

COUNTY OF GREENE, VIRGINIA



FINANCIAL REPORT YEAR ENDED JUNE 30, 2014

County of Greene, Virginia

Financial Report

Year Ended June 30, 2014

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COUNTY OF GREENE, VIRGINIA

BOARD OF SUPERVISORS

James F. Frydl, Chairman
David Cox, Vice-Chairman
Bill Martin
Davis Lamb
Eddie Deane

COUNTY SCHOOL BOARD

Sharon Mack, Chairman
Troy Harlow, Vice Chairman
Rodney Kibler
Jason Collier
Leah Paladino

COUNTY SOCIAL SERVICE BOARD

Larry Miller, Chairman
Susan Gibbs, Vice-Chairman
Eddie Deane

OTHER OFFICIALS

Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court	Marie C. Durrer
Judge of the General District Court	William G. Barkley
Judge of Juvenile & Domestic Relations District Court.....	Susan L. Whitlock
Commonwealth's Attorney	Ronald L. Morris
Commissioner of the Revenue	Larry V. Snow
Treasurer.....	Stephanie A. Deal
Sheriff	Steve Smith
Superintendent of Schools.....	Andrea Whitmarsh
Director of Department of Social Services.....	James Howard
County Administrator	John C. Barkley

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Greene, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-9, 60-64, and 65-66 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 Greene, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2015, on our consideration of the County of Greene, 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 Greene, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 29, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Greene, 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, 2014.

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 \$23,057,442 (net position).
- Our combined long-term obligations decreased \$2,988,754 during the current fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures excess of revenues of \$1,715,489 (Exhibit 4) which includes contributions totaling \$13,127,020 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$15,730,964, a decrease of \$1,715,489 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of 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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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).

Overview of the Financial Statements (Continued)

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 Greene, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Greene, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present 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 Greene, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories; governmental funds and fiduciary funds.

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 in a separate exhibit following the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds - the General Fund, the Debt Service Fund, and the School Capital Projects Fund.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 15 of this report.

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

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

Government-wide Financial Analysis

As noted earlier, net 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 \$23,057,442 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position			
	Governmental Activities		
	2014	2013	
Current and other assets	\$ 29,075,720	\$ 31,694,154	
Capital assets	50,480,505	52,492,442	
Total assets	\$ 79,556,225	\$ 84,186,596	
Deferred outflows of resources:			
Deferred amount on refunding	\$ 1,301,472	\$ 996,326	
Long-term liabilities outstanding	\$ 41,367,129	\$ 43,963,236	
Current liabilities	6,286,692	7,089,677	
Total liabilities	\$ 47,653,821	\$ 51,052,913	
Deferred inflows of resources:			
Deferred property tax revenue	\$ 10,146,434	\$ 10,051,834	
Net position:			
Net investment in capital assets	\$ 11,318,737	\$ 11,102,109	
Unrestricted	11,738,705	12,976,066	
Total net position	\$ 23,057,442	\$ 24,078,175	

At the end of the current fiscal year, the County's net investment in capital assets is \$11,318,737.

The County's net position decreased \$1,020,733 during the current fiscal year.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net position by \$1,020,733. Key elements of this increase are as follows:

County of Greene, Virginia's Changes in Net Position For the Years Ended June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 2,826,399	\$ 4,036,847
Operating grants and contributions	3,972,855	3,947,101
Capital grants and contributions	150,000	-
General revenues:		
General property taxes	17,656,127	16,673,523
Other local taxes	4,017,436	4,144,565
Commonwealth of Virginia non-categorical aid	2,889,702	2,805,709
Other general revenues	211,203	225,518
Total revenues	\$ 31,723,722	\$ 31,833,263
Expenses:		
General government administration	\$ 2,951,965	\$ 2,980,297
Judicial administration	872,678	857,949
Public safety	6,524,622	6,446,145
Public works	1,556,202	1,633,036
Health and welfare	3,356,783	3,359,730
Education	13,111,319	13,691,015
Parks, recreation, and cultural	624,675	638,132
Community development	1,993,591	2,003,035
Interest and other fiscal charges	1,752,620	1,827,823
Total expenses	\$ 32,744,455	\$ 33,437,162
Change in net position	\$ (1,020,733)	\$ (1,603,899)
Net position, July 1, 2013	24,078,175	25,682,074
Net position, June 30, 2014	\$ 23,057,442	\$ 24,078,175

Government-wide Financial Analysis (Continued)

General property taxes increased by \$982,604 during the year, due primarily to an increase in the real estate tax rate. Charges for services decreased by \$1,210,448 due to fewer sales of water and sewer EDUs. All other revenues increased by a net of \$118,303. The County's contribution to the School Board totaled \$13,106,680 for the year compared to \$12,839,595 in the prior year, an increase of \$267,085.

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$15,730,964, a decrease of \$1,715,489 in comparison with the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,384,960 and can be briefly summarized as follows:

- \$739,752 in increases for public safety
- \$398,935 in increases for capital projects
- \$246,273 in other increases and decreases

Budgeted revenues of the general fund increased \$514,813, including increases of \$433,203 for intergovernmental revenues and \$81,610 of other increases.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2014 totals \$50,480,505 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

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

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$44,668,347. Of this amount \$43,507,620 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$2,988,754 during the current fiscal year.

Additional information on the County of Greene, Virginia's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 4.3 percent, which is a decrease from a rate of 4.6 percent a year ago. This compares favorably to the state's average unemployment rate of 5.3 percent and compares favorably to the national average rate of 6.1 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

The fiscal year 2015 budget increased from \$52,465,044 to \$55,586,527 or \$3,121,483 (6%).

Requests for Information

This financial report is designed to provide a general overview of the County of Greene, 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 358, Stanardsville, Virginia 22973.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2014

	Primary Government	Component Units	
	Governmental Activities	School Board	Greene County EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,017,603	\$ 328,434	\$ 243,391
Receivables (net of allowance for uncollectibles):			
Property taxes	10,505,573	-	-
Accounts receivable	227,577	-	-
Due from other governments	2,269,643	599,276	29,253
Due from primary government	-	1,990,409	-
Prepaid expenses	-	37,754	-
Restricted assets:			
Cash and cash equivalents	55,324	-	-
Total current assets	\$ 29,075,720	\$ 2,955,873	\$ 272,644
Noncurrent assets:			
Land held for resale	\$ -	\$ -	\$ 160,771
Capital assets:			
Land	3,974,880	127,800	-
Infrastructure, net of depreciation	26,812,649	-	-
Buildings and improvements, net of depreciation	18,883,951	8,984,138	-
Equipment, net of depreciation	809,025	1,732,768	-
Total noncurrent assets	\$ 50,480,505	\$ 10,844,706	\$ 160,771
Total assets	\$ 79,556,225	\$ 13,800,579	\$ 433,415
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 1,301,472	\$ -	\$ -
Total assets and deferred outflows of resources	\$ 80,857,697	\$ 13,800,579	\$ 433,415
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 351,580	\$ 153,490	\$ 2,939
Accrued liabilities	-	2,446,162	-
Due to component unit	2,019,662	-	-
Accrued interest payable	614,232	15,169	-
Current portion of long-term obligations	3,301,218	556,161	-
Total current liabilities	\$ 6,286,692	\$ 3,170,982	\$ 2,939
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	41,367,129	1,358,151	-
Total liabilities	\$ 47,653,821	\$ 4,529,133	\$ 2,939
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 10,146,434	\$ -	\$ -
NET POSITION			
Net Investment in capital assets	\$ 11,318,737	\$ 9,933,956	\$ -
Unrestricted	11,738,705	(662,510)	430,476
Total net position	\$ 23,057,442	\$ 9,271,446	\$ 430,476
Total liabilities, deferred inflows of resources and net position	\$ 80,857,697	\$ 13,800,579	\$ 433,415

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

Statement of Activities
For the Year Ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,951,965	\$ 720,805	\$ 186,511	\$ -	\$ (2,044,649)	\$ -	\$ -
Judicial administration	872,678	227,685	375,439	-	(269,554)	-	-
Public safety	6,524,622	361,757	1,055,577	150,000	(4,957,288)	-	-
Public works	1,556,202	986,920	-	-	(569,282)	-	-
Health and welfare	3,356,783	-	1,819,203	-	(1,537,580)	-	-
Education	13,111,319	129,842	-	-	(12,981,477)	-	-
Parks, recreation, and cultural	624,675	66,509	-	-	(558,166)	-	-
Community development	1,993,591	332,881	536,125	-	(1,124,585)	-	-
Interest on long-term obligations	1,752,620	-	-	-	(1,752,620)	-	-
Total governmental activities	\$ 32,744,455	\$ 2,826,399	\$ 3,972,855	\$ 150,000	\$ (25,795,201)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 30,275,273	\$ 604,354	\$ 17,632,400	\$ -	\$ -	\$ (12,038,519)	\$ -
Greene County EDA	115,687	-	-	-	-	-	(115,687)
Total component units	\$ 30,390,960	\$ 604,354	\$ 17,632,400	\$ -	\$ -	\$ (12,038,519)	\$ (115,687)
General revenues:							
General property taxes					\$ 17,656,127	\$ -	\$ -
Local sales and use tax					1,644,689	-	-
Business license taxes					477,375	-	-
Consumer utility taxes					406,372	-	-
Motor vehicle licenses					426,926	-	-
Meals taxes					639,481	-	-
Taxes on recordation and wills					184,212	-	-
Other local taxes					238,381	-	-
Grants and contributions not restricted to specific programs					2,889,702	-	-
Unrestricted revenues from use of money and property					40,988	15,455	488
Miscellaneous					170,215	270,478	10,521
Payment from primary government					-	12,722,714	88,862
Total general revenues					\$ 24,774,468	\$ 13,008,647	\$ 99,871
Change in net position					\$ (1,020,733)	\$ 970,128	\$ (15,816)
Net position - beginning					24,078,175	8,301,318	446,292
Net position - ending					\$ 23,057,442	\$ 9,271,446	\$ 430,476

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 15,882,279	\$ 135,324	\$ -	\$ 16,017,603
Receivables (net of allowance for uncollectibles):				
Property taxes	10,505,573	-	-	10,505,573
Accounts receivable	227,577	-	-	227,577
Due from other governmental units	2,269,643	-	-	2,269,643
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	55,324	55,324
Total assets	<u>\$ 28,885,072</u>	<u>\$ 135,324</u>	<u>\$ 55,324</u>	<u>\$ 29,075,720</u>
LIABILITIES				
Accounts payable	\$ 351,577	\$ -	\$ -	\$ 351,577
Due to component unit	2,019,662	-	-	2,019,662
Total liabilities	<u>\$ 2,371,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,371,239</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	\$ 10,973,517	\$ -	\$ -	\$ 10,973,517
FUND BALANCES				
Committed:				
Debt service	\$ -	\$ 135,324	\$ -	\$ 135,324
Capital projects - school facilities upgrades	-	-	55,324	55,324
Unassigned	15,540,316	-	-	15,540,316
Total fund balances	<u>\$ 15,540,316</u>	<u>\$ 135,324</u>	<u>\$ 55,324</u>	<u>\$ 15,730,964</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,885,072</u>	<u>\$ 135,324</u>	<u>\$ 55,324</u>	<u>\$ 29,075,720</u>

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

Total fund balances per above	\$ 15,730,964
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 3,974,880
Buildings and improvements	26,812,649
Infrastructure	18,883,951
Equipment	809,025
Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(614,232)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	827,080
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital leases	\$ (329,419)
Landfill closure and postclosure liability	(459,055)
Compensated absences	(668,387)
General obligation bonds	(9,294,869)
Premiums on bonds	(1,869,113)
State literary fund loans	(7,550,000)
Revenue bonds	(18,035,000)
Deferred amount on refunding	1,301,472
Notes payable	(2,138,691)
Net OPEB obligation	(33,285)
Water and sewer bonds (assumed from RSA)	(4,290,528)
Net position of General Government Activities	<u>\$ 23,057,442</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 17,795,002	\$ -	\$ -	\$ 17,795,002
Other local taxes	4,017,436	-	-	4,017,436
Permits, privilege fees and regulatory licenses	193,509	-	-	193,509
Fines and forfeitures	171,559	-	-	171,559
Revenue from use of money and property	39,940	1,048	-	40,988
Charges for services	2,251,331	210,000	-	2,461,331
Miscellaneous	149,901	20,314	-	170,215
Recovered costs	261,742	-	-	261,742
Intergovernmental:				
Commonwealth	5,878,149	-	-	5,878,149
Federal	1,134,408	-	-	1,134,408
Total revenues	\$ 31,892,977	\$ 231,362	\$ -	\$ 32,124,339
Expenditures:				
Current:				
General government administration	\$ 2,328,762	\$ -	\$ -	\$ 2,328,762
Judicial administration	832,496	-	-	832,496
Public safety	6,483,005	-	-	6,483,005
Public works	1,448,788	-	-	1,448,788
Health and welfare	3,360,846	-	-	3,360,846
Education	13,131,659	-	-	13,131,659
Parks, recreation, and cultural	541,705	-	-	541,705
Community development	1,977,558	-	-	1,977,558
Nondepartmental	60,455	-	-	60,455
Capital outlays	613,307	-	-	613,307
Debt service:				
Principal retirement	911,007	1,125,737	-	2,036,744
Interest and other fiscal charges	128,756	1,078,907	-	1,207,663
Total expenditures	\$ 31,818,344	\$ 2,204,644	\$ -	\$ 34,022,988
Excess (deficiency) of revenues over (under) expenditures	\$ 74,633	\$ (1,973,282)	\$ -	\$ (1,898,649)
Other financing sources (uses):				
Issuance of capital leases	\$ 183,160	\$ -	\$ -	\$ 183,160
Transfers out	(1,190,107)	-	-	(1,190,107)
Transfers in	-	1,190,107	-	1,190,107
Total other financing sources (uses)	\$ (1,006,947)	\$ 1,190,107	\$ -	\$ 183,160
Change in fund balance	\$ (932,314)	\$ (783,175)	\$ -	\$ (1,715,489)
Fund balance at beginning of year	16,472,630	918,499	55,324	17,446,453
Fund balance at end of year	\$ 15,540,316	\$ 135,324	\$ 55,324	\$ 15,730,964

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2014

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$	(1,715,489)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. Details supporting this adjustment are as follows:

Capital outlay	\$ 834,336	
Depreciation expense	<u>(1,643,056)</u>	(808,720)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,203,217)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		(138,868)

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. A summary of items supporting this adjustment is as follows:

Principal retired on capital leases	\$ 153,450	
Principal retired on general obligation bonds and premiums	787,953	
Principal retired on revenue bonds and premiums	1,062,688	
Principal retired on water and sewer bonds (assumed from RSA)	325,737	
Principal retired on notes payable	212,138	
Principal retired on state literary fund loans	700,000	
Increase of landfill closure and postclosure liability	(6,338)	
Issuance of long-term obligations	<u>(183,160)</u>	3,052,468

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (58,763)	
Change in accrued interest payable	55,141	
Amortization of deferred amount on refunding	(198,334)	
Increase of net OPEB obligation	<u>(4,951)</u>	(206,907)
Change in net position of governmental activities	\$	<u><u>(1,020,733)</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>41,653</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>41,653</u>

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements As of June 30, 2014

Note 1—Summary of Significant Accounting Policies:

The County of Greene, Virginia was formed in 1702 and it is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Greene, 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.

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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.

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to 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 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 Greene, 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.

B. Individual Component Unit Disclosures

Blended Component Units:

The County has no blended component units to be included for the fiscal year ended June 30, 2014.

Discretely Presented Component Units:

Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board 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, 2014.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Stanardsville, Virginia.

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

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

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

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.

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

1. Governmental Funds

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

A. General Fund

The Fund accounts for and reports all financial resources not accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, 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.

B. School Capital Projects Fund

A fund that 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.

C. Debt Service Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt services funds should also be used to report financial resources being accumulated for future debt service. Specifically, this fund includes the debt service payments for VRA water and sewer bonds outstanding.

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

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

2. Fiduciary Funds (Trust and Agency Funds)

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. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

3. Component Unit - School Board

The Greene County School Board reports the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Greene, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a nonmajor fund.

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and the Component Unit - School Board - Operating Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements As of June 30, 2014 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

For the fiscal year ended June 30, 2014, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

F. 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.

G. Investments

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

Investments for the government, as well as for its component unit, are reported at fair value.

H. Receivables and Payables

Activities 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 portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$81,686 at June 30, 2014 and is comprised solely of property taxes.

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

I. Capital Assets

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

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

I. Capital Assets: (Continued)

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.

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

Assets	Years
Buildings	40
Building improvements	20-40
Vehicles	5
Police cars	3
Office and computer equipment	5
Buses	12

J. Compensated Absences

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

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

L. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

The 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).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

M. Retirement Plan

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

N. Use of Estimates

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

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

O. 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.

P. 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 government-wide and proprietary fund 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.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. The item reported is the deferred amount on refunding reported in the government-wide statement of net position.

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 and so will not be recognized as inflow of resources (revenue) until that time. The County has one type of item that qualifies 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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

Note 2—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by 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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

Statutes authorize the County and its Component Units 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 does not have a policy regarding credit risk of debt securities. The County’s rated debt investments as of June 30, 2014 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-Arbitrage Pool (SNAP)	\$ 56,435
Total	\$ 56,435

External Investment Pools

The fair value of the positions in the State Non-Arbitrage Pool (SNAP) is the same as the value of the pool shares. The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Note 3—Due From Other Governmental Units:

At June 30, 2014 the County has receivables from other governments as follows:

	Primary Government	Component Unit
Commonwealth of Virginia:		
Local and state sales taxes	\$ 311,738	\$ 527,672
Communication tax	83,512	-
Public assistance	32,203	-
Comprehensive services	205,951	-
Personal property tax relief act (PPTRA)	1,352,596	-
Shared expenses	111,879	-
Other state funding	77,216	-
Federal Government:		
School funds	-	71,604
Section 18 transportation	26,204	-
Public safety grants	9,701	-
Public assistance	58,643	-
Total	\$ 2,269,643	\$ 599,276

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in primary government capital assets for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,670,334	\$ 304,546	\$ -	\$ 3,974,880
Construction in Progress:				
County	9,054,072	-	9,054,072	-
Jointly owned assets	5,236,096	-	5,236,096	-
Total capital assets not being depreciated	\$ 17,960,502	\$ 304,546	\$ 14,290,168	\$ 3,974,880
Other capital assets being depreciated:				
Buildings and improvements	\$ 21,338,958	\$ 5,236,096	\$ 1,493,727	\$ 25,081,327
Infrastructure	18,687,144	9,054,072	-	27,741,216
Equipment	4,867,265	529,790	72,314	5,324,741
Total other capital assets being depreciated	\$ 44,893,367	\$ 14,819,958	\$ 1,566,041	\$ 58,147,284
Accumulated depreciation:				
Buildings and improvements	\$ 5,829,786	\$ 658,100	\$ 290,510	\$ 6,197,376
Infrastructure	373,473	555,094	-	928,567
Equipment	4,158,168	429,862	72,314	4,515,716
Total accumulated depreciation	\$ 10,361,427	\$ 1,643,056	\$ 362,824	\$ 11,641,659
Other capital assets, net	\$ 34,531,940	\$ 13,176,902	\$ 1,203,217	\$ 46,505,625
Net capital assets	\$ 52,492,442	\$ 13,481,448	\$ 15,493,385	\$ 50,480,505

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Component Unit - School Board				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 19,928,305	\$ 1,493,727	\$ -	\$ 21,422,032
Equipment	4,111,700	488,947	-	4,600,647
Total other capital assets being depreciated	\$ 24,040,005	\$ 1,982,674	\$ -	\$ 26,022,679
Accumulated depreciation:				
Buildings and improvements	\$ 11,615,320	\$ 822,574	\$ -	\$ 12,437,894
Equipment	2,618,086	249,793	-	2,867,879
Total accumulated depreciation	\$ 14,233,406	\$ 1,072,367	\$ -	\$ 15,305,773
Other capital assets, net	\$ 9,806,599	\$ 910,307	\$ -	\$ 10,716,906
Net capital assets	\$ 9,934,399	\$ 910,307	\$ -	\$ 10,844,706

Depreciation expense was charged to functions/programs of the primary government and component unit - school board as follows:

Governmental activities:

General government administration	\$ 655,605
Judicial administration	68,027
Public safety	285,094
Public works	66,711
Health and welfare	5,631
Education	383,966
Parks, recreation and cultural	76,277
Community development	101,745
Total governmental activities	\$ 1,643,056
Component Unit School Board (1)	\$ 781,857

(1) Depreciation expense is reported net of the transfer of annual depreciation of jointly owned assets from the County.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations:

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2014:

Primary Government:

	Balance at July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2014	Due Within One Year
Governmental Activities Long-Term Obligations					
Capital leases	\$ 299,709	\$ 183,160	\$ 153,450	\$ 329,419	\$ 132,233
Landfill closure and postclosure liability	452,717	6,338	-	459,055	-
Compensated absences	609,624	58,763	-	668,387	66,839
General obligation bonds	10,075,890	-	781,021	9,294,869	793,896
Premiums on bonds	2,138,733	-	269,620	1,869,113	216,555
State literary fund loans	8,250,000	-	700,000	7,550,000	700,000
Revenue bonds	18,835,000	-	800,000	18,035,000	835,000
Notes payable	2,350,829	-	212,138	2,138,691	216,959
Net OPEB obligation	28,334	8,551	3,600	33,285	-
Water & Sewer bonds (assumed from RSA)	4,616,265	-	325,737	4,290,528	339,736
Total	<u>\$ 47,657,101</u>	<u>\$ 256,812</u>	<u>\$ 3,245,566</u>	<u>\$ 44,668,347</u>	<u>\$ 3,301,218</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	General Obligation Refunding Bonds		Revenue Bonds VRA Water & Sewer Bonds		State Literary Fund Loans		General Obligation Transportation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 85,500	\$ 14,323	\$ 835,000	\$ 885,512	\$ 700,000	\$ 226,500	\$ 85,000	\$ 15,512
2016	88,400	11,323	870,000	848,519	700,000	205,500	85,000	11,092
2017	91,500	8,220	915,000	809,654	700,000	184,500	85,000	6,662
2018	94,600	5,010	940,000	766,212	700,000	163,500	85,000	2,221
2019	97,900	1,686	990,000	720,559	700,000	142,500	-	-
2020	-	-	1,030,000	673,038	450,000	121,500	-	-
2021	-	-	1,075,000	620,827	450,000	98,000	-	-
2022	-	-	1,135,000	563,075	450,000	94,500	-	-
2023	-	-	1,185,000	499,591	450,000	81,000	-	-
2024	-	-	1,250,000	432,987	450,000	67,500	-	-
2025	-	-	1,320,000	363,226	450,000	54,000	-	-
2026	-	-	1,390,000	290,987	450,000	40,500	-	-
2027	-	-	400,000	243,504	450,000	27,000	-	-
2028	-	-	425,000	221,165	450,000	13,500	-	-
2029	-	-	435,000	197,877	-	-	-	-
2030	-	-	475,000	174,624	-	-	-	-
2031	-	-	500,000	151,046	-	-	-	-
2032	-	-	520,000	126,343	-	-	-	-
2033	-	-	550,000	100,395	-	-	-	-
2034	-	-	570,000	73,235	-	-	-	-
2035	-	-	600,000	44,863	-	-	-	-
2036	-	-	625,000	15,156	-	-	-	-
Totals	\$ 457,900	\$ 40,562	\$ 18,035,000	\$ 8,822,395	\$ 7,550,000	\$ 1,520,000	\$ 340,000	\$ 35,487

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Capital Leases		General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 132,233	\$ 6,381	\$ 623,396	\$ 416,449
2016	135,032	3,583	633,611	392,625
2017	62,154	1,125	502,770	371,299
2018	-	-	510,304	353,802
2019	-	-	362,948	343,961
2020	-	-	375,710	333,625
2021	-	-	383,592	322,790
2022	-	-	396,600	311,449
2023	-	-	409,740	299,471
2024	-	-	423,016	286,853
2025	-	-	395,282	274,950
2026	-	-	360,000	266,241
2027	-	-	370,000	257,736
2028	-	-	225,000	117,669
2029	-	-	235,000	108,354
2030	-	-	245,000	98,481
2031	-	-	255,000	87,884
2032	-	-	265,000	76,704
2033	-	-	275,000	64,750
2034	-	-	290,000	51,896
2035	-	-	305,000	38,169
2036	-	-	320,000	23,560
2037	-	-	335,000	8,040
Totals	\$ <u>329,419</u>	\$ <u>11,089</u>	\$ <u>8,496,969</u>	\$ <u>4,906,757</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2015	\$ 216,959	\$ 27,516	\$ 339,736	\$ 192,116
2016	216,887	22,512	358,652	176,356
2017	199,376	17,826	336,068	159,899
2018	129,272	14,365	387,901	142,328
2019	130,571	13,066	369,983	123,535
2020	131,883	11,754	268,316	107,862
2021	133,208	10,429	276,648	94,723
2022	134,546	9,091	289,981	82,313
2023	135,897	7,740	303,313	70,330
2024	137,263	6,374	316,646	56,449
2025	138,642	4,996	331,645	40,828
2026	140,034	3,603	341,639	24,506
2027	141,441	2,196	120,000	13,606
2028	142,862	775	125,000	8,274
2029	9,851	-	125,000	2,759
Total	\$ 2,138,691	\$ 152,243	\$ 4,290,528	\$ 1,295,884

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds:		
\$1,700,000 Transportation Bond Series 1997 issued November 20, 1997 payable in annual principal installments of \$85,000 interest at 5.15%	\$ 340,000	\$ 85,000
\$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually in amounts ranging from \$100,232 to \$99,589, from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	457,900	85,500
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through Janaury 2037 interest payable semi-annually at rates from 2.05% to 5.05%	4,890,000	120,000
Premium on 2011A VPSA bonds	152,512	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	688,324	53,018
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	2,015,000	155,000
\$2,427,547 School Bonds, Series 1995A, issued December 21, 1995, maturing in various annual installments through July 15, 2015, interest rate at 5.23%	283,645	140,378
\$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	<u>620,000</u>	<u>155,000</u>
Total General Obligation Bonds	\$ <u>9,447,381</u>	\$ <u>800,828</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$13,500,000 VRA Sewer System Revenue Bond, Series 2004, issued June 30, 2004, maturing in amounts ranging from \$524,100 - \$1,057,483 annually from October 1, 2006 through October 1, 2025, interest payable semi-annually at 4.5%	\$ 1,225,000	\$ 600,000
Premium on Series 2004 VRA Bond	35,585	2,732
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing in amounts ranging from \$177,048 - \$1,033,019 annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	8,110,000	-
Premium on Series 2011B VRA Bond	1,055,658	138,723
\$2,556,000 VRA Sewer System Revenue Bond, Series 2005B, originally issued December 7, 2005 with annual payments due October 1, 2006 through October 1, 2035. The bond was partially refunded August 2, 2012 with the Series 2012 Sewer Refunding Bond whereby restructuring the remaining principal payments including due dates. The final bond payoff is October 1, 2035. Interest payable semi-annually with rates from 4.225% - 4.85%.	1,203,000	57,000
\$7,864,000 VRA Water System Revenue Bond, Series 2005B, originally issued December 7, 2005 with annual payments due October 1, 2006 through October 1, 2035. The bond was partially refunded August 2, 2012 with the Series 2012 Water Refunding Bond whereby restructuring the remaining principal payments including due dates. The final bond payoff is October 1, 2035. Interest payable semi-annually with rates from 4.225% - 4.85%.	3,702,000	178,000
\$2,890,000 Water Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$30,000 - \$330,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.208% - 5.125% through October 1, 2028. The bonds were issued at a premium of \$590,973 to partially refund Series 2005 VRA Water System Revenue Bond.	2,860,000	-
\$945,000 Sewer Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$10,000 - \$105,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.375% - 5.125% through October 1, 2028. The bonds were issued with a premium of \$193,935 to partially refund Series 2005 VRA Sewer System Revenue Bond.	935,000	-
Premium on Series 2012 Refunding Bonds	625,358	68,168
Total Revenue Bonds	\$ 19,751,601	\$ 1,044,623

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 6,300,000	\$ 450,000
\$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	<u>1,250,000</u>	<u>250,000</u>
Total State Literary Fund loans	\$ <u>7,550,000</u>	\$ <u>700,000</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 508,500	\$ 106,500
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	1,455,000	70,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	2,199,778	139,986
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this obligation.	<u>127,250</u>	<u>23,250</u>
Total Water & Sewer Bonds (assumed from RSA)	\$ <u>4,290,528</u>	\$ <u>339,736</u>
Notes payable:		
\$218,207 note payable issued July 24, 2006, total payments of \$13,636 due semi-annually through July 24, 2016, interest at 4.45%	\$ 58,227	\$ 25,618
\$2,000,000 note payable issued June 13, 2013, monthly payments of \$11,970 due through June 13, 2028, interest at 1.00%	1,875,772	125,453
\$600,000 note payable issued April 5, 2007, total payments of \$36,783 due semi-annually through April 5, 2017, interest at 4.05%	<u>204,692</u>	<u>65,888</u>
Total Notes Payable	\$ <u>2,138,691</u>	\$ <u>216,959</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Capital leases:		
\$145,648 Capital lease obligation dated September 5, 2012 for the lease/purchase of 6 vehicles, payable in full on September 5, 2015, interest at 1.79%. The cost of the 6 vehicles is \$148,648 and accumulated depreciation amounted to \$39,094 at June 30, 2013.	\$ 97,958	\$ 48,545
\$183,160 (\$581,450 total lease - 68.5% County and 31.5% School Board) Capital lease obligation dated August 23, 2013 for the lease/purchase of vehicles and buses, payable in annual installments through August 2016, interest at 1.81%. The cost of the County vehicles/buses is \$183,160 and accumulated depreciation amounted to \$49,081 at June 30, 2014.	183,160	59,960
\$114,707 Capital lease obligation for the lease/purchase of loader, payable in monthly installments of \$2,087 through June 28, 2016, interest at 3.50%. The cost of the loader is \$114,707 and accumulated depreciation amounted to \$68,824 at June 30, 2013.	<u>48,301</u>	<u>23,728</u>
Total Capital Leases	\$ <u>329,419</u>	\$ <u>132,233</u>
Landfill closure and postclosure liability	\$ <u>459,055</u>	\$ -
Net OPEB obligation	\$ <u>33,285</u>	\$ -
Compensated absences	\$ <u>668,387</u>	\$ <u>66,839</u>
Grand total governmental activities long-term obligations	<u>\$ 44,668,347</u>	<u>\$ 3,301,218</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2015	\$ 515,506	\$ 16,928
2016	260,094	7,129
2016	<u>135,150</u>	<u>2,446</u>
Totals	<u>\$ 910,750</u>	<u>\$ 26,503</u>

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2014:

	Balance at July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2014	Due Within One Year
Capital Leases	\$ 890,279	\$ 398,290	\$ 377,819	\$ 910,750	\$ 515,506
Compensated absences	462,303	-	55,757	406,546	40,655
Net OPEB obligation	531,002	208,814	142,800	597,016	-
Early retirement obligation	<u>45,482</u>	<u>-</u>	<u>45,482</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 1,929,066</u>	<u>\$ 607,104</u>	<u>\$ 621,858</u>	<u>\$ 1,914,312</u>	<u>\$ 556,161</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$375,352 Capital lease obligation dated September 5, 2012 for acquisition of 4 school buses and 3 vans, payable in annual installments of \$129,623 through September 5, 2015, interest at 1.79%. The cost of the vehicles \$375,352 and accumulated depreciation amounted to \$38,513 at June 30, 2013.	\$ 252,448	\$ 125,104
\$389,200 Capital lease obligation dated November 16, 2011 for acquisition of 5 school buses, payable in annual installments of \$134,090 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$384,295 and accumulated depreciation amounted to \$64,049 at June 30, 2013.	131,460	131,460
\$398,290 (\$581,450 total lease - 68.5% County and 31.5% School Board) Capital lease obligation dated August 23, 2013 for the lease purchase of buses, payable in annual installments through August 2016, interest at 1.81%. The cost of the buses is \$398,290 and accumulated depreciation amounted to \$33,141 at June 30, 2014.	398,290	130,390
\$379,405 Capital lease obligation dated September 20, 2011 for acquisition of 5 school buses, payable in annual installments of \$131,123 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$378,570 and accumulated depreciation amounted to \$63,095 at June 30, 2013.	\$ 128,552	\$ 128,552
Total capital leases	\$ 910,750	\$ 515,506
Compensated absences	\$ 406,546	\$ 40,655
Net OPEB obligation	\$ 597,016	\$ -
Early Retirement Obligation :		
The School Board adopted the early retirement incentive program offered by the Virginia Retirement System in fiscal year ended June 30, 1992	\$ -	\$ -
Total Long-Term Obligations Component-Unit School Board	\$ 1,914,312	\$ 556,161

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements As of June 30, 2014 (Continued)

Note 6—Commitments and Contingencies:

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

Note 7—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8—Litigation:

At June 30, 2014, 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 such entities.

Note 9—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Marie C. Durrer, Clerk of the Circuit Court	\$ 25,000
Stephanie A. Deal, Treasurer	400,000
Larry V. Snow, Commissioner of the Revenue	3,000
Steve Smith, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
American and Foreign Insurance Company - Surety	
All School Board Employees	5,000
The Continental Insurance Company	
James Howard, Director of Social Services	100,000
Western Surety Company - Surety	
James Frydl	5,000
David Cox	5,000
Eddie Deane	5,000
Davis Lamb	5,000
Bill Martin	5,000
John C. Barkley, County Administrator	10,000

Note 10—Pension Plan:

A. Plan Description

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

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

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. Plan Overview - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. Eligible Members - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. Hybrid Opt-In Election - 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. Retirement Contributions - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - 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.

6. **Vesting** - 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.

Members are always 100% vested in the contributions that they make.

7. **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.

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.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement - 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%.
14. Eligibility - 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.

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.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - 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.
 - 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.
16. Disability Coverage - 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - 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.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 2

1. Plan Overview - VRS 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 VRS 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.
2. Eligible Members - Employees are in VRS 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.
3. Hybrid Opt-In Election - VRS 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. Retirement Contributions - Same as VRS Plan 1—Refer to Section 4.
5. Creditable Service - Same as VRS Plan 1— Refer to Section 5.
6. Vesting - Same as VRS Plan 1—Refer to Section 6.
7. Calculating the Benefit - Same as VRS Plan 1—Refer to Section 7.
8. Average Final Compensation - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. Service Retirement Multiplier - 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.
10. Normal Retirement Age - Normal Social Security retirement age.
11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 2 (CONTINUED)

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. Cost-of-Living Adjustment (COLA) in Retirement - 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%.
14. Eligibility - Same as VRS Plan 1—Refer to Section 14.
15. Exceptions to COLA Effective Dates - Same as VRS Plan 1—Refer to Section 15.
16. Disability Coverage - 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. Purchase of Prior Service - Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

1. Plan Overview - 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - 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.
 - 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.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. Eligible Members - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS 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
3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - 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.
5. Creditable Service

Defined Benefit Component - 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.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. Creditable Service: (Continued)

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - 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. VRS Plan 1 or VRS 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.

Defined Contribution Component - 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.

Members are always 100% vested in the contributions that they make.

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.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - 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.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 10—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 10.75% and 9.13% (nonprofessional employees) of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$2,100,800, \$1,756,255, and \$957,961, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$514,085 was equal to the County's required and actual contributions.

Three-Year Trend Information for County

Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 379,987	100%	\$ -
June 30, 2013	518,024	100%	-
June 30, 2014	514,085	100%	-

(1) Employer contribution only

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 10—Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

For fiscal year 2014, School Board's annual pension cost for nonprofessional employees of \$162,137 was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 126,647	100%	\$ -
June 30, 2013	226,534	100%	-
June 30, 2014	162,137	100%	-

(1) Employer contribution only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 81.99% funded. The actuarial accrued liability for benefits was \$16,133,488, and the actuarial value of assets was \$13,227,985, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,905,503. The covered payroll (annual payroll of active employees covered by the plan) was \$4,646,469 and ratio of the UAAL to the covered payroll was 62.53%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 84.34% funded. The actuarial accrued liability for benefits was \$7,303,427, and the actuarial value of assets was \$6,159,947, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,143,480. The covered payroll (annual payroll of active employees covered by the plan) was \$1,677,615 and ratio of the UAAL to the covered payroll was 68.16%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 11—Interfund Balances and Transfers:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ -	\$ 1,190,107
Debt Service fund	<u>1,190,107</u>	<u>-</u>
Total County	<u>\$ 1,190,107</u>	<u>\$ 1,190,107</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 734,612
School Cafeteria Fund	<u>734,612</u>	<u>-</u>
Total Component Unit School Board	<u>\$ 734,612</u>	<u>\$ 734,612</u>

Transfers are used: to (1) move revenues from the fund that statute or budget requires collecting 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.

Note 12—Deferred/Unavailable Revenue:

The following is a summary of deferred/unavailable revenue for the year ended June 30, 2014.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Primary Government:		
General Fund:		
Deferred/unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 827,083
2nd half assessments due in December 2014	9,223,007	9,223,007
Prepaid property taxes due in December 2014, but paid in advance by the taxpayers	<u>923,427</u>	<u>923,427</u>
Total unavailable revenue	<u>\$ 10,146,434</u>	<u>\$ 10,973,517</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 13—Due to/From Primary Government/Component Units:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 2,019,662
Component Unit - Economic Development Authority	29,253	-
Component Unit - School Board	1,990,409	-
Total	<u>\$ 2,019,662</u>	<u>\$ 2,019,662</u>

The purpose of the obligation between the County and School Board is to report the balance of local appropriations unspent at year-end due back to the respective funds.

Note 14—Landfill Closure and Postclosure Care Costs:

The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$459,055 reported as landfill closure and post closure liability at June 30, 2014, represents \$419,055 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

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

Note 15—Other Postemployment Benefits—Health Insurance:

County:

Background

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

A. Plan Description

In addition to the pension benefits described in Note 10, the County provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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 of not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	9,100
Interest on net OPEB obligation		992
Adjustment to annual required contribution		(1,541)
Annual OPEB cost (expense)	\$	8,551
Contributions made		(3,600)
Increase in net OPEB obligation	\$	4,951
Net OPEB obligation - beginning of year		28,334
Net OPEB obligation - end of year	\$	33,285

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2014, the County's expected cash payment of \$3,600 was \$4,951 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 4,457	11.22%	\$ 23,147
June 30, 2013	5,987	13.36%	28,334
June 30, 2014	8,551	42.10%	33,285

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

Actuarial accrued liability (AAL)	\$ 73,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	73,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	5,031,800
UAAL as a percentage of covered payroll	1.46%

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. 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 revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the 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.

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

In the June 30, 2014, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5 percent investment rate of return and an annual healthcare cost trend assumption of 5.90 percent graded to 4.50 percent over 63 years. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was 30 years.

Cost Method

The projected unit credit method is used to determine the plan’s funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan’s provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have nor normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan’s total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	Unfunded
Discount rate	3.50%
Health cost trend assumption	5.90% graded to 4.50% over 63 years
Payroll growth	None assumed

School Board:

A. Plan Description

In addition to the pension benefits described in Note 10, the School Board provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the School Board, may elect to remain on the School Board’s insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree’s spouse can receive benefits under the plan with the premium to be paid by the retiree.

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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

Eligible retirees from the School Board may elect to remain on the School Board's health insurance plan, at their expense, indefinitely. Retirees' spouses and other dependents may also remain on the plan at the retiree's expense.

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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. The following table show the components of the annual OPEB cost for the year, the School Board's amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$	219,100
Interest on net OPEB obligation		18,585
Adjustment to annual required contribution		(28,871)
Annual OPEB cost (expense)	\$	208,814
Contributions made		(142,800)
Increase in net OPEB obligation	\$	66,014
Net OPEB obligation - beginning of year		531,002
Net OPEB obligation - end of year	\$	597,016

For 2014, the School Board's expected cash payment of \$142,800 was \$66,014 less than the 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 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 226,506	196.68%	\$ 531,002
June 30, 2013	229,751	65.38%	597,016
June 30, 2014	208,814	68.39%	597,016

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

School Board: (Continued)D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

Actuarial accrued liability (AAL)	\$	1,941,600
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		1,941,600
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		16,424,100
UAAL as a percentage of covered payroll		11.82%

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. 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 revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and then plan members) and include the types of benefits provided at the time of the 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.

In the June 30, 2014, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5 percent investment rate of return and an annual healthcare cost trend assumption of 5.90 percent graded to 4.50 percent over 74 years. Both rates included 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was 30 years.

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The projected unit credit method is used to determine the plan’s funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan’s provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan’s total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	Unfunded
Discount rate	3.50%
Health cost trend assumption	5.90% graded to 4.50% over 74 years
Payroll growth	None assumed

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program:

County:

A. Plan Description

The County 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.

An employee of the County, 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 \$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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

County: (Continued)

A. Plan Description: (Continued)

Localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of \$30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the \$1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

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 10.

B. Funding Policy

As a participating local political subdivision, the County 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 County's contribution rate for the fiscal year ended 2014 was .09% of annual covered payroll.

C. 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 County 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.

For 2014, the County's contribution of \$1,536 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 5,534	100%	-
June 30, 2013	4,337	100%	-
June 30, 2014	1,536	100%	-

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

County: (Continued)D. Funded Status and Funding Progress: (Continued)

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	92,347
Actuarial value of plan assets		76,108
Unfunded actuarial accrued liability		16,239
Funded ratio (actuarial value of plan assets/AAL)		82.42%
Covered payroll (active plan members)		1,900,453
UAAL as a percentage of covered payroll		0.85%

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.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used 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.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% 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 open amortization period at June 30, 2013 was 30 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

School Board:

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2014 and 2013 was \$165,663 and \$167,191, respectively and equaled the required contribution for the year.

Note 17—Upcoming Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

Required Supplementary Information

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2014

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 16,815,555	\$ 16,815,555	\$ 17,795,002	\$ 979,447
Other local taxes	3,938,810	3,938,810	4,017,436	78,626
Permits, privilege fees and regulatory licenses	236,100	236,100	193,509	(42,591)
Fines and forfeitures	125,600	125,600	171,559	45,959
Revenue from use of money and property	43,136	43,136	39,940	(3,196)
Charges for services	3,359,292	3,382,692	2,251,331	(1,131,361)
Miscellaneous	525	58,734	149,901	91,167
Recovered costs	139,204	139,205	261,742	122,537
Intergovernmental:				
Commonwealth	5,981,823	6,299,436	5,878,149	(421,287)
Federal	1,105,740	1,221,330	1,134,408	(86,922)
Total revenues	\$ 31,745,785	\$ 32,260,598	\$ 31,892,977	\$ (367,621)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 123,327	\$ 122,836	\$ 107,696	\$ 15,140
General and financial administration:				
County administrator	\$ 509,219	\$ 509,219	\$ 461,293	\$ 47,926
Legal services	52,631	53,122	52,872	250
Independent auditor	44,500	44,500	44,500	-
Commissioner of the Revenue	220,407	222,041	219,559	2,482
Reassessment	5,400	11,025	7,868	3,157
Treasurer	314,834	339,868	279,441	60,427
Computer technology	138,982	138,982	59,977	79,005
Vehicle maintenance facility	1,303,594	1,303,594	981,543	322,051
Total general and financial administration	\$ 2,589,567	\$ 2,622,351	\$ 2,107,053	\$ 515,298
Board of Elections:				
Electoral board and officials	\$ 152,685	\$ 153,778	\$ 114,013	\$ 39,765
Total general government administration	\$ 2,865,579	\$ 2,898,965	\$ 2,328,762	\$ 570,203

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2014 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 64,059	\$ 77,057	\$ 73,221	\$ 3,836
Combined Courts	10,680	10,680	9,977	703
Special magistrates	1,000	1,000	831	169
Juvenile and domestic relations district court	14,096	14,096	10,422	3,674
Clerk of the circuit court	411,917	414,192	382,669	31,523
Victim and witness assistance	60,852	60,962	57,029	3,933
Total courts	\$ 562,604	\$ 577,987	\$ 534,149	\$ 43,838
Commonwealth's attorney:				
Commonwealth's attorney	\$ 254,032	\$ 333,130	\$ 298,347	\$ 34,783
Total judicial administration	\$ 816,636	\$ 911,117	\$ 832,496	\$ 78,621
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,640,817	\$ 2,654,262	\$ 2,424,285	\$ 229,977
Technology grant	-	3,753	1,452	2,301
DMV overtime grant	-	10,103	5,825	4,278
School resource officer	130,003	130,003	106,926	23,077
Byrne grant	-	14,976	-	14,976
Forfeited property	-	69,527	42,921	26,606
Donations	-	58,805	35,734	23,071
Emergency 911 system	585,655	862,319	772,607	89,712
Grant expenditures	-	86,295	10,866	75,429
Total law enforcement and traffic control	\$ 3,356,475	\$ 3,890,043	\$ 3,400,616	\$ 489,427
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 717,500	\$ 774,071	\$ 767,571	\$ 6,500
Other fire and rescue	868,554	1,007,123	983,837	23,286
Total fire and rescue services	\$ 1,586,054	\$ 1,781,194	\$ 1,751,408	\$ 29,786
Correction and detention:				
Confinement of prisoners	\$ 2,038	\$ 2,038	\$ 1,147	\$ 891
Payment to regional jail	689,178	689,178	689,178	-
Juvenile detention homes	127,289	127,289	20,220	107,069
Total correction and detention	\$ 818,505	\$ 818,505	\$ 710,545	\$ 107,960

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2014 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 361,173	\$ 361,173	\$ 342,335	\$ 18,838
Other protection:				
Animal shelter	\$ 76,644	\$ 79,559	\$ 68,971	\$ 10,588
Civil defense	120,932	129,061	110,837	18,224
Animal control	155,156	155,156	98,213	56,943
Medical examiner	300	300	80	220
Total other protection	\$ 353,032	\$ 364,076	\$ 278,101	\$ 85,975
Total public safety	\$ 6,475,239	\$ 7,214,991	\$ 6,483,005	\$ 731,986
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,497,491	\$ 1,498,945	\$ 1,049,664	\$ 449,281
Maintenance of general buildings and grounds:				
General properties	\$ 417,868	\$ 419,990	\$ 399,124	\$ 20,866
Total public works	\$ 1,915,359	\$ 1,918,935	\$ 1,448,788	\$ 470,147
Health and welfare:				
Health:				
Local health department	\$ 247,838	\$ 248,154	\$ 248,153	\$ 1
Mental health and mental retardation:				
Chapter X board	\$ 77,278	\$ 77,278	\$ 77,060	\$ 218
Welfare:				
Welfare administration and public assistance	\$ 1,468,002	\$ 1,468,002	\$ 1,320,588	\$ 147,414
Comprehensive services act	1,625,000	1,625,000	1,417,424	207,576
Area agency on aging	85,236	84,881	80,195	4,686
Piedmont regional dental clinic	2,500	2,500	2,500	-
Tax relief for the elderly	-	-	212,926	(212,926)
Shelter for help in emergency	2,000	2,000	2,000	-
Total welfare	\$ 3,182,738	\$ 3,182,383	\$ 3,035,633	\$ 146,750
Total health and welfare	\$ 3,507,854	\$ 3,507,815	\$ 3,360,846	\$ 146,969

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2014 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 4,639	\$ 4,639	\$ 4,639	\$ -
Contribution to Component Unit - School Board	13,628,605	13,628,605	13,127,020	501,585
Total education	\$ 13,633,244	\$ 13,633,244	\$ 13,131,659	\$ 501,585
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 235,552	\$ 235,552	\$ 216,169	\$ 19,383
Library:				
Regional library	\$ 332,684	\$ 332,723	\$ 325,536	\$ 7,187
Total parks, recreation, and cultural	\$ 568,236	\$ 568,275	\$ 541,705	\$ 26,570
Community development:				
Planning and community development:				
Planning	\$ 347,666	\$ 347,666	\$ 335,315	\$ 12,351
Community development	1,360,334	1,464,265	1,315,659	148,606
Zoning board	8,353	8,353	3,585	4,768
Economic development	252,502	259,102	265,049	(5,947)
Total planning and community development	\$ 1,968,855	\$ 2,079,386	\$ 1,919,608	\$ 159,778
Environmental management:				
Soil and water conservation district	\$ 13,620	\$ 13,620	\$ 13,620	\$ -
Cooperative extension program:				
VPI extension program	\$ 55,043	\$ 55,043	\$ 44,330	\$ 10,713
Total community development	\$ 2,037,518	\$ 2,148,049	\$ 1,977,558	\$ 170,491
Nondepartmental:				
Miscellaneous	\$ 198,000	\$ 202,299	\$ 60,455	\$ 141,844
Capital projects:				
Recreation facilities	\$ -	\$ 56,326	\$ 36,000	\$ 20,326

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2014 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects: (Continued)				
Sewer project	\$ -	\$ 7,564	\$ 7,564	\$ -
Water system Improvements	-	30,499	30,498	1
Motor vehicles	-	-	183,160	(183,160)
Land acquisition	-	304,546	304,546	-
Blue Ridge Juvenile Detention Center	54,330	54,330	51,539	2,791
Total capital projects	\$ 54,330	\$ 453,265	\$ 613,307	\$ (160,042)
Debt service:				
Principal retirement	\$ 2,036,744	\$ 2,036,744	\$ 911,007	\$ 1,125,737
Interest and fiscal charges	1,215,171	1,215,171	128,756	1,086,415
Total debt service	\$ 3,251,915	\$ 3,251,915	\$ 1,039,763	\$ 2,212,152
Total expenditures	\$ 35,323,910	\$ 36,708,870	\$ 31,818,344	\$ 4,890,526
Excess (deficiency) of revenues over (under) expenditures	\$ (3,578,125)	\$ (4,448,272)	\$ 74,633	\$ 4,522,905
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 183,160	\$ 183,160
Transfers out	-	-	(1,190,107)	(1,190,107)
Total other financing sources (uses)	\$ -	\$ -	\$ (1,006,947)	\$ (1,006,947)
Change in fund balance	\$ (3,578,125)	\$ (4,448,272)	\$ (932,314)	\$ 3,515,958
Fund balance at beginning of year	3,578,125	4,448,272	16,472,630	12,024,358
Fund balance at end of year	\$ -	\$ -	\$ 15,540,316	\$ 15,540,316

Schedule of Pension Funding Progress
 Virginia Retirement System
 Last Three Fiscal Years

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 13,227,985	\$ 16,133,488	\$ 2,905,503	81.99%	\$ 4,646,469	62.53%
6/30/2012	12,505,277	15,659,250	3,153,973	79.86%	4,586,658	68.76%
6/30/2011	12,288,812	14,454,082	2,165,270	85.02%	4,360,644	49.65%

Discretely Presented Component Unit - School Board

Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 6,159,947	\$ 7,303,427	\$ 1,143,480	84.34%	\$ 1,677,615	68.16%
6/30/2012	5,886,457	7,308,058	1,421,601	80.55%	1,692,903	83.97%
6/30/2011	5,803,049	6,984,796	1,181,747	83.08%	1,683,034	70.22%

Schedule of OPEB Funding Progress
Last Three Years

Other Postemployment Benefits - Health Insurance:

Primary Government:

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 40,200	\$ 40,200	0.00%	\$ 4,804,500	0.84%
6/30/2011	-	42,500	42,500	0.00%	4,425,800	0.96%
6/30/2014	-	73,500	73,500	0.00%	5,031,800	1.46%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 2,444,000	\$ 2,444,000	0.00%	\$ 16,299,700	14.99%
6/30/2011	-	2,225,900	2,225,900	0.00%	17,014,800	13.08%
6/30/2014	-	1,941,600	1,941,600	0.00%	16,424,100	11.82%

Virginia Retirement System - Health Insurance Credit:

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 71,311	\$ 90,274	\$ 18,963	78.99%	\$ 1,813,647	1.05%
6/30/2012	71,132	95,552	24,420	74.44%	2,240,838	1.09%
6/30/2013	76,108	92,347	16,239	82.42%	1,900,453	0.85%

* Only two valuations available

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Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - Debt Service Fund
 For the Year Ended June 30, 2014

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 1,048	\$ 1,048
Charges for services	-	-	210,000	210,000
Total revenues	\$ -	\$ -	\$ 211,048	\$ 211,048
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,125,737	\$ (1,125,737)
Interest and fiscal charges	-	-	1,078,907	(1,078,907)
Total debt service	\$ -	\$ -	\$ 2,204,644	\$ (2,204,644)
Total expenditures	\$ -	\$ -	\$ 2,204,644	\$ (2,204,644)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,993,596)	\$ (1,993,596)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 1,190,107	\$ 1,190,107
Total other financing sources (uses)	\$ -	\$ -	\$ 1,190,107	\$ 1,190,107
Change in fund balance	\$ -	\$ -	\$ (803,489)	\$ (803,489)
Fund balance at beginning of year	-	-	918,499	918,499
Fund balance at end of year	\$ -	\$ -	\$ 115,010	\$ 115,010

Statement of Changes in Assets and Liabilities -
 Agency Fund
 For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ <u>40,907</u>	\$ <u>2,578</u>	\$ <u>1,832</u>	\$ <u>41,653</u>
Liabilities:				
Amounts held for social services clients	\$ <u>40,907</u>	\$ <u>2,578</u>	\$ <u>1,832</u>	\$ <u>41,653</u>

Discretely Presented Component Unit-School Board

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Combining Balance Sheet - Discretely Presented Component Unit - School Board
June 30, 2014

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 328,434	\$ 328,434
Due from primary government	1,990,409	-	1,990,409
Due from other funds	-	27,787	27,787
Due from other governmental units	599,276	-	599,276
Prepaid expenses	37,754	-	37,754
Total assets	<u>\$ 2,627,439</u>	<u>\$ 356,221</u>	<u>\$ 2,983,660</u>
LIABILITIES			
Accounts payable	\$ 153,490	\$ -	\$ 153,490
Accrued liabilities	2,446,162	-	2,446,162
Due to other funds	27,787	-	27,787
Total liabilities	<u>\$ 2,627,439</u>	<u>\$ -</u>	<u>\$ 2,627,439</u>
FUND BALANCES			
Committed:			
Education	\$ -	\$ 356,221	\$ 356,221
Total fund balances	<u>\$ -</u>	<u>\$ 356,221</u>	<u>\$ 356,221</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:			
Total fund balances per above		\$	356,221
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	127,800	
Buildings and improvements		8,984,138	
Equipment		1,732,768	10,844,706
Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(15,169)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases	\$	(910,750)	
Compensated absences		(406,546)	
Net OPEB obligation		(597,016)	(1,914,312)
Net Position of Discretely Presented Component Unit - School Board		\$	<u>9,271,446</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 15,455	\$ -	\$ 15,455
Charges for services	124,653	479,701	604,354
Miscellaneous	261,039	9,440	270,479
Recovered costs	692,482	-	692,482
Intergovernmental:			
County contribution to School Board	13,127,020	-	13,127,020
Commonwealth	15,876,275	-	15,876,275
Federal	1,756,124	-	1,756,124
Total revenues	\$ 31,853,048	\$ 489,141	\$ 32,342,189
Expenditures:			
Current:			
Education	\$ 29,460,641	\$ 1,179,142	\$ 30,639,783
Debt service:			
Principal retirement	1,358,903	-	1,358,903
Interest	697,182	-	697,182
Total expenditures	\$ 31,516,726	\$ 1,179,142	\$ 32,695,868
Excess (deficiency) of revenues over (under) expenditures	\$ 336,322	\$ (690,001)	\$ (353,679)
Other financing sources (uses):			
Issuance of capital leases	\$ 398,290	\$ -	\$ 398,290
Transfers in	-	734,612	734,612
Transfers (out)	(734,612)	-	(734,612)
Total other financing sources (uses)	\$ (336,322)	\$ 734,612	\$ 398,290
Change in fund balance	\$ -	\$ 44,611	\$ 44,611
Fund balance at beginning of year	-	311,610	311,610
Fund balance at end of year	\$ -	\$ 356,221	\$ 356,221

Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	44,611
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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. The amount by which depreciation exceeded capital outlays in the current period is computed as follows:

Capital additions	\$	488,947	
Depreciation expense		<u>(781,857)</u>	(292,910)

The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:

Principal retired on capital lease obligations	\$	377,819	
Issuance of long-term obligations		(398,290)	
Principal retired on early retirement obligations		<u>45,482</u>	25,011

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. This amount reflects the changes in compensated absences, net OPEB obligation, and accrued interest payable.

Change in compensated absences	\$	55,757	
Change in net OPEB obligation		(66,014)	
Change in accrued interest payable		<u>456</u>	(9,801)

Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>1,203,217</u>
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Change in net position of governmental activities	\$	<u><u>970,128</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2014

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 12,000	\$ 12,000	\$ 15,455	\$ 3,455
Charges for services	118,500	118,500	124,653	6,153
Miscellaneous	265,000	265,000	261,039	(3,961)
Recovered costs	802,500	802,500	692,482	(110,018)
Intergovernmental:				
County contribution to School Board	13,628,605	13,628,605	13,127,020	(501,585)
Commonwealth	15,503,804	15,503,804	15,876,275	372,471
Federal	1,503,178	1,503,178	1,756,124	252,946
Total revenues	\$ 31,833,587	\$ 31,833,587	\$ 31,853,048	\$ 19,461
Expenditures:				
Current:				
Education				
Instruction	\$ 23,856,902	\$ 23,866,902	\$ 23,388,433	\$ 478,469
Administration, attendance and health	1,342,443	1,342,443	1,365,991	(23,548)
Pupil transportation	1,607,730	1,607,730	2,086,540	(478,810)
Operation and maintenance	2,557,122	2,547,122	2,582,022	(34,900)
Facilities	8,000	8,000	37,655	(29,655)
Food service	-	-	-	-
Total education	\$ 29,372,197	\$ 29,372,197	\$ 29,460,641	\$ (88,444)
Debt service:				
Principal retirement	\$ 1,358,903	\$ 1,358,903	\$ 1,358,903	\$ -
Interest	697,233	697,233	697,182	51
Total debt service	\$ 2,056,136	\$ 2,056,136	\$ 2,056,085	\$ 51
Total expenditures	\$ 31,428,333	\$ 31,428,333	\$ 31,516,726	\$ (88,393)
Excess (deficiency) of revenues over (under) expenditures	\$ 405,254	\$ 405,254	\$ 336,322	\$ (68,932)
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 398,290	\$ 398,290
Issuance of loans	119,746	119,746	-	(119,746)
Transfers in	-	-	-	-
Transfers (out)	(525,000)	(525,000)	(734,612)	(209,612)
Total other financing sources (uses)	\$ (405,254)	\$ (405,254)	\$ (336,322)	\$ 68,932
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 15

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	479,701	479,701
-	-	9,440	9,440
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,141</u>	<u>\$ 489,141</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,179,142	(1,179,142)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,142</u>	<u>\$ (1,179,142)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,142</u>	<u>\$ (1,179,142)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (690,001)</u>	<u>\$ (690,001)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	734,612	734,612
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,612</u>	<u>\$ 734,612</u>
\$ -	\$ -	\$ 44,611	\$ 44,611
-	-	311,610	311,610
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,221</u>	<u>\$ 356,221</u>

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Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,379,534	\$ 12,379,534	\$ 13,033,757	\$ 654,223
Real and personal public service corporation taxes	417,558	417,558	420,984	3,426
Personal property taxes	3,612,640	3,612,640	3,739,992	127,352
Mobile home taxes	50,086	50,086	-	(50,086)
Machinery and tools taxes	87,737	87,737	115,321	27,584
Penalties	170,000	170,000	246,026	76,026
Interest	98,000	98,000	238,922	140,922
Total general property taxes	\$ 16,815,555	\$ 16,815,555	\$ 17,795,002	\$ 979,447
Other local taxes:				
Local sales and use taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,644,689	\$ 44,689
Consumer utility taxes	420,000	420,000	406,372	(13,628)
Business license taxes	425,000	425,000	477,375	52,375
Motor vehicle licenses	375,000	375,000	426,926	51,926
Bank stock taxes	60,000	60,000	75,671	15,671
Taxes on recordation and wills	278,000	278,000	184,212	(93,788)
Transient lodging taxes	160,000	160,000	162,710	2,710
Meals taxes	620,810	620,810	639,481	18,671
Total other local taxes	\$ 3,938,810	\$ 3,938,810	\$ 4,017,436	\$ 78,626
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 9,726	\$ 726
Other permits and licenses	227,100	227,100	183,783	(43,317)
Total permits, privilege fees and regulatory licenses	\$ 236,100	\$ 236,100	\$ 193,509	\$ (42,591)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 125,600	\$ 125,600	\$ 171,559	\$ 45,959
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 605	\$ 605
Revenue from use of property	43,136	43,136	39,335	(3,801)
Total revenue from use of money and property	\$ 43,136	\$ 43,136	\$ 39,940	\$ (3,196)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 1,049	\$ 1,049	\$ 1,421	\$ 372
Law library fees	1,500	1,500	1,286	(214)
Courthouse maintenance	42,000	42,000	48,816	6,816
Commonwealth attorney fees	1,200	1,200	5,890	4,690
Dog pound fees	2,500	2,500	3,538	1,038
Charges for transportation services	195,750	195,750	122,879	(72,871)
DMV stop fees	-	23,400	23,600	200
After school program fees	327,050	327,050	129,842	(197,208)
Parks and recreation	75,000	75,000	66,509	(8,491)
Vehicle maintenance facility	850,000	850,000	720,805	(129,195)
Charges for landfill operations	1,516,092	1,516,092	802,983	(713,109)
Revenue recovery	346,651	346,651	323,607	(23,044)
Other charges for services	500	500	155	(345)
Total charges for services	\$ 3,359,292	\$ 3,382,692	\$ 2,251,331	\$ (1,131,361)
Miscellaneous revenue:				
Donations	\$ 500	\$ 500	\$ 1,845	\$ 1,345
Miscellaneous	25	58,234	148,056	89,822
Total miscellaneous revenue	\$ 525	\$ 58,734	\$ 149,901	\$ 91,167
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 10,550	\$ 10,550
Expenditure refunds	134,533	134,534	245,353	110,819
Health department	4,671	4,671	5,839	1,168
Total recovered costs	\$ 139,204	\$ 139,205	\$ 261,742	\$ 122,537
Total revenue from local sources	\$ 24,658,222	\$ 24,739,832	\$ 24,880,420	\$ 140,588
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 11,000	\$ 11,000	\$ 20,924	\$ 9,924
Auto rental tax	1,500	1,500	2,790	1,290
Motor vehicle titling tax	18,000	18,928	18,928	-

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 70,000	\$ 70,000	\$ 58,673	\$ (11,327)
Rolling stock tax	266	266	475	209
Contribution to State of Virginia	(120,000)	(113,965)	-	113,965
Communication sales and use taxes	516,000	516,000	495,598	(20,402)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,746,677	\$ 2,753,640	\$ 2,847,299	\$ 93,659
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 168,483	\$ 168,483	\$ 171,924	\$ 3,441
Sheriff	800,650	800,650	805,853	5,203
Commissioner of the Revenue	77,236	77,236	78,697	1,461
Treasurer	75,441	75,441	71,479	(3,962)
Registrar/electoral board	36,312	36,312	36,335	23
Clerk of the Circuit Court	179,769	179,769	188,006	8,237
Total shared expenses	\$ 1,337,891	\$ 1,337,891	\$ 1,352,294	\$ 14,403
Other categorical aid:				
Law enforcement grants	\$ 25,871	\$ 12,936	\$ 12,936	\$ -
Litter control	5,000	5,000	6,366	1,366
Fire programs fund	41,400	97,043	54,167	(42,876)
Section 18 transportation grant	399,747	399,747	131,284	(268,463)
Juvenile Justice	7,596	7,596	7,596	-
E-911 wireless grant	40,000	40,000	44,815	4,815
Forfeited Property	-	26,921	26,921	-
Public assistance	337,641	337,641	289,611	(48,030)
Domestic violence	-	60,014	49,965	(10,049)
Comprehensive services	1,040,000	1,040,000	892,400	(147,600)
PSAP grant	-	150,000	150,000	-
Other categorical aid	-	31,007	12,495	(18,512)
Total other categorical aid	\$ 1,897,255	\$ 2,207,905	\$ 1,678,556	\$ (529,349)
Total categorical aid	\$ 3,235,146	\$ 3,545,796	\$ 3,030,850	\$ (514,946)
Total revenue from the Commonwealth	\$ 5,981,823	\$ 6,299,436	\$ 5,878,149	\$ (421,287)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 40,295	\$ 40,295	\$ 42,403	\$ 2,108
Categorical aid:				
Welfare administration and assistance	\$ 675,281	\$ 675,281	\$ 630,226	\$ (45,055)
Federal portion of comprehensive services act	-	-	6,966	6,966
Section 18 transportation grant	365,187	365,187	404,841	39,654
Bulletproof vest grant	-	3,753	840	(2,913)
Transportation safety grant	-	-	12,404	12,404
Homeland security	-	18,500	6,000	(12,500)
Forfeited property	-	5,131	5,131	-
Byrne grant	-	2,476	-	(2,476)
Safety grants	-	12,935	19,403	6,468
Byrne grant	-	-	2,821	2,821
Federal disaster recovery	-	-	3,373	3,373
Hazard mitigation grant	-	72,795	-	(72,795)
USDA grant	24,977	24,977	-	(24,977)
Total categorical aid	\$ 1,065,445	\$ 1,181,035	\$ 1,092,005	\$ (89,030)
Total revenue from the federal government	\$ 1,105,740	\$ 1,221,330	\$ 1,134,408	\$ (86,922)
Total general fund	\$ 31,745,785	\$ 32,260,598	\$ 31,892,977	\$ (367,621)
Debt service fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,048	\$ 1,048
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 160,000	\$ 160,000
Water EDU charges	-	-	50,000	50,000
Total charges for services	\$ -	\$ -	\$ 210,000	\$ 210,000
Miscellaneous:				
Contribution from RSA	\$ -	\$ -	\$ 20,314	\$ 20,314
Total debt service fund	\$ -	\$ -	\$ 231,362	\$ 231,362

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School operating fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 12,000	\$ 12,000	\$ 15,455	\$ 3,455
Charges for services:				
Charges for education	\$ 118,500	\$ 118,500	\$ 124,653	\$ 6,153
Miscellaneous revenue:				
Expenditure refunds	\$ 145,000	\$ 145,000	\$ 199,668	\$ 54,668
Miscellaneous	120,000	120,000	61,371	(58,629)
Total miscellaneous revenue	\$ 265,000	\$ 265,000	\$ 261,039	\$ (3,961)
Recovered costs:				
Other payments from another county or city	\$ 802,500	\$ 802,500	\$ 692,482	\$ (110,018)
Total revenue from local sources	\$ 1,198,000	\$ 1,198,000	\$ 1,093,629	\$ (104,371)
Intergovernmental:				
County contribution to School Board	\$ 13,628,605	\$ 13,628,605	\$ 13,127,020	\$ (501,585)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,162,467	\$ 3,162,467	\$ 3,046,272	\$ (116,195)
Basic school aid	7,589,953	7,589,953	7,865,608	275,655
GED	7,859	7,859	7,859	-
Remedial summer school	78,667	78,667	54,621	(24,046)
Remedial education - SOQ	181,477	181,477	185,674	4,197
Special education - SOQ	1,052,566	1,052,566	1,076,907	24,341
Textbook	121,281	121,281	149,269	27,988
Vocational standards of quality payments	199,624	199,624	204,241	4,617
Fringe benefits	1,284,856	1,284,856	1,314,569	29,713
Regional program payments	592,667	592,667	742,190	149,523
Primary class size reduction	199,493	199,493	198,924	(569)
Technology	180,000	180,000	180,000	-
Other state funds	852,894	852,894	850,141	(2,753)
Total categorical aid	\$ 15,503,804	\$ 15,503,804	\$ 15,876,275	\$ 372,471
Total revenue from the Commonwealth	\$ 15,503,804	\$ 15,503,804	\$ 15,876,275	\$ 372,471

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Basic adult education	\$ 15,698	\$ 15,698	\$ -	\$ (15,698)
Title I	380,000	380,000	347,709	(32,291)
Title VI-B	562,420	562,420	466,829	(95,591)
School food program grant	425,300	425,300	665,559	240,259
Pre-school SPED	17,000	17,000	17,427	427
Vocational education	23,000	23,000	38,666	15,666
Title III-ESL	6,000	6,000	9,056	3,056
Bab subsidy	-	-	121,714	121,714
Title II part A	73,760	73,760	89,164	15,404
Total revenue from the federal government	\$ 1,503,178	\$ 1,503,178	\$ 1,756,124	\$ 252,946
Total school operating fund	\$ 31,833,587	\$ 31,833,587	\$ 31,853,048	\$ 19,461
Special revenue fund:				
School cafeteria fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 479,701	\$ 479,701
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 9,440	\$ 9,440
Total revenue from local sources	\$ -	\$ -	\$ 489,141	\$ 489,141
Total school cafeteria fund	\$ -	\$ -	\$ 489,141	\$ 489,141
Total Revenues -- Component Unit -- School Board	\$ 31,833,587	\$ 31,833,587	\$ 32,342,189	\$ 508,602

Statistical Information

COUNTY OF GREENE, 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	Recreation and Cultural
2004-05	\$ 1,821,592	\$ 482,358	\$ 3,197,116	\$ 1,724,394	\$ 3,194,739	\$ 15,880,805	\$ 393,634
2005-06	2,053,433	594,937	3,723,429	2,029,388	3,589,603	2,391,026	427,474
2006-07	2,292,151	647,781	4,157,052	2,323,483	3,501,134	7,993,506	458,890
2007-08	2,354,054	669,784	4,608,566	2,601,110	3,041,586	10,093,139	546,068
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951	798,049
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710	582,625
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122	586,531
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226	655,517
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015	638,132
2013-14	2,951,965	872,678	6,524,622	1,556,202	3,356,783	13,111,319	624,675

Table 1

	Community Development	Interest on Long-term Obligations	Total
\$	1,114,216	\$ 1,449,380	\$ 29,258,234
	8,209,744	2,084,232	25,103,266
	1,227,319	2,398,768	25,000,084
	1,406,092	2,109,150	27,429,549
	1,554,244	2,023,856	28,618,539
	1,694,807	1,870,527	27,639,209
	1,829,783	1,777,149	28,537,405
	1,896,573	1,714,067	29,385,493
	2,003,035	1,827,823	33,437,162
	1,993,591	1,752,620	32,744,455

COUNTY OF GREENE, VIRGINIA

Government-wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2004-05	\$ 2,986,536	\$ 3,552,344	\$ -
2005-06	10,543,409	4,044,916	-
2006-07	6,720,063	3,971,286	-
2007-08	4,417,186	4,271,386	-
2008-09	4,990,757	4,123,823	-
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000
2012-13	4,036,847	3,947,101	-
2013-14	2,826,399	3,972,855	150,000

Table 2

General Revenues						
	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total
\$	10,742,734	\$ 3,162,439	\$ 2,312,486	\$ 265,104	\$ 677,831	\$ 23,699,474
	12,022,144	3,337,544	2,667,282	596,235	472,118	33,683,648
	13,599,892	3,443,880	2,463,754	930,857	374,327	31,504,059
	14,805,399	3,506,466	2,429,762	787,025	180,310	30,397,534
	15,659,705	3,554,550	2,454,781	288,843	219,967	31,292,426
	16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103
	16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933
	16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153
	16,673,523	4,144,565	2,805,709	46,711	178,807	31,833,263
	17,656,127	4,017,436	2,889,702	40,988	170,215	31,723,722

COUNTY OF GREENE, VIRGINIA

General Government Expenditures by Function (1) (2) (3)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2004-05	\$ 1,676,743	\$ 457,766	\$ 3,093,339	\$ 1,773,878	\$ 3,191,946
2005-06	1,956,994	560,382	3,770,266	1,945,098	3,578,360
2006-07	1,945,296	622,346	3,928,340	2,125,007	3,500,069
2007-08	2,158,358	678,909	4,531,360	2,554,880	3,443,399
2008-09	2,124,961	656,157	4,776,585	2,541,465	3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402
2012-13	2,456,653	772,434	6,159,573	1,523,644	3,255,905
2013-14	2,328,762	832,496	6,483,005	1,448,788	3,360,846

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 3

	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	23,617,509	\$	314,040	\$	1,139,356	\$	19,784	\$	2,876,505	\$	38,160,866
	25,201,395		348,136		1,334,218		12,410		2,724,879		41,432,138
	26,721,702		380,581		1,301,761		21,388		2,888,431		43,434,921
	28,547,616		447,416		1,449,780		45,083		2,922,220		46,779,021
	29,662,860		706,843		1,587,242		36,260		3,048,763		48,707,817
	29,708,011		498,169		1,695,747		21,595		2,585,804		47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760
	29,961,407		561,145		1,886,835		36,373		2,843,001		49,048,497
	31,054,835		539,347		1,848,327		91,223		2,945,886		50,647,827
	30,644,422		541,705		1,977,558		60,455		3,095,848		50,773,885

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2) (3)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2004-05	\$ 10,610,769	\$ 3,162,439	\$ 317,924	\$ 109,374	\$ 303,432
2005-06	11,972,582	3,337,544	497,799	137,339	552,293
2006-07	13,188,509	3,443,880	441,954	169,241	495,375
2007-08	14,826,839	3,506,466	358,989	138,146	231,464
2008-09	15,625,373	3,554,550	316,414	184,505	101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473
2012-13	17,202,455	4,144,565	209,061	184,442	59,382
2013-14	17,795,002	4,017,436	193,509	171,559	55,395

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 4

Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
\$ 3,118,779	\$ 831,979	\$ 454,687	\$ 21,297,417	\$ 40,206,800
2,930,316	307,704	366,971	23,109,507	43,212,055
3,297,142	631,049	411,988	23,950,701	46,029,839
3,910,145	503,709	903,588	24,653,597	49,032,943
3,638,610	565,264	378,408	26,110,839	50,475,012
2,856,494	571,305	709,976	26,042,415	50,952,703
2,548,454	652,497	534,874	25,439,456	50,423,638
2,922,714	435,088	487,567	25,048,588	49,299,435
2,915,632	513,359	985,590	24,339,290	50,553,776
2,855,685	420,380	954,224	24,644,956	51,108,146

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) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2004-05	\$ 13,025,347	\$ 12,148,545	93.27%	\$ 478,118	\$ 12,626,663	96.94%	\$ 835,569	6.41%
2005-06	14,344,456	13,797,519	96.19%	539,040	14,336,559	99.94%	885,556	6.17%
2006-07	15,769,511	14,618,569	92.70%	622,838	15,241,407	96.65%	1,247,675	7.91%
2007-08	17,357,261	16,094,917	92.73%	726,361	16,821,278	96.91%	1,371,557	7.90%
2008-09	17,946,941	16,947,660	94.43%	693,868	17,641,528	98.30%	1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%
2012-13	18,649,051	18,076,828	96.93%	1,003,270	19,080,098	102.31%	1,767,242	9.48%
2013-14	18,795,003	18,123,626	96.43%	1,436,339	19,559,965	104.07%	1,364,252	7.26%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2004-05	\$ 997,124,352	\$ 86,733,245	\$ 243,900	\$ 36,472,249	\$ 1,120,573,746
2005-06	1,105,086,533	94,285,358	451,461	40,120,084	1,239,943,436
2006-07	1,367,588,892	99,210,035	813,020	29,459,777	1,497,071,724
2007-08	1,640,643,742	103,112,893	3,029,713	45,382,646	1,792,168,994
2008-09	1,793,032,015	101,216,300	4,734,675	41,346,332	1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441
2012-13	1,823,328,015	111,502,339	1,091,649	58,554,406	1,994,476,409
2013-14	1,781,327,215	110,887,337	358,716	57,338,030	1,949,911,298

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

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2004-05	\$	0.84/0.84	\$ 5.00/5.00	\$ 2.00/2.00
2005-06		0.84/0.84	5.00/5.00	2.00/2.00
2006-07		0.84/0.72	5.00/5.00	2.00/2.00
2007-08		0.72/0.72	5.00/5.00	2.00/2.00
2008-09		0.72/0.69	5.00/5.00	2.00/2.00
2009-10		0.69/0.69	5.00/5.00	2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50
2011-12		0.69/0.69	5.00/5.00	2.50/2.50
2012-13		0.69/0.72	5.00/5.00	2.50/2.50
2013-14		0.72/0.72	5.00/5.00	2.50/2.50

(1) Per \$100 of assessed value, 1st and 2nd half assessments

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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2004-05	15,244	\$ 1,120,573,746	\$ 36,485,615	3.26%	\$ 2,393
2005-06	16,900	1,239,943,436	52,264,532	4.22%	3,093
2006-07	17,165	1,497,071,724	50,658,356	3.38%	2,951
2007-08	17,714	1,792,168,994	48,207,781	2.69%	2,721
2008-09	17,881	1,940,329,322	45,155,798	2.33%	2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428
2012-13	18,856	1,994,476,409	44,252,984	2.22%	2,347
2013-14	19,320	1,949,911,298	41,309,088	2.12%	2,138

(1) Weldon Cooper Center for Public Service at the University of Virginia

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and revenue bonds; excludes capital leases, compensated absences, landfill closure/postclosure, and other postemployment benefits.

Schedule of Operating Revenues and Expenditures for Transportation Activity
For the Year Ended June 30, 2014

Revenues:		
State aid	\$	131,284
Federal aid		404,841
Fare collections		122,879
Greene County contribution for operations		<u>322,539</u>
Total revenues	\$	<u>981,543</u>
Expenditures:		
Salaries and fringes	\$	322,996
Materials and other expenditures		<u>658,547</u>
Total expenditures	\$	<u>981,543</u>
Excess of revenues over expenditures	\$	<u><u>-</u></u>

Transportation activity for the County of Greene, Virginia is included in the general accounting system of the County.

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Greene, Virginia's basic financial statements, and have issued our report dated January 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Greene, 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 Greene, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Greene, 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 County'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 the County of Greene, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 29, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Greene, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Greene, Virginia's major federal programs for the year ended June 30, 2014. County of Greene, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Greene, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Greene 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 Greene, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Greene, 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, 2014.

Report on Internal Control over Compliance

Management of the County of Greene, 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 the County of Greene, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Greene, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 29, 2015

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114/0040113/0040114	\$ 164,872
Total Department of Agriculture			\$ 164,872
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2013-53362-5077	\$ 7,898
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	K8-2014-54357-5605	4,506
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	60901-420113/420114	404,841
Total Department of Transportation			\$ 417,245
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Asset forfeiture proceeds	16.000		\$ 5,131
Bulletproof Vest Partnership Program	16.607		840
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12DJBX0272	2,821
Crime Victim Assistance	16.575	12VAGX0001	19,403
Total Department of Justice			\$ 28,195
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	77501 77502 79901 77601	\$ 6,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77603/77602	3,373
Total Department of Homeland Security			\$ 9,373
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950113	\$ 500
Temporary Assistance For Needy Families	93.558	0400113/0400114	112,353
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	1,068
Low-Income Home Energy Assistance	93.568	0600413/0600414	10,029
Chafee Education and Training Vouchers Program	93.599		626
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	15,852
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/0900114	826
Foster care - Title IV-E	93.658	1100113/1100114	71,439

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120113/1120114	\$ 31,862
Social Services Block Grant	93.667	1000113/1000114	77,237
Chafee Foster Care Independence Program	93.674	9150113/9150114	1,824
Children's Health Insurance Program	93.767	0540113/0540114	4,846
Medical Assistance Program	93.778	1200113/1200114	143,858
Total Department of Health and Human Services			\$ 472,320
Total Primary Government			\$ 1,092,005
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	2013IN109941/2014IN109941	\$ 68,624
Department of Education:			
National School Lunch Program	10.555	2013IN109941/2014IN109941	452,415
Total CFDA 10.555			\$ 521,039
School Breakfast Program	10.553	2013IN109941/2014IN109941	\$ 144,520
Total Department of Agriculture			\$ 665,559
DEPARTMENT OF EDUCATION:			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	\$ 347,709
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A120107/H027A130107	466,829
Special Education - Preschool Grants	84.173	H173A110112/H173A120112/H173A120112	17,427
Career and Technical Education - Basic Grants to States	84.048	V048A130046	38,666
Improving Teacher Quality State Grants	84.367	S367A120044/S367A130044	89,164
English Language Acquisition Grants	84.365	S365A110046/T365A120046	9,056
Total Department of Education			\$ 968,851
Total Component Unit School Board			\$ 1,634,410
Total Expenditures of Federal Awards			\$ 2,726,415

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GREENE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Greene, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County of Greene, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Greene, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

Nonmonetary assistance in the amount of \$68,624 is reported in the Schedule at the fair market value of the commodities received and disbursed.

Note 4 - 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	\$ 1,134,408
Less Payment in lieu of taxes	<u>(42,403)</u>
Total primary government	<u>\$ 1,092,005</u>

Component Unit School Board:

School Operating Fund	\$ 1,756,124
Less BAB subsidy	<u>(121,714)</u>
Total component unit school board	<u>\$ 1,634,410</u>

Total expenditures of federal awards per basic financial statements	<u>\$ 2,726,415</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,726,415</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
93.558	Temporary Assistance to Needy Families
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

There were no items reported in the prior year.