,100, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,897,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.43 percent.

As of July 1, 2014, the School Board's most recent actuarial date, accrued liability for benefits was \$1,173,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,272,600, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.43 percent.

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.

*Note 16-Other Postemployment Benefits - Health Insurance (Continued):*

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A. Post-retirement Health Insurance for Employee (Continued)

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.

The following simplifying assumptions were made:

*Retirement age for active employees*-Retirement eligible for medical benefits are assumed to occur beginning once a participant attains age 50 and completes 15 or more years of service. In no event is an active participant assumed to work beyond age 70.

*Mortality*-Life expectancies were based on mortality tables from the 2004 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

*Coverage elections*- The actuary assumed that 50% of active participants who retire at age 50 or greater are assumed to continue their coverage into retirement. 25% of their spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled (and 25% of their spouses) are assumed to continue their coverage.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.25% was used. In addition, the projected unit credit actuarial cost method 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 July 1, 2014 was thirty years.

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## COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### *Note 16-Other Postemployment Benefits - Health Insurance (Continued):*

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#### **B. Health Insurance Credit Program Through Virginia Retirement System**

##### Plan Description

The Appomattox County Public Schools participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and 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.

The non-professional employees of the Appomattox County Public Schools (School Board), who retire under VRS with at least 15 years of total creditable service under the System and are enrolled in a health insurance plan, are eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

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.

##### Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2016 was .40% of annual covered payroll.

##### Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The School Board is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

*Note 16-Other Postemployment Benefits - Health Insurance (Continued):*

**B. Health Insurance Credit Program Through Virginia Retirement System (Continued)**

Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2016, the School Board's contribution of \$2,730 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2016	\$ 2,730	100%	\$ -
June 30, 2015	2,748	100%	-
June 30, 2014	3,820	100%	-

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 64,190
Actuarial value of plan assets	\$ 34,614
Unfunded actuarial accrued liability (UAAL)	\$ 29,576
Funded ratio (actuarial value of plan assets/AAL)	53.92%
Covered payroll (active plan members)	\$ 692,688
UAAL as a percentage of covered payroll	4.27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the 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 liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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*Note 16-Other Postemployment Benefits - Health Insurance (Continued):*

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**B. Health Insurance Credit Program Through Virginia Retirement System (Continued)**

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 included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Retiree postemployment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2015 was 19-28 years using an open amortization period.

Professional Employees - Discretely Presented Component Unit School Board

The School Board professional employees participate 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.

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.

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 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015 and 2014 were \$109,222, \$109,172, and \$111,722 respectively, and equaled the required contributions for each year.

*Note 17–Upcoming Pronouncements:*

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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.

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.

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.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

*REQUIRED SUPPLEMENTARY INFORMATION*

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County of Appomattox, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES</b>				
General property taxes	\$ 12,428,419	\$ 12,428,419	\$ 12,467,821	\$ 39,402
Other local taxes	2,206,000	2,206,000	2,196,290	(9,710)
Permits, privilege fees, and regulatory licenses	75,040	75,040	79,993	4,953
Fines and forfeitures	30,000	30,000	29,153	(847)
Revenue from the use of money and property	78,761	78,761	122,353	43,592
Charges for services	208,456	208,456	122,110	(86,346)
Miscellaneous	121,050	121,050	234,469	113,419
Recovered costs	7,500	7,500	258,634	251,134
Intergovernmental:				
Commonwealth	4,728,844	4,728,844	4,986,887	258,043
Federal	1,271,800	1,271,800	1,434,422	162,622
Total revenues	\$ 21,155,870	\$ 21,155,870	\$ 21,932,132	\$ 776,262
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,678,983	\$ 1,704,137	\$ 1,586,520	\$ 117,617
Judicial administration	1,124,677	1,140,346	1,105,003	35,343
Public safety	3,578,941	3,665,300	3,482,531	182,769
Public works	1,514,515	1,514,149	1,398,180	115,969
Health and welfare	3,388,603	3,533,002	3,713,993	(180,991)
Education	5,622,070	5,622,070	5,174,546	447,524
Parks, recreation, and cultural	471,294	515,751	479,301	36,450
Community development	505,763	765,848	465,094	300,754
Capital projects	76,573	251,219	266,956	(15,737)
Debt service:				
Principal retirement	1,929,922	1,929,922	1,929,922	-
Interest and other fiscal charges	1,287,768	1,637,768	1,146,577	491,191
Total expenditures	\$ 21,179,109	\$ 22,279,512	\$ 20,748,623	\$ 1,530,889
Excess (deficiency) of revenues over (under) expenditures	\$ (23,239)	\$ (1,123,642)	\$ 1,183,509	\$ 2,307,151
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 109,934	\$ 109,934	\$ 123,609	\$ 13,675
Transfers out	(86,695)	(86,695)	(243,763)	(157,068)
Issuance of lease revenue bonds	-	7,110,000	7,110,000	-
Payment to refunded bond escrow agent	-	(7,305,733)	(7,305,733)	-
Bond issuance costs	-	(154,267)	(154,267)	-
Total other financing sources (uses)	\$ 23,239	\$ (326,761)	\$ (470,154)	\$ (143,393)
Net change in fund balances	\$ -	\$ (1,450,403)	\$ 713,355	\$ 2,163,758
Fund balances - beginning		1,450,403	7,919,593	6,469,190
Fund balances - ending	\$ -	\$ -	\$ 8,632,948	\$ 8,632,948

## County of Appomattox, Virginia

## Schedule of OPEB Funding Progress

For the Year Ended June 30, 2016

## Primary Government:

## County Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2014	\$ -	\$ 331,100	\$ 331,100	0.00%	\$ 2,897,400	11.43%
7/1/2012	-	289,300	289,300	0.00%	2,447,500	11.82%
7/1/2010	-	287,320	287,320	0.00%	2,599,960	11.05%

## Discretely Presented Component Unit:

## School Board Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2014	\$ -	\$ 1,173,900	\$ 1,173,900	0.00%	\$ 10,272,600	11.43%
7/1/2012	-	1,025,700	1,025,700	0.00%	8,677,500	11.82%
7/1/2010	-	1,018,680	1,018,680	0.00%	9,218,040	11.05%

## Discretely Presented Component Unit School Board:

## Health Insurance Credit Program Through Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2015	\$ 34,614	\$ 64,190	\$ 29,576	53.92%	\$ 692,688	4.27%
6/30/2014	33,888	63,149	29,261	53.66%	694,598	4.21%
6/30/2013	29,407	57,860	28,453	50.82%	725,979	3.92%
6/30/2012	25,718	55,643	29,925	46.22%	666,466	4.49%
6/30/2011	24,444	51,325	26,881	47.63%	696,815	3.86%
6/30/2010	19,066	48,557	29,491	39.27%	654,259	4.51%
6/30/2009	12,260	44,090	31,830	27.81%	669,727	4.75%

County of Appomattox, Virginia  
Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 449,518	\$ 443,674
Interest	1,553,677	1,496,352
Differences between expected and actual experience	139,018	-
Benefit payments, including refunds of employee contributions	(1,139,855)	(1,102,328)
Net change in total pension liability	\$ 1,002,358	\$ 837,698
Total pension liability - beginning	22,765,315	21,927,617
Total pension liability - ending (a)	\$ 23,767,673	\$ 22,765,315
Plan fiduciary net position		
Contributions - employer	\$ 594,544	\$ 537,604
Contributions - employee	198,597	208,860
Net investment income	841,298	2,557,177
Benefit payments, including refunds of employee contributions	(1,139,855)	(1,102,328)
Administrative expense	(11,689)	(13,959)
Other	(177)	135
Net change in plan fiduciary net position	\$ 482,718	\$ 2,187,489
Plan fiduciary net position - beginning	18,549,608	16,362,119
Plan fiduciary net position - ending (b)	\$ 19,032,326	\$ 18,549,608
County's net pension liability - ending (a) - (b)	\$ 4,735,347	\$ 4,215,707
Plan fiduciary net position as a percentage of the total pension liability	80.08%	81.48%
Covered payroll	\$ 4,031,328	\$ 3,984,402
County's net pension liability as a percentage of covered payroll	117.46%	105.81%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Appomattox, 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, 2016

	2015	2014
Total pension liability		
Service cost	\$ 76,215	\$ 81,045
Interest	189,111	179,628
Differences between expected and actual experience	(19,255)	-
Benefit payments, including refunds of employee contributions	(125,249)	(125,141)
Net change in total pension liability	\$ 120,822	\$ 135,532
Total pension liability - beginning	2,764,214	2,628,682
Total pension liability - ending (a)	\$ 2,885,036	\$ 2,764,214
Plan fiduciary net position		
Contributions - employer	\$ 51,385	\$ 55,567
Contributions - employee	34,024	34,731
Net investment income	128,667	388,463
Benefit payments, including refunds of employee contributions	(125,249)	(125,141)
Administrative expense	(1,778)	(2,105)
Other	(24)	20
Net change in plan fiduciary net position	\$ 87,025	\$ 351,535
Plan fiduciary net position - beginning	2,826,033	2,474,498
Plan fiduciary net position - ending (b)	\$ 2,913,058	\$ 2,826,033
School Division's net pension liability (asset) - ending (a) - (b)	\$ (28,022)	\$ (61,819)
Plan fiduciary net position as a percentage of the total pension liability	100.97%	102.24%
Covered payroll	\$ 686,311	\$ 694,598
School Division's net pension liability (asset) as a percentage of covered payroll	-4.08%	-8.90%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.



County of Appomattox, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Year Ended June 30, 2016\*

	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13890%	0.13802%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,482,000	\$ 16,680,000
Employer's Covered Payroll	10,242,814	10,065,043
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	170.68%	165.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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

County of Appomattox, Virginia  
Schedule of Employer Contributions  
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2016	\$ 595,828	\$ 595,828	\$ -	\$ 4,017,722	14.83%
2015	594,544	594,544	-	4,031,328	14.75%
2014	537,496	537,496	-	3,984,402	13.49%
2013	523,794	523,794	-	3,882,830	13.49%
2012	430,137	430,137	-	3,889,123	11.06%
2011	452,814	452,814	-	4,094,160	11.06%
2010	441,513	441,513	-	4,122,441	10.71%
2009	431,321	431,321	-	4,027,271	10.71%
2008	392,959	392,959	-	3,852,537	10.20%
2007	332,596	332,596	-	3,549,587	9.37%
<b>Component Unit School Board (nonprofessional)</b>					
2016	\$ 51,446	\$ 51,446	\$ -	\$ 683,214	7.53%
2015	51,385	51,385	-	686,311	7.49%
2014	55,568	55,568	-	694,598	8.00%
2013	57,525	57,525	-	719,064	8.00%
2012	21,115	21,115	-	678,924	3.11%
2011	21,311	21,311	-	685,251	3.11%
2010	42,044	42,044	-	684,751	6.14%
2009	42,307	42,307	-	689,043	6.14%
2008	48,605	48,605	-	669,492	7.26%
2007	59,661	59,661	-	821,774	7.26%
<b>Component Unit School Board (professional)</b>					
2016	\$ 1,432,522	\$ 1,432,522	\$ -	\$ 10,188,634	14.06%
2015	1,485,208	1,485,208	-	10,242,814	14.50%
2014	1,173,584	1,173,584	-	10,065,043	11.66%
2013	1,194,413	1,194,413	-	10,243,679	11.66%
2012	601,804	601,804	-	9,507,172	6.33%
2011	387,595	387,595	-	9,862,468	3.93%
2010	641,116	641,116	-	7,277,140	8.81%
2009	939,345	939,345	-	10,662,259	8.81%
2008	1,039,644	1,039,644	-	10,093,631	10.30%
2007	900,422	900,422	-	9,787,196	9.20%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Appomattox, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

**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

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*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

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County of Appomattox, Virginia  
County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	<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>
REVENUES				
Intergovernmental:				
Appomattox County School Board	\$ -	\$ -	\$ 30,339	\$ 30,339
Total revenues	\$ -	\$ -	\$ 30,339	\$ 30,339
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (115,750)	\$ (115,750)
Total other financing sources (uses)	\$ -	\$ -	\$ (115,750)	\$ (115,750)
Net change in fund balances	\$ -	\$ -	\$ (85,411)	\$ (85,411)
Fund balances - beginning	-	-	3,427,215	3,427,215
Fund balances - ending	\$ -	\$ -	\$ 3,341,804	\$ 3,341,804

County of Appomattox, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2016

	County Special Revenue Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
REVENUES					
Charges for services	\$ -	\$ -	\$ 28,631	\$	28,631
Intergovernmental:					
Commonwealth	-	-	159,784		159,784
Total revenues	\$ -	\$ -	\$ 188,415	\$	188,415
EXPENDITURES					
Current:					
Judicial administration	\$ -	\$ 7,522	\$ 7,522	\$	-
Public safety	-	4,890	4,890		-
Total expenditures	\$ -	\$ 12,412	\$ 12,412	\$	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (12,412)	\$ 176,003	\$	188,415
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (109,934)	\$ (109,934)	\$ (7,859)	\$	102,075
Total other financing sources (uses)	\$ (109,934)	\$ (109,934)	\$ (7,859)	\$	102,075
Net change in fund balances	\$ (109,934)	\$ (122,346)	\$ 168,144	\$	290,490
Fund balances - beginning	109,934	122,346	760,725		638,379
Fund balances - ending	\$ -	\$ -	\$ 928,869	\$	928,869

County of Appomattox, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Sheriff Drug</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,456	\$ 13,223	\$ 25,679
Total assets	<u>\$ 12,456</u>	<u>\$ 13,223</u>	<u>\$ 25,679</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 12,456	\$ -	\$ 12,456
Amounts held for others	-	13,223	13,223
Total liabilities	<u>\$ 12,456</u>	<u>\$ 13,223</u>	<u>\$ 25,679</u>

County of Appomattox, Virginia  
Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 16,124	\$ 5,665	\$ 9,333	\$ 12,456
Liabilities:				
Amounts held for social services clients	\$ 16,124	\$ 5,665	\$ 9,333	\$ 12,456
Sheriff Drug:				
Assets:				
Cash and cash equivalents	\$ 13,223	\$ -	\$ -	\$ 13,223
Liabilities:				
Amounts held for others	\$ 13,223	\$ -	\$ -	\$ 13,223
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 29,347	\$ 5,665	\$ 9,333	\$ 25,679
Liabilities:				
Amounts held for others	\$ 13,223	\$ -	\$ -	\$ 13,223
Amounts held for social services clients	16,124	5,665	9,333	12,456
Total liabilities	\$ 29,347	\$ 5,665	\$ 9,333	\$ 25,679

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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County of Appomattox, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2016

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,753,572	\$ 920,448	\$ 2,674,020
Cash in custody of others	-	4,000	4,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	16,611	4,073	20,684
Due from other funds	53,486	-	53,486
Due from other governmental units	719,447	-	719,447
Total assets	<u>\$ 2,543,116</u>	<u>\$ 928,521</u>	<u>\$ 3,471,637</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 34,551	\$ -	\$ 34,551
Accrued liabilities	1,661,784	-	1,661,784
Due to other funds	-	53,486	53,486
Due to other governmental units	754,993	-	754,993
Total liabilities	<u>\$ 2,451,328</u>	<u>\$ 53,486</u>	<u>\$ 2,504,814</u>
<b>Fund balances:</b>			
Committed	\$ 89,788	\$ 875,035	\$ 964,823
Unassigned	2,000	-	2,000
Total fund balances	<u>\$ 91,788</u>	<u>\$ 875,035</u>	<u>\$ 966,823</u>
Total liabilities and fund balances	<u>\$ 2,543,116</u>	<u>\$ 928,521</u>	<u>\$ 3,471,637</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 966,823
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost		\$ 21,738,698	
Accumulated depreciation		<u>(10,890,297)</u>	10,848,401
The net pension asset is not an available resource and, therefore, is not reported in the funds.			
			28,022
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			(1,804,538)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			
			1,483,968
Long-term liabilities, including VRS early retirement incentive, 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:			
Early retirement liability		\$ (359,168)	
Net pension liability		(17,482,000)	
Deferred outflows related to measurement of net pension liability		100,000	
Net OPEB obligation		<u>(252,430)</u>	(17,993,598)
Net position of governmental activities			<u>\$ (6,470,922)</u>

County of Appomattox, 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, 2016

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 11,759	\$ -	\$ 11,759
Charges for services	159,603	303,746	463,349
Miscellaneous	193,262	1,963	195,225
Recovered costs	26,358	-	26,358
Intergovernmental:			
Local government	5,172,539	1,632	5,174,171
Commonwealth	13,383,482	10,453	13,393,935
Federal	1,048,367	612,680	1,661,047
Total revenues	<u>\$ 19,995,370</u>	<u>\$ 930,474</u>	<u>\$ 20,925,844</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 19,800,638	\$ 927,866	\$ 20,728,504
Capital projects	30,339	-	30,339
Debt service:			
Principal retirement	31,266	-	31,266
Interest and other fiscal charges	31,235	-	31,235
Total expenditures	<u>\$ 19,893,478</u>	<u>\$ 927,866</u>	<u>\$ 20,821,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 101,892</u>	<u>\$ 2,608</u>	<u>\$ 104,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 187,892	\$ 187,892
Transfers out	(187,892)	-	(187,892)
Total other financing sources (uses)	<u>\$ (187,892)</u>	<u>\$ 187,892</u>	<u>\$ -</u>
Net change in fund balances	\$ (86,000)	\$ 190,500	\$ 104,500
Fund balances - beginning	177,788	684,535	862,323
Fund balances - ending	<u>\$ 91,788</u>	<u>\$ 875,035</u>	<u>\$ 966,823</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 \$ 104,500

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 the capital outlays in the current period.

Capital asset additions	\$	562,977	
Jointly owned asset allocation		302,523	
Depreciation expense		<u>(745,446)</u>	120,054

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

(Increase) decrease in items related to measurement of net pension liability 1,363,694

The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Decrease in early retirement liability 31,266

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 net OPEB obligation	\$	(27,010)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date		(52,919)	
Increase (decrease) in deferred outflows related to measurement of net pension liability		100,000	
Increase (decrease) in net pension asset		(33,797)	
(Increase) decrease in net pension liability		<u>(802,000)</u>	(815,726)

Change in net position of governmental activities \$ 803,788



County of Appomattox, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Operating Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 7,500	\$ 7,500	\$ 11,759	\$ 4,259
Charges for services	175,200	175,200	159,603	(15,597)
Miscellaneous	46,800	269,688	193,262	(76,426)
Recovered costs	45,500	45,500	26,358	(19,142)
Intergovernmental:				
Local government	5,621,695	5,621,695	5,172,539	(449,156)
Commonwealth	13,329,266	13,388,384	13,383,482	(4,902)
Federal	1,002,810	1,002,810	1,048,367	45,557
Total revenues	\$ 20,228,771	\$ 20,510,777	\$ 19,995,370	\$ (515,407)
EXPENDITURES				
Current:				
Education	\$ 20,271,982	\$ 20,553,988	\$ 19,800,638	\$ 753,350
Debt service:				
Principal retirement	31,266	31,266	31,266	-
Interest and other fiscal charges	31,235	31,235	31,235	-
Total expenditures	\$ 20,334,483	\$ 20,616,489	\$ 19,893,478	\$ 723,011
Excess (deficiency) of revenues over (under) expenditures	\$ (105,712)	\$ (105,712)	\$ 101,892	\$ 207,604
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (70,076)	\$ (70,076)	\$ (187,892)	\$ (117,816)
Total other financing sources (uses)	\$ (70,076)	\$ (70,076)	\$ (187,892)	\$ (117,816)
Net change in fund balances	\$ (175,788)	\$ (175,788)	\$ (86,000)	\$ 89,788
Fund balances - beginning	175,788	175,788	177,788	2,000
Fund balances - ending	\$ -	\$ -	\$ 91,788	\$ 91,788

County of Appomattox, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Special Revenue Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 30	\$ 30	\$ -	\$ (30)
Charges for services	230,500	230,500	303,746	73,246
Miscellaneous	4,530	4,530	1,963	(2,567)
Intergovernmental:				
Local government	-	-	1,632	1,632
Commonwealth	10,894	10,894	10,453	(441)
Federal	527,200	590,613	612,680	22,067
Total revenues	<u>\$ 773,154</u>	<u>\$ 836,567</u>	<u>\$ 930,474</u>	<u>\$ 93,907</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,425,000	\$ 1,488,413	\$ 927,866	\$ 560,547
Total expenditures	<u>\$ 1,425,000</u>	<u>\$ 1,488,413</u>	<u>\$ 927,866</u>	<u>\$ 560,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (651,846)</u>	<u>\$ (651,846)</u>	<u>\$ 2,608</u>	<u>\$ 654,454</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 70,076	\$ 70,076	\$ 187,892	\$ 117,816
Total other financing sources (uses)	<u>\$ 70,076</u>	<u>\$ 70,076</u>	<u>\$ 187,892</u>	<u>\$ 117,816</u>
Net change in fund balances	\$ (581,770)	\$ (581,770)	\$ 190,500	\$ 772,270
Fund balances - beginning	581,770	581,770	684,535	102,765
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,035</u>	<u>\$ 875,035</u>

*DISCRETELY PRESENTED COMPONENT UNIT  
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Appomattox, Virginia  
Statement of Net Position  
Discretely Presented Component Unit-Economic Development Authority  
June 30, 2016

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 145,349
---------------------------	------------

## Noncurrent assets:

## Capital assets:

Land	\$ 1,381,873
------	--------------

Infrastructure	1,917,079
----------------	-----------

Accumulated depreciation	(711,900)
--------------------------	-----------

Total capital assets	<u>\$ 2,587,052</u>
----------------------	---------------------

Total noncurrent assets	<u>\$ 2,587,052</u>
-------------------------	---------------------

Total assets	<u>\$ 2,732,401</u>
--------------	---------------------

**NET POSITION**

Investment in capital assets	\$ 2,587,052
------------------------------	--------------

Unrestricted	145,349
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Total net position	<u><u>\$ 2,732,401</u></u>
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County of Appomattox, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit-Economic Development Authority  
For the Year Ended June 30, 2016

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**OPERATING REVENUES**

Miscellaneous	\$ 14,387
Total operating revenues	<u>\$ 14,387</u>

**OPERATING EXPENSES**

Other supplies and expenses	\$ 5,525
Depreciation	52,118
Total operating expenses	<u>\$ 57,643</u>

Operating income (loss)	<u>\$ (43,256)</u>
-------------------------	--------------------

**NONOPERATING REVENUES (EXPENSES)**

Investment income	\$ 221
Gain on sale of land	59,399
Total nonoperating revenues (expenses)	<u>\$ 59,620</u>

Change in net position	\$ 16,364
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Total net position - beginning	2,716,037
Total net position - ending	<u><u>\$ 2,732,401</u></u>

County of Appomattox, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit-Economic Development Authority  
For the Year Ended June 30, 2016

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## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 14,387
Payments for operating activities	<u>(5,525)</u>
Net cash provided by (used for) operating activities	<u>\$ 8,862</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING  
ACTIVITIES

Proceeds from the sale of assets	<u>\$ 64,299</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ 64,299</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>\$ 221</u>
Net cash provided by (used for) investing activities	<u>\$ 221</u>

Net increase (decrease) in cash and cash equivalents 73,382

Cash and cash equivalents - beginning	71,967
Cash and cash equivalents - ending	<u><u>\$ 145,349</u></u>

Reconciliation of operating income (loss) to net cash  
provided by (used for) operating activities:

Operating income (loss)	\$ (43,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	52,118
Total adjustments	<u>\$ 52,118</u>
Net cash provided by (used for) operating activities	<u><u>\$ 8,862</u></u>

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## *SUPPORTING SCHEDULES*

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County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 1 of 7

<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	\$ 8,395,813	\$ 8,395,813	\$ 8,278,790	\$ (117,023)
Real and personal public service corporation taxes	644,454	644,454	712,201	67,747
Personal property taxes	3,067,227	3,067,227	3,019,436	(47,791)
Machinery and tools taxes	48,925	48,925	47,266	(1,659)
Merchant's capital taxes	132,000	132,000	136,529	4,529
Penalties	80,000	80,000	146,200	66,200
Interest	60,000	60,000	127,399	67,399
Total general property taxes	\$ 12,428,419	\$ 12,428,419	\$ 12,467,821	\$ 39,402
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,197,414	\$ (52,586)
Consumers' utility taxes	360,000	360,000	373,973	13,973
Consumption tax	34,000	34,000	38,189	4,189
Gross Receipts	3,000	3,000	7,702	4,702
Motor vehicle licenses	476,000	476,000	473,616	(2,384)
Taxes on recordation and wills	83,000	83,000	99,623	16,623
Hotel and motel room taxes	-	-	5,773	5,773
Total other local taxes	\$ 2,206,000	\$ 2,206,000	\$ 2,196,290	\$ (9,710)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 5,623	\$ (1,377)
Permits and other licenses	68,040	68,040	74,370	6,330
Total permits, privilege fees, and regulatory licenses	\$ 75,040	\$ 75,040	\$ 79,993	\$ 4,953
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 29,153	\$ (847)
Total fines and forfeitures	\$ 30,000	\$ 30,000	\$ 29,153	\$ (847)
Revenue from use of money and property:				
Revenue from use of money	\$ 100	\$ 100	\$ 323	\$ 223
Revenue from use of property	78,661	78,661	122,030	43,369
Total revenue from use of money and property	\$ 78,761	\$ 78,761	\$ 122,353	\$ 43,592
Charges for services:				
Sheriff's fees	\$ 794	\$ 794	\$ 794	\$ -
Circuit court - document reproduction	-	-	461	461
Charges for Commonwealth's Attorney	600	600	1,134	534
Charges for sanitation and waste removal	78,648	78,648	56,502	(22,146)
Charges for other protection	79,414	79,414	4,484	(74,930)
Charges for recreation	35,000	35,000	27,256	(7,744)
Charges for library	14,000	14,000	15,042	1,042
Sports complex	-	-	16,437	16,437
Total charges for services	\$ 208,456	\$ 208,456	\$ 122,110	\$ (86,346)

County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 2 of 7

<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 local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 121,050	\$ 121,050	\$ 234,469	\$ 113,419
Total miscellaneous	\$ 121,050	\$ 121,050	\$ 234,469	\$ 113,419
Recovered costs:				
Social services VRS and GLIF	\$ 2,000	\$ 2,000	\$ 158,719	\$ 156,719
Town recoveries	-	-	78,081	78,081
School health insurance	5,500	5,500	-	(5,500)
Health department	-	-	6,767	6,767
Public assistance and welfare administration	-	-	2,674	2,674
Comprehensive services act	-	-	12,393	12,393
Total recovered costs	\$ 7,500	\$ 7,500	\$ 258,634	\$ 251,134
Total revenue from local sources	\$ 15,155,226	\$ 15,155,226	\$ 15,510,823	\$ 355,597
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 12,000	\$ 12,000	\$ 32,482	\$ 20,482
EMS vehicles	15,600	15,600	16,420	820
Rolling stock tax	40,500	40,500	39,531	(969)
Auto rental tax	1,200	1,200	1,641	441
Additional tax on deeds	26,000	26,000	27,178	1,178
State recordation tax	30,000	30,000	32,212	2,212
Communications tax	560,000	560,000	545,124	(14,876)
Personal property tax relief funds	1,017,178	1,017,178	1,023,637	6,459
Total noncategorical aid	\$ 1,702,478	\$ 1,702,478	\$ 1,718,225	\$ 15,747
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 318,090	\$ 318,090	\$ 316,258	\$ (1,832)
Sheriff	750,000	750,000	719,329	(30,671)
Commissioner of revenue	98,571	98,571	97,390	(1,181)
Treasurer	76,858	76,858	76,565	(293)
Registrar/electoral board	30,000	30,000	49,010	19,010
Clerk of the Circuit Court	173,689	173,689	183,259	9,570
Total shared expenses	\$ 1,447,208	\$ 1,447,208	\$ 1,441,811	\$ (5,397)
Other categorical aid:				
Public assistance and welfare administration	497,391	497,391	\$ 534,399	\$ 37,008
Comprehensive services act	933,000	933,000	1,077,005	144,005
Fire programs fund	30,000	30,000	-	(30,000)
Library grant	31,566	31,566	42,222	10,656

County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<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)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of forestry grant	\$ 15,000	\$ 15,000	\$ 32,422	\$ 17,422
Victim witness grant	5,673	5,673	5,822	149
Litter control grant	8,528	8,528	8,622	94
Virginia domestic violence victims fund	40,000	40,000	45,000	5,000
Health department incentive	3,000	3,000	-	(3,000)
Road side clean up	15,000	15,000	-	(15,000)
Tobacco grants	-	-	80,000	80,000
PSAP wireless	-	-	1,359	1,359
Total other categorical aid	<u>\$ 1,579,158</u>	<u>\$ 1,579,158</u>	<u>\$ 1,826,851</u>	<u>\$ 247,693</u>
Total categorical aid	<u>\$ 3,026,366</u>	<u>\$ 3,026,366</u>	<u>\$ 3,268,662</u>	<u>\$ 242,296</u>
Total revenue from the Commonwealth	<u>\$ 4,728,844</u>	<u>\$ 4,728,844</u>	<u>\$ 4,986,887</u>	<u>\$ 258,043</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,714</u>	<u>\$ 714</u>
Categorical aid:				
Federal interest rate subsidy	\$ 417,375	\$ 417,375	\$ 419,400	\$ 2,025
Public assistance and welfare administration	833,411	833,411	895,420	62,009
Comprehensive services act	-	-	49,060	49,060
Transportation safety	-	-	23,546	23,546
Appalachian heritage trail	-	-	20,824	20,824
Voting equipment	-	-	3,500	3,500
Crime victim assistance	17,014	17,014	17,461	447
Byrne JAG grant	-	-	497	497
Total categorical aid	<u>\$ 1,267,800</u>	<u>\$ 1,267,800</u>	<u>\$ 1,429,708</u>	<u>\$ 161,908</u>
Total revenue from the federal government	<u>\$ 1,271,800</u>	<u>\$ 1,271,800</u>	<u>\$ 1,434,422</u>	<u>\$ 162,622</u>
Total General Fund	<u><u>\$ 21,155,870</u></u>	<u><u>\$ 21,155,870</u></u>	<u><u>\$ 21,932,132</u></u>	<u><u>\$ 776,262</u></u>

County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<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>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Court costs- law library	\$ -	\$ -	\$ 2,938	\$ 2,938
Courthouse security fees	-	-	20,941	20,941
Courthouse maintenance fees	-	-	4,752	4,752
Total charges for services	\$ -	\$ -	\$ 28,631	\$ 28,631
 Total revenue from local sources	\$ -	\$ -	\$ 28,631	\$ 28,631
 Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ -	\$ -	\$ 51,656	\$ 51,656
Historic resources grant	-	-	100,000	100,000
Forfeited assets	-	-	8,128	8,128
Total categorical aid	\$ -	\$ -	\$ 159,784	\$ 159,784
 Total revenue from the Commonwealth	\$ -	\$ -	\$ 159,784	\$ 159,784
 Total County Special Revenue Fund	\$ -	\$ -	\$ 188,415	\$ 188,415
 Capital Projects Fund:				
County Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from Appomattox County School Board	\$ -	\$ -	\$ 30,339	\$ 30,339
Total revenues from local governments	\$ -	\$ -	\$ 30,339	\$ 30,339
 Total County Capital Projects Fund	\$ -	\$ -	\$ 30,339	\$ 30,339
 Total Primary Government	\$ 21,155,870	\$ 21,155,870	\$ 22,150,886	\$ 995,016
 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	\$ 7,500	\$ 7,500	\$ 11,759	\$ 4,259
Total revenue from use of money and property	\$ 7,500	\$ 7,500	\$ 11,759	\$ 4,259
 Charges for services:				
Charges for education	\$ 175,200	\$ 175,200	\$ 159,603	\$ (15,597)
Total charges for services	\$ 175,200	\$ 175,200	\$ 159,603	\$ (15,597)

County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 5 of 7

<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)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 46,800	\$ 269,688	\$ 193,262	\$ (76,426)
Total miscellaneous	<u>\$ 46,800</u>	<u>\$ 269,688</u>	<u>\$ 193,262</u>	<u>\$ (76,426)</u>
Recovered costs:				
Tuition - other localities	\$ 45,500	\$ 45,500	\$ 26,358	\$ (19,142)
Total recovered costs	<u>\$ 45,500</u>	<u>\$ 45,500</u>	<u>\$ 26,358</u>	<u>\$ (19,142)</u>
Total revenue from local sources	<u>\$ 275,000</u>	<u>\$ 497,888</u>	<u>\$ 390,982</u>	<u>\$ (106,906)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ 5,621,695	\$ 5,621,695	\$ 5,172,539	\$ (449,156)
Total revenues from local governments	<u>\$ 5,621,695</u>	<u>\$ 5,621,695</u>	<u>\$ 5,172,539</u>	<u>\$ (449,156)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,335,479	\$ 2,335,479	\$ 2,382,773	\$ 47,294
Basic school aid	6,855,696	6,855,696	6,859,056	3,360
English as a second language	3,008	3,008	2,148	(860)
Gifted and talented	71,065	71,065	71,183	118
Remedial education	258,555	258,555	258,984	429
Special education	734,842	734,842	736,059	1,217
Textbook payment	145,487	145,487	145,728	241
ISAEF	7,859	7,859	8,208	349
Vocational education	255,531	255,531	255,955	424
School fringes	1,251,952	1,251,952	1,252,512	560
Foster children	9,498	9,498	3,506	(5,992)
Special education foster care	-	-	6,297	6,297
Career and technical education	16,285	16,285	24,400	8,115
Early reading intervention	26,329	26,329	28,524	2,195
Remedial Ed-Summer School	120,325	120,325	80,551	(39,774)
Homebound	23,780	23,780	19,355	(4,425)
VA preschool initiative payments	182,688	182,688	145,320	(37,368)
SOL Algebra readiness	29,295	29,295	26,991	(2,304)
K-3 initiative	322,774	322,774	346,275	23,501
Compensation supplement	121,491	121,491	116,343	(5,148)
Special education regional tuition	174,787	174,787	169,471	(5,316)

County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	223,879	223,879	224,136	257
Technology grant	154,000	154,000	154,000	-
Mentor teachers	3,840	3,840	2,521	(1,319)
School safety initiative	-	59,118	59,118	\$ -
Other state aid	821	821	4,068	3,247
Total categorical aid	\$ 13,329,266	\$ 13,388,384	\$ 13,383,482	\$ (4,902)
Total revenue from the Commonwealth	\$ 13,329,266	\$ 13,388,384	\$ 13,383,482	\$ (4,902)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 480,000	\$ 480,000	\$ 543,486	\$ 63,486
Vocational education	-	-	32,385	32,385
Title II Part A	90,000	90,000	47,645	(42,355)
Title VI	-	-	539	539
Title VIB	420,000	420,000	403,461	(16,539)
Preschool grant	12,810	12,810	20,851	8,041
Total categorical aid	\$ 1,002,810	\$ 1,002,810	\$ 1,048,367	\$ 45,557
Total revenue from the federal government	\$ 1,002,810	\$ 1,002,810	\$ 1,048,367	\$ 45,557
Total School Operating Fund	\$ 20,228,771	\$ 20,510,777	\$ 19,995,370	\$ (515,407)
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30	\$ 30	\$ -	\$ (30)
Charges for services:				
Cafeteria sales	\$ 230,500	\$ 230,500	\$ 303,574	\$ 73,074
Textbook fees	-	-	172	172
Total charges for services	\$ 230,500	\$ 230,500	\$ 303,746	\$ 73,246
Miscellaneous:				
Miscellaneous	\$ 4,530	\$ 4,530	\$ 1,963	\$ (2,567)
Total miscellaneous	\$ 4,530	\$ 4,530	\$ 1,963	\$ (2,567)
Total revenue from local sources	\$ 235,060	\$ 235,060	\$ 305,709	\$ 70,649



County of Appomattox, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

<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: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ -	\$ -	\$ 1,632	\$ 1,632
Total revenues from local governments	\$ -	\$ -	\$ 1,632	\$ 1,632
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,894	\$ 10,894	\$ 10,453	\$ (441)
Total revenue from the Commonwealth	\$ 10,894	\$ 10,894	\$ 10,453	\$ (441)
School Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 527,200	\$ 527,200	\$ 549,267	\$ 22,067
Commodities	-	63,413	63,413	-
Total categorical aid	\$ 527,200	\$ 590,613	\$ 612,680	\$ 22,067
Total revenue from the federal government	\$ 527,200	\$ 590,613	\$ 612,680	\$ 22,067
Total School Special Revenue Fund	\$ 773,154	\$ 836,567	\$ 930,474	\$ 93,907
Total Discretely Presented Component Unit - School Board	\$ 21,001,925	\$ 21,347,344	\$ 20,925,844	\$ (421,500)

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County of Appomattox, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 1 of 5

<u>Fund, Major and Minor Expenditure Source</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	\$ 265,031	\$ 286,044	\$ 226,696	\$ 59,348
Total legislative	\$ 265,031	\$ 286,044	\$ 226,696	\$ 59,348
General and financial administration:				
County administrator	\$ 440,567	\$ 443,661	\$ 433,030	\$ 10,631
Legal services	40,500	40,500	42,541	(2,041)
Commissioner of revenue	364,521	364,807	330,942	33,865
Independent auditor	37,900	37,900	44,680	(6,780)
Treasurer	266,670	266,766	262,087	4,679
Information technology	113,650	114,291	103,479	10,812
Total general and financial administration	\$ 1,263,808	\$ 1,267,925	\$ 1,216,759	\$ 51,166
Board of elections:				
Electoral board and officials	\$ 58,549	\$ 58,549	\$ 52,634	\$ 5,915
Registrar	91,595	91,619	90,431	1,188
Total board of elections	\$ 150,144	\$ 150,168	\$ 143,065	\$ 7,103
Total general government administration	\$ 1,678,983	\$ 1,704,137	\$ 1,586,520	\$ 117,617
Judicial administration:				
Courts:				
Circuit court	\$ 21,832	\$ 21,832	\$ 20,977	\$ 855
General district court	3,873	3,873	3,430	443
Special Magistrates	1,000	1,000	-	1,000
Court services unit	201,264	201,264	180,977	20,287
Juvenile and domestic relations court	7,300	7,300	4,456	2,844
Sheriff	77,671	77,695	77,318	377
Witness advocate grant	24,518	28,023	27,880	143
VA domestic victim grant	43,096	43,096	44,731	(1,635)
Clerk of the circuit court	274,732	286,524	279,279	7,245
Total courts	\$ 655,286	\$ 670,607	\$ 639,048	\$ 31,559
Commonwealth's attorney:				
Commonwealth's attorney	\$ 469,391	\$ 469,739	\$ 465,955	\$ 3,784
Total commonwealth's attorney	\$ 469,391	\$ 469,739	\$ 465,955	\$ 3,784
Total judicial administration	\$ 1,124,677	\$ 1,140,346	\$ 1,105,003	\$ 35,343
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,542,293	\$ 1,596,319	\$ 1,497,021	\$ 99,298
School resource officer	189,336	189,384	170,352	19,032
DMV traffic control grant	-	21,250	9,267	11,983
Total law enforcement and traffic control	\$ 1,731,629	\$ 1,806,953	\$ 1,676,640	\$ 130,313

County of Appomattox, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 2 of 5

<u>Fund, Major and Minor Expenditure Source</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)				
Fire and rescue services:				
Fire department	\$ 180,233	\$ 180,233	\$ 147,163	\$ 33,070
Ambulance and rescue services	48,050	48,050	46,498	1,552
Forestry service	10,000	10,000	9,927	73
Total fire and rescue services	<u>\$ 238,283</u>	<u>\$ 238,283</u>	<u>\$ 203,588</u>	<u>\$ 34,695</u>
Correction and detention:				
Sheriff	\$ 654,626	\$ 654,626	\$ 728,052	\$ (73,426)
Total correction and detention	<u>\$ 654,626</u>	<u>\$ 654,626</u>	<u>\$ 728,052</u>	<u>\$ (73,426)</u>
Inspections:				
Building	\$ 74,810	\$ 75,185	\$ 72,326	\$ 2,859
Total inspections	<u>\$ 74,810</u>	<u>\$ 75,185</u>	<u>\$ 72,326</u>	<u>\$ 2,859</u>
Other protection:				
Animal control	\$ 159,960	\$ 161,496	\$ 113,978	\$ 47,518
Emergency services	17,087	17,087	15,272	1,815
E-911	702,046	711,170	672,415	38,755
Medical examiner	500	500	260	240
Total other protection	<u>\$ 879,593</u>	<u>\$ 890,253</u>	<u>\$ 801,925</u>	<u>\$ 88,328</u>
Total public safety	<u>\$ 3,578,941</u>	<u>\$ 3,665,300</u>	<u>\$ 3,482,531</u>	<u>\$ 182,769</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 407,789	\$ 407,861	\$ 419,390	\$ (11,529)
Tire security	35,148	35,172	35,384	(212)
Refuse collection	476,280	475,732	457,826	17,906
Total sanitation and waste removal	<u>\$ 919,217</u>	<u>\$ 918,765</u>	<u>\$ 912,600</u>	<u>\$ 6,165</u>
Maintenance of general buildings and grounds:				
General properties	\$ 595,298	\$ 595,384	\$ 485,580	\$ 109,804
Total maintenance of general buildings and grounds	<u>\$ 595,298</u>	<u>\$ 595,384</u>	<u>\$ 485,580</u>	<u>\$ 109,804</u>
Total public works	<u>\$ 1,514,515</u>	<u>\$ 1,514,149</u>	<u>\$ 1,398,180</u>	<u>\$ 115,969</u>
Health and welfare:				
Health:				
Local health department	\$ 5,707	\$ 152,035	\$ 120,017	\$ 32,018
Total health	<u>\$ 5,707</u>	<u>\$ 152,035</u>	<u>\$ 120,017</u>	<u>\$ 32,018</u>
Mental health and mental retardation:				
Central VA Community Services	\$ 41,000	\$ 41,000	\$ 41,000	\$ -
Total mental health and mental retardation	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ -</u>

County of Appomattox, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 3 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,785,220	\$ 1,785,220	\$ 1,831,989	\$ (46,769)
Comprehensive services act	1,556,676	1,554,747	1,720,987	(166,240)
Total welfare	<u>\$ 3,341,896</u>	<u>\$ 3,339,967</u>	<u>\$ 3,552,976</u>	<u>\$ (213,009)</u>
Total health and welfare	<u>\$ 3,388,603</u>	<u>\$ 3,533,002</u>	<u>\$ 3,713,993</u>	<u>\$ (180,991)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 375	\$ 375	\$ 375	\$ -
Contribution to County School Board	5,621,695	5,621,695	5,174,171	447,524
Total education	<u>\$ 5,622,070</u>	<u>\$ 5,622,070</u>	<u>\$ 5,174,546</u>	<u>\$ 447,524</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 192,000	\$ 192,048	\$ 180,518	\$ 11,530
Sports complex	35,000	57,521	47,521	10,000
Total parks and recreation	<u>\$ 227,000</u>	<u>\$ 249,569</u>	<u>\$ 228,039</u>	<u>\$ 21,530</u>
Cultural enrichment:				
Contributions	\$ 43,474	\$ 43,474	\$ 43,473	\$ 1
Total cultural enrichment	<u>\$ 43,474</u>	<u>\$ 43,474</u>	<u>\$ 43,473</u>	<u>\$ 1</u>
Library:				
Public library	\$ 200,820	\$ 222,708	\$ 207,789	\$ 14,919
Total library	<u>\$ 200,820</u>	<u>\$ 222,708</u>	<u>\$ 207,789</u>	<u>\$ 14,919</u>
Total parks, recreation, and cultural	<u>\$ 471,294</u>	<u>\$ 515,751</u>	<u>\$ 479,301</u>	<u>\$ 36,450</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 134,233	\$ 134,107	\$ 130,372	\$ 3,735
Tourism	18,000	18,000	14,589	3,411
Economic development	112,519	370,045	144,420	225,625
Total planning and community development	<u>\$ 264,752</u>	<u>\$ 522,152</u>	<u>\$ 289,381</u>	<u>\$ 232,771</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Erosion and sediment control	9,487	9,487	2,023	7,464
Litter control program	8,528	8,528	1,511	7,017
Recycling	154,909	157,594	110,535	47,059
Total environmental management	<u>\$ 182,924</u>	<u>\$ 185,609</u>	<u>\$ 124,069</u>	<u>\$ 61,540</u>

County of Appomattox, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 4 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 58,087	\$ 58,087	\$ 51,644	\$ 6,443
Total cooperative extension program	\$ 58,087	\$ 58,087	\$ 51,644	\$ 6,443
 Total community development	 \$ 505,763	 \$ 765,848	 \$ 465,094	 \$ 300,754
Capital projects:				
Courthouse Construction				\$ -
Town/County Sewer Project	\$ 76,573	\$ 76,573	\$ 76,573	\$ -
School capital projects	-	174,646	190,383	(15,737)
Total capital projects	\$ 76,573	\$ 251,219	\$ 266,956	\$ (15,737)
Debt service:				
Principal retirement	\$ 1,929,922	\$ 1,929,922	\$ 1,929,922	\$ -
Interest and other fiscal charges	1,287,768	1,637,768	1,146,577	491,191
Total debt service	\$ 3,217,690	\$ 3,567,690	\$ 3,076,499	\$ 491,191
 Total General Fund	 \$ 21,179,109	 \$ 22,279,512	 \$ 20,748,623	 \$ 1,530,889
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Commonwealth's attorney	\$ -	\$ 7,522	\$ 7,522	\$ -
Total judicial administration	\$ -	\$ 7,522	\$ 7,522	\$ -
Public Safety:				
Sheriff:				
Asset forfeiture	\$ -	\$ 4,890	\$ 4,890	\$ -
Total public safety	\$ -	\$ 4,890	\$ 4,890	\$ -
 Total County Special Revenue Fund	 \$ -	 \$ 12,412	 \$ 4,890	 \$ -
 Total Primary Government	 \$ 21,179,109	 \$ 22,291,924	 \$ 20,753,513	 \$ 1,530,889

County of Appomattox, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 5 of 5

<u>Fund, Major and Minor Expenditure 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:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 975,000	\$ 975,000	\$ 932,290	\$ 42,710
Instruction costs	15,267,076	15,549,082	15,470,585	78,497
Pupil transportation	1,675,788	1,675,788	1,539,622	136,166
Operation and maintenance of school plant	2,354,118	2,354,118	1,858,141	495,977
Other operating costs				-
Total education	\$ 20,271,982	\$ 20,553,988	\$ 19,800,638	\$ 753,350
Capital projects:				
Contribution to County Construction Fund	\$ -	\$ -	\$ 30,339	\$ (30,339)
Total capital projects	\$ -	\$ -	\$ 30,339	\$ (30,339)
Debt service:				
Principal retirement	\$ 31,266	\$ 31,266	\$ 31,266	\$ -
Interest and other fiscal charges	31,235	31,235	31,235	-
Total debt service	\$ 62,501	\$ 62,501	\$ 62,501	\$ -
Total School Operating Fund	\$ 20,334,483	\$ 20,616,489	\$ 19,893,478	\$ 723,011
School Special Revenue Fund:				
Education:				
School food services	\$ 1,075,000	\$ 1,075,000	\$ 864,453	\$ 210,547
Purchase of textbooks	350,000	350,000	-	350,000
Commodities	-	63,413	63,413	-
Total education	\$ 1,425,000	\$ 1,488,413	\$ 927,866	\$ 560,547
Total School Special Revenue Fund	\$ 1,425,000	\$ 1,488,413	\$ 927,866	\$ 560,547
Total Discretely Presented Component Unit - School Board	\$ 21,759,483	\$ 22,104,902	\$ 20,821,344	\$ 1,283,558

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## *STATISTICAL INFORMATION*

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2007	\$ 1,306,507	\$ 1,052,434	\$ 3,177,263	\$ 1,346,568	\$ 2,309,238	\$ 4,548,847	\$ (76,008)	\$ 546,808	\$ 958,613	\$ -	\$ 15,170,270
2008	1,717,318	1,059,914	3,568,696	1,854,655	2,790,885	4,778,638	377,658	285,603	862,965	-	17,296,332
2009	1,475,556	1,138,050	3,796,542	3,482,208	2,967,988	4,986,375	408,633	761,056	945,374	-	19,961,782
2010	1,646,500	1,022,139	3,754,255	2,164,106	2,787,948	4,241,135	597,432	401,701	1,212,065	-	17,827,281
2011	1,546,970	1,039,084	3,271,440	2,260,607	2,437,086	4,483,112	534,829	382,584	938,409	-	16,894,121
2012	1,700,248	1,159,940	3,916,496	1,620,988	2,409,182	4,906,079	444,176	402,100	1,325,342	-	17,884,551
2013	1,747,040	1,209,655	3,736,293	2,186,994	2,533,327	6,312,633	494,248	389,577	1,281,307	379,480	20,270,554
2014	1,648,763	1,159,754	3,796,131	1,708,292	2,880,736	5,717,485	948,775	420,103	1,227,959	443,753	19,951,751
2015	1,687,368	1,113,594	3,319,233	1,649,772	3,296,299	6,215,141	501,026	2,001,695	1,180,516	361,128	21,325,772
2016	1,742,754	1,215,521	3,469,665	739,745	3,567,121	6,381,912	519,526	508,631	1,281,519	393,531	19,819,925

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES								Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions				
								Not Restricted to Specific Programs	Gain on Transfer of Capital Assets	Payment from Appomattox School Board		
2007	\$ 457,380	\$ 4,511,884	\$ -	\$ 7,958,743	\$ 2,184,586	\$ 591,753	\$ 135,756	\$ 1,182,599	\$ -	\$ -	\$ 17,022,701	
2008	448,455	4,330,058	-	8,329,989	2,241,637	516,691	140,251	1,153,964	-	-	17,161,045	
2009	351,290	5,162,798	-	8,900,236	2,146,757	145,117	229,763	1,149,963	-	-	18,085,924	
2010	368,957	4,379,627	-	8,848,772	1,513,826	156,937	387,633	1,649,452	-	-	17,305,204	
2011	411,946	3,951,153	-	9,681,328	1,776,533	238,840	314,834	1,584,930	-	59,065	18,018,629	
2012	329,026	3,927,784	864,313	10,135,261	1,888,209	165,373	329,260	1,701,262	-	200,000	19,540,488	
2013	393,740	4,069,886	38,903	10,628,797	1,960,774	111,603	194,817	1,741,356	-	175,000	19,314,876	
2014	427,218	4,235,120	-	10,267,361	2,091,268	86,314	271,278	1,798,765	-	110,000	19,287,324	
2015	430,785	6,018,492	-	11,460,249	1,993,511	76,916	410,850	1,701,420	-	-	22,092,223	
2016	427,194	4,858,154	-	12,718,739	2,196,290	122,353	234,469	1,722,939	-	30,339	22,310,477	

Table 3

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

Fiscal Year	General Government				Parks, Recreation, and Cultural				Debt Service	Total
	Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Community Development			
2007	\$ 1,268,483	\$ 906,995	\$ 3,427,456	\$ 1,382,337	\$ 2,282,361	\$ 19,561,871	\$ 374,171	\$ 739,616	\$ 2,022,901	\$ 31,966,191
2008	1,568,371	930,864	3,543,957	1,456,118	2,772,020	20,243,682	380,070	267,413	2,542,673	33,705,168
2009	1,384,164	991,963	3,557,126	1,368,486	2,973,560	21,228,578	380,600	720,109	2,518,022	35,122,608
2010	1,538,230	884,246	3,581,419	1,504,094	2,752,940	20,064,495	577,436	382,205	1,754,323	33,039,388
2011	1,429,400	945,288	3,496,344	1,362,547	2,459,627	19,645,192	519,294	339,135	1,797,034	31,993,861
2012	1,395,395	1,029,684	3,301,417	1,440,829	2,446,196	19,513,421	401,728	373,872	2,209,857	32,112,399
2013	1,649,007	1,058,263	3,369,009	1,520,202	2,665,954	20,444,142	557,741	340,710	2,806,446	34,411,474
2014	1,533,880	1,019,883	3,698,694	1,486,906	2,871,715	20,172,256	464,918	369,281	3,136,426	34,753,959
2015	1,674,716	1,018,211	3,324,580	1,465,152	3,409,538	20,778,990	461,487	1,971,498	3,136,428	37,240,600
2016	1,586,520	1,112,525	3,487,421	1,398,180	3,713,993	20,728,879	479,301	465,094	3,139,000	36,110,913

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

Table 4

County of Appomattox, 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	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2007	\$ 6,368,207	\$ 2,340,139	\$ 89,291	\$ 20,577	\$ 331,075	\$ 700,935	\$ 318,742	\$ 139,128	\$ 19,185,569	\$ 29,493,663
2008	8,034,012	2,184,586	146,111	27,627	469,715	850,405	252,284	86,399	21,118,177	33,169,316
2009	8,360,316	2,241,637	145,356	27,689	423,312	902,716	354,902	146,311	21,156,951	33,759,190
2010	8,739,210	2,146,757	159,932	19,785	133,462	664,326	433,390	110,548	23,200,143	35,607,553
2011	8,912,978	1,513,826	129,010	39,162	150,955	610,879	465,200	425,471	21,781,178	34,028,659
2012	9,186,947	1,776,533	83,338	111,412	238,463	714,369	417,017	265,393	21,101,521	33,894,993
2013	10,161,980	1,888,209	79,753	57,411	152,624	707,268	478,975	134,543	21,617,716	35,278,479
2014	10,114,251	1,960,774	78,952	37,628	115,248	659,948	269,030	213,145	20,873,765	34,322,741
2015	10,905,971	2,091,268	81,824	30,464	94,675	707,536	403,078	57,622	21,156,613	35,529,051
2016	12,467,821	2,196,290	79,993	29,153	134,112	614,090	429,694	284,992	21,636,075	37,872,220

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	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
2007	\$ 8,879,016	\$ 8,701,949	98.01%	\$ 223,258	\$ 8,925,207	100.52%	\$ 1,033,820	11.64%
2008	9,337,425	9,061,026	97.04%	213,449	9,274,475	99.33%	1,026,411	10.99%
2009	9,883,252	9,473,285	95.85%	166,644	9,639,929	97.54%	1,403,813	14.20%
2010	10,306,054	9,388,466	91.10%	420,791	9,809,257	95.18%	937,266	9.09%
2011	10,557,842	9,734,329	92.20%	352,324	10,086,653	95.54%	1,115,842	10.57%
2012	11,164,343	10,815,808	96.88%	243,720	11,059,528	99.06%	1,105,238	9.90%
2013	11,728,977	10,668,816	90.96%	328,661	10,997,477	93.76%	1,729,110	14.74%
2014	11,832,503	10,252,937	86.65%	401,811	10,654,748	90.05%	1,384,580	11.70%
2015	12,659,267	12,185,206	96.26%	368,070	12,553,276	99.16%	1,331,878	10.52%
2016	13,398,855	12,796,361	95.50%	421,498	13,217,859	98.65%	1,304,003	9.73%

(1) Exclusive of penalties and interest. Does not include land redemptions.

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

Table 6

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

Fiscal Year	Real Estate (1)	Mobile Homes	Machinery and Tools		Merchant's Capital	Public Utility (2)		Total
			Personal Property (1)	Tools		Real Estate	Personal Property	
2007	\$ 686,406,667	\$ 9,902,270	\$ 64,423,605	\$ 6,270,659	\$ 8,138,852	\$ 48,261,121	\$ 242,610	\$ 823,645,784
2008	982,560,682	9,774,752	65,524,137	6,593,214	8,205,633	48,091,865	273,006	1,121,023,289
2009	1,253,862,991	9,171,318	70,408,129	7,879,731	9,520,696	78,282,888	572,286	1,429,698,039
2010	1,251,566,318	9,236,759	66,335,031	7,372,601	9,939,614	75,647,770	502,244	1,420,600,337
2011	1,272,092,722	8,915,938	70,028,002	5,839,518	10,070,429	81,689,647	468,481	1,449,104,737
2012	1,288,374,551	8,380,513	74,218,221	5,414,772	13,109,819	84,347,967	392,933	1,474,238,776
2013	1,307,962,007	8,948,070	74,684,745	933,944	13,440,191	89,781,508	600,833	1,496,351,298
2014	1,285,085,528	8,865,226	75,967,349	961,437	13,250,117	91,673,871	737,541	1,476,541,069
2015	1,273,923,195	8,207,402	77,272,280	982,704	13,579,085	93,463,491	720,030	1,468,148,187
2016	1,288,681,980	8,273,738	79,197,137	1,073,315	14,418,621	104,582,273	631,899	1,496,858,963

(1) Real estate and personal property are assessed at 100% of fair market value.

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



Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2007	\$ 0.72/0.77	\$ 0.72	\$ 4.60	\$ 4.60	\$ 1.00
2008	0.77/0.44	0.77	4.60	4.60	1.00
2009	0.44/0.48	0.44	4.60	4.60	1.00
2010	0.48	0.48	4.60	4.60	1.00
2011	0.495/0.48	0.48	4.60	4.60	1.00
2012	0.575/0.495	0.50	4.60	4.60	1.00
2013	0.575	0.58	4.60	4.60	1.00
2014	0.60	0.575	4.60	4.60	1.00
2015	0.65	0.60	4.60	4.60	1.00
2016	0.65	0.65	5.13	4.60	1.00

(1) Per \$100 of assessed value.

Table 8

County of Appomattox, 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
2007	13,705	\$ 823,645,784	\$ 9,384,347	\$ 9,384,347	1.14%	\$ 685
2008	13,705	1,121,023,289	8,696,470	8,696,470	0.78%	635
2009	13,705	1,429,698,039	7,985,636	7,985,636	0.56%	583
2010	14,973	1,420,600,337	7,265,938	7,265,938	0.51%	485
2011	14,973	1,449,104,737	16,532,171	16,532,171	1.14%	1,104
2012	14,973	1,474,238,776	15,868,881	15,868,881	1.08%	1,060
2013	14,973	1,496,351,298	15,185,562	15,185,562	1.01%	1,014
2014	14,973	1,476,541,069	14,157,128	14,157,128	0.96%	946
2015	14,973	1,468,148,187	13,161,289	13,161,289	0.90%	879
2016	14,973	1,496,858,963	12,147,386	12,147,386	0.81%	811

(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 revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

*COMPLIANCE*

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## 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*

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To The Honorable Members of the Board of Supervisors  
County of Appomattox  
Appomattox, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Appomattox, Virginia's basic financial statements and have issued our report thereon dated December 2, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Appomattox 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 Appomattox, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Appomattox, 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 Appomattox, 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  
December 2, 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 the Uniform Guidance

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

### Report on Compliance for Each Major Federal Program

We have audited County of Appomattox, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Appomattox, Virginia's major federal programs for the year ended June 30, 2016. County of Appomattox, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Appomattox, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Appomattox, 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 Appomattox, Virginia's compliance.

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

In our opinion, County of Appomattox, 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, 2016.

## Report on Internal Control over Compliance

Management of County of Appomattox, 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 Appomattox, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Appomattox, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia  
December 2, 2016



County of Appomattox, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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	0950115/0950116	\$ 12,028
Temporary Assistance for Needy Families	93.558	0400115/0400116	165,196
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	163
Low-Income Home Energy Assistance	93.568	0600415/00600416	17,314
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	24,435
Chafee Education and Training Vouchers Program	93.599	9160115/9160116	2,733
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/090116	806
Foster Care - Title IV-E	93.658	1100115/1100116	214,914
Adoption Assistance	93.659	1120115/1120116	8,838
Social Services Block Grant	93.667	1000115/1000116	145,635
Chafee Foster Care Independence Program	93.674	9150115/9150116	3,384
Children's Health Insurance Program	93.767	0540115/0540116	5,993
Medical Assistance Program	93.778	1200115/1200116	189,153
			<u>790,592</u>
Total Department of Health and Human Services			\$ <u>790,592</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 63,413
Department of Education:			
National School Lunch Program	10.555	17901-40623	438,434
Total CFDA# 10.555			<u>\$ 501,847</u>
School Breakfast Program	10.553	17901-40591	110,833
			\$ 612,680
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010112/0010103	153,888
			<u>153,888</u>
Total Department of Agriculture			\$ <u>766,568</u>
U.S. Election Assistance Commission:			
Pass-Through Payments:			
State Board of Elections:			
Help America Vote Act Requirements Payments	90.401	72302	\$ 3,500
			<u>3,500</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-01142L012	\$ 497
Crime Victim Assistance	16.575	36001-46000	17,461
			<u>17,461</u>
Total Department of Justice			\$ <u>17,958</u>

County of Appomattox, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50252/51222	\$ 23,546
Department of Transportation:			
Highway Planning and Construction	20.205	51011-60302	<u>20,824</u>
Total Department of Transportation			<u>\$ 44,370</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	17901-42901	\$ 543,486
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	\$ 403,461
Special Education Preschool Grants	84.173	17901-62521	<u>20,851</u>
Career and Technical Education: Basic Grants to States	84.048	17901-61095	32,385
Rural Education	84.358	17901-43481	539
Supporting Effective Instruction State Grant	84.367	17901-61480	<u>47,645</u>
Total Department of Education			<u>\$ 1,048,367</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,671,355</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

County of Appomattox, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Appomattox, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Appomattox, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Appomattox, 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 the Uniform Guidance, 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	\$ 1,434,422
Total primary government	\$ 1,434,422

Component Unit - School Board:

School Operating Fund	\$ 1,048,367
School Cafeteria Fund	612,680
Total component unit School Board	\$ 1,661,047

Total federal expenditures per basic financial statements	\$ 3,095,469
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Less: Federal interest rate subsidy not included in Schedule of Expenditures of Federal Awards	(419,400)
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Less: Payment in Lieu of Taxes	(4,714)
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 2,671,355
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County of Appomattox, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

a. Material weakness(es) identified?	<u>          </u> yes	<u>      ✓      </u> no
b. Significant deficiency(ies) identified?	<u>          </u> yes	<u>      ✓      </u> none reported

Noncompliance material to financial statements noted?

<u>          </u> yes	<u>      ✓      </u> no
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Federal Awards

Internal control over major programs:

a. Material weakness(es) identified?	<u>          </u> yes	<u>      ✓      </u> no
b. Significant deficiency(ies) identified?	<u>          </u> yes	<u>      ✓      </u> no

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

Any findings disclosed that are required to be  
reported in accordance with 2 CFR section 200.516(a)?

<u>          </u> yes	<u>      ✓      </u> no
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Identification of major programs:

CFDA Number(s)

10.553/10.555

93.778

84.027/84.173

Name of Federal Program or Cluster

Child Nutrition Cluster

Medical Assistance Program

Special Education Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

<u>          </u> yes	<u>      ✓      </u> no
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County of Appomattox, Virginia  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2016

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There were no prior year audit findings.

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