County of New Kent
Virginia

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2015

INTRODUCTORY SECTION

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COUNTY OF NEW KENT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared By:
Department of Financial Services

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COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2015

BOARD OF SUPERVISORS

C. Thomas Tiller, Jr., Chairman	District 2
Ronald P. Stiers, Vice Chairman	District 4
Thomas W. Evelyn	District 1
James H. Burrell	District 3
W. R. "Ray" Davis, Jr., Chairman	District 5

CONSTITUTIONAL OFFICERS

Karen A. Butler	Clerk of the Circuit Court
Laura M. Ecimovic	Commissioner of the Revenue
C. Linwood Gregory	Commonwealth's Attorney
Farrar W. "Wakie" Howard, Jr.	Sheriff
Norma C. Holmes	Treasurer

COUNTY ADMINISTRATIVE STAFF

Rodney A. Hathaway	County Administrator
Michelle M. Gowdy	County Attorney
Clarence G. Jackson	Building Official and Building Development Director
David Bednarczyk, Jr.	Buildings and Grounds Director
Jonathan R. Stanger	Chief Technology Director
Matthew J. Smolnik	Economic Development/Community Development Director
Mary F. Altemus	Financial Services Director
Richard A. Opett	Fire Chief and Emergency Management Coordinator
Kimberly C. Turner	Parks and Recreation Director
Lawrence A. Dame	Public Utilities Director
Jon C. Martz	Social Services Director

SCHOOL BOARD

Sarah Grier Barber, Chair	District 4
Dr. Gail B. Hardinge, Vice Chair	District 5
Brett C. Marshall	District 1
Dean M. Simmons	District 2
Leigh R. Quick	District 3

SCHOOL BOARD ADMINISTRATIVE STAFF

Dr. David A. Myers	Superintendent of Schools
Cynthia M. Pitts	Executive Director of Administration
Dr. R. Byron Bishop	Executive Director of Curriculum and Instruction
Haynie J. Morgheim	Executive Director of Finance and Budget
Ross A. Miller	Director of Instructional Technology, Testing and Accountability
Dr. Dianne Pollard	Director of Special Education and Student Services
Matthew T. Hilfer	Director of Technology

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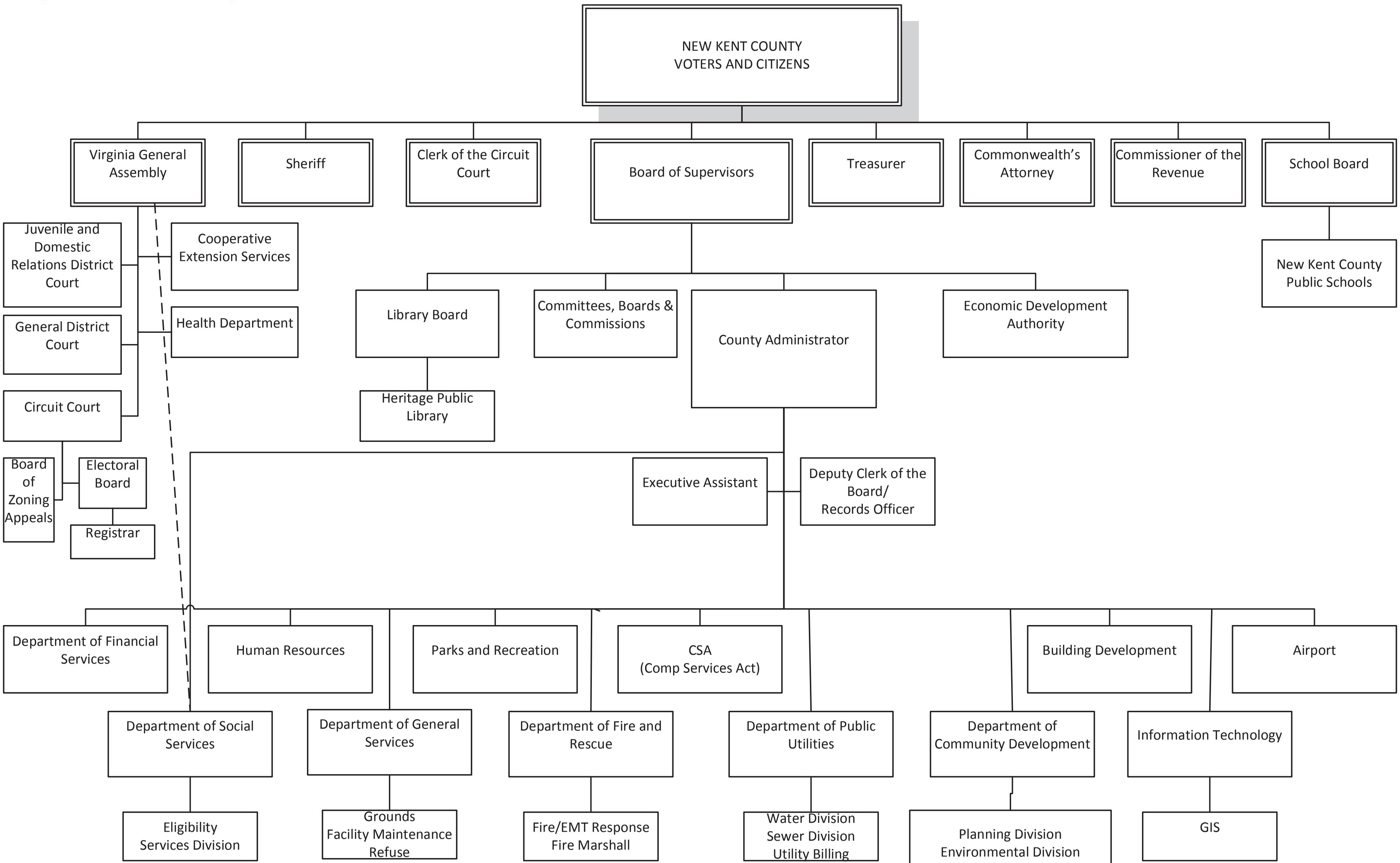
Organization of General Government Administrative Functions FY15



Effective 6/30/2015

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of New Kent

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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New Kent
COUNTY · VIRGINIA
A GREAT PLACE TO GROW

Board of Supervisors

Thomas W. Evelyn District 1
C. Thomas Tiller, Jr. District 2
James H. Burrell District 3
Ron Stiers District 4
W. R. "Ray" Davis, Jr. District 5

Rodney A. Hathaway
County Administrator

www.co.new-kent.va.us

December 1, 2015

To The Honorable Members of the Board of Supervisors and the Citizens of the County of New Kent:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of New Kent County (the County) for the fiscal year ended June 30, 2015. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the County of New Kent Department of Financial Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Virginia Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

The County's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The

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New Kent (804) 966-9861 / Toano (757) 564-3480 / Fax (804) 966-9370

standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the document. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the County

The County of New Kent (the "County") is home to approximately 20,164 people per the University of Virginia Weldon Cooper Center's 2014 annual official Population Estimates for Virginia and its counties and its cities. In fact, New Kent County was reported as the 9th fastest growing locality in Virginia. At the time of the 2010 census, the population of the County was approximately 18,429. Even though the population density is at approximately 95 persons per square mile, demonstrating the County still remains primarily rural; the County has undergone significant development over the past several years with growth spread fairly evenly throughout the County.

The County is comprised of about 212 square miles and is strategically located between two of the nation's most dynamic Metropolitan Statistical Areas (MSA): Richmond-Petersburg and Williamsburg-Hampton Roads. At the heart of the Central East Coast, New Kent is within 750 miles of over 55% of the nation's population and nearly 60% of its personal income and consumer expenditures. Richmond is 15 miles to the west, Williamsburg is 15 miles east, Norfolk is 60 miles southeast and Washington D.C. is 100 miles north. It is bisected by I-64 with four high-traffic count exits, and its intersection with I-295 is just 4 miles to the west of the County line. While the County's rural atmosphere has been preserved, the I-64 corridor with its utilities, business sites, and amenities is growing with commercial and residential activity.

The County was created by an act of the House of Burgesses on November 20, 1654. The settlers were of English stock and the County was named for Kent of England. Land grants to the early settlers along the rivers led to large plantations and palatial manor houses, fostering a way of life long associated with our colonial era. The European history of New Kent began with the visit of Captain John Smith in 1607. At that time, it encompassed portions of today's surrounding counties: Hanover, King William, King and Queen, James City, Charles City and Henrico.

The County of New Kent has a County Administrator form of government with five voter-elected members of the Board of Supervisors (the "Board") who serve four-year terms and represent five distinct election districts. The Board of Supervisors appoints a County Administrator who serves at the pleasure of the Board and is the County's chief administrative officer. The duties of the County Administrator include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County's Department Directors, and overseeing the daily administration of the County Government. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, and approving and enforcing the County's Comprehensive Plan and ordinances. A Chairperson and Vice Chairperson are selected by the Board on an annual basis from among the members of the Board. In addition to the Board, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. There is also an elected five-member School Board.

The County government is responsible for providing a wide array of governmental services for its citizens including animal control, building inspections, planning and community development, economic development, tourism, water and sewer services, disposal of refuse, parks and recreation, libraries/culture, police and fire services, emergency medical services, E911 and emergency services, and health and social services. Other services provided by the County, which receive partial funding from the State and Federal governments, include: 1) public education in grades kindergarten through twelve; 2) certain technical, vocational and special education programs; 3) mental health assistance; 4) agricultural services; 5) judicial activities; juvenile detention services and 6) airport services. The Commonwealth of Virginia is responsible for the construction and maintenance of highways, streets, and infrastructure located within the County.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well at its component units, which are legally separate organizations for which the County is financially accountable. Discretely presented component units qualifying for inclusion in this report are the New Kent County School Board (the "School Board") and the New Kent County Economic Development Authority (the "EDA"). Discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions, results of operation and cash flows from those of the primary government.

The annual budget serves as the foundation of the County's financial planning and control. The County Administrator conducts an annual budget kick-off meeting in November. Each year, budget submission packages are emailed to County departments and outside agencies, and are due to the Department of Financial Services in January. The County Administrator uses these requests as the starting point for developing a proposed budget. The proposed budget is reviewed by the Budget Team made up of the County Administrator, Financial Services Director, Financial Services Assistant Director, and a departmental Director selected on a rotating basis. The Budget Team meets with Department Heads to discuss individual requests, goals and objectives and service requirements. Budget cuts and sometimes additions are made as the departments justify their requests by aligning departmental goals with the County's key performance areas.

In early March, the County Administrator submits a draft budget to the Board of Supervisors for consideration. This is a working document intended to facilitate Board work sessions to establish a blueprint for a funding and expenditure plan. The draft budget is simply a printout of departmental line-item budgets and does not include the wide array of information reflected in the adopted budget. A proposed budget is issued in April, and a public hearing is held in May to inform residents and to obtain citizen input. The Board of Supervisors is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County's fiscal year. A final budget is legally adopted through passage of a Budget Appropriation motion no later than June 30 for a fiscal year commencing on July 1. The proposed and adopted budgets also include funding for the first year of the five-year Capital Improvements Plan. The Budget Appropriation motion establishes budgetary appropriation amounts at the fund level (e.g., General Fund). The Code of Virginia requires that the School Board's requested budget be submitted in its entirety to the Board of Supervisors. Legislation passed in the 1978 General Assembly requires the County to approve an annual education budget by

May 1 or within 30 days of the receipt of estimates of educational funds to the County. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget.

The Board reviews its Bylaws at its January meeting and amends, as necessary, and readopts Bylaws at the February meeting. Included in the Bylaws are procedures for financial control. The Bylaws effectively establish a legal level of budgetary control, the lowest level at which the County Administrator may reallocate resources without Board approval, at the department level. He is authorized to transfer appropriations by line item within departments, except for payroll and employee benefits line items. The County Administrator does not have authority to transfer appropriations between departments or funds within the primary government's governmental funds. The Board of Supervisors must approve all other transfers and all requests for supplemental appropriations. The Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the School's total appropriated budget requires subsequent Board of Supervisors approval. All transfers are reported to the Board of Supervisors on a monthly basis.

Budget-to-actual comparisons are provided in this report for which an appropriated annual budget has been adopted. These comparisons are presented in the Required Supplementary Information section and Supporting Schedules under Other Supplementary Information of the financial statements.
The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Appropriations and encumbered amounts lapse at year-end. However, outstanding encumbrances and reserved fund balances outstanding at June 30 generally are re-appropriated on a case-by-case basis to the following fiscal year through supplemental appropriations.

Economic Overview

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy:

Despite challenging national economic conditions, New Kent has maintained population growth, business investment, and positive economic activity. While the adopted FY15 Budget did not reflect a reduction in existing services, going forward the County will face revenue and operational cost challenges that will test our ability to maintain our current service levels. It is anticipated that any recovery of the U.S. and State economies will remain modest and slow to materialize in the local housing market. We believe the local economy continues to be positioned to weather these tough economic conditions better than most localities, but it is becoming more of a challenge.

The County enjoys the fifth-highest median household income and the fourth-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, Virginia Metropolitan Statistical Area. (Source: U.S. Bureau of the Census 2013 Quick-Facts) The median household income ranking has remained consistent over the last few years but the poverty rate has increased from the 2nd lowest poverty rate as reported in 2009. While the County continues to be largely a bedroom community as documented in 2010 Census Bureau data with a negative 4,770 Net In-Commuters, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. As of June 2015, the

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Single-family home permits increased to 187 in FY 2013. This was the largest number of new single-family home permits obtained since FY 2009 in which only 130 permits were obtained. At the peak of the market in FY 2005, 340 single-family home permits were issued. There was a decrease in single-family home permits in FY 2014; only 162 permits were issued. (Source: University of Virginia, Weldon Cooper Center) There has been a steady increase in non-residential construction in the County although there were only 14 commercial building permits issued for construction in FY 2015, a decrease of four from FY 2014. Commercial building permits issued for additions and alterations have seen a decrease over the last four years. In FY 2012 there were 29 additions and alterations permits issued but only 15 for FY 2015. (Source: New Kent County Building Official and Building Development Office) Approximately 180 new homes are proposed to be constructed in 2016. (Source: New Kent County Department of Community Development)

New Kent actual taxable sales have steadily increased over the last twenty years. There was a 213% increase from 1996-2008. There was a decrease from a high of $94,688,177 in 2008 to $84,614,389 for 2009. From 2009–2014 taxable sales increased 35% to $114,139,747. The increase can be attributed to the increase in the business classification of Food and Beverage Stores which also is indicative of the increase in meals tax revenues. (Source: Virginia Department of Taxation, Taxable Sales in Virginia Counties and Cities Based on Retail Sales Tax Revenues – published quarterly with annual summary)

Economic development update: New Kent County is predominately rural in nature with approximately 66% of the County covered in pine and hardwood trees. Farming and forestry have been prominent to the New Kent County economy for many years. However, trends are changing, as the agricultural and forestry industries are in decline. In the second quarter of 2015, the largest employment industries were government (federal, state and local), followed by construction, health care and social assistance, retail trade, accommodation and food services and manufacturing. (Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 2nd Quarter (April, May, June 2015) The County's convenient access to surrounding metropolitan areas, via four interchanges of Interstate 64, has helped sustain the residential and economic expansion although repressed from prior fiscal years.

Due to the imbalance between residential and commercial activity, the County has continued to support its investment to promote business growth. The school and other public service demands resulting from a growing residential population have required the County to take positive steps toward the promotion of economic development and the maximization of the economic potential of its interstate interchanges. In order to address this potential challenge, the County leadership has proactively undertaken the following steps to position New Kent for continued economic growth:

- The Kentland Planned Unit Development (PUD) occupies approximately 3,165 acres and is located within the southeast quadrant of the Route 155/I-64 Interchange. The Kentland community will consist of a variety of residential, office, retail, and recreational uses designed originally to complement the Colonial Downs racetrack (which closed in FY15) and the Legends of New Kent golf complex. The Kentland PUD currently consists of approximately 1,300 lots that have been created for residential use and is approved for an additional 1,900 residential lots.

Also, a commercial area has been established that consists of a gas station, several restaurants, spa and the New Kent County Library.

- The New Kent Vineyards is a mixed use PUD that consists of approximately 2,500 acres located in the central area of the County near the Talleysville exit along State Route 106. When completed this development will consist of approximately 2,400 residential units and up to one million square feet of commercial space. The New Kent Winery opened in May 2008.

- Weir Creek Commerce Park, located on U. S. Route 33 is a 150 acre tract of land planned for an industrial park. Currently, the first phase of site preparation is complete which involves the construction of an access road and three pad sites that total approximately 36 acres.

- Rock Creek Villas is a development consisting of approximately 14.2 acres that proposes 60 age-restricted attached units to be supported by an 18,000 square foot commercial facility. The commercial facility has been fully constructed and leased. This leased space includes two restaurants, a fitness center, hair and nail spa, a dentist office, a community meeting room, and office space for small businesses.

- The Patriots Landing PUD consists of 253 acres in the western portion of the County located at the I-64 and Route 60 intersection. This development is planned for up to 638 residential units and new commercial and office uses will be located on both sides of the Food Lion grocery store, continuing along the Route 33/I-64 frontage totaling 29.5 acres. Single-family residential development is underway with approximately 235 new single family homes completed and 24 new townhomes completed.

- The Maidstone development has seen positive developments with 75 homes sold and another 80 lots under active development/construction. It is forecast that there will be development of a new section toward the middle of 2016.

To internally assess our financial health, the County has traditionally tracked State-published indicators of fiscal stress and median adjusted gross income. The most recent State report shows that New Kent has the 28th lowest level of fiscal stress and is ranked 18th highest in the median household income component of the fiscal stress index when compared to 134 Virginia localities. The fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are indicators of good fiscal health and are also indicative of the traditionally strong indicators that the County has improved over many years but the County is seeing the effect of the downturn in the economy. The median household income dropped from 20th to 21st in 2012 but increased to the 18th highest in 2013 whereas the fiscal stress indicator increased slightly from 27th in FY 2012 to 28th for FY 2013. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for FY2013*)

Long-term financial planning:

The County uses Financial Advisors to guide it through the long-term financial planning needed to address the growth of the County. The same firm, Davenport & Company LLC, has served the County on a contractual basis for eleven years.

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than $25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The County long had a non-debt funding strategy for the CIP that helped to strengthen the County's debt ratios. The Board members recognized that there was a need to improve and build new infrastructure, therefore, they increased borrowing and the debt ratios increased accordingly in recent years. The first decline in debt ratios since FY 2005 was realized in FY 2010. To offset the County's increased debt due to school renovations and the commitment to build a new high school, the Board voted in FY 2005 to set aside six cents of the real estate tax rate for future school capital debt expenditures and one cent of the tax rate for County capital. The practice continued in FY 2010 to set aside six cents of the real estate tax rate for school debt expenditures but one cent of the tax rate for County capital was not funded in FY 2010. The practice to set aside six cents of the real estate tax rate ended in FY 2011 although there are funds remaining from this practice that will allow the County to off-set debt service expenditures by $300,000 annually through FY 2016. The County's Capital Improvement Fund has accumulated funds due to the Board's policy requiring any funds in excess of 15% of budgeted revenues to be transferred from the General Fund into the Capital Fund. This plan was designed to reserve County savings for capital improvement projects that may have otherwise been debt financed.

The County developed and the Board voted to accept a Five-Year Capital Improvements Plan. It represents the County's attempt to quantify the impacts of future needs matched with a projection of available resources. Each year this plan is reviewed, updated and adopted by the Board, thereby indicating the priority of projects, etc. The County's CIP policy requires that the County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, will maintain its physical assets at a level adequate to protect the County's capital investment, and minimize future maintenance and replacement costs.

The County continues to maintain its conservative approach toward debt management. The portion of the County's operating budget dedicated for repayment of debt is set by policy at 12% of governmental fund expenditures.

The County is strategically positioned to take advantage of a large and diversified workforce running the gamut from industrial laborers to high tech specialists. The County's EDA offers free assistance to companies wishing to establish, relocate, or expand their businesses in New Kent. New Kent County has completed the third operational year of the Bridging Communities Regional Technical Center. The partnering school divisions include Charles City, King William, King and Queen, Middlesex and New Kent.

Relevant financial policies: The County Treasurer is responsible for investing County funds. Allowable investments include savings accounts, certificates of deposit, U. S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities and repurchase agreements. The County Treasurer seeks to safeguard principal, meet liquidity objectives and seek fair value rates of return. The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains a General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances. Policy guidelines have established this amount at a minimum of 15% of governmental fund budgeted revenues.

The County recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. A significant emphasis is placed on controlling departmental expenditures through accounts payable and purchasing policies and procedures. Also, expenditures are monitored through monthly reporting and monitoring of departments actual expenditures to budget.

Major initiatives and accomplishments: The County has aligned its professionalism, goals, and standards of operation with those of jurisdictions with much larger populations. Some of the initiatives completed over the past five years include:

- Renovated the Courthouse to provide adequate work space for the Juvenile and Domestic Court and Commonwealth's Attorney.
- Updated the Historic Courthouse to provide more efficient space for the School Board.
- Relocated the New Kent Office of Virginia Cooperative Extension to the historic school near the Courthouse Complex. This move not only brought Extension close to other County offices, but also saves in rent expenditures because the County now owns the historic school.
- Took advantage of numerous federal, state, private and foundation grant opportunities for County programs, services, and capital programs.
- Continued to formulate and review Formal Fiscal Management Policies for Board approval.
- Initiated and implemented energy savings programs and policies.
- Leased out the Human Services Building to provide adequate space for the Social Services Department in addition to bringing together other agencies related to the welfare of our citizens such as Bay Transit, the Health Department, and Colonial Water and Conservation.
- Refurbished the Administration Building.
- Modifications were made to the Historic School Gymnasium for Parks and Recreation use.
- Repairs were made to Fire Stations 1, 2, 3 & 4, as well as equipment was purchased for fire stations.
- Renovated the George Watkins Elementary School.
- Continued to purchase Sheriff's vehicles enabling the department to keep its fleet current.
- Continued to provide annual funding to the Computer Fund to have funds to replace computers at least every 5 years and to provide funds for the update of IT equipment.
- Continued to provide annual funding to provide three new school buses.
- Made improvements to the Animal Shelter.
- Purchased new ambulances.
- Provided funding for an ERP Needs Analysis.
- Purchased a new communications system.

Through careful monitoring of revenues and expenditures, adjustments in County spending were implemented, including holding vacant positions open. Capital purchases were made with cash-as-you-go funding to ensure the County would end the fiscal year in sound financial condition. The Board of

Supervisors has fostered this environment through consistently demanding innovation, effective planning, and financial prudence when allocating public resources.

Acknowledgements

The County utilizes its Website www.co.new-kent.va.us for a variety of purposes, which include presentation of the proposed budget document. The budget document serves as the best source for the variety of accomplishments of County functions, new initiatives and changes in service levels. In addition, the website also provides many other topics of interest including the minutes of the Board of Supervisors meetings. While many of those accomplishments could also be made in this report, it is the County's current intention to focus this report on the results of operations and analysis of the financial statements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of New Kent, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the eleventh year (FY04–FY14) that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Thanks also to the Office of the Commissioner of the Revenue, the Office of the Treasurer, the Community Development Department, Building Codes and Compliance Department, the Human Resources Department, the Economic Development Director, and the School Board Office. Special thanks must also be given to our independent accounting firm, Robinson, Farmer, Cox Associates for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. In addition, credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County finances.

Respectfully submitted,

Rodney A. Hathaway
County Administrator

Mary F. Altemus

Mary F. Altemus, CPA
Director of Financial Services

FINANCIAL SECTION

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Independent Auditors' Report

To The Honorable Members of the Board of Supervisors
County of New Kent
New Kent, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-35, 104-105, and 106-111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of New Kent, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015, on our consideration of County of New Kent, 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 New Kent, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 10, 2015

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County of New Kent, Virginia
Management's Discussion and Analysis

This section of the County of New Kent's (the "County") comprehensive annual financial report offers a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015 (FY 2015). Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2015

- The assets and deferred outflows of resources of the County, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources by $117,665,285 (net position) at the close of the most recent fiscal year. Of this amount, $31,795,789 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. (See Exhibit 1)

- The County's total net position, excluding component units, when compared to FY 2014, decreased by $1,420,288 of which the governmental activities decreased by $972,597 and business-type activities decreased by $447,691. (See Exhibit 1)

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $25,929,605, an increase of $3,429,960 in comparison with the prior year. Approximately 92.8% of this total amount, $24,060,601, is *available for expenditure* at the County's discretion (*Assigned and Unassigned Fund Balance*). The $24,060,601 consists largely of $8,169,368 unassigned in the General Fund, a negative $13,659 unassigned in the Airport Fund, $15,237,557 assigned in the County Capital Improvements Fund and $667,433 assigned in the School Construction Fund. Approximately $11.2 million of the $15,237,557 in the County Capital Improvements Fund is currently unencumbered. Of the $11.2 million unencumbered balance, $5.0 million is related to unissued debt for the Historic School renovation project. (See Exhibit 3)

- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled $8,169,368 or 16.35% of governmental fund expenditures and transfers to other funds totaling $49,974,246. FY 2014 reflected an assigned and unassigned fund balance for the General Fund of 7,674,050 or 15.89% of governmental fund expenditures and transfers to other funds totaling $48,285,121. Per County financial policy, the amount by which the audited unassigned fund balance exceeds 15% of budgeted revenues is transferred to the Capital Improvements Fund for future capital procurements. For FY 2015, the County transferred $1,972,736 from the General Fund to the Capital Improvements Fund, leaving $8,169,368 of unassigned fund balance in the General Fund. (See Exhibits 3 and 5)

- On the government-wide basis for governmental activities, expenses net of program revenue totaled $32,808,651. Expenses net of program revenues are less than the general revenues of $33,563,887 by $755,236. The $32,808,651 represents the amount by which governmental expenses exceed charges for services and operating/capital grants. It is a good indicator of the government's reliance on tax revenues. (See Exhibit 2)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements, which 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.

For over 20 years, the primary focus of local government financial statements was to summarize fund type information on a current financial resource basis to provide short-term information about the County's overall financial status. This approach was modified with issuance of the Governmental Accounting Standards Board (GASB) Statement 34. Since FY 2003, the County's financial statements have presented two kinds of statements, each with a different snapshot of the County's finances. The focus is on both the County as a whole (government-wide) and the fund financial statements (governmental funds, special revenue, enterprise, fiduciary and internal service funds). The government-wide statements provide both short-term and long-term information about the County's overall financial status. The fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail and reinforcing the information provided in the government-wide statements.

GOVERNMENT-WIDE STATEMENTS

The *government-wide financial statements* report information about the County as a whole using accounting methods similar to those used by private-sector companies. The County implemented the financial reporting provisions of Statement No. 63 of the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements has not changed as a result of implementing this Statement and no restatement of prior balances is required. The County early implemented the financial reporting provisions of the GASB Statement No. 65 for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

One of the most important questions asked about the County's finances is, "Is the County as a whole in better or worse financial condition as a result of this year's activities?" The Statement of Net Position and the Statement of Activities, which make-up the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Governments report all capital assets in the government-wide Statement of Net Position and report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities.

The Statement of Net Position and the Statement of Activities report the County's net position and the changes that occurred in the current year. The County's net position - the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources - is one way to measure the County's financial health, or financial position. Over time, increases and decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. In addition, other nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure will need to be considered in order to assess overall financial health.

In the Statement of Net Position and the Statement of Activities, we divide the County into three types of activities:

- **Governmental Activities** – Most of the County's basic services are reported here: general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, environmental management and community development. Property taxes, other local taxes, and revenue from the state and federal government finance most of these activities. See Exhibits 1 and 2 of this report.

- **Business-Type Activities** – The County's operation, maintenance and construction of the County-owned water and wastewater (sewer) utility are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide. The County provides no financial support to this fund. See Exhibits 7 & 8 of this report.

- **Component Units** – The County includes two separate legal entities in its report – the County of New Kent School Board (the School Board) and the Economic Development Authority (the EDA). Although legally separate, these "component units" are important because the County is financially accountable and the County has influence over their budget activities. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in Exhibits 1 and 2 of this report.

FUND FINANCIAL STATEMENTS

The *fund financial statements* focus on the County's most significant funds, not the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability and budgetary control. All of the funds of the County can be divided into three types of funds:

- **Governmental Funds** – The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Airport Fund, Debt Service Fund, County Capital Improvements Fund and the School Construction Fund, all of which are considered major funds. Under the heading Other Governmental Funds is the Human Services Fund, and it is considered to be a non-major fund.

  Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance County programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or reconciles the differences) between the two types of statements. The basic governmental funds financial statements are located in Exhibits 3 through 6.

- **Internal Service Funds** – Accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board. See Exhibit 31 of this report.

- **Proprietary Funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information.

  The County's Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide statements, but the fund financial statements provide more detail and additional information, such as cash flow. The Enterprise Fund accounts for the operation of the County's water and sewer utility system. The proprietary fund financial statements are located in Exhibits 7 through 9 of this report.

- **Fiduciary Funds** – The County is the trustee, or fiduciary, for Agency Funds which include Special Welfare and Supplemental Security Income benefits for Department of Social Services clients. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Net Position and Statement of Revenue, Expenses, and Changes in Fund Net Position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its own operations. The fiduciary fund financial statement can be found in Exhibit 10.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-107 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary comparisons of the General Fund and Airport Fund and the County's progress in funding its obligation to provide pension benefits to its employees as well as its progress in funding the Schools' retiree healthcare plan. The footnotes and other required supplement information reflect additional schedules and exhibits pertaining to the County's pension liability as it relates to the Virginia Retirement System. Required supplementary information can be found starting on page 108 of this report.

Other Supplementary Information contains the schedule of revenues, expenditures and changes in fund balances (budget and actual) for the Debt Service Fund, County Capital Improvements Fund, and the non-major Special Revenue Fund. Also included are the statement of fiduciary net position of the

Fiduciary Fund and the statement of changes in assets and liabilities of the Agency Funds. Other Supplementary Information can be found starting on page 116 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $117,665,285 at the close of the most recent fiscal year.

A large portion of the County's net position ($85,772,009, 72.9% of total) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment less related debt). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future expenditure. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate related liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Statement of Net Position – Primary Government

The following table reflects a summary of condensed information on the County's net position at June 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
Current and other Assets	$ 29,555,558	$ 26,108,370	$ 7,644,931	$ 7,080,905	$ 37,200,489	$ 33,189,275	$ 6,016,326	$ 5,316,533
Capital Assets	79,455,958	80,565,732	80,092,608	80,382,595	159,548,566	160,948,327	22,496,327	21,304,762
Total Assets	**$ 109,011,516**	**$ 106,674,102**	**$ 87,737,539**	**$ 87,463,500**	**$ 196,749,055**	**$ 194,137,602**	**$ 28,512,653**	**$ 26,621,295**
Deferred Outflows of Resour	$ 3,465,829	$ -	$ 1,202,539	$ 1,220,977	$ 4,668,368	$ 1,220,977	$ 2,530,702	$ -
Total Assets and Deferred Outflows of Resources	**$ 112,477,345**	**$ 106,674,102**	**$ 88,940,078**	**$ 88,684,477**	**$ 201,417,423**	**$ 195,358,579**	**$ 31,043,355**	**$ 26,621,295**
Current and other Liabilities	$ 2,227,756	$ 2,695,952	$ 590,827	$ 569,442	$ 2,818,583	$ 3,265,394	$ 3,734,741	$ 3,348,200
Long-term Liabilities	62,812,219	56,660,743	16,800,213	16,264,757	79,612,432	72,925,500	24,977,176	1,000,157
Total Liabilities	**$ 65,039,975**	**$ 59,356,695**	**$ 17,391,040**	**$ 16,834,199**	**$ 82,431,015**	**$ 76,190,894**	**$ 28,711,917**	**$ 4,348,357**
Deferred Inflows of Resource	$ 1,174,672	$ 82,112	$ 146,451	$ -	$ 1,321,123	$ 82,112	$ 3,823,578	$ -
Total Liabilities and Deferred Inflows of Resources	**$ 66,214,647**	**$ 59,438,807**	**$ 17,537,491**	**$ 16,834,199**	**$ 83,752,138**	**$ 76,273,006**	**$ 32,535,495**	**$ 4,348,357**
Net Position								
Net Investment in Capital As	$ 21,130,986	$ 24,578,103	$ 64,641,023	$ 65,443,647	$ 85,772,009	$ 90,021,750	$ 22,496,327	$ 21,304,762
Restricted For:								
E-911	72,689	85,707	-	-	72,689	85,707	-	-
Asset Forfeiture	24,063	25,230	-	-	24,063	25,230	-	-
Litter Control	735	701	-	-	735	701	-	-
Unrestricted (deficit)	25,034,225	22,545,554	6,761,564	6,406,631	31,795,789	28,952,185	(23,988,467)	968,176
Total Net Position	**$ 46,262,698**	**$ 47,235,295**	**$ 71,402,587**	**$ 71,850,278**	**$ 117,665,285**	**$ 119,085,573**	**$ (1,492,140)**	**$ 22,272,938**

As prior year information related to pensions was not available, FY 2014 totals have not been restated to reflect GASB 68 calculations.

Current and other assets for the primary government increased $4,011,214 from the prior year. Of this amount, $3,447,188 is attributable to the governmental funds and $564,026 is related to business-type activities. Of the $3,447,188 increase in governmental funds, cash and cash equivalents increased $3,837,291 as a result of the following, when compared to FY 2014.

Description	Total
General Fund Increase	$ 433,288
Airport Fund	-
Debt Service Fund Increase	302,849
Capital Fund - Unexpended Bond Escrow	4,066,139
Capital Fund - Nonbond Cash	(992,574)
Other Governmental Fund	27,589
Net Cash Increase	$ 3,837,291

The above $4,066,139 unexpended bond escrow is related to bonds that were issued for the construction of a public radio system in the County. The schedule below denotes other changes in various FY 2015 current asset totals when compared to the previous year.

Description	General Fund	Airport	Debt Service	Capital Projects	School Construction	Other Gov Funds	Increase (Decrease)
Cash and cash equivalents	$ 433,288	$ -	$ 302,849	$ 3,073,565	$ -	$ 27,589	$ 3,837,291
Receivables-net of allowance for Uncoll:	-	-	-	-	-	-	-
Taxes receivable	10,752	-	-	-	-	-	10,752
Accounts receivable	25,536	(1,330)	-	-	-	-	24,206
Due from other governmental units	(78,128)	(242,304)	-	-	-	(23,425)	(343,857)
Prepaid items	(69,793)	(11,509)	-	-	-	98	(81,204)
Net changes for fund	$ 321,655	$ (255,143)	$ 302,849	$ 3,073,565	$ -	$ 4,262	$ 3,447,188

With the exception of taxes receivable, which reflects a small increase of $10,752 when compared to the prior year, the remaining totals in the above schedule are subject to many variables and circumstances which do not necessarily provide insight regarding changes in operating results. They are primarily based on the timing of receipts and payments which change from year to year. The $564,026 change in business-type current and other assets is primarily due to a $543,561 increase in cash related to current year capital projects that will be completed in FY 2016.

Overall, capital assets for the primary government declined $1,399,761, which consists of a $1,109,774 decline in governmental assets and a $289,987 decline in business-type assets. Of the $1,109,774 decline in capital assets for governmental activities when compared to FY 2014, new asset additions for the governmental funds reflect an overall net increase of $862,260, while depreciation reflects a net increase of $1,972,034. The $289,987 overall decline in capital assets for business-type activities is due to a $1,152,915 increase in capital purchases, and a net increase in depreciation totaling $1,442,902.

FY 2015 total liabilities of $82,431,015 increased $6,240,121 when compared to the prior fiscal year total of $76,190,894. Of this amount, current and other liabilities reflect a $446,811 decrease and long-term liabilities reflect a $6,686,932 increase. The $6,686,932 increase in long-term liabilities is directly related to new governmental debt in the amount of $4,850,000 issued for the new public radio system and new business-type debt in the amount of $1,039,946 issued for the Route 249 waterline expansion project. It is also due to net pension liabilities in the amount of $1,010,415 for governmental activities and $136,741 for business-type activities. In accordance with the requirements of Government Accounting Standards Board (GASB) pronouncement 68, net pension liabilities must now be reflected in a government's financial statements. The net pension liability is the amount by which the total pension liability (promised benefits) exceeds the plan's net position. Previously, these amounts were reported in the footnotes to the financial statements, but not reflected on the face of the financial statements.

When compared to the previous fiscal year, deferred outflows of resources increased a total of $3,447,391, and deferred inflows of resources increased $1,239,011. Of these two amounts, general government outflows of resources reflect an increase of $3,465,829, while business-type outflows reflect a decrease of $18,438 over the prior year. The $3,465,829 increase in general government activities is related to deferred charges in the amount of $2,769,928 regarding the refinancing of the Series 2006 bonds, and $695,901 related to the recording of the pension liability (and related expense) in accordance with the requirements of GASB pronouncement 68.

The net position of the primary government, which totals $117,665,285, declined $1,420,288 (1.2%) when compared to the FY 2014 total of $119,085,573. This change is summarized in the following schedule, and was discussed above.

Category	FY 2015	FY 2014	Increase (Decrease)
Current & Other Assets	$ 37,200,489	$ 33,189,275	$ 4,011,214
Capital Assets	159,548,566	160,948,327	(1,399,761)
Deferred Outflows of Resources	4,668,368	1,220,977	3,447,391
Total Assets	$ 201,417,423	$ 195,358,579	$ 6,058,844
Current & Other Liabilities	2,818,583	3,265,394	(446,811)
Long-term Liabilities	79,612,432	72,925,500	6,686,932
Deferred Inflows of Resources	1,321,123	82,112	1,239,011
Total Liabilities	$ 83,752,138	$ 76,273,006	$ 7,479,132
Net Position	$ 117,665,285	$ 119,085,573	$ (1,420,288)

As indicated above, the $4,011,214 increase in current and other assets is due to unexpended bond escrow funds totaling $4,066,139 related to bonds that were issued for the construction of the new public radio system in the County. The $1,399,761 decline in capital assets is primarily due to depreciation, while the $3,447,391 increase in deferred outflows of resources is primarily related to deferred charges totaling $2,769,928 regarding the refinancing of the 2006 bonds. The $6,686,932 increase in long-term liabilities is directly related to new governmental debt in the amount of $4,850,000 issued for the new public radio system and new business-type debt in the amount of $1,039,946 issued for the Route 249 waterline expansion project. The increase in long-term liabilities is also due to pension liabilities in the amount of $1,010,415 for governmental activities and $136,741 for business-type activities. The $1,239,011 increase in deferred inflows of resources is due to pension expense in the amount of $1,228,617 and an increase in property tax deferred revenue in the amount of $10,394.

Net position, which totals $117,665,285, consists of the following components, which are discussed below.

Net Position	FY 2015 Governmental	Business-Type	Total
Net investment in Capital Assets	$ 21,130,986	$ 64,641,023	$ 85,772,009
Restricted for:			
E-911 Wireless Fund	72,689		72,689
Asset Forfeiture	24,063		24,063
Litter Control	735		735
Unrestricted	25,034,225	6,761,564	31,795,789
Total Net Position	$ 46,262,698	$ 71,402,587	$ 117,665,285

Capital assets are used to provide services to citizens; and consequently, these assets are not available for future expenditure. The "restricted for" balances are related to grants and must be expended in accordance with the terms of the applicable award document. The unrestricted balances of $25,034,225 for the governmental funds and $6,761,564 for the business-type funds have no restrictions and are available for future appropriation by the Board of Supervisors.

Statement of Net Position – Component Units

The School Board and Economic Development Authority (EDA) make up the County's component units. For FY 2015, the net position for the component unit reflected a negative fund balance of $1,492,140, which compares to a positive net position of $22,272,938 for FY 2014. The $23,765,078 change in net position is directly related to the School's net pension liability in accordance with the requirements of GASB pronouncement 68. The School Board net pension liability totaled $23,977,000. The negative $1,492,140 component unit net position consists of a negative $2,627,283 for Schools and $1,135,143 for the EDA. There were no major changes in the remaining assets and liabilities when compared to FY 2014.

In FY 2013, an internal service fund was established to account for the School Board's self-funding of employee health care benefits. At June 30, 2015, the fund reflected a net position of $634,852, which includes assets of $894,103 and liabilities of $259,251. Net position increased $203,622 due to an increase in funds on deposit with the self-insurance administrator. The School Board has fiscal agent responsibilities for the Bridging Communities Regional Career and Technical Center which opened in September 2013 in New Kent County. The opening of the Bridging Communities Regional Career and Technical Center represents a remarkable collaborative effort among the counties of Charles City, King William, King and Queen, Middlesex and New Kent. This was the first regional career and technical education center to be established in Virginia in twenty-five years.

Legislation (Section 15.2-1800.1) enacted in 2002 changed the reporting of local school board capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board discrete column on the Statement of Net Position, along with the related debt. Under the 2002 law, local governments have a "tenancy in common" with the school board whenever the locality incurs a financial obligation for the purchase of school assets when payable over more than one year. The Commonwealth of Virginia requires counties, as well as their financially dependent component units, to debt finance asset purchases under a single structure; and therefore, counties issue debt to finance the capital assets needs, such as public schools, of their component units. Until such time as the related debt is repaid, the County maintains ownership and reflects the asset and related depreciation on the Statement of Net Position. As the debt related to these assets is paid annually, a corresponding amount of capital assets is transferred from the County to the School Board. The effect of this law for the year ended June 30, 2015 is that School-financed assets (net of accumulated depreciation) in the amount of $45,646,479 are reported in the Statement of Net Position for the primary government for financial reporting purposes.

Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also reflects the general revenue sources that fund governmental operations. The following table summarizes the revenue and expenses of government-wide activities for the fiscal years ended June 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program revenues:								
Charges for services	$ 1,397,835	$ 1,280,757	$ 4,412,395	$ 3,840,240	$ 5,810,230	$ 5,120,997	$ 710,962	$ 624,260
Operating grants and contributions	3,542,972	3,966,842	-	-	3,542,972	3,966,842	14,860,329	13,803,539
Capital grants and contributions	-	336,649	-	-	-	336,649	-	-
General revenues:								
Property taxes	25,661,803	25,046,147	213,391	132,638	25,875,194	25,178,785	-	-
Other taxes	4,069,547	3,869,620	-	-	4,069,547	3,869,620	-	-
Unrestricted revenues from use of money and property	553,401	538,920	52,533	52,923	605,934	591,843	8,354	10,177
Miscellaneous	354,380	614,507	-	-	354,380	614,507	123,841	143,858
Grant and contributions not restricted to specific programs	2,924,756	2,924,793	-	-	2,924,756	2,924,793	-	-
Payment from New Kent County	-	-	-	-	-	-	15,283,828	15,334,744
Transfers	-	-	-	-	-	-	-	-
Total Revenue	$ 38,504,694	$ 38,578,235	$ 4,678,319	$ 4,025,801	$ 43,183,013	$ 42,604,036	$ 30,987,314	$ 29,916,578
Expenses:								
General government administration	$ 3,460,790	$ 3,540,907	$ -	$ -	$ 3,460,790	$ 3,540,907	$ -	$ -
Judicial administration	1,467,720	1,958,406	-	-	1,467,720	1,958,406	-	-
Public safety	7,874,442	7,748,268	-	-	7,874,442	7,748,268	-	-
Public works	1,382,495	2,020,146	-	-	1,382,495	2,020,146	-	-
Health and welfare	2,533,163	2,547,174	-	-	2,533,163	2,547,174	-	-
Education	16,771,912	16,107,096	-	-	16,771,912	16,107,096	-	-
Parks, recreation, and cultural	736,236	754,994	-	-	736,236	754,994	-	-
Community development	950,049	855,116	-	-	950,049	855,116	-	-
Interest on long-term debt (restated)	2,572,651	2,581,399	-	-	2,572,651	2,581,399	-	-
Business type activities:								
Water & Sewer	-	-	4,016,909	4,573,366	4,016,909	4,573,366	-	-
Bottoms Bridge	-	-	875,271	889,145	875,271	889,145	-	-
Component Units:								
School Board	-	-	-	-	-	-	29,327,674	28,543,738
Economic Development Authority	-	-	-	-	-	-	78,774	83,062
Total Expenses	$ 37,749,458	$ 38,113,506	$ 4,892,180	$ 5,462,511	$ 42,641,638	$ 43,576,017	$ 29,406,448	$ 28,626,800
Change in net position	$ 755,236	$ 464,729	$ (213,861)	$ (1,436,710)	$ 541,375	$ (971,981)	$ 1,580,866	$ 1,289,778
Transfers	-	-	-	-	-	-	-	-
Change in net position	755,236	464,729	(213,861)	(1,436,710)	541,375	(971,981)	1,580,866	1,289,778
Net position - beginning	45,507,462	46,770,566	71,616,448	73,286,988	117,123,910	120,057,554	(3,073,006)	20,983,160
Net position - ended	$ 46,262,698	$ 47,235,295	$ 71,402,587	$ 71,850,278	$ 117,665,285	$ 119,085,573	$ (1,492,140)	$ 22,272,938

As prior year information related to pensions was not available, FY 2014 totals have not been restated to reflect GASB 68 calculations. Therefore, beginning net position for FY 2015 does not agree to the ending net position for FY 2014.

Governmental Activities: For the fiscal year ended June 30, 2015, revenues for governmental activities totaled $38,504,694, a decrease of $73,541 when compared to the FY 2014 total revenues of $38,578,235. This increase is primarily related to the following factors:

- Charges for services increased $117,078 when compared to the prior year. The net change is due to a variety of small changes relative to numerous revenue accounts. The most significant changes include a $164,676 increase for permits and fees, and a $19,163 increase for recreation programs. The increase in permits and fees is directly related to new storm water fees, which totaled $102,649 for FY 2015.

- Operating grants and contributions, which totaled $3,542,972, declined a combined $423,870. Most of this decrease is related to Public Safety which reflects a net decline of $409,478. The other major decrease was in Judicial Administration, which declined $22,739. The County receives a variety of public safety grants for which the terms and related receipts fluctuate annually. These fluctuations make it difficult to draw conclusions about future grants and receipts that the County may or may not receive. The reader is better served by looking at trends for all programs over an extended period. These grants are appropriated upon receipt of award letters during the fiscal year and are not reflected in the annual adopted budget. The following schedule denotes operating grants and contributions as reflected on the Statement of Activities for FY 2011 to FY 2015.

Program	FY11	FY12	FY13	FY14	FY15
General Government	$ 204,604	$ 221,097	$ 210,095	$ 203,821	$ 210,804
Judicial Administration	485,392	482,562	480,000	506,242	483,503
Public Safety	1,242,527	1,986,423	1,811,068	1,904,736	1,495,258
Public Works	-	-	16,994	59,654	54,548
Health & Welfare	1,280,484	1,136,878	1,153,627	1,281,886	1,292,502
Parks, Recreation & Cultural	4,500	4,500	8,541	4,500	-
Community Development	143,537	19,068	-	6,003	6,357
	$ 3,361,044	$ 3,850,528	$ 3,680,325	$ 3,966,842	$ 3,542,972

- Governmental property tax collections increased $615,656 due to a $280,181 increase in personal property tax collections and a $562,786 increase in real estate. There was also a $347,984 decrease in the conversion to the accrual basis of accounting. The increase in real estate tax collections is related to the construction of new homes and retail establishments in the Bottoms Bridge section of the County. Personal property tax collections do not include $2,217,883 that the County receives annually from the Commonwealth of Virginia relative to the Personal Property Tax Relief Act (PPTRA). These revenues are included in state revenues.

- Other taxes include revenue from local sales and use taxes, recordation tax, consumer's utility taxes, electric consumption taxes, meals tax, business license tax, hotel tax, admission tax, motor vehicle registration fees and bank stock taxes. Combined, these taxes increased $199,927 primarily due to strong meals and sales tax collections related to several fast food and retail businesses that have located in the County in recent years. Currently, there are additional retail businesses under construction and therefore it is expected that this trend will continue.

- The $260,127 decrease in miscellaneous revenues is primarily related to the closing of Colonial Downs and the loss of off-track betting revenues. Current year off-track betting revenues, which totaled $24,527, declined $236,180 when compared to the FY 2014 off-track betting revenues totaled $260,707.

Fiscal year 2015 expenses, which totaled $37,749,458, declined $364,048 compared to FY 2014 expenses of $38,113,506 primarily due to the following:

- The $490,686 decrease in Judicial Administration is primarily the result of assets that were capitalized in the amount of $384,781.

- The $126,174 increase in Public Safety is primarily related to an increase in salary and benefit costs relative to new fire and rescue personnel positions.

- The $637,651 decrease in Public Works is directly related to capitalized assets in the amount of $610,055 that were originally expensed. Overall, non-capital (fund) expenditures only increased $35,326. These are the expenditures that are accounted for on the modified accrual basis of accounting.

- Education expenses increased $664,816 as a result of additional County funding in the amount of $420,000 for school operations. Most of the increase is related to instructional costs at the elementary and secondary levels.

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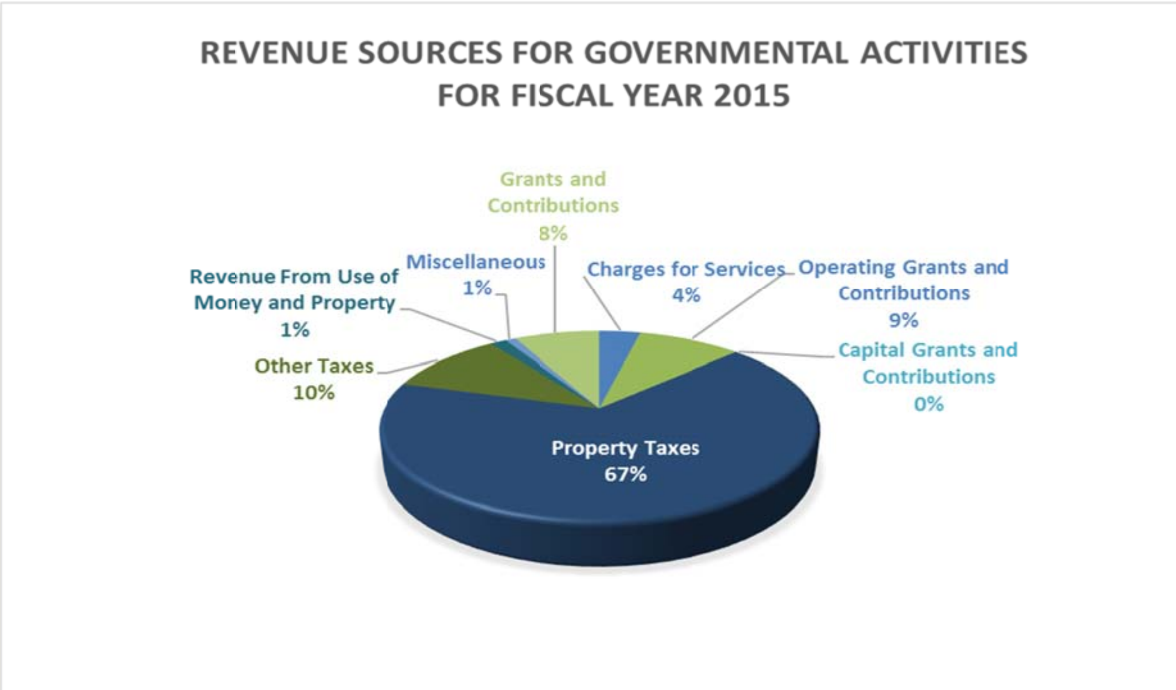
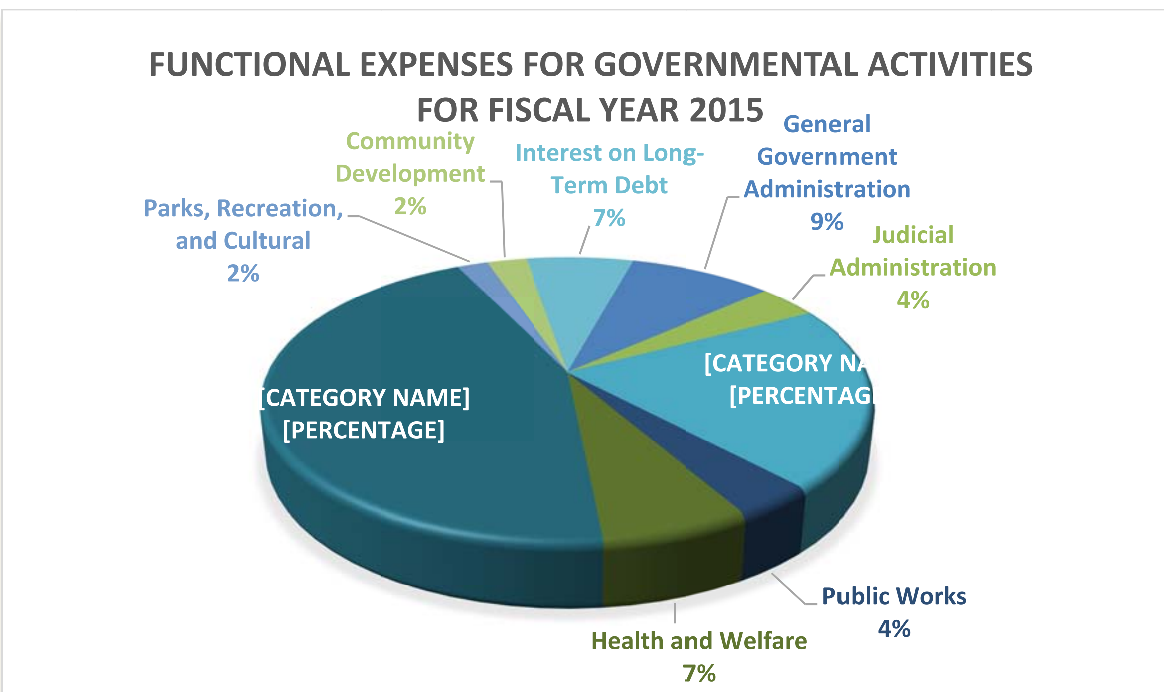
Revenues: The following chart summarizes the major sources of revenues for the governmental activities. Property taxes represent the largest source of funds at 67%, followed by other taxes at 10% and operating grants and contributions at 9%.



Expenses: The following chart summarizes the major sources of expenses for the governmental activities.



As indicated in the revenue chart on the prior page, property taxes (67%) and other taxes (10%) comprise 77% of County's revenue base. While the Board of Supervisors has statutory authority to increase property tax rates, there is very little opportunity for additional revenues relative to other taxes as these rates and fees are restricted by the Code of Virginia in many cases. One penny on the real estate tax rate for FY 2015 equates to approximately $247,736. Combined, grants and contributions make up 17% of County revenues; however, future receipts are uncertain due to fiscal stress at the federal and state levels.

For FY 2015, program expenses for governmental activities totaled $37,749,458 which includes a $12,518,475 transfer to the New Kent County School Board for operations. Of the $37,749,458 total, $1,397,835 was financed with charges for services and $3,542,972 from operating and capital grants and contributions. The $32,808,651 remainder was primarily funded with tax revenues totaling $29,731,350, which demonstrates the County's reliance on this revenue source.

As a result of the GASB Statement No. 34 financial reporting requirements, depreciation expense is allocated to governmental activities. The County's largest funded programs are local support for education, public safety and public works. Education continues to be one of the County's highest priorities and commitments, and for FY 2015 support for education totaled $16,771,912. In addition, the County continued its policy of allowing the School to carry forward unspent funds to its Capital Fund to be used for unplanned capital expenditures.

Business-Type Activities: Business-type activities related to the County's water and sewer operations reflect a decrease in net position of $213,861 for FY 2015. Similar to changes in net position attributable to governmental activities, changes in business-type activity net position also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The $213,861 change in net position is attributed entirely to the Water and Sewer Fund and FY 2015 depreciation in the amount of $1,532,179. As a new system with a relatively small customer base, operating revenues are not sufficient to pay operating expenses, and therefore, connection and available fees supplement operating costs. As a result, there are insufficient funds for current depreciation.

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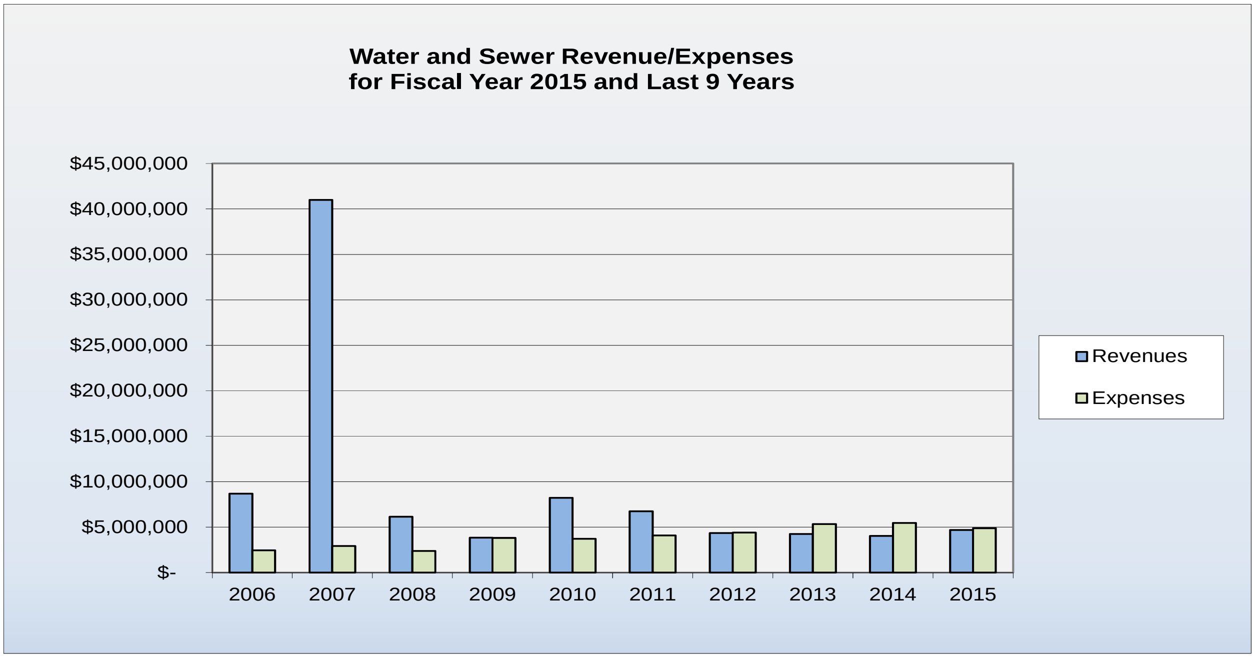


For FY 2015, revenues for the Enterprise Funds totaled $4,678,319, an increase of $652,518 when compared to the FY 2014 total of $4,025,801. Most of this increase is related to a $240,310 increase in water and sewer revenues, a $199,523 increase in connection fees and an $114,375 increase in availability fees. The increase in connection and available fees is primarily due to residential and retail construction activity in the Bottoms Bridge Service District. Expenses totaled $4,892,180, a decrease of $570,331 when compared to the prior year, which is directly related to capital expenses in the other charges functional expense category. Total revenue from property taxes totaled $213,391, an $80,753 increase over the prior year total of $132,638. This increase is due to a $0.05 increase in the service district real estate tax rate. These tax revenues are related to the Bottoms Bridge Service District which was established to support debt payments related to utility improvements in the designated area.

Component Unit – School Board: For FY 2015, revenues for the School Board totaled $30,980,529. The annual payment from the County is the largest component of revenues, totaling $15,283,828, or 49.3% of the total revenues. Operating Grants and Contributions is the second largest component of revenues for the School Board totaling $14,860,329 or 48% of the total revenues. Of this amount, funding from Commonwealth of Virginia totaled $13,542,638, an increase of $971,769 over the FY 2014 total of $12,570,869. Federal revenues totaled $1,317,691, an increase of $85,021 when compared to the prior year of $1,232,670. We anticipate that federal revenues will continue to reflect slow growth or decline in the short-term which will place additional stress on state and local budgets.

Component Unit – Economic Development Authority: The net position of the EDA decreased $71,989 from the prior year. EDA revenues which total $6,785 primarily consist of income from invested funds. Expenses totaled $78,774 are made up of activities to attract new businesses, encourage existing businesses to expand, and to promote tourism opportunities in the County. The EDA manages several business incentive programs that include assistance with signage and façade improvements, grants to new businesses locating to the County, and grants to assist existing businesses with expansion projects.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds: The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. The expenditure of resources is driven by the annual budget process. Such information is useful in assessing the County's financing requirements and compliance with budgetary restraints. At the end of FY 2015, the County's *governmental funds* reported a combined ending fund balance of $25,929,605, an increase of $3,429,960 from the prior fiscal year total of $22,499,645. Of the $3,429,960 increase, funds assigned for capital improvements increased $2,749,260 and the unassigned fund balance increased from $7,644,932 for FY 2014 to $8,155,611 for FY 2015 (an increase of $510,679).

GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions) was effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classifications: restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The GASB Statement No. 54 Fund Balance Policy resolution was presented to the Board of Supervisors and adopted on June 29, 2011.

As discussed previously, the June 30, 2015 total fund balance for governmental funds totaled $25,929,605 and is comprised of the following components:

- **Nonspendable - $305,976:** This amount is not available for expenditure and includes prepaid items.

- **Restricted - $97,487:** These are grant funds that have been restricted for E-911 wireless, clean county committee/litter control, and asset forfeiture.
- **Committed - $1,465,541:** Funds reported as committed are constrained for the computer fund ($73,339) and debt service ($1,392,202).
- **Assigned - $15,904,990:** These funds have been assigned (designated) for the procurement of Capital projects; $15,237,557 for County projects and $667,433 for future school construction.
- **Unassigned Fund Balance - $8,155,611:** These funds are generally available for future appropriation by the governing body. As discussed below, the County of New Kent maintains a fund balance equal to 15% of total budgeted General Fund revenues.

Although unassigned fund balance is viewed as the amount available for governing body appropriation, portions of the committed and assigned balances could be redirected with Board of Supervisor approval. Approximately $12.1 million of the $15,904,990 assigned fund balance is un-encumbered and available for future appropriation or transfer to other funds.

General Fund: The General Fund is the chief operating fund of the County. At the end of FY 2015, the fund balance for this fund totaled $8,637,701; an increase of $373,901 from the prior year total of $8,263,800. The County has established a policy to maintain a fund balance equal to 15% of budgetary revenues. Unassigned fund balances exceeding the 15% threshold are transferred from the General Fund to the County Capital Improvements Fund (Capital Fund) at year-end. For FY 2015, the County transferred $1,972,736 in excess funds to the Capital Fund which will be used to fund future capital procurements on a cash basis. For FY 2015, the Capital Fund reflects an assigned fund balance of $15,237,557; an increase of $2,749,260. The majority of this increase is due to the annual transfer of excess funds from the General Fund. There have been funds transferred to the capital projects fund for each of the past fourteen years because the budgeted revenues were conservative and expenditures monitored tightly. The $1,972,736 transfer amount for FY 2015 increased $671,553 due to the following:

Explanation	Amount
FY14 Transfer to County Capital Improvements Fund	$1,301,183
Overall Increase in the combined General Government Fund Balance ($10,610,436 - $9,564,982)	1,045,454
Overall decrease in carry forwards ($434,314 - $628,989)	(194,675)
Overall increase in pre-paid items ($366,402 - $292,110)	74,292
15% of the overall reduction in budgeted revenues ($49,753,885 - $51,444,009 x 0.15)	(253,518)
Total FY15 Transfer to Fund 007 (Excess over 15% of Fund Balance)	$1,972,736

Airport Fund: The Airport Fund is used to account for and report the financial resources and operations of the County Airport. The Fund is supported by local, state and federal funding. Local resources consist of fuel and oil sales, as well as hangar rental. Unlike other County capital improvements, most Airport facilities are eligible to be financed with grants totaling up to 98% of the costs. Grant funds from the Federal Aviation Administration (FAA) and the Virginia Department of Aviation (DOAV) are used for the majority of the capital improvements made to the airport facility. At the end of FY 2015, the fund balance for this fund totaled a negative $5,288, an increase of $3,950 from FY 2014. The negative balance is related to a single project that will require additional County funding in fiscal year 2016.

Debt Service Fund: The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. For FY 2015, the fund balance for this fund increased $302,849. This net increase is directly related to $486,136 that was transferred from the General Fund for future school construction projects. The fund balance of $1,392,202 is committed for the following future expenditures:

Explanation	Amount
Excess Funds – To be allocated for future Debt Service	$440,981
Future School Construction/Debt Service	951,221
Total Debt Service Fund Balance	$1,392,202

School Construction Fund: The School Construction Fund is used to account for financial resources to be used for construction of major School capital facilities. The School Construction Fund balance remained unchanged at $667,433 for FY 2015. It is anticipated that these funds will be expended for the Historic School renovation project.

Proprietary Funds: The County's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year totaled $6,761,564, an increase of $354,933 when compared to FY 2014 total of $6,406,631. Total net position for the proprietary fund decreased $447,691. Most of this decrease is related to depreciation expense which totaled $1,532,179. Water and sewer operating revenues for FY 2015 totaled $3,163,172, compared to $2,904,915 for FY 2014. This $258,257 increase is attributable to a 6% increase in utility rates. Connection and availability fees, which totaled $1,249,223 for FY 2015, increased $313,898. Connection fee revenue is a function of construction activity within the County, and varies annually. Operating expenses, which totaled $4,265,121, decreased $614,178, which is primarily related to a connection fee refund of $467,405 for FY 2014.

General Government Functions

The following schedule presents a summary of revenues for the County's five major funds (General, Airport, Debt Service, County Capital Improvements, School Construction), and the non-major governmental fund (Human Services) for the fiscal year ended June 30, 2015.

Governmental Funds Summary of Revenues June 30, 2015 and 2014								
		2015 Amount	Percent of total		2014 Amount		Increase (Decrease) from 2014	Percent Increase (Decrease)
Revenues								
General property taxes	$	25,641,948	65.6%	$	24,678,308	$	963,640	3.9%
Other local taxes		4,069,547	10.4%		3,869,620		199,927	5.2%
Permits, privilege fees and regulatory licenses		561,042	1.4%		395,155		165,887	42.0%
Fines and forfeitures		244,896	0.6%		289,644		(44,748)	-15.4%
Revenue from the use of money and property		553,401	1.4%		538,920		14,481	2.7%
Charges for services		591,897	1.5%		595,958		(4,061)	-0.7%
Miscellaneous		354,380	0.9%		614,507		(260,127)	-42.3%
Recovered costs		617,157	1.6%		265,097		352,060	132.8%
Commonwealth *1		5,529,241	14.1%		5,668,219		(138,978)	-2.5%
Federal		938,487	2.4%		1,560,065		(621,578)	-39.8%
Total Revenues	**$**	**39,101,996**	**100.0%**	**$**	**38,475,493**	**$**	**626,503**	**1.6%**

When compared to FY 2014, Governmental Funds revenues increased by a total of $626,503, due to the following:

- For FY 2015 general property taxes increased $963,640. Of this amount, real estate revenues increased $562,786, public service corporation tax collections increased $7,271 and personal property tax revenues increased $280,181. Mobile home, machinery and tools, and related penalty and interest decreased a combined $113,402. The real estate tax revenue increase was the result of new construction relative to homes and retail businesses.
- Other local taxes increased $199,927 due to strong growth in meals and sales tax collections. The growth is the result of several new retail businesses that have located to the County. We expect that this trend will continue into the foreseeable future.
- The $165,887 increase in permits, fees and licenses is due to an overall increase in construction activity, and new revenues related to storm water fees in the amount of $102,649.
- Miscellaneous revenues declined $260,127 due to the closing of Colonial Downs and the loss of off-track betting revenues.
- The $352,060 increase in recovered costs is directly related to ambulance and rescue service billings which reflect an increase of $418,450. Responsibility for billings and collections was transferred to an outside firm in FY 2015.
- Revenues from the federal government declined $621,578 due to FY 2014 Hurricane Irene receipts of $422,607 and Airport capital grants in the amount of $336,649.

The following schedule presents the General Fund budgetary highlights for FY 2015. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Budgetary integration is employed as a management control device during the year, and budgets are monitored and reported to the Board of Supervisors on a monthly basis. With the exception of personnel line items, the County Administrator is authorized to transfer line-item amounts within departmental budgets. All other budget transfers must be approved by the Board of Supervisors. The component unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the School's total appropriated budget requires subsequent Board of Supervisors approval.

The following schedule presents the General Fund budgetary highlights for FY 2015:

General Fund Budgetary Highlights
Fiscal Year 2015

	Original Budget	Amended Budget	Actual	Original vs. Actual	Amended vs. Actual
Revenues					
Taxes	$ 29,416,696	$ 29,416,696	$ 29,711,495	$ 294,799	$ 294,799
Intergovernmental	5,604,810	6,193,033	6,066,134	461,324	(126,899)
Other	2,081,510	2,210,191	2,542,774	461,264	332,583
Total	$ 37,103,016	$ 37,819,920	$ 38,320,403	$ 1,217,387	$ 500,483
Expenditures and Other Financing Sources (Uses)					
Expenditures	$ 30,237,393	$ 31,512,264	$ 29,520,236	$ 717,157	$ 1,992,028
Transfers In/Out	6,565,623	6,710,396	8,426,266	(1,860,643)	(1,715,870)
Total	$ 36,803,016	$ 38,222,660	$ 37,946,502	$ (1,143,486)	$ 276,158
Increase (Decrease)	**$ 300,000**	**$ (402,740)**	**$ 373,901**	**$ 73,901**	**$ 776,641**

The amended General Fund revenue budget exceeded actual revenues by a total of $500,483 for FY 2015. The bullets below provide explanations for the major variances:

- The $294,799 amount by which actual tax revenues exceeded the amended budget was primarily the result of better than expected collections across several revenue streams. Personal property reflects an increase of $250,226 and penalties and interest reflect a combined increase of $103,444. As indicated above, meals, sales and business license tax collections are up due to moderate to strong growth relative to population and the location of retail businesses to the County. Although the County does monitor revenue collections on a monthly basis, we do not amend tax-related budgets based on this information.

- The amended budget exceeded actual intergovernmental revenues by $126,899. Most of this variance is related to various grants that have been delayed until FY 2016. These amounts will be carried forward and expended in FY 2016.

- Other actual revenues were $332,583 over the amended budget. Most of this increase is directly related to ambulance and rescue service billings. Responsibility for billings and collections was transferred to an outside firm in FY 2015.

Combined, the amended expenditure budget exceeded actual expenditures by $1,992,028 for a variety of reasons which include:

1. Vacancy savings relative to the public safety and other departments.
2. Expenditures relative to the Comprehensive Service Act were $778,473 under budget. Expenditures vary annually and are difficult to forecast. The annual budget reflects historical data and a cushion for contingencies.
3. Unexpended grants and other restricted funds will be carried forward and re-appropriated in fiscal year 2016.
4. Unexpended funds relative to the Department of Social Services totaled $257,212. Again, this is an area that is difficult to forecast demand for services.
5. The School Board carry forward totals $467,981.
6. Refuse expenditures were $83,236 below budget due to part-time personnel savings and a $12,000 carry forward.

- Actual transfers in/out to other funds were over the amended budget by $1,715,870, which is directly related to the final year-end transfer from the General Fund to the Capital Improvement Fund. Annually, once the audit is complete and in accordance with County policy, the amount by which unassigned fund balance exceeds 15% of the annual budget is transferred to the Capital Improvement Fund. This transfer is not budgeted.

Also, during FY 2015, the Board of Supervisors amended the budget throughout the year. These budget amendments or supplemental appropriations were primarily for the following purposes:

- To re-appropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2015.
- To re-appropriate grant revenues authorized in fiscal year 2015 or earlier, but not expended or encumbered as of June 30, 2015.
- To appropriate grants or donations accepted or adjusted in FY 2015.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original FY 2015 budget.

Proprietary Funds: The County’s proprietary fund is comprised of the Water & Sewer Fund and the Bottoms Bridge Service District Fund. The Enterprise Fund is committed to meeting the present and future water and sewer needs of the County by providing quality services at a reasonable cost while meeting and/or exceeding all federal, state, and local regulations with regard to water quality. At the end of June 2015, the department provided water service to approximately 2583 water customers, 1246 sewer customers and 3 reclaimed water customers. In the budgetary management of the Enterprise Fund, the County has chosen not to budget for depreciation. Connection Fees have been used to balance the budget.

CAPITAL ASSETS

At the end of FY 2015, the County’s investment in capital assets for its governmental, business-type and component unit activities totaled $182,044,893 (net of accumulated depreciation). When compared to the prior fiscal year total of $182,253,089, net investment in capital assets for all funds declined $208,196. Although governmental activities total assets reflect an increase of $862,260, net capital assets declined $1,109,744 due to a $1,972,034 increase in depreciation. Business-type assets increased $1,152,915 due to the purchase of various equipment and various capital projects. Net of depreciation, business-type assets declined $289,987. Capital assets, net of accumulated depreciation, for the fiscal years ended June 30, 2015 and 2014, are illustrated in the following table:

Capital Assets
(Net of accumulated depreciation)
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
Non-Depreciable Assets								
Land	$ 3,313,901	$ 3,313,901	$ 2,695,355	$ 2,695,355	$ 6,009,256	$ 6,009,256	$ 2,022,600	$ 2,022,600
Construction in progress	2,298,110	3,061,761	1,502,808	934,012	3,800,918	3,995,773	10,022	10,022
Other Capital Assets								
Buildings	27,671,225	24,943,680	-	-	27,671,225	24,943,680	832,025	832,025
Machinery and equipment	13,062,642	12,307,346	-	-	13,062,642	12,307,346	5,909,692	5,559,279
Capital improvements	2,573,376	2,461,876	-	-	2,573,376	2,461,876	-	-
Intangible Assets	92,521	92,521	-	-	92,521	92,521	-	-
Jointly owned assets	57,105,473	59,073,903	-	-	57,105,473	59,073,903	22,800,753	20,832,323
Water production and distribution facilities	-	-	6,199,751	6,199,751	6,199,751	6,199,751	-	-
Machinery and Equipment	-	-	4,549,486	3,882,712	4,549,486	3,882,712	-	-
Infrastructure	-	-	75,310,806	75,393,461	75,310,806	75,393,461	-	-
	$ 106,117,248	$ 105,254,988	$ 90,258,206	$ 89,105,291	$ 196,375,454	$ 194,360,279	$ 31,575,092	$ 29,256,249
Less Accumulated Depreciation	(26,661,290)	(24,689,256)	(10,165,598)	(8,722,696)	(36,826,888)	(33,411,952)	(9,078,765)	(7,951,487)
Capital Assets Net of Depreciation	**$ 79,455,958**	**$ 80,565,732**	**$ 80,092,608**	**$ 80,382,595**	**$ 159,548,566**	**$ 160,948,327**	**$ 22,496,327**	**$ 21,304,762**

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

LONG-TERM OBLIGATIONS

At the end of the current fiscal year, outstanding long-term obligations (including the component units) totaled $104,589,608 compared to a total of $73,925,657 for FY 2014. Of this amount, $10,363,309 comprises debt backed by the full faith and credit of the government and $61,151,106 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remainder of the long-term obligations consists of accrued vacation and sick leave ($1,141,606), bond premium ($6,140,431), pension liability ($25,124,156) and Other Post-Employment Benefits (OPEB) liability ($669,000). Details are summarized in the following table.

Long-Term Obligations June 30, 2015 and 2014								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,363,309	$ 11,274,259
Bond Premium	440,104	99,708	1,459,999	1,624,925	1,900,103	1,724,633	4,240,328	1,216,172
Accrued Vacation/Sick	706,904	673,114	103,526	104,832	810,430	777,946	331,176	422,157
Lease Revenue Bonds	10,767,989	6,259,917	15,099,947	14,535,000	25,867,936	20,794,917	35,283,170	37,137,573
Net Pension Liability	1,010,415	-	136,741	-	1,147,156	-	23,977,000	-
Net OPEB Obligation	-	-	-	-	-	-	669,000	578,000
	$ 12,925,412	$ 7,032,739	$ 16,800,213	$ 16,264,757	$ 29,725,625	$ 23,297,496	$ 74,863,983	$ 50,628,161

New Kent County's total long-term obligations for the Primary government and the Component Units, including OPEB Liability, increased $30,663,951 or 41.5%. The schedule below provides details for this change in long-term obligations.

FY 2015 Summary of Changes in Long-term Obligations Long-term Obligations Reflect a Net Increase of $30,663,951				
Description	Governmental	Business-type	Component Units	Total
New Revenue Bonds - Public Radio System	$ 4,850,000	$ -	$ -	$ 4,850,000
Retired Series 2006 Bonds - Refinanced	(4,117,427)	-	(37,137,573)	(41,255,000)
Series 2014 Lease Refunding Bonds	3,911,830	-	35,283,170	39,195,000
New VRA 2014 Water Supply Revolving Loan	-	1,039,947	-	1,039,947
Bond Premium	340,396	(164,926)	3,024,156	3,199,626
Net Change in Accrued Leave	33,790	(1,306)	(90,981)	(58,497)
Principal Payments	(136,331)	(475,000)	(910,950)	(1,522,281)
Pension Obligations	1,010,415	136,741	23,977,000	25,124,156
OPEB Obligation	-	-	91,000	91,000
Totals	$ 5,892,673	$ 535,456	$ 24,235,822	$ 30,663,951

Long-term obligations for Governmental Activities reflect a $5,892,673 increase primarily due to the issuance of debt totaling $4,850,000 and the recording of the County's $1,010,415 pension obligation, while the $535,456 increase for business-type activities is related to new debt totaling $1,039,947 and the pension obligation of $136,741. Long-term obligations for the Component Unit increased to $24,235,822 as a result of recording the pension obligation in accordance with GASB pronouncement 68, bond premium connected to the Series 2006 bond refunding and a $91,000 increase in the OPEB obligation.

OTHER INFORMATION

The above information and analysis provides the reader with an overview of the FY15 financial results of operations for the County. The following information provides an overview of the FY16 budget process and the estimates and considerations that served as the foundations for the allocations reflected in this document.

Overall, FY16 General Fund revenues are projected to increase $733,841, while local tax revenues are expected to increase $670,823. Of the $670,823 increase in local tax revenues, the School Board operating fund will receive an additional $300,000 which equates to 44.7% and fully funds the FY16 School Board request for new funds. The total FY16 operating fund transfer to the School Board totals $13,254,595. The County's FY16 budget also reflects personnel changes of $486,654, an increase in fund transfers totaling $162,564, an increase in County operational budgets totaling $58,011 and a contingency reserve increase of $26,612. The personnel increase of $486,654 includes state mandated increases for DSS and Constitutional Officers, six new positions and personnel adjustments, a 1.5% cost-of-living increase approved by the Board of Supervisors for County employees and a change in Director's health insurance benefit package. Many of the new positions were fully or partially funded by the elimination of part-time positions.

FY16 real estate revenues are estimated to increase $207,704, which is $802,413 less than the prior year reassessment year increase of $1,010,117. Most of the $207,704 increase in FY16 real estate revenue is related to new retail and home construction in the County. The FY17 revenue budget estimates will reflect reassessments that will be effective January 1, 2016.

Personal property taxes reflect an overall increase of $194,109. All of this increase is related to additional tax revenue from vehicle assessments, which is most likely tied to the increase in population and moderate improvement in the employment rate. Other notable increases in FY16 revenues include sales taxes of $116,921, business license of $55,984 and meals tax of $51,427. Collectively, the tax revenues discussed up to this point account for $626,145 of the total FY16 new revenues of $733,841, or 85.3%.

The FY16 Proposed Budget submitted to the Board of Supervisor on March 10, 2015 reflected an $0.85 real estate rate. The one penny increase over the current $0.84 rate was necessary to fund debt service on the proposed $7 million public safety radio system. However, in April 2015 the Board of Supervisors entered into a $5.5 million agreement with Harris Corporation to build the new public safety radio system. The total savings of $1.8 million, which includes interest, negated the need for the $0.01 tax increase. As a result, the FY16 real estate rate will remain at $0.84 per $100 of assessed value.

For the second year, the FY16 budget does not reflect off track betting (OTB) revenue. In 2007, OTB revenue peaked at $793,108 and steadily declined to $409,332 in FY13. In January 2014, revenue from OTB activity was adversely impacted by an impasse in contract negotiations between Colonial Downs and the Virginia Horsemen's Benevolent and Protective Association. The impasse resulted in the shutdown of OTB activity related to thoroughbred racing in accordance with State law. The absence of OTB revenue in the FY16 budget reflects the continued lack of progress in bringing thoroughbred racing back to Colonial Downs.

The FY16 School Board Budget totals $29,478,021 and includes new revenues totaling $1,073,740. The increase includes $600,000 from the County, $511,232 in State revenues, $116,758 from federal sources and a $154,250 reduction in local fee revenues. The $511,232 from the State is primarily related to an increase in enrollment as the average daily membership is expected to increase from 2,920 to 3,000. The County provided $300,000 from the General Fund for operations and another $300,000 from the Capital Fund for the School's new One-On-One Learning Initiative. This initiative will equip each high school student with a personal internet device and establish building-wide wireless connectivity. The project will provide students with real time internet access and the ability to collaborate on assignments with other students both inside and outside the classroom. Although we anticipate a $200,000 transfer for FY17 and a $100,000 transfer in FY18, it is anticipated that this program (lease payments and maintenance) will be fully funded by School operating revenues in FY19, with no continued support from the Capital Projects Fund.

As indicated in prior budget messages, growth in the County continues to present challenges in funding critical service and infrastructure needs in terms of additional schools, law enforcement, inmate housing, social services and fire protection. Population estimates released by the University of Virginia's Weldon Cooper Center for Public Service as of July 1, 2014 revealed that New Kent County is the 9th fastest growing municipality in Virginia. While Virginia's population has increased by less than 1% per year since 2010, New Kent's population has increased a total of 9.4%. In its January 27, 2015 press release, the Weldon Cooper Center for Public Service had this to say about population growth in Virginia.

> ***"…Despite the economic effects of the federal budget sequestration, Northern Virginia continues to account for nearly three-fifths of the commonwealth's population gain, with eight of the 10 fastest-growing localities located there. The city of Charlottesville and New Kent County are the only exceptions."***

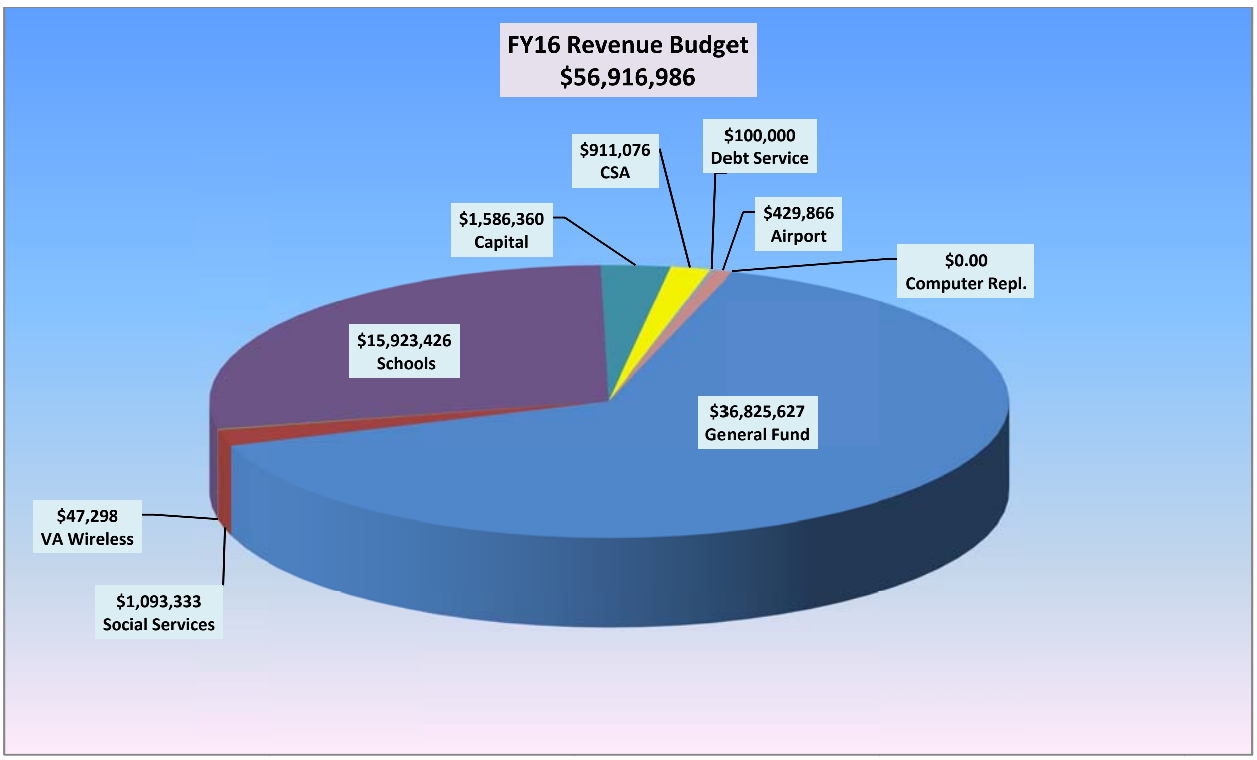
Service infrastructure comes with significant capital and operating costs. For example, a new $28 million school has the potential to increase County and School Board debt service and operating costs by approximately $3.4 million annually. Each new firefighter and law enforcement officer costs the County approximately $60,000 and $85,000, respectively, to hire and equip. Additional costs of this magnitude would have to be funded by the County's largest revenue source, real estate taxes. But when you consider that a penny on the real estate tax rate equates to $245,000 in new revenue, it is easy to understand the significant increase in the real estate tax rate that would be required to cover these additional costs. For example, the $3.4 million debt service and operating costs for a new school would equate to a $0.14 increase in the real estate tax rate. To take some of the pressure off the real estate rate relative to the funding of services and infrastructure, the County has worked hard to attract new businesses. With the recent growth in retail establishments, the County has seen significant growth in business license, sales and meals tax revenues. However combined, these three revenue sources account for only 8% of total General Fund revenues and cannot possibly provide the additional new revenues that are required to keep pace with service requirements.

We continue to employ a balanced approach to address the future service and infrastructure needs of the County, as tax increases alone would place an undue burden on our citizens, many of whom are struggling to make ends meet in this weak economy. Therefore, the County will continue to employ strategies that provide opportunities for cost containment, best practices, grants, pay-as-you-go capital investments, debt refinancing, targeted user fees and economic development. At the beginning of the FY16 budget process, the County requested that departments hold the line on budgetary increases which resulted in an increase of only $58,011 when compared to FY15. These cost containment strategies have been made possible by eliminating positions through attrition, reducing operating costs by investing in new technologies, leveraging the purchasing power of the County and debt restructuring. In calendar year 2012, the Board of Supervisors approved the restructuring of three debt issues that resulted in total savings exceeding $1.8 million over the life of the bonds. In FY15, the County refinanced its Series 2006 bonds at a total savings of $3.4 million over the next 14 years. The County also realized savings totaling $1.8 million for the construction of the new public radio system. Finally, New Kent County Public Schools are routinely listed in the bottom tier of Virginia schools ranked by operating costs, which is a testament to overall operating efficiency of the system. The County will continue to look for opportunities to deliver services to our citizens in a cost efficient and practical manner.

COUNTY REVENUE BUDGET

The chart below denotes total revenues by fund. The $56,916,986 FY16 budget reflects a $7,890,122 decline compared to the FY15 budget which totaled $64,807,108. The reduction is directly related to outlays for capital projects. Transfers have been eliminated to reflect net resources and to eliminate the double accounting of revenues.

The Computer Replacement Fund is entirely supported by a $101,190 transfer from the Capital Projects Fund, and therefore, reflects a zero revenue balance. The Debt Service Fund is funded by a $5,646,162 transfer from the General Fund and $100,000 of cash reserves. The FY16 School revenue budget, which totals $29,478,021, reflects a $13,254,595 transfer from the General Fund and a $300,000 transfer from the Capital Fund which have been eliminated to arrive at the $15,923,426 revenue budget below. The Social Services and CSA Funds are supported by $392,481 and $834,364 transfers from the General Fund, respectively. The $911,076 for CSA and $1,093,333 for Social Services below are comprised of state and federal funds. The Capital Projects Fund reflects grant funds totaling $59,000 and the appropriation of fund balance totaling $1,527,360.



GENERAL FUND REVENUE BUDGET

The FY16 adopted General Fund revenue budget totals $36,825,627, which reflects a $733,841 increase over the FY15 budget of $36,091,786. The budget is primarily supported by real estate and personal property taxes, which comprise approximately 71% of the General Fund revenue budget. Other major sources of revenues include local tax revenues at 12% and state revenues at 11%. Combined, these three categories of revenues reflect 94% of General Fund revenues. The schedule below summarizes the major increases and decreases when compared to FY15.

FY15 General Fund Revenue Budget - Adopted	$ 36,091,786
Real Estate – Reflects a tax rate of $0.84 and a 97% collection rate	241,321
PP Taxes - 94% Collection Rate	194,070
Sales Taxes - Reflects New Retail Establishments	116,921
Consumption Taxes – Reflects New Housing	7,000
Business License Tax - New Businesses & Improving Economy	56,984
Vehicle Licenses	(4,000)
Bank Stock Taxes	1,200
Recordation Tax – Commercial & Housing Activity Within the County	5,000
Meals Tax - New Retail Establishments	51,427
Permits & Licenses - Improving Housing Sector	47,450
Fines & Forfeitures	30,200
Investment Earnings & Property - Decreasing Cash Balance due to Completion of Capital Projects	(49,858)
Recreation Programs	28,920
Commonwealth of Virginia - Primarily Compensation Board Salary Increases	62,311
Other	(55,105)
Total New Revenues – FY16 General Fund	$ 36,825,627

REVENUES - OTHER FUNDS

Social Services - State funding for Social Service operations is expected to increase $128,802, which is directly related to increases relative to program and personnel costs. State reimbursements are expected to total approximately 73.4% of total administration and program costs.

Capital Improvement Fund – Budgeted capital resources total $1,686,360 and are comprised of:

- $59,000 VA Department of Health – Rescue Squad Assistance Fund Grant.
- $100,000 transfer from the Debt Service Fund (School computer notebooks).
- $1,527,360 allocation of fund balance, which reflects a $1,910,522 decrease over FY15.

Comprehensive Services Act - State funding for the CSA program totals $1,765,940 for FY16, an increase of $29,692 over FY15. State funding is expected to total 52% of total expenditures.

Debt Service Fund - The $5,746,162 Debt Service Fund budget reflects a $100,000 allocation of fund balance and a $5,646,162 transfer from the General Fund. The $5,646,162 transfer from the General Fund includes $5,167,560 for debt service, $239,301 for the school construction reserve, and another $239,301 for debt service relative to the Public Radio System capital project.

Airport Fund - FY16 Airport revenues are expected to total $473,191, and consist of local revenues totaling $180,762, state revenues of $62,804, $186,300 of federal revenues, a $29,185 transfer from the General Fund, and a $14,140 transfer from the Capital Improvements Fund.

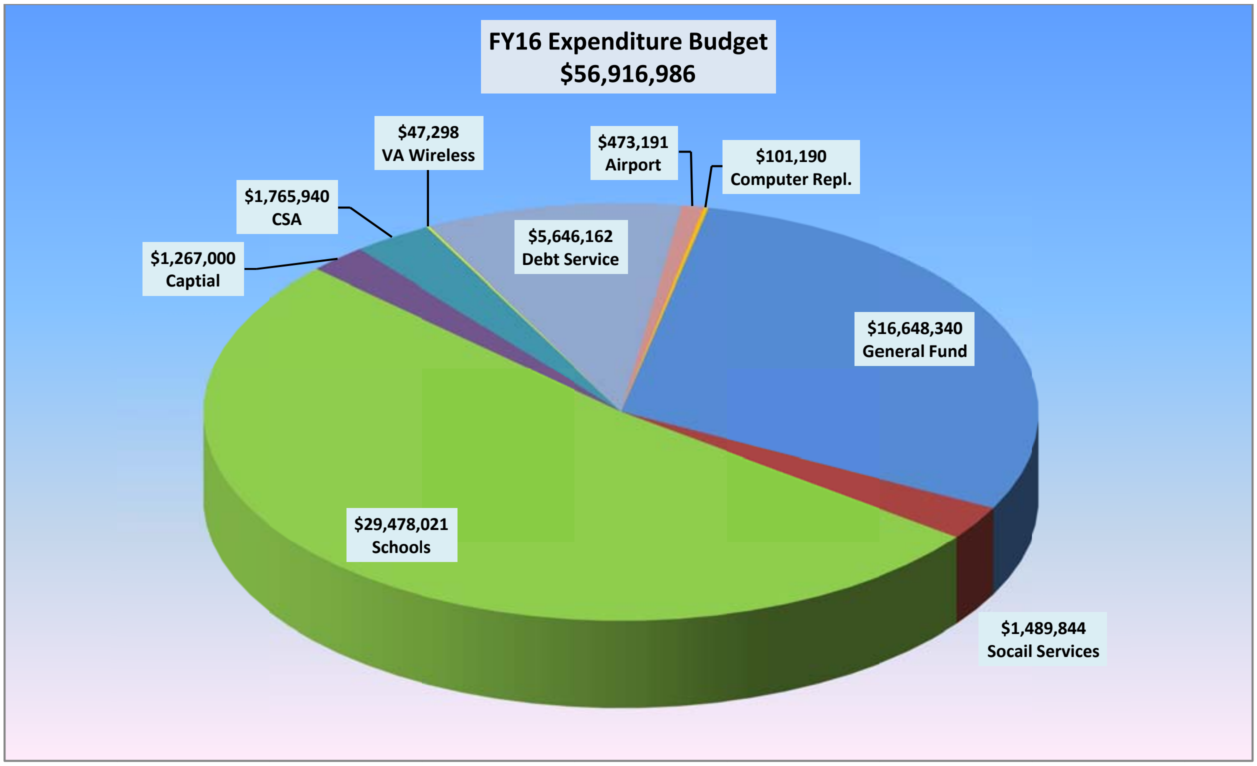
Public Utility Fund - The Public Utilities' budget represents the financial plan for operating and capital costs relative to water and sewer services which are provided in certain areas of the County. This fund is financed entirely by user fees and receives no tax support from the County. The FY16 budget includes a 4% increase for water and sewer services, but reflects no increase for connection and availability fees. The rate increase is required to finance the operating, treatment and initial capital investment costs associated with a system that has not yet realized the economies of scale of a mature public utility. Increases in fuel and commodity prices are driving the additional costs of operations. As the system matures and the County's customer base expands, future increases in operations will have a smaller impact on the bottom line, as costs will be spread over a larger customer base.

The overall Public Utility Fund budget reflects a $277,619 decline. Most of this reduction is related to the amount allocated for capital projects. In FY15, the capital budget totaled $1,050,324; whereas, the FY16 capital budget totals $529,710. The operating budget reflects an increase of $242,995.

Bottoms Bridge Service District – The District was established in 2004 as a financing vehicle to provide resources for the construction of water and sewer facilities in the Bottoms Bridge area. Excluding water and sewer volume fees, all revenues collected in the District are legally dedicated to the payment of debt service on the original construction bonds. For the most part, revenues collected in the District include an ad valorem tax in the amount of $0.15 per $100 of assessed value, investment income and connection fees. Because the District has been unable to generate sufficient revenues to pay debt service on the 2004 construction debt, the FY15 budget included a $0.05 increase in the ad valorem tax rate. This rate, which is in addition to the regular $0.84 real estate tax rate, increased the District rate from $0.10 to $0.15 per $100 of assessed value. The FY16 budget does not reflect an increase in the District rate. As indicated above, the District is heavily reliant on connection fees for debt service payments. We anticipated that connection fee revenues will diminish over the next couple years as existing housing developments are completed.

COUNTY EXPENDITURE BUDGET

The following denotes organizational expenditures by fund. The $56,916,986 FY16 budget reflects a $7,890,122 decrease when compared to the FY15 budget, which totaled $64,807,108. This decrease, which is primarily related to capital projects, will be examined in the paragraphs below. The chart is presented net of transfers to other funds to avoid the double accounting of expenditures. For example, including transfers, the General Fund expenditure budget for FY16 totals $36,825,627. Of this amount, $20,177,287 will be transferred to other funds, and therefore, is reflected in the various expenditure totals for those funds. Because these transfers are reflected in the expenditure totals of the other funds, they must be subtracted from the General Fund total to present a net cost of government. The $16,648,340 reflected on the following page for the General Fund is the difference between total FY16 budget of $36,825,627 and the $20,177,287 that will be transferred to other funds.



As indicated above, transfers from the General to other funds total $20,177,287, and include the following amounts. These transfers provide resources for a variety of legal and State mandated requirements.

Transfers from General Fund to:	Amount
School Operating Fund	$13,254,595
Debt Service	5,167,560
Comprehensive Services Act	854,864
Social Service Programs and Administration	392,481
Future School Construction	239,301
Debt Service-Public Radio System	239,301
Airport Operating Fund	29,185
Total Transfers	$20,177,287

GENERAL FUND EXPENDITURE BUDGET

The FY16 adopted General Fund expenditure budget totals $36,825,627 (including transfers of $20,177,287), which reflects a $733,841 increase over the FY15 budget of $36,091,786. The schedule below summarizes the major expenditure increases and decreases when compared to FY15.

FY15 General Fund Expenditure Budget	$36,091,786
Increase in School Funding (Represents 44.7% of New Local Revenues)	300,000
Personnel Adjustments – See Details, Next Page	150,650
Other Personnel Cost, Including COLA, Worker Comp., PT and LODA	336,004
Increase in Transfers to DSS, CSA & Airport	59,734
Increase in Operational Budgets	58,011
Contingency Reserve Increase	26,612
Transfer to Debt Service – County Debt	(135,050)
Transfer to Debt Service Reserves	(62,120)
Total FY16 General Fund Expenditure Budget	$36,825,627

School Board Funding - The FY16 budget reflects additional School Board operating funding in the amount of $300,000. The annual operating transfer to Schools will increase from $12,954,595 to $13,254,595. The additional funds represent 44.7% of new General Fund local tax revenues for FY16, which are estimated to total $670,823. In addition to the $300,000 for School operations, the Board of Supervisors also allocated $600,000 for school related capital improvements and $300,000 for the One-On-One Learning Initiative which will provide computer notebooks to students. Schools will also receive additional federal and state revenues in the amount of $116,758 and $511,232, respectively.

Employee Compensation - The FY16 budget includes a $690 cost of living increase for full-time employees that participate in the County's pay plan, which includes the staff of Constitutional Officers. The $690 equates to 1.5% of the average employee salary of $46,003. Part-time employees will receive a 1.5% increase based on their current hourly rate. The General Assembly approved a 2% cost of living increase that will be effective September 1, 2015 for Constitutional Officers, Registrar, Electoral Board and Local Department of Social Services employees. Per the Code of Virginia, four Constitutional Officers will also receive a salary increase that is tied to the growth in the County's population. The population threshold for this increase is 20,000.

The County has been notified that the current health care benefit provided to Directors is no longer in compliance with federal regulations. Going forward Directors will pay the same percentage of health insurance premiums as other employees, but will receive a $10,000 salary increase which is designed to minimize the net impact on take home pay.

The budget also reflects a new Fire Department compensation plan that is tied to the completion of Advanced Life Support and Master Technician certifications. Eligible employees will receive a salary increase of $3,000 to $5,000 as they progress through the various certification programs.

Employee Health Insurance & Other Personnel Costs – The County has been notified that health insurance rates will not increase for FY16, and therefore, the employee share of premiums will remain at FY15 levels. This is especially good news considering the 7.2% increase for FY15 and the 12.1% increase for FY14. The County has implemented several strategies designed to manage costs through employee education, new insurance program options, preventive care and telemedicine. Beginning July 1, 2015 County employees will be able to communicate directly with a doctor without leaving the comfort of their home via a smart phone or home computer. "LiveHealth Online" is a new telemedicine service offered by the County's insurance provider, the Local Choice. Doctors will answer questions, make a diagnosis and even prescribe basic medications when needed.

Effective July 1, 2015, the County will introduce a new high deductible health plan (HDHP) option for employees. HDHPs are characterized by lower premiums and higher deductibles. A deductible is a fixed dollar amount specified by the plan that insured individuals must pay out-of-pocket. Once the deductible has been reached, eligible healthcare expenses will be covered by the plan. In most cases, the deductible must be met each plan year. The HDHP is tied to a Health Savings Account (HSA) that is designed to offset the higher deductible related to the high deductible plan. County contributions to the HSA will total $1,000 for single coverage, and $2,000 for dual and family coverages. Contributions to the HSA remain the property of employees through retirement, and can be used to offset future medical costs. Employees may also make pre-tax contributions to their HSA during relatively healthy years of participation. The HDHP/HSA option provides a great opportunity for employees to manage their health care plan, while building savings for future health care needs.

Virginia Retirement System rates will remain unchanged for FY16. The system continues to benefit from strong investment returns and the new Hybrid Plan.

Commercial insurance rates, which include automobile, property, crime, general liability, worker's compensation and Line of Duty Act (LODA), reflect a combined decrease of $4,550 when compared to FY15. LODA rates will increase from $343 to $377 for full-time employees and from $130 to $143 for volunteers. The cost of this program continues to increase on an annual basis.

School Construction Set Aside - In FY14, the Board set aside $0.02 of the real estate rate for future school construction activities. It was anticipated that these funds would be used for future school construction and renovation costs, to include related debt service. The FY16 budget reflects a change to this policy. Going forward, $0.01 will be set aside for future school construction, and the remaining $0.01 will be repurposed to pay debt service on the new public safety radio system, which will also benefit school operations. As a result of this policy change, the FY16 transfer will total $239,301. The schedule below denotes total transfers since the program was adopted. The FY14 transfer of $465,085 is reserved for the Historic School renovation project.

Fiscal Year	RE Assessment (Exclude Pub Service)	Set Aside Rate	Set Aside Amount
Fiscal Year 2014	2,325,425,000	0.0002	$ 465,085
Fiscal Year 2015	2,430,680,249	0.0002	486,136
Fiscal Year 2016	2,393,008,943	0.0001	239,301
Total Transfers			$ 1,190,522

EXPENDITURE BUDGET - OTHER FUNDS

Department of Social Services – The FY16 Social Services budget totals $1,489,844, which equates to a $155,008 increase when compared to the current year budget of $1,334,836. The $155,008 reflects a $69,751 increase for administration and an $85,257 increase in program costs. The administration budget reflects one new benefit programs specialist II position at a total cost of $48,662. The Commonwealth is expected to reimburse the County $34,789 for this position. The $85,257 increase in program costs is a reflection of population growth in the County, which has a direct impact on caseloads.

Capital Improvements Fund – The FY16 capital fund budget totals $1,686,360, a $7,691,072 decrease when compared to the FY15 budget of $9,377,432. The decrease is related to major capital improvement projects reflected in the FY15 budget which included $5 million debt for the Historic School renovation and $939,550 for the purchase of a 100-foot ladder fire truck. New debt for the Historic School renovation has been placed on hold, and the County did not receive a requested matching grant for the 100-foot ladder fire truck; and therefore, this procurement has been cancelled.

Excluding the Airport which is accounted for in a separate fund, major purchases by department include the following capital projects. Airport projects total $257,000, of which, state and federal funding is expected to total $242,900.

- Fire Department – $213,000, which includes $118,000 to re-chassis ambulance 593, $75,000 for the burn building construction project and $20,000 for mobile data terminals. Now that the burn building project has been cancelled, we anticipate that the $75,000 will be re-allocated to other projects or absorbed into available fund balance. The Fire Department has applied for a $59,000 grant to partially fund the ambulance re-chassis.
- Information Technology - $85,000 for data networking infrastructure upgrades.
- Parks & Recreation - $25,000 for new bleachers at field 5.
- Schools - $900,000, which includes $50,000 for GWES roof repairs, $10,000 for NKES roof leak repairs, $125,000 NKMS gym floor, $285,000 for 4 buses, $300,000 for the “One-on-One” learning initiative, $35,000 for NKMS HVAC replacement, $70,000 to replace T12 tubes at NKMS, and $25,000 for paint and other improvements at various schools.
- Vehicle Replacement - $390,000, of which $288,000 is for Sheriff Department vehicles.
- Computer Replacement - $81,190. Computers are replaced on a 5-year rotating cycle.

Human Services Fund (CSA) – The Comprehensive Services Act is a Virginia law designed to assist troubled youths and their families. State and local agencies, parents and private service providers work together to plan and provide services for children who have serious emotional or behavioral problems; who may need residential care or services beyond the scope of standard agency services; who need special education through a private school program; or who receive foster care services. The FY16 CSA budget is estimated to total $1,765,940, which reflects a $29,692 increase when compared to the FY15 budget of $1,736,248. While it is difficult to estimate the number of cases in any given fiscal year, CSA caseload is influenced by population growth, average daily membership in the schools and a host of other social and economic factors. The Human Services Fund also reflects $20,500 for the Virginia Juvenile Community Crime Control Act.

Virginia Wireless E911 Fund – This fund was established to account for annual operating and capital grants received from the Virginia Wireless E-911 Services Board. The FY16 Budget reflects a $599 increase which is directly related to the cost-of-living increase.

Debt Service Fund – The Debt Service Fund accounts for and reports financial resources that are restricted for the payment of principal and interest on County and School related debt. For FY16, principal and interest payments on County and School related debt will total approximately $5,267,560. Of this amount, $5,167,560 will be provided by a transfer from the General Fund. In prior years the

County had partially funded the debt service transfer with the allocation of $300,000 annually from the Debt Service Fund, which was expected to be exhausted in FY16. However, savings realized from the FY15 refinancing of the Series 2006 Bonds provided a permanent solution to the cash reserve requirement.

Debt Service Funds can also be used to account for the establishment of cash reserves for future debt service payments. The FY14 budget set aside $0.02 of the FY14 tax increase of $0.04 for future school construction projects. The $0.02 equates to a FY14 transfer of $465,085, and a FY15 transfer of $486,136. The FY16 budget reflects a change to this policy. Going forward, $0.01 will be set aside for future school construction, and the remaining $0.01 will be repurposed to pay debt service on the new public safety radio system. As a result, the FY16 transfer totals $239,301.

Airport Fund – The FY16 Airport budget of $473,191 reflects a decrease of $1,276,758 compared to the FY15 budget of $1,749,949. All of this decrease is related to major capital projects in FY15. The Airport operating budget reflects a decrease of $15,424 primarily related to a change in employee insurance coverage, and the capital projects budget declined $1,261,334. The County operating transfer to this fund, which totals $29,185, increased $4,042. The County capital transfer declined $45,027.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, creditors and other interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, County of New Kent, P. O. Box 150, New Kent, VA 23124 or via email at MFAltemus@newkent-va.us. Additional financial information can be found on our web-site www.co.new-kent.va.us.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	$ 25,992,110	$ 6,855,811	$ 32,847,921	$ 3,324,614	$ 413,093
Investments	-	-	-	-	542
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,058,273	30,891	2,089,164	-	-
Accounts receivable	243,749	704,647	948,396	417,889	-
Due from other governmental units	955,450	-	955,450	1,080,382	-
Inventories	-	-	-	-	721,508
Prepaid items	305,976	53,582	359,558	-	-
Net pension asset	-	-	-	58,298	-
Capital assets (net of accumulated depreciation):					
Land	3,313,901	2,695,355	6,009,256	2,022,600	-
Buildings and system	69,280,951	4,296,395	73,577,346	18,965,828	-
Intangible assets	67,463	-	67,463	-	-
Machinery and equipment	4,495,533	2,614,647	7,110,180	1,497,877	-
Infrastructure	-	68,983,403	68,983,403	-	-
Construction in progress	2,298,110	1,502,808	3,800,918	10,022	-
Total assets	$ 109,011,516	$ 87,737,539	$ 196,749,055	$ 27,377,510	$ 1,135,143
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	$ 2,769,928	$ 1,108,361	$ 3,878,289	$ -	$ -
Pension contributions subsequent to measurement date	695,901	94,178	790,079	2,143,702	-
Items related to measurement of net pension liability/asset	-	-	-	387,000	-
Total deferred outflows of resources	$ 3,465,829	$ 1,202,539	$ 4,668,368	$ 2,530,702	$ -
LIABILITIES					
Accounts payable	$ 1,008,314	$ 317,079	$ 1,325,393	$ 773,550	$ -
Accrued liabilities	85,930	-	85,930	2,961,191	-
Accrued interest payable	649,764	160,005	809,769	-	-
Unearned revenue	125,964	-	125,964	-	-
Deposits held in escrow	357,784	113,743	471,527	-	-
Long-term liabilities:					
Due within one year	4,261,835	720,776	4,982,611	267,641	-
Due in more than one year	58,550,384	16,079,437	74,629,821	24,709,535	-
Total liabilities	$ 65,039,975	$ 17,391,040	$ 82,431,015	$ 28,711,917	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	$ 92,506	$ -	$ 92,506	$ -	$ -
Items related to measurement of net pension liability/asset	1,082,166	146,451	1,228,617	3,823,578	-
Total deferred inflows of resources	$ 1,174,672	$ 146,451	$ 1,321,123	$ 3,823,578	$ -
NET POSITION					
Net investment in capital assets	$ 21,130,986	$ 64,641,023	$ 85,772,009	$ 22,496,327	$ -
Restricted:					
E-911 Wireless	72,689	-	72,689	-	-
Asset forfeiture	24,063	-	24,063	-	-
Litter control	735	-	735	-	-
Unrestricted	25,034,225	6,761,564	31,795,789	(25,123,610)	1,135,143
Total net position	$ 46,262,698	$ 71,402,587	$ 117,665,285	$ (2,627,283)	$ 1,135,143

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

COUNTY OF NEW KENT, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,460,790	$ -	$ 210,804	$ -
Judicial administration	1,467,720	396,566	483,503	-
Public safety	7,874,442	569,757	1,495,258	-
Public works	1,382,495	111,840	54,548	-
Health and welfare	2,533,163	-	1,292,502	-
Education	16,771,912	-	-	-
Parks, recreation, and cultural	736,236	317,367	-	-
Community development	950,049	2,305	6,357	-
Interest on long-term debt	2,572,651	-	-	-
Total governmental activities	$ 37,749,458	$ 1,397,835	$ 3,542,972	$ -
Business-type activities:				
Water and sewer	$ 4,016,909	$ 3,945,220	$ -	$ -
Bottom's Bridge	875,271	467,175	-	-
Total business-type activities	$ 4,892,180	$ 4,412,395	$ -	$ -
Total primary government	$ 42,641,638	$ 5,810,230	$ 3,542,972	$ -
COMPONENT UNITS:				
School Board	$ 29,327,674	$ 710,962	$ 14,860,329	$ -
Economic Development Authority	78,774	-	-	-
Total component units	$ 29,406,448	$ 710,962	$ 14,860,329	$ -

General revenues:
- General property taxes
- Local sales and use tax
- Taxes on recordation and wills
- Business license tax
- Vehicle registration tax
- Meals tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Payment from New Kent County
- Total general revenues

Change in net position
Net position - beginning, as restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
$ (3,249,986)	$ -	$ (3,249,986)	$ -	$ -
(587,651)	-	(587,651)	-	-
(5,809,427)	-	(5,809,427)	-	-
(1,216,107)	-	(1,216,107)	-	-
(1,240,661)	-	(1,240,661)	-	-
(16,771,912)	-	(16,771,912)	-	-
(418,869)	-	(418,869)	-	-
(941,387)	-	(941,387)	-	-
(2,572,651)	-	(2,572,651)	-	-
$ (32,808,651)	$ -	$ (32,808,651)	$ -	$ -
$ -	$ (71,689)	$ (71,689)	$ -	$ -
-	(408,096)	(408,096)	-	-
$ -	$ (479,785)	$ (479,785)	$ -	$ -
$ (32,808,651)	$ (479,785)	$ (33,288,436)	$ -	$ -
$ -	$ -	$ -	$ (13,756,383)	$ -
-	-	-	-	(78,774)
$ -	$ -	$ -	$ (13,756,383)	$ (78,774)
$ 25,661,803	$ 213,391	$ 25,875,194	$ -	$ -
1,370,655	-	1,370,655	-	-
344,527	-	344,527	-	-
725,947	-	725,947	-	-
519,430	-	519,430	-	-
748,545	-	748,545	-	-
360,443	-	360,443	-	-
553,401	52,533	605,934	1,569	6,785
354,380	-	354,380	123,841	-
2,924,756	-	2,924,756	-	-
-	-	-	15,283,828	-
$ 33,563,887	$ 265,924	$ 33,829,811	$ 15,409,238	$ 6,785
$ 755,236	$ (213,861)	$ 541,375	$ 1,652,855	$ (71,989)
45,507,462	71,616,448	117,123,910	(4,280,138)	1,207,132
$ 46,262,698	$ 71,402,587	$ 117,665,285	$ (2,627,283)	$ 1,135,143

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2015

	General	Airport	Debt Service	County Capital Improvements	School Construction	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	$ 7,833,886	$ 1,200	$ 1,392,202	$ 16,069,800	$ 667,433	$ 27,589	$ 25,992,110
Receivables (net of allowance for uncollectibles):							
Taxes receivable	2,058,273	-	-	-	-	-	2,058,273
Accounts receivable	218,333	7,457	-	17,959	-	-	243,749
Due from other funds	17,977	-	-	-	-	-	17,977
Due from other governmental units	807,893	831	-	-	-	146,726	955,450
Prepaid items	297,507	8,371	-	-	-	98	305,976
Total assets	$ 11,233,869	$ 17,859	$ 1,392,202	$ 16,087,759	$ 667,433	$ 174,413	$ 29,573,535
LIABILITIES							
Accounts payable	$ 336,856	$ 3,427	$ -	$ 493,618	$ -	$ 174,413	$ 1,008,314
Accrued liabilities	85,387	543	-	-	-	-	85,930
Due to other funds	-	17,977	-	-	-	-	17,977
Unearned revenue	125,964	-	-	-	-	-	125,964
Deposits held in escrow	-	1,200	-	356,584	-	-	357,784
Total liabilities	$ 548,207	$ 23,147	$ -	$ 850,202	$ -	$ 174,413	$ 1,595,969
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	$ 2,047,961	$ -	$ -	$ -	$ -	$ -	$ 2,047,961
Total deferred inflows of resources	$ 2,047,961	$ -	$ -	$ -	$ -	$ -	$ 2,047,961
FUND BALANCES							
Nonspendable	$ 297,507	$ 8,371	$ -	$ -	$ -	$ 98	$ 305,976
Restricted	97,487	-	-	-	-	-	97,487
Committed	73,339	-	1,392,202	-	-	-	1,465,541
Assigned	-	-	-	15,237,557	667,433	-	15,904,990
Unassigned	8,169,368	(13,659)	-	-	-	(98)	8,155,611
Total fund balances	$ 8,637,701	$ (5,288)	$ 1,392,202	$ 15,237,557	$ 667,433	$ -	$ 25,929,605
Total liabilities, deferred inflows of resources, and fund balances	$ 11,233,869	$ 17,859	$ 1,392,202	$ 16,087,759	$ 667,433	$ 174,413	$ 29,573,535

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 25,929,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 106,117,248	
Accumulated depreciation	(26,661,290)	79,455,958
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	1,955,455	
Deferred charges on refunding	2,769,928	
Items related to measurement of net pension liability	(1,082,166)	3,643,217
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		695,901
Long-term liabilities and related assets, including bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	$ (56,414,468)	
Bond issuance premium	(4,680,432)	
Accrued interest payable	(649,764)	
Net pension liability	(1,010,415)	
Compensated absences	(706,904)	(63,461,983)
Net position of governmental activities		$ 46,262,698

The notes to the 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, 2015

	General	Airport	Debt Service	County Capital Improvements	School Construction	Other Governmental Funds	Total
REVENUES							
General property taxes	$ 25,641,948	$ -	$ -	$ -	$ -	$ -	$ 25,641,948
Other local taxes	4,069,547	-	-	-	-	-	4,069,547
Permits, privilege fees, and regulatory licenses	561,042	-	-	-	-	-	561,042
Fines and forfeitures	244,896	-	-	-	-	-	244,896
Revenue from the use of money and property	459,686	88,654	-	5,061	-	-	553,401
Charges for services	514,691	77,206	-	-	-	-	591,897
Miscellaneous	145,302	-	-	209,078	-	-	354,380
Recovered costs	617,157	-	-	-	-	-	617,157
Intergovernmental:							
Commonwealth	5,127,647	11,866	-	-	-	389,728	5,529,241
Federal	938,487	-	-	-	-	-	938,487
Total revenues	$ 38,320,403	$ 177,726	$ -	$ 214,139	$ -	$ 389,728	$ 39,101,996
EXPENDITURES							
Current:							
General government administration	$ 3,366,101	$ -	$ -	$ -	$ -	$ -	$ 3,366,101
Judicial administration	1,413,082	-	-	-	-	-	1,413,082
Public safety	7,796,549	-	-	-	-	-	7,796,549
Public works	1,420,868	175,467	-	-	-	-	1,596,335
Health and welfare	1,559,317	-	-	-	-	957,775	2,517,092
Education	12,495,210	-	-	31,861	-	-	12,527,071
Parks, recreation, and cultural	691,829	-	-	-	-	-	691,829
Community development	777,280	-	-	-	-	-	777,280
Capital projects	-	82,619	-	4,213,595	-	-	4,296,214
Debt service:							
Principal retirement	-	-	2,967,281	-	-	-	2,967,281
Interest and other fiscal charges	-	-	2,577,144	-	-	-	2,577,144
Bond issuance costs	-	-	707,305	-	-	-	707,305
Total expenditures	$ 29,520,236	$ 258,086	$ 6,251,730	$ 4,245,456	$ -	$ 957,775	$ 41,233,283
Excess (deficiency) of revenues over (under) expenditures	$ 8,800,167	$ (80,360)	$ (6,251,730)	$ (4,031,317)	$ -	$ (568,047)	$ (2,131,287)
OTHER FINANCING SOURCES (USES)							
Transfers in	$ 127,765	$ 84,310	$ 5,843,332	$ 2,117,509	$ -	$ 568,047	$ 8,740,963
Transfers out	(8,554,031)	-	-	(186,932)	-	-	(8,740,963)
Issuance of bonds	-	-	-	4,850,000	-	-	4,850,000
Premium on refunding bonds issued	-	-	4,620,242	-	-	-	4,620,242
Refunding bonds issued	-	-	39,195,000	-	-	-	39,195,000
Payment to refunded bond escrow agent	-	-	(43,103,995)	-	-	-	(43,103,995)
Total other financing sources (uses)	$ (8,426,266)	$ 84,310	$ 6,554,579	$ 6,780,577	$ -	$ 568,047	$ 5,561,247
Net change in fund balances	$ 373,901	$ 3,950	$ 302,849	$ 2,749,260	$ -	$ -	$ 3,429,960
Fund balances - beginning	8,263,800	(9,238)	1,089,353	12,488,297	667,433	-	22,499,645
Fund balances - ending	$ 8,637,701	$ (5,288)	$ 1,392,202	$ 15,237,557	$ 667,433	$ -	$ 25,929,605

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 3,429,960
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 exceededcapital outlays in the current period.		
Capital asset additions	$ 3,503,219	
Depreciation expense	(1,803,836)	
Jointly owned asset allocation of assets	(1,560,427)	
Jointly owned asset depreciation	(1,204,926)	(1,065,970)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(43,804)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 19,855	
Increase (decrease) in items related to measurement of net pension liability	(1,082,166)	(1,062,311)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of long-term debt	$ (48,665,242)	
Payment to refunded bond escrow agent	43,103,995	
Principal payments	2,967,281	
Premium amortization	256,623	(2,337,343)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in compensated absences	$ (33,790)	
(Increase) decrease in net pension liability	1,500,365	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	(87,046)	
(Increase) decrease in accrued interest payable	455,175	1,834,704
Change in net position of governmental activities		$ 755,236

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

Statement of Net Position
Proprietary Fund
June 30, 2015

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 6,855,811	$ -	$ 6,855,811
Receivables (net of allowance for uncollectibles):			
Taxes receivable	-	30,891	30,891
Accounts receivable	704,647	-	704,647
Prepaid items	53,582	-	53,582
Total current assets	$ 7,614,040	$ 30,891	$ 7,644,931
Noncurrent assets:			
Capital assets:			
Infrastructure	$ 54,576,958	$ 20,733,848	$ 75,310,806
Land	1,442,314	1,253,041	2,695,355
Water production and distribution facilities	6,199,751	-	6,199,751
Machinery and equipment	4,549,486	-	4,549,486
Construction in progress	1,502,808	-	1,502,808
Accumulated depreciation	(7,932,722)	(2,232,876)	(10,165,598)
Total capital assets	$ 60,338,595	$ 19,754,013	$ 80,092,608
Total noncurrent assets	$ 60,338,595	$ 19,754,013	$ 80,092,608
Total assets	$ 67,952,635	$ 19,784,904	$ 87,737,539
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	$ -	$ 1,108,361	$ 1,108,361
Pension contributions subsequent to measurement date	94,178	-	94,178
Total deferred outflows of resources	$ 94,178	$ 1,108,361	$ 1,202,539
LIABILITIES			
Current liabilities:			
Accounts payable	$ 317,079	$ -	$ 317,079
Accrued interest payable	11,336	148,669	160,005
Compensated absences - current portion	82,976	-	82,976
Deposits held in escrow	113,743	-	113,743
Bonds payable - current portion	25,905	611,895	637,800
Total current liabilities	$ 551,039	$ 760,564	$ 1,311,603
Noncurrent liabilities:			
Bonds payable - net of current portion	$ 1,014,042	$ 14,908,104	$ 15,922,146
Net pension liability	136,741	-	136,741
Compensated absences - net of current portion	20,550	-	20,550
Total noncurrent liabilities	$ 1,171,333	$ 14,908,104	$ 16,079,437
Total liabilities	$ 1,722,372	$ 15,668,668	$ 17,391,040
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	$ 146,451	$ -	$ 146,451
Total deferred inflows of resources	$ 146,451	$ -	$ 146,451
NET POSITION			
Net investment in capital assets	$ 59,298,648	$ 5,342,375	$ 64,641,023
Unrestricted	6,879,342	(117,778)	6,761,564
Total net position	$ 66,177,990	$ 5,224,597	$ 71,402,587

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	$ 3,087,779	$ -	$ 3,087,779
Other revenues	75,393	-	75,393
Total operating revenues	$ 3,163,172	$ -	$ 3,163,172
OPERATING EXPENSES			
Personal services	$ 936,789	$ -	$ 936,789
Fringe benefits	264,408	-	264,408
Contractual services	612,508	-	612,508
Other charges	919,237	-	919,237
Depreciation	1,213,196	318,983	1,532,179
Total operating expenses	$ 3,946,138	$ 318,983	$ 4,265,121
Operating income (loss)	$ (782,966)	$ (318,983)	$ (1,101,949)
NONOPERATING REVENUES (EXPENSES)			
Connection and reconnection fees	$ 606,773	$ 467,175	$ 1,073,948
Investment income	52,533	-	52,533
Availability fees	175,275	-	175,275
Loss on disposal of assets	(59,435)	-	(59,435)
Tax revenue	-	213,391	213,391
Interest expense	(11,336)	(556,288)	(567,624)
Total nonoperating revenues (expenses)	$ 763,810	$ 124,278	$ 888,088
Income (loss) before contributions and transfers	$ (19,156)	$ (194,705)	$ (213,861)
Transfers in	$ -	$ 386,690	$ 386,690
Transfers out	(386,690)	-	(386,690)
Change in net position	$ (405,846)	$ 191,985	$ (213,861)
Total net position - beginning, as restated	66,583,836	5,032,612	71,616,448
Total net position - ending	$ 66,177,990	$ 5,224,597	$ 71,402,587

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 3,127,358	$ -	$ 3,127,358
Receipts for miscellaneous items	75,393	-	75,393
Payments to suppliers	(1,570,147)	-	(1,570,147)
Payments to employees	(1,247,319)	-	(1,247,319)
Net cash provided by (used for) operating activities	$ 385,285	$ -	$ 385,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	$ (386,690)	$ -	$ (386,690)
Transfers from other funds	-	386,690	386,690
Tax revenue	-	206,031	206,031
Net cash provided by (used for) noncapital financing activities	$ (386,690)	$ 592,721	$ 206,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	$ (1,301,627)	$ -	$ (1,301,627)
Proceeds from lease revenue bonds	1,039,947	-	1,039,947
Principal payments on bonds	-	(475,000)	(475,000)
Connection and availability fees	782,048	467,175	1,249,223
Interest expense	-	(612,831)	(612,831)
Net cash provided by (used for) capital and related financing activities	$ 520,368	$ (620,656)	$ (100,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	$ 52,533	$ -	$ 52,533
Net cash provided by (used for) investing activities	$ 52,533	$ -	$ 52,533
Net increase (decrease) in cash and cash equivalents	$ 571,496	$ (27,935)	$ 543,561
Cash and cash equivalents - beginning	6,284,315	27,935	6,312,250
Cash and cash equivalents - ending	$ 6,855,811	$ -	$ 6,855,811
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (782,966)	$ (318,983)	$ (1,101,949)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$ 1,213,196	$ 318,983	$ 1,532,179
(Increase) decrease in accounts receivable	39,579	-	39,579
(Increase) decrease in prepaid items	(52,684)	-	(52,684)
(Increase) decrease in pension contributions subsequent to measurement date	11,779	-	11,779
Increase (decrease) in accounts payable	14,282	-	14,282
Increase (decrease) in items related to measurement of net pension liability	146,451	-	146,451
Increase (decrease) in net pension liability	(203,046)	-	(203,046)
Increase (decrease) in compensated absences	(1,306)	-	(1,306)
Total adjustments	$ 1,168,251	$ 318,983	$ 1,487,234
Net cash provided by (used for) operating activities	$ 385,285	$ -	$ 385,285

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

		Agency Funds
ASSETS		
Cash and cash equivalents	$	8,442
Total assets	$	8,442
LIABILITIES		
Amounts held for social services clients	$	8,442
Total liabilities	$	8,442

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

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of New Kent, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer and paid fire protection and rescue services; community and economic developments; judicial; recreational activities, cultural events, education, and social services.

The financial statements of the County of New Kent, 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

The County's financial report is prepared in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

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. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

Separate financial statements are provided for governmental funds, 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 original budget, final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of New Kent (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 Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2015.

Discretely Presented Component Unit

The School Board members are elected by the citizens of New Kent County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Individual Component Unit Disclosures: (Continued).

The New Kent County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2015. The Authority does not issue a separate financial report.

C. Other Related Organizations

The Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the Waste Authority) was established in December 1990 under the provision of the Virginia Water and Sewer Authorities Act (Ch. 31, Title 15.2, Code of VA). The Waste Authority's board is comprised of representatives from the cities of Petersburg, Hopewell, Colonial Heights and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any on-going financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2015 was $285,053. Complete financial statements can be obtained from the Authority's office at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the "Center") serving the eighteen member jurisdictions of which the County Administrator serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below $2,500, the County shall pay the Commission the amount equal to the difference. Separate audited financial statements for the Commission can be obtained from the fiscal agent's office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations (Continued)

Other Agencies – Certain agencies and commissions service both the County of New Kent and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Consortium Board of the Capital Region Workforce Partnership, Central Virginia Waste Management Authority, Chickahominy District Health Advisory Board, Colonial Community Criminal Justice Board, Metropolitan Planning Organization, Richmond Metropolitan Convention & Visitors Bureau – Board of Directors, and Richmond Regional Planning District Commission.

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, except for agency funds. 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.

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 45 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unearned revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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 – are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, Airport Fund, County Capital Improvements Fund and School Construction Fund as major governmental funds.

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

   Debt Service Fund – The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County's and School Board's general long-term debt financing is provided by appropriations from the General Fund, Capital Fund - proffers, and the Airport Fund.

   Capital Projects Funds – The County Capital Improvements Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County also reports the School Construction Fund as a major Capital Projects Fund.

   Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The County's one non-major Special Revenue Fund is the Human Services (Comprehensive Services Act) Fund.

   Airport Fund – accounts for and reports the financial resources and operations of the County Airport. These resources consist of fuel and oil sales, as well as hangar rental. The Airport Fund is a major Special Revenue Fund.

   Internal Service Funds – accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

   Enterprise Funds – Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Enterprise Funds consist of the Water and Sewer Fund and Bottom's Bridge Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction.

3. Fiduciary Funds – (Trust and Agency Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients. Agency Funds include the Special Welfare Fund.

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit are reported in the accompanying financial statements as cash and cash equivalents.

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

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

G. Receivables and Payables

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

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 $357,673 at June 30, 2015 and is comprised of property taxes of $348,087 and water and sewer receivables of $9,586.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year June 30, 2015.

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

Assets	Years
Buildings	50
Capital improvements	20-50
Machinery and equipment	5-30
Intangible assets	48
Infrastructure	65
Vehicles	5-8
Water production and distribution facilities	50

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

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

K. Net Position

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

L. Net Position Flow Assumption

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

M. Pensions

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Prepaid Items

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

P. Restricted Assets

The County reports restricted fund balance on the balance sheet in the amount of $97,487, which represents E-911 wireless, Litter Control and asset forfeiture funds.

Q. Fund Equity

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

- **Nonspendable Fund Balance** – Amounts that cannot be expended as they are either: (a) in nonspendable form; or, (b) legally or contractually required to be maintained intact by the governmental entity. Items in a nonspendable form include inventories and prepaid items. The corpus of an endowment is an example of an amount that is legally or contractually required to be maintained intact and is not available for expenditure.

- **Restricted Fund Balance** – Amounts that are legally constrained for a specific purpose by external parties, constitutional provisions, bond indenture, or enabling legislation. External parties include creditors, grantors, contributors or laws and regulations. Enabling legislation includes any act of law or regulation that authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the enabling legislation. An act of law can originate external to the government or be self imposed through the enactment of an ordinance by the governmental body. The expenditure of resources restriction must originate within the enabling legislation; whereas funds restricted outside originating legislation will be considered committed or assigned.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Equity (Continued)

- **Committed Fund Balance** – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

- **Assigned Fund Balance** – Amounts constrained for a specific purpose by the County Administrator. Assignments shall not create a deficit in any fund or segment of fund balance.

- **Unassigned Fund Balance** – Amounts not classified as nonspendable, restricted, committed, or assigned as noted above. The General Fund is the only fund that would report a positive unassigned fund balance.

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis revenues and other financing sources and uses.

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Equity (Continued)

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

	General Fund	Major Special Revenue Fund Airport Fund	Major Debt Service Fund	Major Capital Projects Funds County Capital Improvements Fund	Major Capital Projects Funds School Construction Fund	Other Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Prepaid items	$ 297,507	$ 8,371	$ -	$ -	$ -	$ 98	$ 305,976
Total Nonspendable Fund Balance	$ 297,507	$ 8,371	$ -	$ -	$ -	$ 98	$ 305,976
Restricted:							
E-911 Wireless	$ 72,689	$ -	$ -	$ -	$ -	$ -	$ 72,689
Litter Control	735	-	-	-	-	-	735
Asset Forfeiture - Sheriff	4,546	-	-	-	-	-	4,546
Asset Forfeiture - Comm. Atty	19,517	-	-	-	-	-	19,517
Total Restricted Fund Balance	$ 97,487	$ -	$ -	$ -	$ -	$ -	$ 97,487
Committed:							
Computer Fund	$ 73,339	$ -	$ -	$ -	$ -	$ -	$ 73,339
Debt Service	-	-	1,392,202	-	-	-	1,392,202
Total Committed Fund Balance	$ 73,339	$ -	$ 1,392,202	$ -	$ -	$ -	$ 1,465,541
Assigned:							
Capital Improvements	$ -	$ -	$ -	$ 15,237,557	$ -	$ -	$ 15,237,557
Future school construction	-	-	-	-	667,433		667,433
Total Assigned Fund Balance	$ -	$ -	$ -	$ 15,237,557	$ 667,433	$ -	$ 15,904,990
Unassigned	$ 8,169,368	$ (13,659)	$ -	$ -	$ -	$ (98)	$ 8,155,611
Total Fund Balances	$ 8,637,701	$ (5,288)	$ 1,392,202	$ 15,237,557	$ 667,433	$ -	$ 25,929,605

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

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

S. Adoption of Accounting Principles

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

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these statements resulted in a restatement of net position, reference Note 18.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

Preparation of the annual budget is a two step process consisting of the five-year Capital Improvement Plan (CIP) and the Annual Operating Budget. Funding for the first year of the five-year CIP budget is incorporated into the Annual Operating Budget which is approved by the Board of Supervisors in May. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets are legally adopted for the General Fund, Special Revenue Funds (Human Services and Airport), Debt Service Fund, and Capital Project Funds of the Primary Government and Component Unit-School Board.

1. On or before December 1 of each year, all agencies of the County submit requests for appropriations to the County Administrator so that a budget may be prepared. The proposed operating and capital budget are presented to the County's Board of Supervisors for review. The Board holds informational budget sessions, budget work sessions, and a public hearing to obtain detailed information on budgetary issues and citizen input. A final budget is legally adopted through passage of a Budget Appropriation motion no later than June 30 for a fiscal year commencing on July 1. The Budget Appropriation motion establishes budgetary appropriation amounts at the fund level. The operating and capital budget includes proposed expenditures and the means to financing them.

2. The Board reviews its Bylaws at its January meeting and amends, as necessary, and readopts Bylaws at the February meeting. Included in the Bylaws are procedures for financial control. The Bylaws effectively establish a *legal level of budgetary* control, the lowest level at which the County Administrator may not reallocate resources without Board approval, at the department level. He is authorized to transfer appropriations by line item within departments, except for payroll and employee benefits line items. The County Administrator does not have authority to transfer appropriations between departments within the primary government's governmental funds. The Board of Supervisors must approve all other transfers and all requests for supplemental appropriations. The Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions. However, any transfer that crosses functions or supplemental appropriation that increases the School's total appropriated budget requires subsequent Board of Supervisors approval.

3. Budgets are monitored and reported to the Board of Supervisors on a monthly basis.

4. Appropriations lapse on June 30, for all County departments. Encumbrances and committed fund balances outstanding at June 30 are reappropriated in the succeeding year on a case-by-case basis.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2015.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The County's investment policy requires that all securities purchased for the County be held by the County or by the County's designated custodian. The County's investments at June 30, 2015 were held by the County or in the County's name by the County's custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody's Investor Service.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values

Rated Debt Investments		Fair Quality Ratings
		AAAm
Local Government Investment Pool	$	3,895
Total	$	3,895

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year. There were no investments with interest rate risk at year end.

External Investment Pools

The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

NOTE 4—DUE FROM OTHER GOVERNMENTS:

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

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
State sales tax	$ -	$ 568,151
Victim witness grant	11,742	-
Mobile home titling tax	75	-
Rental vehicle tax	1,126	-
E-911 wireless funds	7,006	-
Recordation tax	23,883	-
VA domestic violence victim grant	10,000	-
Welfare	27,314	-
Comprehensive services	146,726	-
Communication sales tax	97,578	-
Constitutional officer reimbursements	125,275	-
Local sales tax	244,503	-
Airport improvement	831	-
Federal Government:		
School fund grants	-	512,231
FEMA grants	102,664	-
DMV	14,415	-
Justice assistance grants	9,575	-
Emergency management and response grant	18,068	-
Historical BMP data cleanup grant	20,650	-
State homeland security program	40,000	-
Welfare	54,019	-
Total due from other governments	$ 955,450	$ 1,080,382

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2015, are as follows:

	Interfund Receivable	Interfund Payable
General	$ 17,977	$ -
Airport Fund	-	17,977
Total Governmental Funds	$ 17,977	$ 17,977

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

NOTE 6—CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not subject to depreciation:				
Land	$ 3,313,901	$ -	$ -	$ 3,313,901
Construction in progress	3,061,761	1,365,831	2,129,482	2,298,110
Total capital assets not subject to depreciation	$ 6,375,662	$ 1,365,831	$ 2,129,482	$ 5,612,011
Capital assets subject to depreciation:				
Buildings	$ 24,943,680	$ 2,727,545	$ -	$ 27,671,225
Machinery and equipment	12,307,346	1,427,825	672,529	13,062,642
Capital improvements	2,461,876	111,500	-	2,573,376
Intangible assets	92,521	-	-	92,521
Jointly owned assets - buildings	59,073,903	-	1,968,430	57,105,473
Total capital assets being depreciated	$ 98,879,326	$ 4,266,870	$ 2,640,959	$ 100,505,237
Accumulated depreciation:				
Buildings	$ 4,989,683	$ 693,116	$ -	$ 5,682,799
Machinery and equipment	8,208,988	986,846	628,725	8,567,109
Capital improvements	826,586	100,744	-	927,330
Intangible assets	1,928	23,130	-	25,058
Jointly owned assets - buildings	10,662,071	1,204,926	408,003	11,458,994
Total accumulated depreciation	$ 24,689,256	$ 3,008,762	$ 1,036,728	$ 26,661,290
Total capital assets being depreciated, net	$ 74,190,070	$ 1,258,108	$ 1,604,231	$ 73,843,947
Governmental activities capital assets, net	$ 80,565,732	$ 2,623,939	$ 3,733,713	$ 79,455,958

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of proprietary fund property, plant, and equipment at June 30, 2015 follows:

Enterprise Fund:	**Balance July 1, 2014**	**Increases**	**Decreases**	**Balance June 30, 2015**
Business-type activities:				
Capital assets not subject to depreciation:				
Land	$ 2,695,355	$ -	$ -	$ 2,695,355
Construction in progress	934,012	1,164,467	595,671	1,502,808
Total capital assets not subject to depreciation	$ 3,629,367	$ 1,164,467	$ 595,671	$ 4,198,163
Capital assets subject to depreciation:				
Water production and distribution facilities	$ 6,199,751	$ -	$ -	$ 6,199,751
Machinery and equipment	3,882,712	732,831	66,057	4,549,486
Infrastructure	75,393,461	-	82,655	75,310,806
Total capital assets being depreciated	$ 85,475,924	$ 732,831	$ 148,712	$ 86,060,043
Accumulated depreciation:				
Water production and distribution facilities	$ 1,761,900	$ 141,456	$ -	$ 1,903,356
Machinery and equipment	1,761,516	230,177	56,854	1,934,839
Infrastructure	5,199,280	1,160,546	32,423	6,327,403
Total accumulated depreciation	$ 8,722,696	$ 1,532,179	$ 89,277	$ 10,165,598
Total capital assets being depreciated, net	$ 76,753,228	$ (799,348)	$ 59,435	$ 75,894,445
Business-type activities capital assets, net	$ 80,382,595	$ 365,119	$ 655,106	$ 80,092,608

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NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Component Unit—School Board:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not subject to depreciation:				
Land	$ 2,022,600	$ -	$ -	$ 2,022,600
Construction in progress	10,022	-	-	10,022
Total capital assets not subject to depreciation	$ 2,032,622	$ -	$ -	$ 2,032,622
Capital assets subject to depreciation:				
Buildings	$ 832,025	$ -	$ -	$ 832,025
Jointly owned assets - buildings	20,832,323	-	(1,968,430)	22,800,753
Machinery and equipment	5,559,279	640,557	290,144	5,909,692
Total capital assets being depreciated	$ 27,223,627	$ 640,557	$ (1,678,286)	$ 29,542,470
Accumulated depreciation:				
Buildings	$ 50,805	$ 40,862	$ -	$ 91,667
Jointly owned assets - buildings	3,742,366	424,914	(408,003)	4,575,283
Machinery and equipment	4,158,316	543,643	290,144	4,411,815
Total accumulated depreciation	$ 7,951,487	$ 1,009,419	$ (117,859)	$ 9,078,765
Total capital assets being depreciated, net	$ 19,272,140	$ (368,862)	$ (1,560,427)	$ 20,463,705
Capital assets, net	$ 21,304,762	$ (368,862)	$ (1,560,427)	$ 22,496,327

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NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government administration	$	151,098
Judicial administration		546,142
Public safety		462,221
Public works		329,361
Health and welfare		73,221
Education		1,204,926
Parks, recreation and cultural		50,693
Community development	$	191,100
Total Governmental activities	$	3,008,762
Component Unit School Board	$	1,009,419
Business-Type Activities	$	1,532,179

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of New Kent, Virginia for the year ended June 30, 2015, is that school financed assets in the amount of $45,646,479 are reported in the Primary Government for financial reporting purposes.

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NOTE 7—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental Funds:		
General	$ 127,765	$ 8,554,031
Other Governmental	568,047	-
County Capital Improvements	2,117,509	186,932
Debt Service	5,843,332	-
Airport	84,310	-
Total Governmental Funds	$ 8,740,963	$ 8,740,963
Enterprise Funds:		
Water and Sewer	$ -	$ 386,690
Bottom's Bridge	386,690	-
Total Enterprise Funds	$ 386,690	$ 386,690
Component Unit—School Board:		
School Operating	$ -	$ 100,000
Textbook	100,000	-
Total Component Unit—School Board Funds	$ 100,000	$ 100,000
Total-All Funds	$ 9,227,653	$ 9,227,653

Budget transfers were made throughout the year and at year-end for the Primary Government, Enterprise Fund, and the Component Unit – School Board. Most transfers were included in in the FY15 Adopted Budget.

Governmental Funds:
The largest interfund transfers out were the General Fund's support of the Debt Service and the County Capital Improvements Fund in the amount of $5,843,332 and $2,117,509, respectively. The Debt Service Fund is used to account for financial resources committed for the retirement of outstanding debt in accordance with existing amortization tables. All County debt (excluding the Enterprise Fund) is paid from the Debt Service Fund. The General Fund supports the Debt Services Fund through Real Estate Tax and other local taxes collections. A portion of the transfer ($486,136) was for funds that were set-aside for future school debt. The County Capital Improvements Fund reflects $1,972,236 in funds transferred from the General Fund in accordance with the County's Unassigned Fund Balance Reserve Policy.

The transfer out for County Capital Improvements Fund ($186,932) consists of the transfers to the Computer Fund ($124,200), Airport Fund ($59,137) and the transfer to Social Services Fund for the County's portion of a vehicle ($3,565).

The majority of the transfers in were funds transferred from the General Fund to the other Funds. The largest, as discussed above, is to the Debt Service Fund ($5,843,322). The General Fund also supports the Airport Fund with local funds. For FY15, the local support totaled $84,310, which included operating costs of $25,143 and capital expenditures of $59,167. Other Governmental transfers ($568,047) are directly related to the County's support of the Human Services Fund.

NOTE 7—INTERFUND TRANSFERS: (Continued)

Enterprise Fund:
The Enterprise Funds made a transfer between Water and Sewer and Bottom's Bridge in the amount of $386,690. The Bottom's Bridge District was established in 2004 as a financing vehicle to provide resources for the construction of water and sewer facilities in the Bottom's Bridge area. Excluding water and sewer volume fees, all revenues collected in the District are legally dedicated to the payment of debt service on the original construction bonds. Because the District did not collect enough funds to pay the debt service, the Water and Sewer Fund provided $386,690 in additional support.

Component Unit – School Board Funds
A transfer of $100,000 was made to the Textbook Fund from the Operating Fund to provide funding for school textbooks.

NOTE 8—LONG-TERM OBLIGATIONS:

Details of Long-Term Indebtedness:

Primary Government:

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

	Restated Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences (payable from the General Fund)	$ 673,114	$ 738,175	$ 704,385	$ 706,904	$ 566,584
Net pension liability	2,510,780	2,052,070	3,552,435	1,010,415	-
Lease revenue bonds	6,259,917	8,761,830	4,253,758	10,767,989	354,138
Bond premium	99,708	461,119	120,723	440,104	55,627
Total incurred by County	$ 9,543,519	$ 12,013,194	$ 8,631,301	$ 12,925,412	$ 976,349
Incurred by School Board:					
General obligation bonds	$ 11,274,259	$ -	$ 910,950	$ 10,363,309	$ 814,973
Lease revenue bond	37,137,573	35,283,170	37,137,573	35,283,170	1,926,419
Bond premium	1,216,172	4,159,123	1,134,967	4,240,328	544,094
Total incurred by School Board	$ 49,628,004	$ 39,442,293	$ 39,183,490	$ 49,886,807	$ 3,285,486
Total Governmental Activities	$ 59,171,523	$ 51,455,487	$ 47,814,791	$ 62,812,219	$ 4,261,835
Business-type Activities:					
Compensated absences (payable from the Enterprise Fund)	$ 104,832	$ 92,824	$ 94,130	$ 103,526	$ 82,976
Net pension liability	339,787	277,710	480,756	136,741	-
Lease revenue bonds	14,535,000	1,039,947	475,000	15,099,947	475,905
Bond premium	1,624,925	-	164,926	1,459,999	161,895
Total Businss-type Activities	$ 16,604,544	$ 1,410,481	$ 1,214,812	$ 16,800,213	$ 720,776

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	County Obligations	
Year Ending June 30	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2016	$ 354,138	$ 261,918
2017	799,985	318,354
2018	820,965	296,668
2019	843,582	274,861
2020	867,339	250,350
2021	895,239	222,129
2022	925,789	192,483
2023	956,494	161,681
2024	988,361	129,717
2025	1,021,892	96,524
2026	1,053,101	64,889
2027	532,993	35,027
2028	348,317	17,208
2029	359,794	5,622
Total	$ 10,767,989	$ 2,327,431

NOTE 8—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	School Obligations			
	General Obligation Bond		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	$ 814,973	$ 479,379	$ 1,926,419	$ 1,373,119
2017	821,510	437,649	1,975,930	1,321,777
2018	826,765	397,201	2,034,442	1,259,115
2019	830,897	357,876	2,097,456	1,198,740
2020	835,474	318,106	2,178,474	1,117,593
2021	840,284	278,104	2,286,497	1,006,441
2022	845,807	237,388	2,408,023	886,144
2023	850,329	197,672	2,538,552	759,388
2024	854,517	158,292	2,669,080	625,943
2025	860,264	117,352	2,813,112	485,461
2026	866,534	75,888	2,934,638	363,133
2027	742,966	37,034	3,033,659	260,944
2028	372,989	9,511	3,141,683	155,205
2029	-	-	3,245,205	50,707
Total	$ 10,363,309	$ 3,101,452	$ 35,283,170	$ 10,863,710

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	Enterprise Obligations	
Year Ending June 30	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2016	$ 475,905	$ 611,902
2017	517,624	588,767
2018	538,730	566,292
2019	559,859	540,570
2020	591,011	512,842
2021	622,188	483,553
2022	658,389	452,599
2023	679,616	420,209
2024	720,869	386,407
2025	747,148	352,112
2026	778,453	317,772
2027	809,786	283,042
2028	846,147	248,900
2029	882,537	214,473
2030	918,956	178,301
2031	925,405	145,661
2032	956,884	113,895
2033	945,440	77,997
2034	950,000	45,313
2035	975,000	15,234
Total	$ 15,099,947	$ 6,555,841

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	Year Issued	Interest Rates	Maturity Date	Amount Outstanding	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Lease revenue Bonds					
2015 lease revenue bond	2015	2.35%	10/1/2025	$ 4,850,000	$ -
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	3,911,830	213,581
2007 lease revenue bond	2008	3.98%	2/1/2027	2,006,159	140,557
Unamortized premium				440,104	55,627
Net pension liability				1,010,415	-
Compensated absences (payable from the General Fund)				706,904	566,584
Total incurred by County				$ 12,925,412	$ 976,349
Incurred by School Board:					
General obligation bonds					
2007 School bond	2008	5.10%	7/15/2027	$ 4,608,997	$ 338,753
2006 School bond	2007	4.225%-5.10%	7/15/2026	4,386,385	356,984
2005 School bond - primary school	2006	4.60%-5.10%	7/15/2025	1,367,927	119,236
Lease revenue bond					
2014 refunding lease revenue bond	2015	2.125%-5.125%	10/1/2028	35,283,170	1,926,419
Unamortized premium				4,240,328	544,094
Total incurred by School Board				$ 49,886,807	$ 3,285,486
Total Governmental Activities Obligations				$ 62,812,219	$ 4,261,835
Business-type Activities Obligations:					
Lease revenue bonds					
2014 lease revenue bond	2015	2.09%	9/1/2034	$ 1,039,947	$ 25,905
2012B lease revenue bond	2012	2.279-5.125%	10/1/2029	8,930,000	425,000
2012C lease revenue bond	2012	2.172-4.839%	10/1/2034	5,130,000	25,000
Unamortized premium				1,459,999	161,895
Net pension liability				136,741	-
Compensated absences (payable from the Enterprise Fund)				103,526	82,976
Total Enterprise Obligations				$ 16,800,213	$ 720,776

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

The County issued the series 2014 refunding lease revenue bond in the amount of $39,195,000 to refund the series 2006 lease revenue bond. The aggregate difference in the debt service between the refunded debt and the refunding debt was $3,406,646 and the economic gain on the transaction was $2,757,869.

Rate Covenant

The 2015 lease revenue bond prescribes that the County shall fix, charge and collect such charges for the use of and for the services furnished by the System so that net revenues available for debt service in any fiscal year is equal to or greater than 115% of annual debt service required to be paid for bonds in that fiscal year. The following calculation shows the County's compliance with this rate covenant:

Fiscal Year	Total Revenues	Cash Reserves *1	Total Revenue and Cash Available for Debt Service	Adjusted Expenditures *2	Net Revenues and Cash Availaible For Debt Service	Fiscal Year Debt Service All W&S Bonds *3	Percentage of Net Revenues and Cash Availaible For Debt Service
2015	$ 4,678,319	$ 6,742,068	$ 11,420,387	$ 2,448,304	$ 8,972,083	$ 1,078,141	832%

***1 - Uncommitted cash at June 30th**

***2 - Total Expenditures less depreciation and capital improvements**

***3 - Includes debt service for Series 2012B, 2012C, 2014**

Component Unit—School Board:

The following is a summary of long-term obligations transactions of the Component Unit—School Board for the year ended June 30, 2015:

	Restated Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Compensated absences (payable from the School Fund)	$ 422,157	$ 250,186	$ 341,167	$ 331,176	$ 267,641
Net pension liability	27,163,171	2,414,578	5,600,749	23,977,000	-
Net OPEB Obligation	578,000	166,000	75,000	669,000	-
Total Component Unit School Board	$ 28,163,328	$ 2,830,764	$ 6,016,916	$ 24,977,176	$ 267,641

NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned and deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled $1,955,455 at June 30, 2015.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2015, but paid in advance by the tax payers totaled $92,506 at June 30, 2015.

Unearned Revenue: Other miscellaneous unearned revenue items totaled $125,964 at June 30, 2015, of which $103,688 is FEMA funds related to Hurricane Irene.

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units 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, any future disallowance of current grant program expenditures, if any, would be immaterial.

The following construction contracts were outstanding at June 30, 2015:

Fund	Project	Contractor	Amount of Contract	Contract Outstanding At June 30, 2015
Capital Projects Fund	800 MHz Radio System	Harris Corporation	$ 4,553,367	$ 3,332,025

NOTE 11—LITIGATION:

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

NOTE 12—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 joined together with other local governments in Virginia to form the Virginia Municipal League, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion

NOTE 12—RISK MANAGEMENT: (CONTINUED)

which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Through this coverage, the County obtains general liability coverage of $1,000,000 per occurrence, auto liability coverage of $1,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, public officials/excess general liability of $2,000,000 per occurrence and crime blanket coverage of $250,000. Settlements have not exceeded coverage for each of the past three fiscal years.

The component units – School Board and Economic Development Authority, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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NOTE 13—PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • 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.

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1 (Cont.)</td><td>About Plan 2 (Cont.)</td><td>About the Hybrid Retirement Plan (Cont.)
• 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.</td></tr>
<tr><td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

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 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.</td><td>Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election
Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible 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.</td><td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
• Political subdivision employees*
• School division employees
• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</td></tr>
</table>

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**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.

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Creditable Service** Same as Plan 1.	**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. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Vesting** Same as Plan 1.	**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. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions 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.

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** 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.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	59	38
Inactive members:		
Vested inactive members	31	12
Non-vested inactive members	52	37
Inactive members active elsewhere in VRS	70	17
Total inactive members	153	66
Active members	153	74
Total covered employees	365	178

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 13—PENSION PLAN: (CONTINUED)

Contributions (Continued)

Contributions to the pension plan from the County were $790,079 and $888,904 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. However, during 2015, the Component Unit School Board paid a reduced certified rate approved by the VRS of 6.90% of covered employee compensation.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $90,236 and $122,227 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions – General Employees

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

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

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

NOTE 13—PENSION PLAN: (CONTINUED)

Contributions (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

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

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

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

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

NOTE 13—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

NOTE 13—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 19,983,552	$ 17,132,985	$ 2,850,567
Changes for the year:			
Service cost	$ 940,029	$ -	$ 940,029
Interest	1,375,536	-	1,375,536
Contributions - employer	-	888,904	(888,904)
Contributions - employee	-	388,169	(388,169)
Net investment income	-	2,755,972	(2,755,972)
Benefit payments, including refunds of employee contributions	(666,080)	(666,080)	-
Administrative expenses	-	(14,214)	14,214
Other changes	-	145	(145)
Net changes	$ 1,649,485	$ 3,352,896	$ (1,703,411)
Balances at June 30, 2014	$ 21,633,037	$ 20,485,881	$ 1,147,156

NOTE 13—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	$ 4,088,552	$ 3,785,381	$ 303,171
Changes for the year:			
Service cost	$ 148,983	$ -	$ 148,983
Interest	279,406	-	279,406
Contributions - employer	-	122,227	(122,227)
Contributions - employee	-	73,877	(73,877)
Net investment income	-	596,911	(596,911)
Benefit payments, including refunds of employee contributions	(194,074)	(194,074)	-
Administrative expenses	-	(3,189)	3,189
Other changes	-	32	(32)
Net changes	$ 234,315	$ 595,784	$ (361,469)
Balances at June 30, 2014	$ 4,322,867	$ 4,381,165	$ (58,298)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	$ 4,287,859	$ 1,147,156	$ (1,431,389)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 508,991	$ (58,298)	$ (529,933)

NOTE 13—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of $414,110 and $26,336 respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,288,617	$ -	$ 265,578
Employer contributions subsequent to the measurement date	790,079	-	90,236	-
Total	$ 790,079	$ 1,288,617	$ 90,236	$ 265,578

$790,079 and $90,236 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	$ (307,154)	$ (66,395)
2017	(307,154)	(66,395)
2018	(307,154)	(66,395)
2019	(307,155)	(66,393)
Thereafter	-	-

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were $2,053,466 and $1,695,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of $23,977,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.19841% as compared to 0.19498% at June 30, 2013.

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of $1,983,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 3,558,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	387,000	-
Employer contributions subsequent to the measurement date	2,053,466	-
Total	$ 2,440,466	$ 3,558,000

$2,053,466 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ (804,000)
2017	(804,000)
2018	(804,000)
2019	(804,000)
Thereafter	45,000

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

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

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

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

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

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

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 35,208,000	$ 23,977,000	$ 14,731,000

Pension Plan Fiduciary Net Position

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

NOTE 14—DEFERRED COMPENSATION PLAN:

Eligible employees of the County may participate in a deferred compensation plan in accordance with Internal Revenue Code section 457. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts deferred and all income attributable to those amounts, property or rights are held in trust for the participants. The County does not make or match contributions.

NOTE 15—SURETY BONDS:

		Amount
Commonwealth of Virginia - Division of Risk Management - Surety		
Karen A. Butler, Clerk of the Circuit Court	$	385,000
Norma C. Holmes, Treasurer		400,000
Laura M. Ecimovic, Commissioner of the Revenue		3,000
Farrar W. "Wakie" Howard, Jr., Sheriff		30,000
The above constitutional officer's employees blanket bond		50,000
Virginia Association of Counties Group Self Insurance Risk Pool		
All School Employees - Blanket Bond		1,000,000
Fidelity and Deposit Company of Maryland - Surety		
Thomas W. Evelyn, Board of Supervisor		1,000
James H. Burrell, Board of Supervisor		1,000
W. R. Davis, Jr., Board of Supervisor		1,000
Travelers Casualty and Surety Company of America		
Rodney A. Hathaway, County Administrator		1,000
C. Thomas Tiller, Jr., Board of Supervisor		1,000
Ron Stiers, Board of Supervisor		1,000
VaRISK2 - Virginia Group Liability Self Insurance Plan - Surety		1,000,000
All Social Services Employees - Blanket Bond		

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NOTE 16–OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:

A. Plan Description

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

New Kent County Public Schools retirees must meet one of the following requirements to be eligible for health benefits.

- retire with an immediate benefit from the Virginia Retirement System.
- has medical coverage prior to retirement.
- Retirees are eligible for the School's wellness program. The wellness program provides a subsidy of $720 per year for participants who meet certain wellness criteria.

B. Funding Policy

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65. The Schools currently have 12 retirees and 1 spouse on their plan.

C. Annual OPEB Cost and Net OPEB Obligation

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

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NOTE 16-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (CONTINUED)

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

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

		SCHOOLS
Annual required contribution	$	169,000
Interest on net OPEB obligation		20,000
Adjustment to annual required contribution		(23,000)
Annual OPEB cost (expense)	$	166,000
Contributions made		(75,000)
Increase in net OPEB obligation		91,000
Net OPEB obligation-beginning of year		578,000
Net OPEB obligation-end of year	$	669,000

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

Fiscal Year Ended		Annual OPEB	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
Schools:					
6/30/2015	$	166,000	45.18%	$	669,000
6/30/2014		153,000	33.99%		578,000
6/30/2013		143,000	34.27%		477,000

Funded Status and Funding Progress

At July 1, 2014, the start of the most recent actuarial report, the School Board's actuarial accrued liability for benefits was $1,580,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $15,412,145, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.25 percent.

NOTE 16–OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (CONTINUED)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

Cost Method

In the July 1, 2014 actuarial valuation, the projected unit credit method, with linear pro-ration to assumed benefit commencement was used. The unfunded liability is amortized over 30 years as a level percentage of pay.

The following simplifying assumptions were made:

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

Mortality - Life expectancies were based on mortality tables from the RP-2014 Combined Healthy mortality tables for males and females.

Coverage elections - The actuarial assumed that 30% of eligible retirees who qualify will elect coverage.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount of 3.50% was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was twenty-four years.

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT:

A. Plan Description

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

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT:

A. Plan Description (Continued)

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were $155,015, $160,551, and $153,269, respectively and equaled the required contributions for each year.

NOTE 18–RESTATEMENT OF BEGINNING NET POSITION:

The following adjustments were made to beginning net position:

	Governmental Activities	Business-type Activities Water & Sewer	Component-Unit School Board
Net position as previously reported	$ 47,235,295	$ 66,817,666	$ 21,065,806
Implementation of GASB 68:			
Deferred outflows of resources	782,947	105,957	1,817,227
Net pension liability	(2,510,780)	(339,787)	(27,163,171)
Net position as restated	$ 45,507,462	$ 66,583,836	$ (4,280,138)

NOTE 19–UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 19–UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	$ 25,681,296	$ 25,681,296	$ 25,641,948	$ (39,348)
Other local taxes	3,735,400	3,735,400	4,069,547	334,147
Permits, privilege fees, and regulatory licenses	387,580	387,580	561,042	173,462
Fines and forfeitures	245,500	245,500	244,896	(604)
Revenue from the use of money and property	526,058	526,058	459,686	(66,372)
Charges for services	493,528	503,530	514,691	11,161
Miscellaneous	41,500	104,494	145,302	40,808
Recovered costs	387,344	443,029	617,157	174,128
Intergovernmental:				
Commonwealth	4,933,043	5,227,004	5,127,647	(99,357)
Federal	671,767	966,029	938,487	(27,542)
Total revenues	$ 37,103,016	$ 37,819,920	$ 38,320,403	$ 500,483
EXPENDITURES				
Current:				
General government administration	$ 3,406,973	$ 3,524,575	$ 3,366,101	$ 158,474
Judicial administration	1,469,255	1,501,170	1,413,082	88,088
Public safety	7,452,177	8,428,224	7,796,549	631,675
Public works	1,507,798	1,509,960	1,420,868	89,092
Health and welfare	1,731,909	1,816,824	1,559,317	257,507
Education	12,963,191	12,963,191	12,495,210	467,981
Parks, recreation, and cultural	755,806	786,036	691,829	94,207
Community development	950,284	982,284	777,280	205,004
Total expenditures	$ 30,237,393	$ 31,512,264	$ 29,520,236	$ 1,992,028
Excess (deficiency) of revenues over (under) expenditures	$ 6,865,623	$ 6,307,656	$ 8,800,167	$ 2,492,511
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 127,765	$ 127,765	$ 127,765	$ -
Transfers out	(6,693,388)	(6,838,161)	(8,554,031)	(1,715,870)
Total other financing sources (uses)	$ (6,565,623)	$ (6,710,396)	$ (8,426,266)	$ (1,715,870)
Net change in fund balances	$ 300,000	$ (402,740)	$ 373,901	$ 776,641
Fund balances - beginning	(300,000)	402,740	8,263,800	7,861,060
Fund balances - ending	$ -	$ -	$ 8,637,701	$ 8,637,701

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ 94,622	$ 94,622	$ 88,654	$ (5,968)
Charges for services	108,350	108,350	77,206	(31,144)
Intergovernmental:				
Commonwealth	150,167	190,402	11,866	(178,536)
Federal	1,312,500	1,421,750	-	(1,421,750)
Total revenues	$ 1,665,639	$ 1,815,124	$ 177,726	$ (1,637,398)
EXPENDITURES				
Current:				
Public works	$ 231,615	$ 231,615	$ 175,467	$ 56,148
Capital projects	1,518,334	1,683,603	82,619	1,600,984
Total expenditures	$ 1,749,949	$ 1,915,218	$ 258,086	$ 1,657,132
Excess (deficiency) of revenues over (under) expenditures	$ (84,310)	$ (100,094)	$ (80,360)	$ 19,734
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 84,310	$ 84,310	$ 84,310	$ -
Net change in fund balances	$ -	$ (15,784)	$ 3,950	$ 19,734
Fund balances - beginning	-	15,784	(9,238)	(25,022)
Fund balances - ending	$ -	$ -	$ (5,288)	$ (5,288)

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll * (c)	UAAL as % of Payroll ((b-a)/c)
School Board:						
7/1/2011	$ -	$ 1,751,000	$ 1,751,000	0.00%	$ 14,771,287	11.85%
7/1/2012	-	1,118,000	1,118,000	0.00%	15,128,675	7.39%
7/1/2013	-	1,208,000	1,208,000	0.00%	15,922,044	7.59%
7/1/2014	-	1,580,000	1,580,000	0.00%	15,412,145	10.25%

* Based on annual payroll reported to the Virginia Retirement System

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

		2014
Total pension liability		
Service cost	$	940,029
Interest		1,375,536
Benefit payments, including refunds of employee contributions		(666,080)
Net change in total pension liability	$	1,649,485
Total pension liability - beginning		19,983,552
Total pension liability - ending (a)	$	21,633,037
Plan fiduciary net position		
Contributions - employer	$	888,904
Contributions - employee		388,169
Net investment income		2,755,972
Benefit payments, including refunds of employee contributions		(666,080)
Administrative expense		(14,214)
Other		145
Net change in plan fiduciary net position	$	3,352,896
Plan fiduciary net position - beginning		17,132,985
Plan fiduciary net position - ending (b)	$	20,485,881
County's net pension liability - ending (a) - (b)	$	1,147,156
Plan fiduciary net position as a percentage of the total pension liability		94.70%
Covered-employee payroll	$	7,613,554
County's net pension liability as a percentage of covered-employee payroll		15.07%

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

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

		2014
Total pension liability		
Service cost	$	148,983
Interest		279,406
Benefit payments, including refunds of employee contributions		(194,074)
Net change in total pension liability	$	234,315
Total pension liability - beginning		4,088,552
Total pension liability - ending (a)	$	4,322,867
Plan fiduciary net position		
Contributions - employer	$	122,227
Contributions - employee		73,877
Net investment income		596,911
Benefit payments, including refunds of employee contributions		(194,074)
Administrative expense		(3,189)
Other		32
Net change in plan fiduciary net position	$	595,784
Plan fiduciary net position - beginning		3,785,381
Plan fiduciary net position - ending (b)	$	4,381,165
School Division's net pension liability (asset) - ending (a) - (b)	$	(58,298)
Plan fiduciary net position as a percentage of the total pension liability		101.35%
Covered-employee payroll	$	1,445,174
School Division's net pension liability (asset) as a percentage of covered-employee payroll		-4.03%

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

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

	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.19841%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 23,977,000
Employer's Covered-Employee Payroll	14,161,834
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	169.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

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

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

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government									
2015	$	795,894	$	795,894	$	-	$	7,802,880	10.20%
Component Unit School Board (nonprofessional)									
2015	$	93,023	$	90,236	$	2,787	$	1,250,311	7.22%
Component Unit School Board (professional)									
2015	$	2,053,466	$	2,053,466	$	-	$	14,161,834	14.50%

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

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

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES				
Debt service:				
Principal retirement	$ 2,967,282	$ 2,967,282	$ 2,967,281	$ 1
Interest and other fiscal charges	2,635,328	2,635,328	2,577,144	58,184
Bond issuance costs	-	710,973	707,305	3,668
Total expenditures	$ 5,602,610	$ 6,313,583	$ 6,251,730	$ 61,853
Excess (deficiency) of revenues over (under) expenditures	$ (5,602,610)	$ (6,313,583)	$ (6,251,730)	$ 61,853
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 5,843,332	$ 5,843,332	$ 5,843,332	$ -
Premium on refunding bonds issued		4,620,242	4,620,242	-
Refunding bonds issued	-	39,195,000	39,195,000	-
Payment to refunded bond escrow agent	-	(43,104,269)	(43,103,995)	274
Total other financing sources (uses)	$ 5,843,332	$ 6,554,305	$ 6,554,579	$ 274
Net change in fund balances	$ 240,722	$ 240,722	$ 302,849	$ 62,127
Fund balances - beginning	(240,722)	(240,722)	1,089,353	1,330,075
Fund balances - ending	$ -	$ -	$ 1,392,202	$ 1,392,202

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 5,061	$ 5,061
Miscellaneous	-	-	209,078	209,078
Intergovernmental:				
Commonwealth	-	480,000	-	(480,000)
Federal	939,550	939,550	-	(939,550)
Total revenues	$ 939,550	$ 1,419,550	$ 214,139	$ (1,205,411)
EXPENDITURES				
Current:				
Education	$ -	$ 31,861	$ 31,861	$ -
Capital projects	9,190,500	19,133,767	4,213,595	14,920,172
Total expenditures	$ 9,190,500	$ 19,165,628	$ 4,245,456	$ 14,920,172
Excess (deficiency) of revenues over (under) expenditures	$ (8,250,950)	$ (17,746,078)	$ (4,031,317)	$ 13,714,761
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 144,773	$ 2,117,509	$ 1,972,736
Transfers out	(186,932)	(186,932)	(186,932)	-
Issuance of bonds	5,000,000	9,850,000	4,850,000	(5,000,000)
Total other financing sources (uses)	$ 4,813,068	$ 9,807,841	$ 6,780,577	$ (3,027,264)
Net change in fund balances	$ (3,437,882)	$ (7,938,237)	$ 2,749,260	$ 10,687,497
Fund balances - beginning	3,437,882	7,938,237	12,488,297	4,550,060
Fund balances - ending	$ -	$ -	$ 15,237,557	$ 15,237,557

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

	Human Services Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
Commonwealth	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
Total revenues	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
EXPENDITURES				
Current:				
Health and welfare	$ 1,736,248	$ 1,736,248	$ 957,775	$ 778,473
Total expenditures	$ 1,736,248	$ 1,736,248	$ 957,775	$ 778,473
Excess (deficiency) of revenues over (under) expenditures	$ (824,913)	$ (824,913)	$ (568,047)	$ 256,866
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 824,913	$ 824,913	$ 568,047	$ (256,866)
Total other financing sources (uses)	$ 824,913	$ 824,913	$ 568,047	$ (256,866)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Combining Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Agency Funds		
	Special Welfare	SSI Dedicated	Total
ASSETS			
Cash and cash equivalents	$ 7,099	$ 1,343	$ 8,442
Total assets	$ 7,099	$ 1,343	$ 8,442
LIABILITIES			
Amounts held for social services clients	$ 7,099	$ 1,343	$ 8,442
Total liabilities	$ 7,099	$ 1,343	$ 8,442

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 9,844	$ 3,764	$ 6,509	$ 7,099
Total assets	$ 10,466	$ 3,764	$ 6,509	$ 7,099
Liabilities:				
Amounts held for social services clients	$ 9,844	$ 3,764	$ 6,509	$ 7,099
Total liabilities	$ 9,844	$ 3,764	$ 6,509	$ 7,099
SSI Dedicated Fund:				
Assets:				
Cash and cash equivalents	$ 1,442	$ 1	$ 100	$ 1,343
Total assets	$ 1,442	$ 1	$ 100	$ 1,343
Liabilities:				
Amounts held for social services clients	$ 1,442	$ 1	$ 100	$ 1,343
Total liabilities	$ 1,442	$ 1	$ 100	$ 1,343
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 11,286	$ 3,765	$ 6,609	$ 8,442
Total assets	$ 11,286	$ 3,765	$ 6,609	$ 8,442
Liabilities:				
Amounts held for social services clients	$ 11,286	$ 3,765	$ 6,609	$ 8,442
Total liabilities	$ 11,286	$ 3,765	$ 6,609	$ 8,442

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DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2015

		School Operating Fund		Total Nonmajor Governmental Funds		Total Governmental Funds
ASSETS						
Cash and cash equivalents	$	2,260,654	$	544,812	$	2,805,466
Receivables (net of allowance for uncollectibles):						
Accounts receivable		42,934		-		42,934
Due from other governmental units		1,062,522		17,860		1,080,382
Total assets	$	3,366,110	$	562,672	$	3,928,782
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$	468,532	$	45,767	$	514,299
Accrued liabilities		2,905,187		56,004		2,961,191
Total liabilities	$	3,373,719	$	101,771	$	3,475,490
Fund balances:						
Committed						
Cafeteria fund	$	-	$	268,782	$	268,782
Textbook fund		-		192,119		192,119
Assigned	$	(7,609)	$	-	$	(7,609)
Total fund balances	$	(7,609)	$	460,901	$	453,292
Total liabilities and fund balances	$	3,366,110	$	562,672	$	3,928,782

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above			$	453,292
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets cost	$	31,575,092		
Less: accumulated depreciation		(9,078,765)		22,496,327
The net pension asset is not an available resource and, therefore, is not reported in the funds.				58,298
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Items related to measurement of net pension liability				(3,436,578)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.				2,143,702
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.				634,852
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences	$	(331,176)		
Net pension liability		(23,977,000)		
Net OPEB obligation		(669,000)		(24,977,176)
Net position of governmental activities			$	(2,627,283)

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

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 110	$ 1,459	$ 1,569
Charges for services	116,169	594,793	710,962
Miscellaneous	114,569	9,272	123,841
Intergovernmental:			
Local government	12,518,475	-	12,518,475
Commonwealth	13,366,964	175,674	13,542,638
Federal	937,860	379,831	1,317,691
Total revenues	$ 27,054,147	$ 1,161,029	$ 28,215,176
EXPENDITURES			
Current:			
Education	$ 26,954,132	$ 1,137,723	$ 28,091,855
Total expenditures	$ 26,954,132	$ 1,137,723	$ 28,091,855
Excess (deficiency) of revenues over (under) expenditures	$ 100,015	$ 23,306	$ 123,321
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 100,000	$ 100,000
Transfers out	(100,000)	-	(100,000)
Total other financing sources (uses)	$ (100,000)	$ 100,000	$ -
Net change in fund balances	$ 15	$ 123,306	$ 123,321
Fund balances - beginning	(7,624)	337,595	329,971
Fund balances - ending	$ (7,609)	$ 460,901	$ 453,292

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

Net change in fund balances - total governmental funds - per above		$ 123,321
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 2,200,984	
Depreciation expense	(1,009,419)	1,191,565
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
(Increase) decrease in items related to measurement of net pension liability		(3,436,578)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	$ 326,475	
(Increase) decrease in compensated absences	90,981	
(Increase) decrease in net pension liability/asset	3,244,469	
(Increase) decrease in net OPEB obligation	(91,000)	3,570,925
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		203,622
Change in net position of governmental activities		$ 1,652,855

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 110	$ 110
Charges for services	116,500	116,500	116,169	(331)
Miscellaneous	93,000	100,423	114,569	14,146
Intergovernmental:				
Local government	12,954,595	12,986,456	12,518,475	(467,981)
Commonwealth	13,156,863	13,219,357	13,366,964	147,607
Federal	974,630	974,630	937,860	(36,770)
Total revenues	$ 27,295,588	$ 27,397,366	$ 27,054,147	$ (343,219)
EXPENDITURES				
Current:				
Education	$ 27,295,588	$ 27,297,366	$ 26,954,132	$ 343,234
Total expenditures	$ 27,295,588	$ 27,297,366	$ 26,954,132	$ 343,234
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 100,000	$ 100,015	$ 15
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ (100,000)	$ (100,000)	$ -
Total other financing sources (uses)	$ -	$ (100,000)	$ (100,000)	$ -
Net change in fund balances	$ -	$ -	$ 15	$ 15
Fund balances - beginning	-	-	(7,624)	(7,624)
Fund balances - ending	$ -	$ -	$ (7,609)	$ (7,609)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ 1,459	$ 1,459	$ -	$ -	$ -	$ -
Charges for services	783,684	783,684	594,793	(188,891)	-	-	-	-
Miscellaneous	-	-	9,143	9,143	-	-	129	129
Intergovernmental:								
Commonwealth	14,748	14,748	13,900	(848)	160,261	160,261	161,774	1,513
Federal	150,000	197,722	379,831	182,109	-	-	-	-
Total revenues	$ 948,432	$ 996,154	$ 999,126	$ 2,972	$ 160,261	$ 160,261	$ 161,903	$ 1,642
EXPENDITURES								
Current:								
Education	$ 948,432	$ 996,154	$ 968,884	$ 27,270	$ 160,261	$ 260,261	$ 168,839	$ 91,422
Total expenditures	$ 948,432	$ 996,154	$ 968,884	$ 27,270	$ 160,261	$ 260,261	$ 168,839	$ 91,422
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 30,242	$ 30,242	$ -	$ (100,000)	$ (6,936)	$ 93,064
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ 100,000	$ -
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ 100,000	$ -
Net change in fund balances	$ -	$ -	$ 30,242	$ 30,242	$ -	$ -	$ 93,064	$ 93,064
Fund balances - beginning	-	-	238,540	238,540	-	-	99,055	99,055
Fund balances - ending	$ -	$ -	$ 268,782	$ 268,782	$ -	$ -	$ 192,119	$ 192,119

Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2015

		Bridging Communities
ASSETS		
Cash and cash equivalents	$	149,346
Accounts receivable		37,168
Prepaid items		5,716
Total assets	$	192,230
LIABILITIES		
Accounts payable	$	6,081
Accrued liabilities		61,175
Total liabilities	$	67,256
NET POSITION		
Held in trust for education	$	124,974

Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2015

		Bridging Communities
ADDITIONS		
Contributions:		
Tuition	$	666,564
CTE equipment grant		10,360
STEM grants		24,758
Security equipment grant		19,314
Other revenues		41,726
Total additions	$	762,722
DEDUCTIONS		
Instruction	$	440,913
Administration		243,158
Operation and maintenance		51,065
Technology		5,578
Total deductions	$	740,714
Change in net position	$	22,008
Net position - beginning		102,966
Net position - ending	$	124,974

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2015

		Self-Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	519,148
Accounts receivable, net of allowances for uncollectibles		374,955
Total assets	$	894,103
LIABILITIES		
Current liabilities:		
Accounts payable	$	259,251
Total liabilities	$	259,251
NET POSITION		
Unrestricted	$	634,852
Total net position	$	634,852

Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

		Self-Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	3,478,706
Total operating revenues	$	3,478,706
OPERATING EXPENSES		
Insurance claims and expenses	$	3,279,784
Total operating expenses	$	3,279,784
Operating income (loss)	$	198,922
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	$	4,700
Change in net position	$	203,622
Total net position - beginning	$	431,230
Total net position - ending	$	634,852

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

		Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	3,176,308
Payments for premiums		(3,268,912)
Net cash provided by (used for) operating activities	$	(92,604)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	$	4,700
Net increase (decrease) in cash and cash equivalents	$	(87,904)
Cash and cash equivalents - beginning	$	607,052
Cash and cash equivalents - ending	$	519,148
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	198,922
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	$	(302,398)
Increase (decrease) in accounts payable		10,872
Total adjustments	$	(291,526)
Net cash provided by (used for) operating activities	$	(92,604)

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DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

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Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 413,093
Investments	542
Inventories	721,508
Total current assets	$ 1,135,143
Total assets	$ 1,135,143
NET POSITION	
Unrestricted	$ 1,135,143
Total net position	$ 1,135,143

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

OPERATING REVENUES		
Miscellaneous	$	-
Total operating revenues	$	-
OPERATING EXPENSES		
Other charges	$	78,774
Total operating expenses	$	78,774
Operating income (loss)	$	(78,774)
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	$	6,785
Total nonoperating revenues (expenses)	$	6,785
Change in net position	$	(71,989)
Total net position - beginning		1,207,132
Total net position - ending	$	1,135,143

Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for customers	$	8,333
Payments for operating activities		(78,774)
Net cash provided by (used for) operating activities	$	(70,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	$	281,435
Interest and dividends received		6,785
Net cash provided by (used for) investing activities	$	288,220
Net increase (decrease) in cash and cash equivalents	$	217,779
Cash and cash equivalents - beginning		195,314
Cash and cash equivalents - ending	$	413,093
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(78,774)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in loans receivable	$	8,333
Total adjustments	$	8,333
Net cash provided by (used for) operating activities	$	(70,441)

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SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 20,205,183	$ 20,205,183	$ 19,796,321	$ (408,862)
Real and personal public service corporation taxes	1,004,993	1,004,993	1,023,733	18,740
Personal property taxes	4,134,072	4,134,072	4,384,298	250,226
Mobile home taxes	39,048	39,048	35,288	(3,760)
Machinery and tools taxes	8,000	8,000	8,864	864
Penalties	175,000	175,000	201,505	26,505
Interest	115,000	115,000	191,939	76,939
Total general property taxes	$ 25,681,296	$ 25,681,296	$ 25,641,948	$ (39,348)
Other local taxes:				
Local sales and use taxes	$ 1,264,000	$ 1,264,000	$ 1,370,655	$ 106,655
Consumers' utility taxes	212,000	212,000	223,614	11,614
Electric consumption taxes	67,000	67,000	68,985	1,985
Business license taxes	672,000	672,000	725,947	53,947
Cable TV franchise tax	6,900	6,900	6,769	(131)
Vehicle registration tax	510,000	510,000	519,430	9,430
Bank stock taxes	8,800	8,800	42,391	33,591
Taxes on recordation and wills	295,000	295,000	344,527	49,527
Hotel and motel room taxes	15,500	15,500	15,904	404
Meals tax	680,000	680,000	748,545	68,545
Admissions tax	4,200	4,200	2,780	(1,420)
Total other local taxes	$ 3,735,400	$ 3,735,400	$ 4,069,547	$ 334,147
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 23,000	$ 23,000	$ 19,619	$ (3,381)
Transfer fees	650	650	846	196
Permits and other licenses	363,930	363,930	540,577	176,647
Total permits, privilege fees, and regulatory licenses	$ 387,580	$ 387,580	$ 561,042	$ 173,462
Fines and forfeitures:				
Court fines and forfeitures	$ 245,500	$ 245,500	$ 244,896	$ (604)
Total fines and forfeitures	$ 245,500	$ 245,500	$ 244,896	$ (604)
Revenue from use of money and property:				
Revenue from use of money	$ 270,000	$ 270,000	$ 194,098	$ (75,902)
Revenue from use of property	256,058	256,058	265,588	9,530
Total revenue from use of money and property	$ 526,058	$ 526,058	$ 459,686	$ (66,372)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services:				
Excess fees of clerk	$ 16,000	$ 16,000	$ 13,184	$ (2,816)
Charges for law enforcement and traffic control	1,000	1,000	970	(30)
Charges for circuit court	66,508	66,508	67,241	733
Charges for courthouse security	75,000	75,000	68,938	(6,062)
Charges for Commonwealth's Attorney	1,600	1,600	2,307	707
Charges for other protection	5,100	5,100	7,745	2,645
Charges for sanitation and waste removal	51,820	51,820	34,634	(17,186)
Charges for parks and recreation	275,000	285,002	317,367	32,365
Charges for sale of publications	1,500	1,500	2,305	805
Total charges for services	$ 493,528	$ 503,530	$ 514,691	$ 11,161
Miscellaneous revenue:				
Miscellaneous	$ 41,500	$ 104,494	$ 120,775	$ 16,281
Off-track betting proceeds	-	-	24,527	24,527
Total miscellaneous revenue	$ 41,500	$ 104,494	$ 145,302	$ 40,808
Recovered costs:				
Plum Point loan repay-program income	$ -	$ 7,499	$ 7,499	$ -
Extension program sponsorship	-	10,393	10,393	-
9th judicial court/localities	15,891	15,891	15,892	1
Colonial Downs - fire/rescue standby	59,953	59,953	10,759	(49,194)
Fire suppression	1,500	1,500	-	(1,500)
Other recovered costs	-	37,793	51,147	13,354
Ambulance and rescue service	310,000	310,000	521,467	211,467
Total recovered costs	$ 387,344	$ 443,029	$ 617,157	$ 174,128
Total revenue from local sources	$ 31,498,206	$ 31,626,887	$ 32,254,269	$ 627,382
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 50,000	$ 50,000	$ 43,876	$ (6,124)
Mobile home titling tax	5,000	5,000	1,485	(3,515)
Motor vehicle rental tax	1,200	1,200	3,796	2,596
State recordation tax	108,000	108,000	98,809	(9,191)
Personal property tax relief funds	2,217,883	2,217,883	2,217,883	-
Communications sales tax	615,000	615,000	594,452	(20,548)
Reduction in state aid to local governments	-	-	(35,545)	(35,545)
Total noncategorical aid	$ 2,997,083	$ 2,997,083	$ 2,924,756	$ (72,327)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 223,665	$ 223,665	$ 228,161	$ 4,496
Sheriff	862,450	862,450	862,816	366
Commissioner of revenue	88,298	88,298	89,028	730
Treasurer	81,214	81,214	81,188	(26)
Registrar/electoral board	35,000	35,000	36,271	1,271
Clerk of the Circuit Court	216,197	218,970	219,342	372
Total shared expenses	$ 1,506,824	$ 1,509,597	$ 1,516,806	$ 7,209
Other categorical aid:				
Public assistance and welfare administration	$ 292,764	$ 318,538	$ 274,019	$ (44,519)
Four for Life grant	-	20,701	20,701	-
Emergency services grants	-	20,500	20,500	-
Hurricane Sandy	-	-	2,081	2,081
Virginia commission for the arts	4,500	4,500	-	(4,500)
Other state grants	-	5,124	5,151	27
E-911 wireless	46,699	196,699	191,845	(4,854)
Forfeited assets	-	2,471	4,696	2,225
Va. Domestic Violence grant	40,000	40,000	40,000	-
Victim-witness grant	45,173	46,528	36,000	(10,528)
Fire programs	-	58,386	58,386	-
Litter control	-	6,357	6,357	-
ISTEA grant	-	-	22,032	22,032
DMV select office	-	-	3,797	3,797
DMV animal friendly plates	-	520	520	-
Total other categorical aid	$ 429,136	$ 720,324	$ 686,085	$ (34,239)
Total categorical aid	$ 1,935,960	$ 2,229,921	$ 2,202,891	$ (27,030)
Total revenue from the Commonwealth	$ 4,933,043	$ 5,227,004	$ 5,127,647	$ (99,357)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 671,767	$ 730,908	$ 628,755	$ (102,153)
DMV - alcohol open container requirements	-	59,686	46,730	(12,956)
Hazardous materials emergency preparedness	-	22,800	-	(22,800)
State homeland security program	-	52,500	40,000	(12,500)
Historical BMP data cleanup	-	25,000	20,650	(4,350)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Emergency management and response	$ -	$ 30,318	$ 30,318	$ -
Hurricane Sandy	-	-	10,404	10,404
Justice assistance grants	-	39,975	38,301	(1,674)
Forfeited assets	-	-	123,329	123,329
Bulletproof vest grant	-	4,842	-	(4,842)
Total categorical aid	$ 671,767	$ 966,029	$ 938,487	$ (27,542)
Total revenue from the federal government	$ 671,767	$ 966,029	$ 938,487	$ (27,542)
Total General Fund	$ 37,103,016	$ 37,819,920	$ 38,320,403	$ 500,483
Special Revenue Funds:				
Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ 94,622	$ 94,622	$ 88,654	$ (5,968)
Total revenue from use of money and property	$ 94,622	$ 94,622	$ 88,654	$ (5,968)
Charges for services:				
Fuel/oil sales	$ 107,750	$ 107,750	$ 76,606	$ (31,144)
Airport access fees	600	600	600	-
Total charges for services	$ 108,350	$ 108,350	$ 77,206	$ (31,144)
Total revenue from local sources	$ 202,972	$ 202,972	$ 165,860	$ (37,112)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of Aviation grants	$ 150,167	$ 190,402	$ 11,866	$ (178,536)
Total categorical aid	$ 150,167	$ 190,402	$ 11,866	$ (178,536)
Total revenue from the Commonwealth	$ 150,167	$ 190,402	$ 11,866	$ (178,536)
Revenue from the federal government:				
Categorical aid:				
Airport improvement program	$ 1,312,500	$ 1,421,750	$ -	$ (1,421,750)
Total categorical aid	$ 1,312,500	$ 1,421,750	$ -	$ (1,421,750)
Total revenue from the federal government	$ 1,312,500	$ 1,421,750	$ -	$ (1,421,750)
Total Airport Fund	$ 1,665,639	$ 1,815,124	$ 177,726	$ (1,637,398)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Human Services Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
Total categorical aid	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
Total revenue from the Commonwealth	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
Total Human Services Fund	$ 911,335	$ 911,335	$ 389,728	$ (521,607)
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 5,061	$ 5,061
Total revenue from use of money and property	$ -	$ -	$ 5,061	$ 5,061
Miscellaneous revenue:				
Cash proffers	$ -	$ -	$ 209,078	$ 209,078
Total miscellaneous revenue	$ -	$ -	$ 209,078	$ 209,078
Total revenue from local sources	$ -	$ -	$ 214,139	$ 214,139
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire programs	$ -	$ 480,000	$ -	$ (480,000)
Total categorical aid	$ -	$ 480,000	$ -	$ (480,000)
Total revenue from the Commonwealth	$ -	$ 480,000	$ -	$ (480,000)
Revenue from the federal government:				
Categorical aid:				
FEMA - assistance to firefighters	$ 939,550	$ 939,550	$ -	$ (939,550)
Total categorical aid	$ 939,550	$ 939,550	$ -	$ (939,550)
Total revenue from the federal government	$ 939,550	$ 939,550	$ -	$ (939,550)
Total County Capital Improvements Fund	$ 939,550	$ 1,419,550	$ 214,139	$ (1,205,411)
Total Primary Government	$ 40,619,540	$ 41,965,929	$ 39,101,996	$ (2,863,933)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ -	$ -	$ 110	$ 110
Total revenue from use of money and property	$ -	$ -	$ 110	$ 110
Charges for services:				
Tuition and payments from other divisions	$ 116,500	$ 116,500	$ 116,169	$ (331)
Total charges for services	$ 116,500	$ 116,500	$ 116,169	$ (331)
Miscellaneous revenue:				
Other miscellaneous	$ 93,000	$ 100,423	$ 114,569	$ 14,146
Total miscellaneous revenue	$ 93,000	$ 100,423	$ 114,569	$ 14,146
Total revenue from local sources	$ 209,500	$ 216,923	$ 230,848	$ 13,925
Intergovernmental:				
Revenues from local governments:				
Contribution from County of New Kent, Virginia	$ 12,954,595	$ 12,986,456	$ 12,518,475	$ (467,981)
Total revenues from local governments	$ 12,954,595	$ 12,986,456	$ 12,518,475	$ (467,981)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 3,013,024	$ 3,013,024	$ 3,071,247	$ 58,223
Basic school aid	7,575,240	7,575,240	7,650,327	75,087
ISAEP (GED program)	7,859	7,859	8,859	1,000
Regular foster care	30,734	30,734	11,864	(18,870)
Gifted and talented	78,282	78,282	79,021	739
Remedial education	118,255	118,255	119,372	1,117
English as a second language	11,384	11,384	10,300	(1,084)
Special education	709,532	709,532	725,633	16,101
Vocational education	61,626	61,626	62,208	582
Social security fringe benefits	414,726	414,726	418,643	3,917
Retirement fringe benefits	849,440	849,440	850,736	1,296
Group life insurance fringe benefits	28,315	28,315	26,901	(1,414)
Early reading intervention	25,320	25,320	23,503	(1,817)
Homebound education	10,661	10,661	7,865	(2,796)
Vocational education equipment	3,878	3,878	5,242	1,364
At risk payments	47,793	47,793	48,240	447
Technology	154,000	154,000	154,000	-
Mentor teacher program	1,962	1,962	1,581	(381)
Other state funds	14,832	77,326	91,422	14,096
Total categorical aid	$ 13,156,863	$ 13,219,357	$ 13,366,964	$ 147,607
Total revenue from the Commonwealth	$ 13,156,863	$ 13,219,357	$ 13,366,964	$ 147,607

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	$ 221,933	$ 221,933	$ 212,318	$ (9,615)
Title VI-B, special education flow-through	587,589	587,589	609,237	21,648
Vocational education	29,236	29,236	29,729	493
Title VI-B, special education preschool	14,320	14,320	14,328	8
Technology literacy challenge	50,068	50,068	-	(50,068)
Title II - teacher quality	51,484	51,484	51,437	(47)
AP test fees	-	-	814	814
SWD instructional program	20,000	20,000	19,997	(3)
Total categorical aid	$ 974,630	$ 974,630	$ 937,860	$ (36,770)
Total revenue from the federal government	$ 974,630	$ 974,630	$ 937,860	$ (36,770)
Total School Operating Fund	$ 27,295,588	$ 27,397,366	$ 27,054,147	$ (343,219)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,459	$ 1,459
Total revenue from use of money and property	$ -	$ -	$ 1,459	$ 1,459
Charges for services:				
Cafeteria sales	$ 783,684	$ 783,684	$ 594,793	$ (188,891)
Total charges for services	$ 783,684	$ 783,684	$ 594,793	$ (188,891)
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 9,143	$ 9,143
Total miscellaneous revenue	$ -	$ -	$ 9,143	$ 9,143
Total revenue from local sources	$ 783,684	$ 783,684	$ 605,395	$ (178,289)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ 14,748	$ 14,748	$ 13,900	$ (848)
Total categorical aid	$ 14,748	$ 14,748	$ 13,900	$ (848)
Total revenue from the Commonwealth	$ 14,748	$ 14,748	$ 13,900	$ (848)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 150,000	$ 150,000	$ 332,109	$ 182,109
Commodities	-	47,722	47,722	-
Total categorical aid	$ 150,000	$ 197,722	$ 379,831	$ 182,109
Total revenue from the federal government	$ 150,000	$ 197,722	$ 379,831	$ 182,109
Total School Cafeteria Fund	$ 948,432	$ 996,154	$ 999,126	$ 2,972
Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 129	$ 129
Total miscellaneous revenue	$ -	$ -	$ 129	$ 129
Total revenue from local sources	$ -	$ -	$ 129	$ 129
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	$ 160,261	$ 160,261	$ 161,774	$ 1,513
Total revenue from the Commonwealth	$ 160,261	$ 160,261	$ 161,774	$ 1,513
Total Textbook Fund	$ 160,261	$ 160,261	$ 161,903	$ 1,642
Total Discretely Presented Component Unit - School Board	$ 28,404,281	$ 28,553,781	$ 28,215,176	$ (338,605)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 94,052	$ 96,477	$ 89,444	$ 7,033
General and financial administration:				
County administrator	$ 350,211	$ 371,617	$ 365,367	$ 6,250
Legal services	209,061	217,552	200,766	16,786
Central switchboard	26,185	28,310	28,308	2
Commissioner of revenue	549,179	549,179	540,991	8,188
Treasurer	378,815	392,427	392,427	-
Financial services	545,242	545,242	529,922	15,320
Department of information technology	648,672	713,470	666,348	47,122
Human Resources	188,247	192,164	169,724	22,440
Purchasing	220,024	220,149	203,787	16,362
Other general and financial administration	-	703	703	-
Total general and financial administration	$ 3,115,636	$ 3,230,813	$ 3,098,343	$ 132,470
Board of elections:				
Electoral board and officials	$ 197,285	$ 197,285	$ 178,314	$ 18,971
Total board of elections	$ 197,285	$ 197,285	$ 178,314	$ 18,971
Total general government administration	$ 3,406,973	$ 3,524,575	$ 3,366,101	$ 158,474
Judicial administration:				
Courts:				
Circuit court	$ 85,887	$ 85,887	$ 84,849	$ 1,038
General district court	16,155	16,155	13,178	2,977
Sheriff	595,075	595,096	532,418	62,678
Magistrate	1,146	1,146	609	537
Juvenile and domestic relations district court	6,625	8,625	5,864	2,761
Clerk of the circuit court	336,469	360,950	360,949	1
Victim and witness assistance	50,404	50,404	36,000	14,404
Total courts	$ 1,091,761	$ 1,118,263	$ 1,033,867	$ 84,396
Commonwealth's attorney:				
Commonwealth's attorney	$ 377,494	$ 382,907	$ 379,215	$ 3,692
Total commonwealth's attorney	$ 377,494	$ 382,907	$ 379,215	$ 3,692
Total judicial administration	$ 1,469,255	$ 1,501,170	$ 1,413,082	$ 88,088
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,462,293	$ 2,660,018	$ 2,460,805	$ 199,213
Grants programs	-	165,882	117,047	48,835
Total law enforcement and traffic control	$ 2,462,293	$ 2,825,900	$ 2,577,852	$ 248,048

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer rescue squads	$ 2,100	$ 56,873	$ 28,477	$ 28,396
State forestry service	7,208	7,208	7,208	-
Fire and emergency management	2,541,267	2,792,352	2,700,171	92,181
Total fire and rescue services	$ 2,550,575	$ 2,856,433	$ 2,735,856	$ 120,577
Correction and detention:				
Confinement and care of prisoners	$ 806,000	$ 809,132	$ 788,683	$ 20,449
Probation & pretrial	159,148	159,148	89,569	69,579
Total correction and detention	$ 965,148	$ 968,280	$ 878,252	$ 90,028
Inspections:				
Building	$ 362,476	$ 362,476	$ 355,440	$ 7,036
Total inspections	$ 362,476	$ 362,476	$ 355,440	$ 7,036
Other protection:				
Animal control	$ 256,535	$ 300,848	$ 229,010	$ 71,838
E-911	855,150	1,114,287	1,020,139	94,148
Total other protection	$ 1,111,685	$ 1,415,135	$ 1,249,149	$ 165,986
Total public safety	$ 7,452,177	$ 8,428,224	$ 7,796,549	$ 631,675
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	$ 716,283	$ 722,376	$ 639,140	$ 83,236
Total sanitation and waste removal	$ 716,283	$ 722,376	$ 639,140	$ 83,236
Maintenance of general buildings and grounds:				
General properties	$ 791,515	$ 787,584	$ 781,728	$ 5,856
Total maintenance of general buildings and grounds	$ 791,515	$ 787,584	$ 781,728	$ 5,856
Total public works	$ 1,507,798	$ 1,509,960	$ 1,420,868	$ 89,092
Health and welfare:				
Health:				
Supplement of local health department	$ 199,334	$ 199,334	$ 199,039	$ 295
Total health	$ 199,334	$ 199,334	$ 199,039	$ 295

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	$ 100,574	$ 100,574	$ 100,574	$ -
Total mental health and mental retardation	$ 100,574	$ 100,574	$ 100,574	$ -
Welfare:				
Public assistance and welfare administration	$ 1,334,836	$ 1,419,751	$ 1,162,539	$ 257,212
Area agency on aging	4,083	4,083	4,083	-
Meals on wheels	4,000	4,000	4,000	-
Transportation for the elderly	52,582	52,582	52,582	-
Social service agency donations	36,500	36,500	36,500	-
Total welfare	$ 1,432,001	$ 1,516,916	$ 1,259,704	$ 257,212
Total health and welfare	$ 1,731,909	$ 1,816,824	$ 1,559,317	$ 257,507
Education:				
Other instructional costs:				
Contribution to community colleges	$ 8,596	$ 8,596	$ 8,596	$ -
Contribution to County School Board	12,954,595	12,954,595	12,486,614	467,981
Total education	$ 12,963,191	$ 12,963,191	$ 12,495,210	$ 467,981
Parks, recreation, and cultural:				
Parks and recreation:				
Administration and programs	$ 529,340	$ 559,570	$ 465,363	$ 94,207
Total parks and recreation	$ 529,340	$ 559,570	$ 465,363	$ 94,207
Cultural enrichment:				
Fine arts center	$ 9,000	$ 9,000	$ 9,000	$ -
County fair association	8,000	8,000	8,000	-
Total cultural enrichment	$ 17,000	$ 17,000	$ 17,000	$ -
Library:				
Contribution to regional library	$ 209,466	$ 209,466	$ 209,466	$ -
Total library	$ 209,466	$ 209,466	$ 209,466	$ -
Total parks, recreation, and cultural	$ 755,806	$ 786,036	$ 691,829	$ 94,207
Community development:				
Planning and community development:				
Community development	$ 163,266	$ 163,166	$ 120,082	$ 43,084
Zoning board	2,200	2,791	2,777	14
Planning commission	34,856	34,856	25,736	9,120
Plum Point housing rehab	-	7,499	-	7,499
Planning and zoning	233,700	231,211	221,340	9,871
Economic development	165,854	167,852	158,098	9,754
Agricultural and forestal	9,850	9,850	7,731	2,119
Historic commission	675	675	99	576
Total planning and community development	$ 610,401	$ 617,900	$ 535,863	$ 82,037

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	$ 12,000	$ 12,000	$ 12,000	$ -
Environmental management	266,658	266,658	168,827	97,831
Wetlands board	4,640	4,640	1,415	3,225
Litter control	-	6,357	6,323	34
Total environmental management	$ 283,298	$ 289,655	$ 188,565	$ 101,090
Cooperative extension program:				
Extension office	$ 56,585	$ 74,729	$ 52,852	$ 21,877
Total cooperative extension program	$ 56,585	$ 74,729	$ 52,852	$ 21,877
Total community development	$ 950,284	$ 982,284	$ 777,280	$ 205,004
Total General Fund	$ 30,237,393	$ 31,512,264	$ 29,520,236	$ 1,992,028
Special Revenue Funds:				
Airport Fund:				
Current:				
Public Works:				
Salaries and fringes	$ 106,512	$ 106,798	$ 80,445	$ 26,353
Contractual services	9,000	12,378	10,096	2,282
Electricity	7,300	7,300	7,463	(163)
Miscellaneous	108,803	105,139	77,463	27,676
Total public works	$ 231,615	$ 231,615	$ 175,467	$ 56,148
Capital projects expenditures:				
Airport improvement	$ 1,518,334	$ 1,683,603	$ 82,619	$ 1,600,984
Total capital projects	$ 1,518,334	$ 1,683,603	$ 82,619	$ 1,600,984
Total Airport Fund	$ 1,749,949	$ 1,915,218	$ 258,086	$ 1,657,132
Human Services Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	$ 1,715,748	$ 1,715,748	$ 937,275	$ 778,473
Virginia juvenile crime control act	20,500	20,500	20,500	-
Total welfare and social services	$ 1,736,248	$ 1,736,248	$ 957,775	$ 778,473
Total health and welfare	$ 1,736,248	$ 1,736,248	$ 957,775	$ 778,473
Total Human Services Fund	$ 1,736,248	$ 1,736,248	$ 957,775	$ 778,473

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Debt service:				
Principal retirement	$ 2,967,282	$ 2,967,282	$ 2,967,281	$ 1
Interest and other fiscal charges	2,635,328	2,635,328	2,577,144	58,184
Bond issuance costs	-	710,973	707,305	3,668
Total Debt Service Fund	$ 5,602,610	$ 6,313,583	$ 6,251,730	$ 61,853
Capital Projects Funds:				
County Capital Improvements Fund:				
Education:				
Contribution to County School Board	$ -	$ 31,861	$ 31,861	$ -
Capital projects expenditures:				
County capital projects	$ 8,290,500	$ 17,570,431	$ 3,338,451	$ 14,231,980
County Motor vehicles	25,000	25,000	23,774	1,226
Affordable housing	-	16,968	-	16,968
School projects	875,000	1,521,368	851,370	669,998
Total capital projects	$ 9,190,500	$ 19,133,767	$ 4,213,595	$ 14,920,172
Total County Capital Improvements Fund	$ 9,190,500	$ 19,165,628	$ 4,245,456	$ 14,920,172
Total Primary Government	$ 48,516,700	$ 60,642,941	$ 41,233,283	$ 19,409,658
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Administration of schools:				
School board	$ 31,675	$ 31,675	$ 30,358	$ 1,317
Executive administration services	1,141,508	1,147,508	1,132,704	14,804
Total administration of schools	$ 1,173,183	$ 1,179,183	$ 1,163,062	$ 16,121
Instruction costs:				
Elementary and secondary schools	$ 20,325,667	$ 20,259,780	$ 20,096,915	$ 162,865
Total instruction costs	$ 20,325,667	$ 20,259,780	$ 20,096,915	$ 162,865
Operating costs:				
Attendance and health services	$ 1,018,803	$ 1,007,974	$ 967,016	$ 40,958
Pupil transportation	2,448,341	2,510,835	2,449,923	60,912
Operation and maintenance of school plant	2,329,594	2,339,594	2,277,216	62,378
Total operating costs	$ 5,796,738	$ 5,858,403	$ 5,694,155	$ 164,248
Total education	$ 27,295,588	$ 27,297,366	$ 26,954,132	$ 343,234
Total School Operating Fund	$ 27,295,588	$ 27,297,366	$ 26,954,132	$ 343,234

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 948,432	$ 948,432	$ 921,162	$ 27,270
Commodities	-	47,722	47,722	-
Total school food services	$ 948,432	$ 996,154	$ 968,884	$ 27,270
Total Cafeteria Fund	$ 948,432	$ 996,154	$ 968,884	$ 27,270
Textbook Fund:				
Education:				
Instruction	$ 160,261	$ 260,261	$ 168,839	$ 91,422
Total Textbook	$ 160,261	$ 260,261	$ 168,839	$ 91,422
Total Discretely Presented Component Unit - School Board	$ 28,404,281	$ 28,553,781	$ 28,091,855	$ 461,926

STATISTICAL SECTION

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Statistical Section

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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COUNTY OF NEW KENT, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 15,038,906	$ 9,438,366	$ 16,407,609	$ 15,885,375	$ 24,889,762	$ 20,138,682	$ 21,006,854	$ 22,838,671	$ 24,578,103	$ 21,130,986
Restricted	823,127	-	-	5,017,970	-	-	33,738	36,885	111,638	97,487
Unrestricted	16,968,552	17,196,160	17,921,278	22,836,534	21,701,270	26,045,094	25,006,307	23,895,010	22,545,554	25,034,225
Total governmental activities net position	$ 32,830,585	$ 26,634,526	$ 34,328,887	$ 43,739,879	$ 46,591,032	$ 46,183,776	$ 46,046,899	$ 46,770,566	$ 47,235,295	$ 46,262,698
Business-type activities										
Net investment in capital assets	$ 12,838,155	$ 19,983,157	$ 35,637,527	$ 38,497,889	$ 52,595,933	$ 66,749,297	$ 67,060,987	$ 66,062,606	$ 65,443,647	$ 64,641,023
Unrestricted	11,624,152	43,534,175	31,615,532	28,769,945	19,181,071	7,694,815	7,320,135	7,224,382	6,406,631	6,761,564
Total business-type activities net position	$ 24,462,307	$ 63,517,332	$ 67,253,059	$ 67,267,834	$ 71,777,004	$ 74,444,112	$ 74,381,122	$ 73,286,988	$ 71,850,278	$ 71,402,587
Primary Government										
Net investment in capital assets	$ 27,877,061	$ 29,421,523	$ 52,045,136	$ 54,383,264	$ 77,485,695	$ 86,887,979	$ 88,067,841	$ 88,901,277	$ 90,021,750	$ 85,772,009
Restricted	823,127	-	-	5,017,970	-	-	33,738	36,885	111,638	97,487
Unrestricted	28,592,704	60,730,335	49,536,810	51,606,479	40,882,341	33,739,909	32,326,442	31,119,392	28,952,185	31,795,789
Total Primary government net position	$ 57,292,892	$ 90,151,858	$ 101,581,946	$ 111,007,713	$ 118,368,036	$ 120,627,888	$ 120,428,021	$ 120,057,554	$ 119,085,573	$ 117,665,285

COUNTY OF NEW KENT, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government administration	$ 2,135,653	$ 2,467,397	$ 1,897,867	$ 3,112,985	$ 3,178,178	$ 3,127,903	$ 3,249,773	$ 3,108,766	$ 3,540,907	$ 3,460,790
Judicial administration	1,148,168	1,414,736	1,369,100	1,340,241	1,281,668	1,626,082	1,689,574	1,724,039	1,958,406	1,467,720
Public safety	4,797,876	5,669,671	5,941,239	6,448,840	6,974,536	6,873,657	8,096,297	7,591,790	7,748,268	7,874,442
Public works	634,629	1,562,298	1,821,422	2,029,548	2,111,602	2,135,389	1,917,625	1,874,687	2,020,146	1,382,495
Health and welfare	2,001,494	2,730,201	2,789,425	2,549,020	2,470,269	2,632,900	2,443,203	2,425,394	2,547,174	2,533,163
Education	8,606,853	23,299,435	7,691,487	5,617,649	15,413,852	13,735,944	14,503,170	14,343,635	16,107,096	16,771,912
Parks, Recreation and cultural	375,468	138,908	680,412	764,787	707,331	710,686	711,281	943,381	754,994	736,236
Community development	820,618	998,293	1,728,272	1,389,121	1,017,515	1,194,287	894,520	824,551	855,116	950,049
Interest and other financial charges	292,157	2,632,446	3,166,070	3,211,074	3,141,450	2,896,772	2,713,149	2,642,703	2,581,399	2,572,651
Total governmental activities	$ 20,812,916	$ 40,913,385	$ 27,085,294	$ 26,463,265	$ 36,296,401	$ 34,933,620	$ 36,218,592	$ 35,478,946	$ 38,113,506	$ 37,749,458
Business-type activities										
Water and Sewer	$ 1,847,797	$ 2,373,385	$ 2,396,236	$ 2,892,413	$ 2,665,738	$ 3,043,612	$ 3,380,899	$ 4,328,428	$ 4,573,366	$ 4,016,909
Bottoms Bridge	598,797	538,689	-	932,255	1,053,599	1,040,173	1,026,936	1,018,674	889,145	875,271
Total business-type activities	$ 2,446,594	$ 2,912,074	$ 2,396,236	$ 3,824,668	$ 3,719,337	$ 4,083,785	$ 4,407,835	$ 5,347,102	$ 5,462,511	$ 4,892,180
Total primary government expenses	$ 23,259,510	$ 43,825,459	$ 29,481,530	$ 30,287,933	$ 40,015,738	$ 39,017,405	$ 40,626,427	$ 40,826,048	$ 43,576,017	$ 42,641,638
Program Revenues										
Governmental activities										
Charges for services:										
General government administration	$ 976,674	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Judicial administration	108,277	401,236	386,857	393,169	351,749	363,772	329,291	399,170	457,005	396,566
Public safety	118,371	694,944	670,915	467,676	437,179	319,879	461,092	390,953	401,785	569,757
Public works	160,223	112,478	69,744	110,879	45,231	50,901	126,347	145,479	122,127	111,840
Health and welfare	-	-	-	-	-	-	-	-	-	-
Education	208,170	-	-	-	-	-	-	-		
Parks, recreation and cultural	74,350	125,355	247,457	268,455	294,890	263,089	276,852	271,041	298,204	317,367
Community development	-	328	6,462	2,440	87,478	106,075	63,701	1,305	1,636	2,305
Operating grants and contributions	3,121,241	3,760,077	3,940,686	3,534,316	3,541,020	3,361,044	3,850,528	3,680,325	3,966,842	3,542,972
Capital Grants and contributions	421,375	311,342	700,673	428,223	26,451	14,818	-	397,482	336,649	-
Total governmental activities	$ 5,188,681	$ 5,405,760	$ 6,022,794	$ 5,205,158	$ 4,783,998	$ 4,479,578	$ 5,107,811	$ 5,285,755	$ 5,584,248	$ 4,940,807
Business-type activities										
Charges for services:										
Water and Sewer	$ 7,427,792	$ 37,719,032	$ 2,993,759	$ 3,094,791	$ 4,155,390	$ 3,191,329	$ 3,456,940	$ 3,470,827	$ 3,431,765	$ 3,945,220
Bottoms Bridge	382,589	492,327	599,004	271,412	98,928	292,400	372,700	588,950	408,475	467,175
Operating grants and contributions	-	44,289	-	-	-	-	-	-	-	-
Capital grants and contributions	141,200	1,021,455	947,934	-	3,798,166	2,942,658	305,348	-	-	-
Total business-type activities	$ 7,951,581	$ 39,277,103	$ 4,540,697	$ 3,366,203	$ 8,052,484	$ 6,426,387	$ 4,134,988	$ 4,059,777	$ 3,840,240	$ 4,412,395
Total primary government revenues	$ 13,140,262	$ 44,682,863	$ 10,563,491	$ 8,571,361	$ 12,836,482	$ 10,905,965	$ 9,242,799	$ 9,345,532	$ 9,424,488	$ 9,353,202

COUNTY OF NEW KENT, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	$ (15,624,235)	$ (35,504,705)	$ (21,230,463)	$ (21,258,107)	$ (31,512,403)	$ (30,454,042)	$ (31,110,781)	$ (30,193,191)	$ (32,529,258)	$ (32,808,651)
Business-type activities	5,504,987	36,365,029	2,144,461	(458,465)	4,333,147	2,342,602	(272,847)	(1,287,325)	(1,622,271)	(479,785)
Total primary government net expense	$ (10,119,248)	$ 860,324	$ (19,086,002)	$ (21,716,572)	$ (27,179,256)	$ (28,111,440)	$ (31,383,628)	$ (31,480,516)	$ (34,151,529)	$ (33,288,436)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 13,891,200	$ 17,808,606	$ 18,678,094	$ 22,352,347	$ 22,330,764	$ 22,263,513	$ 23,080,188	$ 23,669,284	$ 25,046,147	$ 25,661,803
Other local taxes	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210	3,884,188	3,428,191	3,620,732	3,869,620	4,069,547
Proffer revenues	-	-	-	-	-	-	-			
Investment earnings	390,396	2,717,504	2,427,528	1,631,096	872,932	797,493	632,029	582,919	538,920	553,401
Miscellaneous	1,422,398	1,523,291	1,144,452	305,112	858,794	781,793	865,267	816,074	614,507	354,380
Non-categorical aid from the Commonwealth	2,404,781	2,515,587	2,375,270	2,286,922	6,635,296	2,323,459	2,968,229	2,952,844	2,924,793	2,924,756
Loss on disposal of net assets	-	-	(5,719)	-	-	-	-			
Transfers	(18,773)	12,001	-	-	560	(3,660)	-			
Total governmental activities	$ 22,062,972	$ 28,672,746	$ 28,924,824	$ 30,669,099	$ 34,363,556	$ 30,046,786	$ 30,973,904	$ 31,641,853	$ 32,993,987	$ 33,563,887
Business-type activities										
Taxes	$ -	$ 30,542	$ 52,012	$ 94,877	$ 112,973	$ 117,658	$ 127,667	$ 120,765	$ 132,638	$ 213,391
Investment earnings	729,754	1,681,641	1,539,254	378,363	63,610	203,188	82,190	72,426	52,923	52,533
Miscellaneous	-	-	-	-	-	-	-			
Transfers	18,733	(12,001)	-	-	(560)	3,660	-			
Total business-type activities	$ 748,487	$ 1,700,182	$ 1,591,266	$ 473,240	$ 176,023	$ 324,506	$ 209,857	$ 193,191	$ 185,561	$ 265,924
Total primary government	$ 22,811,459	$ 30,372,928	$ 30,516,090	$ 31,142,339	$ 34,539,579	$ 30,371,292	$ 31,183,761	$ 31,835,044	$ 33,179,548	$ 33,829,811
Changes in Net Position										
Governmental activities	$ 6,438,737	$ (6,831,959)	$ 7,694,361	$ 9,410,992	$ 2,851,153	$ (407,256)	$ (136,877)	$ 1,448,662	$ 464,729	$ 755,236
Business-type activities	6,253,474	38,065,211	3,735,727	14,775	4,509,170	2,667,108	(62,990)	(1,094,134)	(1,436,710)	(213,861)
Total primary government	$ 12,692,211	$ 31,233,252	$ 11,430,088	$ 9,425,767	$ 7,360,323	$ 2,259,852	$ (199,867)	$ 354,528	$ (971,981)	$ 541,375

COUNTY OF NEW KENT, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	$ -	$ 38,111	$ 42,394	$ 324,244	$ 296,700	$ -	$ -	$ -	$ -	$ -
Unreserved	5,561,288	7,489,255	8,365,163	8,828,235	8,409,015	-	-	-	-	-
Nonspendable	-	-	-	-	-	3,934	9,319	43,994	367,300	297,507
Restricted	-	-	-	-	-	46,118	33,738	36,885	111,638	97,487
Committed	-	-	-	-	-	82,456	55,837	133,399	110,812	73,339
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	7,688,117	7,718,777	7,603,739	7,674,050	8,169,368
Total general fund	$ 5,561,288	$ 7,527,366	$ 8,407,557	$ 9,152,479	$ 8,705,715	$ 7,820,625	$ 7,817,671	$ 7,818,017	$ 8,263,800	$ 8,637,701
All other governmental funds										
Reserved for:										
Construction	$ -	$ 34,577,687	$ 11,635,215	$ 5,017,970	$ 4,405,293	$ -	$ -	$ -	$ -	$ -
Prepaid items	-	-	-	1,629,190	31,734	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,817,891	420,906	514,657	275,033	450,208	-	-	-	-	-
Capital projects funds	14,001,281	14,227,604	13,488,892	10,802,647	10,674,722	-	-	-	-	-
Debt service funds	-	3,255,757	2,784,806	1,093,216	1,821,150	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,255,909	1,251,693	134,892	19,880	8,469
Restricted	-	-	-	-	-	4,137,075	-	-	-	-
Committed	-	-	-	-	-	673,763	305,772	900,499	1,089,353	1,392,202
Assigned	-	-	-	-	-	12,187,794	15,439,060	15,290,274	13,155,730	15,904,990
Unassigned	-	-	-	-	-	-	-	-	(29,118)	(13,757)
Total all other governmental funds	$ 15,819,172	$ 52,481,954	$ 28,423,570	$ 18,818,056	$ 17,383,107	$ 18,254,541	$ 16,996,525	$ 16,325,665	$ 14,235,845	$ 17,291,904

COUNTY OF NEW KENT, VIRGINIA

Table 4

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	$ 14,146,386	$ 17,523,220	$ 18,678,094	$ 22,029,662	$ 22,222,442	$ 22,297,958	$ 22,901,566	$ 23,426,941	$ 24,678,308	$ 25,641,948
Other local taxes	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210	3,884,188	3,428,191	3,620,732	3,869,620	4,069,547
Permits, privilege fees and licenses	689,055	669,615	660,112	459,232	430,902	310,578	377,288	385,976	395,155	561,042
Fines and Forfeitures	239,856	221,938	212,547	219,372	191,841	215,521	242,185	243,811	289,644	244,896
Revenue from use of money & property	688,101	2,624,902	2,259,565	1,631,096	872,932	797,493	632,029	582,919	538,920	553,401
Charges for services	716,023	445,708	508,776	564,015	593,784	577,617	637,810	578,161	595,958	591,897
Miscellaneous	992,979	1,523,291	1,144,452	1,011,475	858,794	781,793	865,267	816,074	614,507	354,380
Recovered costs	147,995	509,553	533,865	736,896	594,960	485,748	495,986	454,320	265,097	617,157
Commonwealth of Virginia	4,748,765	5,535,817	5,685,369	5,384,875	4,869,299	4,823,858	5,244,698	5,471,597	5,668,219	5,529,241
Federal Government	896,803	984,524	1,331,260	864,586	990,768	875,463	1,574,059	1,559,054	1,560,065	938,487
Total revenues	$ 27,238,933	$ 34,134,325	$ 35,319,239	$ 36,994,831	$ 35,290,932	$ 35,050,217	$ 36,399,079	$ 37,139,585	$ 38,475,493	$ 39,101,996
Expenditures										
General government administration	$ 1,992,187	$ 2,298,557	$ 2,838,389	$ 2,966,220	$ 2,892,335	$ 2,859,703	$ 3,111,352	$ 3,018,483	$ 3,291,289	$ 3,366,101
Judicial administration	1,096,622	1,333,063	1,334,679	1,271,699	1,271,058	1,293,438	1,355,640	1,379,237	1,445,417	1,413,082
Public Safety	4,678,449	5,349,980	5,875,647	5,803,309	6,223,255	6,757,429	8,028,355	7,561,349	7,459,094	7,796,549
Public works	1,682,663	1,623,329	1,693,001	1,797,806	1,825,072	1,832,237	1,782,409	1,640,421	1,597,591	1,596,335
Health and welfare	1,983,586	2,718,814	2,804,957	2,536,125	2,487,966	2,529,648	2,354,831	2,349,627	2,500,813	2,517,092
Education	8,168,710	8,356,402	9,674,192	10,199,591	9,292,122	10,689,229	11,314,721	11,343,488	12,789,955	12,527,071
Parks, recreation and cultural	362,439	475,968	615,715	656,906	668,412	652,519	617,971	635,788	697,661	691,829
Community development	834,077	1,090,833	1,410,997	1,290,168	964,421	1,118,510	763,602	714,269	711,650	777,280
Capital projects	7,604,394	20,382,379	39,636,653	12,079,368	3,473,438	1,649,068	2,639,793	3,573,424	3,958,484	4,296,214
Debt service										
Principal	762,357	903,226	2,124,007	3,697,636	4,705,781	2,626,864	2,704,858	2,787,611	2,941,726	2,967,281
Interest and other fiscal charges	292,157	1,497,487	3,109,102	3,556,595	3,369,345	3,102,636	2,986,517	2,877,650	2,725,850	2,577,144
Bond issuance costs	-	1,035,707	98,920	-	-	-	-			707,305
Total Expenditures	$ 29,457,641	$ 47,065,745	$ 71,216,259	$ 45,855,423	$ 37,173,205	$ 35,111,281	$ 37,660,049	$ 37,881,347	$ 40,119,530	$ 41,233,283
Revenues over (under) expenditures	$ (2,218,708)	$ (12,931,420)	$ (35,897,020)	$ (8,860,592)	$ (1,882,273)	$ (61,064)	$ (1,260,970)	$ (741,762)	$ (1,644,037)	$ (2,131,287)
Other financing sources (uses)										
Transfers in	$ 5,337,482	$ 6,996,327	$ 6,872,077	$ 11,739,565	$ 13,193,093	$ 9,455,572	$ 11,595,115	$ 8,816,327	$ 8,165,591	$ 8,740,963
Transfers out	(5,356,255)	(6,984,326)	(6,872,077)	(11,739,565)	(13,192,533)	(9,459,232)	(11,595,115)	(8,816,327)	(8,165,591)	(8,740,963)
Issuance of bonds	12,212,201	56,862,447	9,859,103	-	-	-	-	-	-	4,850,000
Bond issuance premium	133,832	2,185,831	388,337	-	-	-	-	-	-	4,620,242
Refunding of bonds	(2,596,515)	(7,500,000)	2,395,106	-	-	-	-	-	-	39,195,000
Payment to refunded bond escrow agent										(43,103,995)
Sale of capital assets	-	-	76,281	-	-	51,068	-	71,248	-	-
Total other financing sources (uses)	$ 9,730,745	$ 51,560,279	$ 12,718,827	$ -	$ 560	$ 47,408	$ -	$ 71,248	$ -	$ 5,561,247
Net change in fund balances	$ 7,512,037	$ 38,628,859	$ (23,178,193)	$ (8,860,592)	$ (1,881,713)	$ (13,656)	$ (1,260,970)	$ (670,514)	$ (1,644,037)	$ 3,429,960
Debt service as a percentage of noncapital expenditures	4.83%	13.07%	17.54%	25.33%	22.63%	16.72%	16.01%	16.43%	15.29%	14.69%

COUNTY OF NEW KENT, VIRGINIA
Principal Real Property Taxpayers
Current and Nine Years Ago

Table 5

	2015			2006		
Taxpayer	**Rank**	**Assessed Valuation (1)**	**Percentage of Total Assessed Valuation**	**Rank**	**Assessed Valuation (2)**	**Percentage of Total Assessed Valuation**
Colonial Downs Holdings Inc.	1	$ 27,400,900	1.12%	1	$ 24,396,800	1.82%
City of Newport News	2	25,896,600	1.06%	2	23,220,698	1.74%
New Kent Farms LLC	3	24,012,200	0.98%			
Kinney Jonathan C. Trustee	4	23,112,400	0.94%	6	6,798,700	0.51%
NKP LB5 LLC	5	12,247,000	0.50%			
SPF Investments, LLC	6	11,762,200	0.48%			
Kentland Investments LLC	7	10,840,200	0.44%	5	7,424,300	0.55%
NKP LB4 LLC	8	9,724,100	0.40%			
Patriot's Landing Mgmt. Corp.	9	8,849,400	0.36%			
AHS Cumberland Hospital, LLC	10	7,721,400	0.32%	7	6,313,200	0.47%
Bluegreen Properties of Virginia				4	8,640,600	0.65%
Tideland Title Agency, Inc.				3	10,398,500	0.78%
Goodall, Marjorie R				8	6,090,100	0.46%
Colonial Downs LLC				9	5,287,400	0.40%
Curtis Group Inc				10	5,123,900	0.38%
Total		$ 161,566,400	6.605%		$ 103,694,198	7.749%
Total Assessed Valuation of RE		$ 2,445,949,944	100.000%		$ 1,338,078,698	100.000%

Notes:
(1) Based on January 1, 2014 Real Estate Assessments Less Land Use
(2) Based on January 1, 2005 Real Estate Assessments Less Land Use

COUNTY OF NEW KENT, VIRGINIA **Table 6**

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of the Levy: Amount (1)	Collected within the Fiscal Year of the Levy: Percentage of Levy	Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections In Subsequent Years	Total Collections to Date: Amount (1)	Total Collections to Date: Percentage of Levy
2015	$ 19,858,010	$ 19,127,721	96.32%	$ -	$ 19,858,010	$ -	$ 19,127,721	96.32%
2014	19,552,791	18,769,457	95.99%	(5,112)	19,547,679	346,612	19,116,069	97.79%
2013	18,281,426	17,694,331	96.79%	2,990	18,284,416	389,154	18,083,486	98.90%
2012	18,212,680	17,636,241	96.83%	(313)	18,212,367	429,061	18,065,302	99.19%
2011	18,024,674	17,412,481	96.60%	(986)	18,023,688	504,916	17,917,397	99.41%
2010	18,150,753	17,481,715	96.31%	(130,619)	18,020,134	486,390	17,968,104	99.71%
2009	17,544,380	16,928,858	96.49%	(20,740)	17,523,640	559,079	17,487,937	99.80%
2008	14,683,271	14,228,315	96.90%	(228)	14,683,043	438,042	14,666,357	99.89%
2007	13,684,954	13,233,449	96.70%	(2,665)	13,682,289	445,177	13,678,626	99.97%
2006	10,873,944	10,579,423	97.29%	41,551	10,915,495	334,891	10,914,314	99.99%

Notes:

(1) Exclusive of penalties and interest.

(2) Includes Original Assessment, Abatements and Supplements for the Current Fiscal Year

(3) Includes data for Real Estate taxes only. Personal Property not included.

(4) Notes are presented on a fiscal year and cash basis.

COUNTY OF NEW KENT, VIRGINIA

Table 7

Assessed and Estimated Actual Value of Real Property
Last Ten Fiscal Years

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Est. Actual Value
2015	$ 2,159,481,911	$ 286,468,033	$ 2,445,949,944	$ 71,259,400	$ 2,374,690,544	$ 0.84	$ 2,329,571,424	98.10% (2)
2014	2,168,009,978	211,393,700	2,379,403,678	76,100,600	2,303,303,078	0.85	2,294,089,866	99.60%
2013	2,135,222,057	211,238,700	2,346,460,757	75,552,700	2,270,908,057	0.81	2,232,302,620	98.30%
2012	2,446,399,899	242,290,949	2,688,690,848	75,360,400	2,613,330,448	0.70	2,448,716,619	106.72%
2011	2,408,011,129	235,381,426	2,643,392,555	72,264,750	2,571,127,805	0.70	2,569,542,911	100.06%
2010	2,372,385,106	188,049,050	2,560,434,156	66,421,900	2,494,012,256	0.73	2,530,073,277	98.57%
2009	2,249,924,409	171,828,270	2,421,752,679	58,656,600	2,363,096,079	0.73	2,527,925,552	93.48%
2008	1,485,801,900	127,861,119	1,613,663,019	42,639,800	1,571,023,219	0.93	2,671,627,515	58.80%
2007	1,370,706,073	118,498,742	1,489,204,815	43,772,100	1,445,432,715	0.93	2,386,546,178	60.57%
2006	1,268,710,900	113,057,998	1,381,768,898	43,690,200	1,338,078,698	0.81	1,965,531,861	68.08%

Notes:

Real property is the County's primary local source revenue. Assessment information for other property taxes is provided on the Table 8.

(1) Estimated true value of real estate as computed by the Virginia Department of Taxation and published in their annual Assessment/Sales Ratio Study.

(2) Ratio based on 2015 Estimated Ratio provided by the Department of Taxation for an assessment to sales price median ratio.

(3) Tax rate per $100 of assessed value.

(4) Source, Real Estate Assessments from Commissioner of Revenue.

(5) Includes Land Use Exemptions.

COUNTY OF NEW KENT, VIRGINIA **Table 8**

Assessed Value of Taxable Property Other than Real Property

Last Ten Fiscal Years

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2015	$ 187,360,448	$ 590,954	$ 1,227,874	$ 120,632,737	$ 309,812,013
2014	177,749,271	906,954	1,076,630	119,599,045	299,331,900
2013	177,404,046	407,528	1,237,663	110,051,084	289,100,321
2012	167,618,216	411,632	1,390,736	97,839,996	267,260,580
2011	159,680,205	507,358	1,508,951	84,794,487	246,491,001
2010	155,957,292	18,000	1,352,404	82,047,884	239,375,580
2009	170,220,143	18,000	1,271,150	74,410,649	245,919,942
2008	156,913,939	18,000	1,298,750	44,828,759	203,059,448
2007	145,406,962	21,600	971,000	52,291,778	198,691,340
2006	138,448,093	21,600	1,018,500	62,909,522	202,397,715

Notes:

Real property shown on Table 7 is the County's primary local source revenue. Assessment information for other property taxes is provided above for additional reference.

(1) Source, Assessments from Commissioner of Revenue; includes Mobile Homes.

(2) Public Service Corporation property assessments performed by the State Corporation Commission.

(3) Includes Real Estate.

COUNTY OF NEW KENT, VIRGINIA **Table 9**
Direct Property Tax Rates
Last Ten Fiscal Years

	Public Service				
Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Aircraft	Mobile Homes
2015	$ 0.84	$ 3.75	$ 1.50	$ 0.75	$ 0.84
2014	0.85	3.75	1.50	0.75	0.85
2013	0.81	3.75	1.50	0.75	0.81
2012	0.70	3.75	1.50	0.75	0.70
2011	0.70	3.75	1.50	0.75	0.70
2010	0.73	3.75	1.50	0.75	0.73
2009	0.73	3.75	1.50	0.75	0.73
2008	0.93	3.75	3.00	0.75	0.93
2007	0.93	3.75	3.00	0.75	0.93
2006	0.81	3.75	3.00	0.75	0.81

Note:
(a) Per $100 of assessed value. There are no overlapping property tax rates with other governments.

COUNTY OF NEW KENT, VIRGINIA

Table 10

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities					Business-Type Activities		Summary Totals		
Fiscal Year	General Obligation Bonds	State Literary Funds Loans	Capital Lease Obligations	Lease Revenue & Acquisition Bond	Notes Payable	Revenue Bonds	Bond Premium	Total Primary Government	Percentage of Total Personal Income	Per Capita Personal Income (1)
2015	$ 10,363,309	$ -	$ -	$ 46,051,159	$ -	$ 15,099,947	$ 6,140,431	$ 77,654,846	N/A	N/A
2014	11,274,259	-	-	43,397,490	-	14,535,000	2,940,805	72,147,554	N/A	N/A
2013	12,253,753	-	-	45,359,722	-	14,995,000	3,275,157	75,883,632	9.80%	39,707
2012	13,162,303	-	-	47,238,783	-	15,755,000	1,662,288	77,818,374	10.52%	38,605
2011	14,062,018	-	-	49,043,926	-	16,160,000	1,846,825	81,112,769	11.74%	36,705
2010	14,953,146	-	-	50,779,662	-	16,555,000	2,038,724	84,326,532	13.02%	34,891
2009	16,085,397	-	-	54,353,091	-	16,940,000	2,237,826	89,616,315	14.28%	34,755
2008	17,076,570	100,000	-	56,959,655	-	17,310,000	2,447,435	93,893,660	14.61%	36,241
2007	11,530,439	200,000	378,222	51,897,177	-	17,675,000	2,227,061	83,907,899	13.93%	34,910
2006	4,575,039	300,000	208,047	2,360,000	7,500,000	17,675,000	133,832	32,751,918	5.96%	32,958

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and per capital personal income data for 2005 through 2013 was obtained from the Bureau of Economic Analysis, U. S. Department of Commerce - BEARFACTS.

N/A - This information was not available

COUNTY OF NEW KENT, VIRGINIA **Table 11**
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year		General Obligation Bonds		State Literary Fund Loans		Total General Bonded Debt		General Bonded Debt Per Capita	Percent of General Bonded Debt to Assessed Real Property Value
2015	$	10,363,309	$	-	$	10,363,309	$	511	0.42%
2014		11,274,259		-		11,274,259		566	0.47%
2013		12,253,753		-		12,253,753		627	0.52%
2012		13,162,303		-		13,162,303		687	0.49%
2011		14,062,018		-		14,062,018		749	0.53%
2010		14,953,146		-		14,953,146		806	0.58%
2009		16,085,398		-		16,085,398		891	0.66%
2008		17,076,570		100,000		17,176,570		969	1.06%
2007		11,530,439		200,000		11,730,439		680	0.79%
2006		4,575,039		300,000		4,875,039		292	0.35%

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.
(2) Population data can be found in Table 12.

COUNTY OF NEW KENT, VIRGINIA **Table 12**
Demographic and Economic Statistics
Last Ten Calendar Years

Year		Population (4)	Total Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	School Enrollment (3)
2015	**(5)**	20,286	N/A	N/A	4.4	3,027
2014		19,912	N/A	N/A	4.9	2,977
2013		19,554	774,557	39,707	5.6	3,001
2012		19,169	740,013	38,605	5.6	2,940
2011		18,784	690,856	36,705	6.4	2,938
2010		18,563	647,830	34,891	7.1	2,888
2009		18,057	627,567	34,755	7.1	2,854
2008		17,728	642,476	36,241	3.4	2,784
2007		17,254	602,344	34,910	2.9	2,781
2006		16,680	549,740	32,958	3.0	2,721

(1) Bureau of Economic Analysis - Bearfacts
(2) U.S. Bureau of Labor Statistics - Unemployment Rates by County, Not Seasonally Adjusted at June of each year
(3) Virginia Department of Education Fall Membership Reports (division totals by grade)
Fall Membership is the number of students enrolled in public school on September 30th of each year.
(4) United States Census Bureau, Population Estimates of the Resident Population for Counties of Virginia
(5) New Kent County Department of Community Development - Estimate for June 2015
N/A - This information was not available.

COUNTY OF NEW KENT, VIRGINIA **Table 13**
Principal Employers
Current and Nine Years Ago

	2015			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment****	**Employees**	**Rank**	**Percentage of Total County Employment****
New Kent County School Board	250 to 499	1		250 to 499	1	
County of New Kent	250 to 499	2		100 to 249	3	
AHS Cumberland Hospital	100 to 249	3		250 to 499	2	
Curtis Contracting Inc	100 to 249	4		50 to 99	7	
Food Lion	100 to 249	5		100 to 249	5	
Bruce Howard Contracting Inc	100 to 249	6				
County of Henrico	100 to 249	7		100 to 249	4	
McDonald's	50 to 99	8				
Comfort Keepers 160	50 to 99	9		50 to 99	9	
Allied Pallet Company	20 to 49	10		50 to 99	8	
Commercial Carrier Corp				100 to 249	6	
Direct Wood				50 to 99	10	

Source: Virginia Employment Commission
*Quarterly Census of Employment and Wages (QCEW)
Data for 2015: 1st Quarter 2015
Data for 2006: 1st Quarter 2006

**The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347.

COUNTY OF NEW KENT, VIRGINIA **Table 14**

Full-Time County Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
Function / Department	**2015 (2)**	**2014 (2)**	**2013 (2)**	**2012 (1)**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
General government:										
Clerk of the Board	5.5	5.0	5.0	5.0	4.5	4.5	4.5	4.0	3.5	3.0
Commissioner of the Revenue	8.9	8.1	7.1	7.0	6.0	6.0	6.0	6.0	4.0	4.0
Treasurer	4.9	5.1	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance	5.5	5.5	5.5	5.5	4.0	4.0	4.0	6.0	6.5	5.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	-
Information Technologies	3.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Registrar	2.6	2.7	2.4	2.5	2.0	2.0	2.0	2.0	1.0	1.0
County Attorney	0.8	1.0	2.0	2.0	2.0	2.0	2.5	2.0	2.0	2.0
Total General Government	33.9	32.4	32.0	32.0	27.5	27.5	28.0	28.0	24.0	21.0
Judicial Administration:										
Clerk of the Circuit Court	4.4	4.3	4.5	4.5	3.0	3.0	3.0	3.0	3.0	3.0
Circuit Court Judge	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General District Court										1.0
Victim Witness	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Commonwealth Attorney	3.6	4.1	4.1	3.5	3.5	3.5	3.5	3.5	3.5	2.0
Total Judicial Administration	9.6	10.4	10.6	10.0	8.5	8.5	8.5	8.5	8.5	8.0
Public Safety:										
Sheriff and Animal Control	54.6	55.1	55.6	50.5	41.0	39.0	39.0	37.0	45.0	36.0
Fire and Emergency Mgmt.	32.4	30.8	27.6	22.5	16.0	16.0	13.0	10.0	10.0	8.0
Building Inspections	5.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	7.0	8.0
Total Public Safety	92.0	90.9	88.2	78.0	62.0	60.0	57.0	54.0	62.0	52.0
Public Works:										
Refuse	9.6	10.0	9.6	9.0	10.0	10.0	10.0	10.0	9.0	1.0
General Services	8.0	7.3	8.0	9.0	8.0	8.0	8.0	8.0	5.0	6.0
Total Public Works	17.6	17.3	17.6	18.0	18.0	18.0	18.0	18.0	14.0	7.0
Health and Welfare:										
Social Services	14.2	16.5	18.7	16.5	15.5	12.5	12.5	13.5	13.5	10.0
Human Services	1.5	2.0	1.0	1.0						1.0
Total Health and Welfare	15.7	18.5	19.7	17.5	15.5	12.5	12.5	13.5	13.5	11.0
Community Development										
Planning/Environmental/Permitting	7.4	9.0	7.0	7.0	9.0	9.0	9.0	11.0	8.0	8.0
Extension	0.5	0.5	0.5	0.5						
Economic Development	7.6	2.1	2.1	1.0	2.0	2.0	2.0	1.0	1.0	1.0
Airport	1.5	1.3	1.8	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Total Community Development	17.0	12.9	11.4	10.0	12.0	12.0	12.0	13.0	10.0	10.0
Parks, Recreation and Cultural										
Parks and Recreation	7.6	7.4	5.4	3.5	3.5	4.0	4.0	4.0	4.0	1.0
Total Parks, Recreation and Cultural	7.6	7.4	5.4	3.5	3.5	4.0	4.0	4.0	4.0	1.0
Total Governmental	193.4	189.8	184.9	169.0	147.0	142.5	140.0	139.0	136.0	110.0
Public Utilities										
Water/Sewer	17.6	18.0	20.0	18.0	17.0	16.0	16.0	13.0	13.0	11.0
Total Public Utilities	17.6	18.0	20.0	18.0	17.0	16.0	16.0	13.0	13.0	11.0
Total County	211.0	207.8	204.9	187.0	164.0	158.5	156.0	152.0	149.0	121.0

Source: Human Resources Department, Human Resources Specialist

(1) Source: Human Resources Department, Human Resources Assistant

Definition refined for 2012 to include Constitutional Officers. Most increases are a result of this change versus an expansion of staff.

(2) Source: Workers' Compensation Report From BAI System

COUNTY OF NEW KENT, VIRGINIA **Table 15**
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	4	4	4	4	4	4	3	3	3	3
Public Utilities (2)										
Active Vehicles	18	18	18	18	18	17	17	9	9	9
Refuse Collection (3)										
Refuse collected (tons per year)	5,985	5,580	5,561	6,134	5,820	6,195	6,449	7,202	7,801	8,474
Number of refuse sites	4	4	4	4	4	4	4	4	4	4
Recyclables Collected										
Metal (tons)	202	199	201	222	260	277	284	311	350	350
ONP (tons)	-	76	77	91	92	91	128	158	177	177
OCC (tons)	88	81	93	89	93	79	99	85	46	45
Propane Tanks (units)	82	35	51	58	105	73	126	104	97	161
Batteries (units)	121	156	158	178	127	309	280	329	360	161
Used Oil (gallons)	9,857	9,034	12,095	10,368	12,381	12,320	12,210	13,845	12,470	11,345
Antifreeze (gallons)	352	394	353	560	475	515	480	595	270	415
Oil Filters (gallons)	770	1,045	1,045	880	935	935	1,210	1,210	1,055	960
Category 1 (gallons)	1,540	1,155	1,155	1,375	1,485	1,265	1,320	1,320	1,100	1,045
Parks, Recreation & Cultural (4)										
Land acres	330	330	330	275	275	275	275	275	259	159
Trails (miles)	6	6	6	6	6	5	5	5	5	3
Number of visitors	32,300	32,125	26,725	26,725	26,725	24,750	24,750	22,620	4,325	*
Library (5)										
Material circulated	45,594	47,805	48,922	52,592	50,637	43,230	41,589	47,850	60,435	55,958
Library patrons	24,156	23,382	24,193	26,466	26,763	25,937	24,123	24,160	5,750	*
Education (6)										
Elementary Schools										
Buildings	2	2	2	2	2	2	2	2	1	1
Primary Schools										
Buildings	0	0	0	0	0	0	0	0	1	1
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	750	750	750	750	750	522	522	522
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1200	1200	1200	1200	1200	1200	1200	800	800	800
Number of school buses	55	58	60	60	60	60	60	63	60	60

Sources:

(1) New Kent County Fire Department
(2) Financial Services
(3) New Kent County General Services and CVWMA (Central Virginia Waste Management Authority)
(4) New Kent County Parks and Recreation
(5) Heritage Public Library
The Heritage Public Library in the past has served two localities, New Kent County and Charles City County.
FY09 is the first full year the library has recorded separate statistics for New Kent and Charles City County.
For FY13 the Library migrated systems the week of January 21, 2013 and some data was lost during the migration.
(6) New Kent County Public Schools

* - This information is not available.

COUNTY OF NEW KENT, VIRGINIA **Table 16**
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

		Fiscal Year								
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Sheriff's Department (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	19	19	19	19	19	19	19	17	14
Total Calls Dispatched	38,426	38,204	34,651	34,964	34,884	31,094	34,087	38,302	31,604	25,712
Calls dispatched for traffic	9,152	9,035	8,702	6,810	6,628	4,043	3,503	3,298	3,368	2,863
Calls dispatched for rescue	2,899	1,756	1,524	2,994	2,765	1,707	1,620	1,353	1,106	1,701
Number of criminal warrants served	1,223	1,189	1,419	1,359	1,318	1,161	1,129	1,146	1,335	1,243
Number of civil warrants and traffic notices	9,422	7,914	6,108	6,829	7,171	7,165	8,424	8,576	9,215	7,639
Volunteer Fire and Rescue (2)										
Companies	1	1	1	1	1	1	1	1	1	1
Stations	4	4	4	4	4	4	3	3	3	3
Emergency responses	2,415	2,434	3,255	3,010	2,765	2,891	1,418	1453**	2,480	1,132
Fires extinguished	104	56	132	112	168	224	289	213**	886	557
Inspections	84	176	357	784	810	688	594	312	101	103
Parks and recreation (3)										
Number of parks maintained	8	8	8	7	7	7	7	6	6	N/A
Park acreage owned by the County	330	330	330	275	275	275	275	275	252	N/A
Park acreage leased	0	0	0	0	0	0	0	0	0	N/A
Library (4)										
Number of libraries	1	1	1	1	1	1	1	1*	1	1
Number of bookmobiles (non-operational)	0	0	0	0	0	0	1	1	1	1
Public Utilities (5)										
Water										
Daily average consumption (gallons)	0	660,071	502,263	667,000	828,208	572,212	697,149	811,600	694,000	648,000
Number of connections	2,583	2,418	2,400	2,133	2,101	1,990	1,918	1,887	1,732	1,576
Sewer										
Average daily sewage treatment (thousands of gallons)	283,000	239,069	244,000	255,000	234,000	320,000	340,000	328,000	256,000	188,000
Number of connections	1246	1154	1142	951	916	809	733	725	579	422
Reclaimed										
Daily average consumption (gallons)	92,000	240,000	240,000	198,000						
Number of connections	3	3	3	3						

* For FY07-08 Heritage Public Library has been operating out of 2 branches. One in New Kent County and one in Charles City County.

** Volunteer Fire & Rescue numbers have decreased due to a new Fire Record Management System. Historically, the county documented all calls at each station which gave credit multiple times for a single incident. This new Management System eliminates the double counting.

Sources:

(1) New Kent County Sheriff's Office
(2) New Kent County Fire Department
(3) New Kent County Parks & Recreation
(4) Heritage Public Library
(5) New Kent County Public Utilities

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COMPLIANCE SECTION

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

To The Honorable Members of the Board of Supervisors
County of New Kent
New Kent, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of New Kent Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise County of New Kent, Virginia's basic financial statements and have issued our report thereon dated November 10, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 10, 2015

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 New Kent
New Kent, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of New Kent, 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 New Kent, Virginia's major federal programs for the year ended June 30, 2015. County of New Kent, 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 New Kent, 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 New Kent, 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 New Kent, Virginia's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

Richmond, Virginia
November 10, 2015

COUNTY OF NEW KENT, VIRGINIA

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number		FY2015 Federal Expenditures
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	10111		$ 138,478
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	17901-40591		73,447
National School Lunch Program	10.555	17901-40623	$ 258,662	
Department of Agriculture:				
Food Distribution - School Nutrition Program	10.555	17901-45707	47,722	306,384
Total Department of Agriculture				$ 518,309
Department of Homeland Security:				
Direct Payments:				
Homeland Security Grant Program	97.067	N/A		40,000
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743		30,318
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-155		10,404
Total Department of Homeland Security				$ 80,722
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-51100		38,301
Total Department of Justice				$ 38,301
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110		17,926
Temporary Assistance for Needy Families	93.558	0400109/0400110		116,044
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110		161
Low-Income Home Energy Assistance	93.568	0600409/0600410		11,640
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/090110		717
Foster Care - Title IV-E	93.658	1100109/1100110		72,875
Adoption Assistance	93.659	1120109/1120110		40,047
Social Services Block Grant	93.667	1000109/1000110		75,385
Chafee Foster Care Independence Program	93.674	9150109/9150110		661
Children's Health Insurance Program	93.767	0540109/0540110		4,089
Medical Assistance Program	93.778	1200109/1200110		150,411
Promoting Safe and Stable Families	93.556	0950109/0950110		321
Total Department of Health and Human Services				$ 490,277
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	17901-42901		212,318
Career and Technical Education - Basic Grants to States	84.048	17901-61095		29,729
Improving Teacher Quality State Grants	84.367	17901-61480		51,437
Advanced Placement Program	84.330	17901-60957		814
Special Education Cluster:				
Special Education - Preschool Grants	84.173	17901-62521		14,328
Special Education - Grants to States	84.027	17901-43071		629,234
Total Department of Education				$ 937,860

COUNTY OF NEW KENT, VIRGINIA
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	FY2015 Federal Expenditures
Environmental Protection Agency:			
Pass Through Payments:			
Virginia Water Facilities Fund:			
Chesapeake Bay Program	66.466	51503	20,650
Department of Treasury:			
Direct Payments:			
Sheriff Asset Forfeiture funds	21.000	N/A	123,329
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-53150	10,833
Alcohol Open Container Requirements	20.607	60507-53137	30,971
National Priority Safety Programs	20.616	60507-54084	4,926
Total Department of Transportation			$ 46,730
Total Expenditures of Federal Awards			$ 2,256,178

See the accompanying notes to schedule of expenditures of federal awards.

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of New Kent, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of 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 New Kent, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of New Kent, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - 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	$	938,487
Total primary government	$	938,487
Component Unit - School Board:		
School Operating Fund	$	937,860
School Cafeteria Fund		379,831
Total component unit public schools	$	1,317,691
Total federal expenditures per basic financial statements	$	2,256,178
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	2,256,178

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified			
Internal control over financial reporting:				
a. Material weakness(es) identified?		yes	✓	no
b. Significant deficiency(ies) identified?		yes	✓	none reported
Noncompliance material to financial statements noted?		yes	✓	no

Federal Awards

Internal control over major programs				
a. Material weakness(es) identified?		yes	✓	no
b. Significant deficiency(ies) identified?		yes	✓	none reported
Type of auditors' report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		yes	✓	no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee?	✓	yes		no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

COUNTY OF NEW KENT, VIRGINIA

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2015

There were no prior year findings.

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