

COUNTY OF RAPPAHANNOCK, VIRGINIA FINANCIAL REPORT YEAR ENDED JUNE 30, 2014

Board of Supervisors

Roger A. Welch, Chair

S. Bryant Lee, Vice-Chair I. Christopher Parrish

Ronald L. Frazier Mike Biniek

County School Board

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Aline Johnson, Vice-Chair Amy Hitt Paul Brown Chris Ubben

County Social Services

Deborah Fluornoy

Patricia Metcalfe Ashley Matthews

County Library Board

Louise VanDort, Chair

Stephen Slade John W. McCarthy Janet Davis Kathleen Grove Fran Krebser Nancy Ely Raphel James Oyster Chris Bird

Other Officials

Judge of the Circuit Court	Jeffrey Parker
Clerk of the Circuit Court	Margaret R. Ralph
Judge of the General District Court	Gregory Ashwell
Judge of Juvenile & Domestic Relations District Court	Jonathan Lynn
County Attorney	Peter H. Luke
Commonwealth's Attorney	Arthur L. Goff
Commissioner of the Revenue	
Treasurer	Debra Knick
Sheriff	Connie C. Smith
Superintendent of Schools	Donna Matthews
Director of Department of Social Services	Beverly Dunford
Librarian	Dave Shaffer
County Administrator	John W. McCarthy

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

The Honorable Members of the Board of Supervisors County of Rappahannock, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Rappahannock, Virginia, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedules of pension and OPEB funding progress 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 schedules of funding progress 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 schedules of funding progress 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Rappahannock, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the 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 statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2015, on our consideration of County of Rappahannock, 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 Rappahannock, Virginia's internal control over financial reporting and compliance.

Robinson, James, Cox Associates Charlottesville, Virginia January 19, 2015



Basic Financial Statements

Government-Wide Financial Statements



		C	omponen	t Units
_	Governmental Activities			Recreational Facilities Authority
¢	1 /17 760	t 1 12	3 212 C	34,477
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	005,452		-	<u>-</u>
	1 194 237		_	_
			_	_
		15	3 809	_
	-		•	_
	401.527		-	_
	•	30	3.384	_
	0,0.0			
	1,705,907	3	1.033	20,000
	, ,		,	,
_	6,265,345	6,16	1,194	48,202
\$_	7,971,252	\$ 6,19	2,227 \$	68,202
\$_	12,384,378	\$ 7,79	4,908 \$	102,679
\$	285,617	\$ 1,16	4,979 \$	_
	-			-
	2,658		,	
	504,842	1	7,661	-
_	6,035,352	54	6,948	
\$_	6,828,469	\$2,13	1,115 \$	
\$_	12,719	\$	<u> </u>	
\$	3,964,997	\$ 6,19	2,227 \$	68,202
_	1,578,193	(52	8,434)	34,477
\$_	5,543,190	\$5,66	3,793 \$	102,679
	\$_ \$_ \$_ \$_ \$_	\$ 1,417,769 665,432 1,194,237 220,058 2,225 401,527 511,878 1,705,907 6,265,345 \$ 7,971,252 \$ 12,384,378 \$ 285,617 2,658 504,842 6,035,352 \$ 6,828,469 \$ \$ 12,719 \$ \$ 3,964,997 1,578,193	Governmental Activities School Board \$ 1,417,769 \$ 1,124 665,432 \$ 1,124 665,432 1,194,237 220,058 2,225 15: 16401,527 511,878 30: 1705,907 3	Activities Board \$ 1,417,769 \$ 1,129,313 \$ 665,432 1,129,313 \$ - 1,194,237

			i	Program Revenues				
Functions/Programs		Expenses	_	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions
Primary Government								
Governmental activities								
General government administration	\$	1,381,064	\$	6,935	\$	164,878	\$	-
Judicial administration		586,282		50,252		328,685		-
Public safety		3,411,317		180,923		923,512		-
Public works		1,135,337		87,031		-		-
Health and welfare		2,547,019		-		1,222,266		-
Education		8,784,501		-		-		-
Parks, recreation and cultural		279,077		1,862		34,660		-
Community development		292,962		-		45,263		-
Interest on long-term debt	_	147,749		-	_			-
Total Primary Government	\$_	18,565,308	\$	327,003	\$	2,719,264	\$	-
Component Units								
Rappahannock County Public Schools	\$	12,021,550	\$	213,163	\$	3,409,975	\$	-
Rappahannock County Recreational Facilities Authority	_	17,942		17,001	-			-
Total Component Units	\$	12,039,492	\$	230,164	\$	3,409,975	\$	-
	=	I D	-		=		• •	

General Revenues

Taxes:

General property taxes, real and personal

Local sales and use taxes

Consumers' utility taxes

Taxes on recordation of wills

Motor vehicle licenses

Meals and lodging taxes

Other

Payment from County of Rappahannock -- Education Grants and contributions not restricted to specific programs Unrestricted revenues from use of money and property Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net ((Expense)	Revenue	and Changes	in	Net I	Position

_			Component Units					
	Total Primary Government	•	School Board		Recreational Facilities Authority			
\$	(1,209,251) (207,345)	\$	-	\$	-			
	(2,306,882) (1,048,306)		-		-			
	(1,324,753) (8,784,501) (242,555)		-		-			
	(247,699) (147,749)		-		-			
\$	(15,519,041)	\$	-	\$	-			
\$	-	\$	(8,398,412)	\$	- (941)			
\$_	-	\$	(8,398,412)	\$	(941)			
_				'				
\$	11,985,197 463,605 162,556	\$	-	\$	-			
	109,778 140,489		- -		-			
	216,172 137,359		8,778,466		-			
	1,379,154 147,877		-		2			
_	190,080		32,534		-			
\$_ \$	14,932,267 (586,774)	•	8,811,000 412,588	\$	(939)			
ب	6,129,964	ڔ	5,251,205	ب	103,618			
\$	5,543,190	\$	5,663,793	\$	102,679			







Balance Sheet Governmental Funds At June 30, 2014

	_	General Fund		Library Fund	 Total Governmental Funds
Assets:					
Cash and cash equivalents	\$	1,387,731	\$	30,038	\$ 1,417,769
Investments		-		665,432	665,432
Property taxes receivable, net		1,067,244		-	1,067,244
Accounts receivable		94,165		-	94,165
Notes receivable		252,886		-	252,886
Prepaid items		2,225		-	2,225
Due from component unit School Board		401,527		-	401,527
Due from other governments	_	511,878		-	 511,878
Total assets	\$_	3,717,656	\$_	695,470	\$ 4,413,126
Liabilities:					
Accounts payable and accrued liabilities	\$	202,005	\$	-	\$ 202,005
Due to other governments		2,658		-	2,658
Unearned revenue	_	252,886		-	 252,886
Total liabilities	\$_	457,549	\$_	-	\$ 457,549
Deferred Inflows of Resources: Unavailable revenues-property taxes	\$_	1,037,158	\$_	-	\$ 1,037,158
Fund Balance:					
Nonspendable:					
Prepaid items	\$	2,225	\$	-	\$ 2,225
Committed:					
Library operations		-		695,470	695,470
Unassigned	_	2,220,724		-	 2,220,724
Total fund balance	\$_	2,222,949	\$_	695,470	\$ 2,918,419
Total liabilities, deferred inflows of					
resources, and fund balance	\$_	3,717,656	\$_	695,470	\$ 4,413,126

Total fund balances for governmental funds (Exhibit 3)

2,918,419

\$

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position At June 30, 2014

Total net position reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of: \$ Land 1,705,907 Buildings and improvements, net of depreciation 1,908,598 Furniture, equipment, and vehicles net of depreciation 975,687 School buildings, improvements and equipment, net of depreciation 3,381,060 Total capital assets 7,971,252 Some of the County's receivables will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unearned/unavailable revenue in the funds. Taxes receivable \$ 1,024,439 Note receivable 252,886 Total 1,277,325

Liabilities applicable to the County's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:

Accrued interest payable \$	(83,612)
Bonds and loans payable	(4,006,255)
Compensated absences	(238,340)
Net pension obligation	(157,136)
Accrued landfill remediation costs	(2,138,463)

Total (6,623,806)

Total net position of governmental activities (Exhibits 1 and 2) \$ 5,543,190

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

	_	General Fund	Library Fund	Total Governmental Funds
Revenues:				
Property taxes	\$	11,886,764 \$	-	\$ 11,886,764
Other local taxes		1,229,959	-	1,229,959
Permits, privilege fees and				
regulatory licenses		82,130	-	82,130
Fines and forfeitures		125,716	1,436	127,152
Use of money and property		57,142	90,735	147,877
Charges for services		115,859	1,862	117,721
Miscellaneous		216,866	4,144	221,010
Recovered costs		92,475	-	92,475
Intergovernmental:				
Revenue from the Commonwealth		3,491,611	34,660	3,526,271
Revenue from the Federal Government		572,147	-	572,147
Total revenues	\$_	17,870,669 \$	132,837	\$ 18,003,506
Expenditures:				
Current:				
General government administration	\$	1,349,020 \$	-	\$ 1,349,020
Judicial administration		583,408	-	583,408
Public safety		3,377,540	-	3,377,540
Public works		1,130,404	-	1,130,404
Health and welfare		2,515,634	-	2,515,634
Education - local community college		6,035	-	6,035
Education - public school system		8,364,443	-	8,364,443
Parks, recreation and cultural		4,000	219,917	223,917
Community development		288,441	-	288,441
Capital projects		4,521	-	4,521
Debt service:		,		•
Principal payments		1,760,496	_	1,760,496
Interest and fiscal charges		201,417	-	201,417
Total expenditures	\$_	19,585,359 \$	219,917	\$ 19,805,276
Excess (deficiency) of revenues over				
expenditures	\$_	(1,714,690) \$	(87,080)	\$ (1,801,770)
Other financing sources (uses):				
Transfers in	\$	- \$	126,656	\$ 126,656
Transfers out		(126,656)	, <u>-</u>	(126,656)
Issuance of line of credit	_	1,302,700	-	1,302,700
Total other financing sources (uses)	\$	1,176,044 \$	126,656	\$ 1,302,700
Net change in fund balance	\$	(538,646) \$	39,576	\$ (499,070)
Fund balance, beginning of year		2,761,595	655,894	3,417,489
Fund balance, end of year	\$	2,222,949 \$	695,470	\$ 2,918,419
	_			

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

Net change in fund balances - total governmental funds (Exhibit 5)

\$ (499,070)

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 capital outlays exceeded depreciation in the current period.

(141,539)

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship increased the transfers to the School Board.

(414,023)

In the statement of activities, a gain on the sale of property is recorded when the sale occurs. When a note receivable is given in consideration, interest income is also recorded as the note is repaid. In a governmental fund, when property is sold and a note receivable is given as consideration, income is only recognized to the extent that principal and interest payments are received.

(30,930)

Under the modified accrual basis of accounting used in the governmental funds, revenues are recorded when measurable and realizable to pay current obligations. However, in the statement of net position revenues are reported when earned. This requires an adjustment to convert the revenues to the accrual basis.

98,433

Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases the long term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:

General obligation school bonds	\$,	450,000	
Amortization of bond premium		44,521	
Net adjustment			494,521
Decrease in accrued landfill remediation costs			(29,525)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Compensated absences	\$	6,195	
Net pension obligation		(79,983)	
Accrued interest on bonds and loans		9,147	
Net adjustment	_		(64,641)
Change in net position of governmental activities (Exhibit 2)		\$	(586,774)

Statement of Fiduciary Net Position - Fiduciary Fund At June 30, 2014 $\,$

	_	Agency Fund
Assets:		
Cash and cash equivalents	\$_	27,134
Total assets	\$ <u></u>	27,134
Liabilities:		
Amounts held for others	\$_	27,134
Total liabilities	\$	27,134



Notes to Financial Statements June 30, 2014

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Rappahannock (the County), located in northwest Virginia and bordered by the counties of Fauquier, Culpeper, Madison, Page and Warren, was founded in 1833. The County has a population of 7,373 and land area of 267 square miles.

The County is governed under the County Administrator - Board of Supervisors form of government. Rappahannock County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

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

A. Financial Reporting Entity

The accompanying financial statements present the primary government and its discretely presented component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the primary government.

Discretely Presented Component Units

The Rappahannock County School Board is responsible for elementary and secondary education within the County. School Board members are elected by the County voters. The School Board is fiscally dependent upon the County because the County's Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Rappahannock County School Board does not prepare separate financial statements.

Rappahannock County Recreational Facilities Authority administers and maintains the Rappahannock County Recreation Center. The County's Board of Supervisors appoints the members of the Recreational Facilities Authority, and the County Administrator manages its operations. Because the County effectively controls the Authority, it has been presented as a component unit of the County. Recreational Facilities Authority does not prepare separate financial statements.

Recreational Facilities Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Related Organization - The County's Board of Supervisors appoints the board members of the Rappahannock County Water and Sewer Authority; however, the County's accountability for the organization does not extend beyond making board appointments. The Water and Sewer Authority operates the Sperryville area water and sewer systems.

The Water and Sewer Authority is not included in the reporting entity. A copy of its financial statements can be obtained from the County Administrator's office.

Notes to Financial Statements June 30, 2014 (Continued)

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

B. Government-wide and Fund Financial Statements

<u>Government-wide financial statements</u> - 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, effects of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

<u>Budgetary comparison schedules</u> - 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 and a comparison of final budget and actual results.

Notes to Financial Statements June 30, 2014 (Continued)

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

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

The government-wide financial statements are reported using the *economic resources measurement* focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, are recorded only when payment is due.

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide financial statements. The County does not report any private purpose trust funds.

The following is a brief description of the specific funds used by the County in fiscal year 2014.

- 1. <u>Governmental Funds:</u> The County has the following major funds for financial reporting purposes.
 - a. <u>General Fund</u>: The General Fund is the general operating fund for the County. This fund accounts for and reports all revenues and expenditures of the County which are not accounted for and reported in the other funds. The General Fund also includes the activities for E-911, the law library and landfill operations. The General Fund is considered a major fund for reporting purposes.

Notes to Financial Statements June 30, 2014 (Continued)

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

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

b. <u>Special Revenue Fund</u>: The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service. The Special Revenue Fund consists of the Library Fund, which is considered a major fund.

2. Fiduciary Funds (Trust and Agency Funds):

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.

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The Agency Fund consists of the Special Welfare Fund.

The County has no Trust Funds.

3. Component Units:

a. <u>Rappahannock County School Board</u>: Rappahannock County School Board has the following major funds for financial reporting purposes:

Governmental Funds:

<u>School Operating Fund</u> - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Rappahannock and State and Federal grants.

<u>School Cafeteria Fund</u> - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

b. <u>Rappahannock Recreational Facilities Authority:</u> Rappahannock Recreational Facilities Authority consists of only one fund, which is an enterprise fund.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

Notes to Financial Statements June 30, 2014 (Continued)

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

D. <u>Budgets and Budgetary Accounting: (Continued)</u>

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all major funds with annual budgets, comparing the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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

- 1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget or \$500,000 whichever is less.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The component unit School Board funds are integrated only at the level of legal adoption.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all County units.
- 8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2014, as adopted, appropriated and legally amended.
- 9. The expenditures budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. There was no budget amendment during the year that exceeded the 1% or \$500,000 limitations. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

Notes to Financial Statements June 30, 2014 (Continued)

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

E. Cash and Cash Equivalents

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

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

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$303,909 at June 30, 2014 and is comprised solely of property taxes.

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists of expendable items held for consumption and is recorded as an expenditure when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the primary government and component unit School Board, and as assets in the government-wide financial statements to the extent the County's and School Board's capitalization threshold of \$5,000 is met. Capital assets of the Rappahannock County Recreational Facilities Authority are reported as assets in the Authority's Statement of Net Position and in the government-wide financial statements, to the extent the Authority's threshold of \$5,000 is met. The County and component unit School Board do not have any infrastructure in their capital assets since roads, streets, bridges and similar assets within their boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on general capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and improvements 20 to 40 years Furniture, equipment and vehicles 5 to 10 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. Maintenance, repairs, and minor equipment purchases are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Notes to Financial Statements June 30, 2014 (Continued)

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

I. 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 does not have any deferred outflows of resources as of June 30, 2014.

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 one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 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, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

J. Compensated Absences

The County and component unit School Board incur liabilities related to compensated absences (annual and sick leave benefits) when vested. Amounts of vested or accumulated 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.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Long-Term Obligations

The County reports long-term debt at face value. The face value of the debt is believed to approximate fair value.

M. Fund Equity

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

 Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

Notes to Financial Statements June 30, 2014 (Continued)

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

M. Fund Equity: (Continued)

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

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. 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.

O. Net Position Flow Assumption

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

<u>Investments</u>

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2014 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investments	Fair Quality Ratings							
		Unrated						
Taxable Municipal Bonds	\$	26,456	\$	-				
Closed End Mutual Fund		-		15,525				
Open End Mutual Fund		-		427,826				
Common Equity		-		195,625				
Total	\$_	26,456	\$	638,976				

Interest Rate Risk

Investment Maturities (in years)

Investment Type	_	Fair Value	 1-5 Years	6-10 Years
Taxable Municipal Bonds	\$	26,456	\$ 	\$ 26,456
Total	\$	26,456	\$ 	\$ 26,456

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 3—PROPERTY TAXES:

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

NOTE 4—RECEIVABLES:

Receivables at June 30, 2014 consist of the following:

		Primary Government		
	_	General Fund		
Property taxes Utility taxes Clerk of the circuit court Meals taxes Other	\$	1,371,154 15,193 17,551 56,996 4,425		
Subtotal	\$	1,465,319		
Allowance for uncollectibles	_	(303,910)		
Net accounts receivable Notes receivable	\$	1,161,409 252,886		
Total receivables	\$_	1,414,295		
Reconciliation to Exhibit 1: Receivables, net Due within one year Due in more than one year	\$	1,194,237 220,058		
Total receivables	\$_	1,414,295		

On March 9, 2005, the County entered into an agreement to sell property for \$520,000. The County received a promissory note for this sale. During the year ended June 30, 2010, the original buyer defaulted on the note and negotiated a settlement to sell the property with the County receiving a new promissory note. On September 1, 2010, the property was sold to Aileen of Rappahannock, LLC. The note under this sale was to accrue simple interest at 4.0% annually, and did so through June 30, 2012. Semi-annual repayment installments of principal and interest in the amount of \$23,525 commenced on March 1, 2011 and continued through the first day of each successive September and March until the note was restructured. On March 5, 2012, the note was restructured and will bear interest at 6% and shall be paid quarterly in the amount of \$11,818, amortized over 3.5 years beginning on July 1, 2012 and thereafter on the first day of each successive October, January, April and July until October 1, 2015, at which time all outstanding principal and interest is due.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 4—RECEIVABLES: (CONTINUED)

Annual requirements to amortize the note receivable and related interest are as follows:

Year Ending June 30,	_	Principal	Interest
2015 2016	\$	32,828 220,058	\$ 14,444 6,474
Total	\$	252,886	\$ 20,918

NOTE 5-DUE FROM OTHER GOVERNMENTAL UNITS:

	_	Governmental Activities		Component Unit
	_	General Fund		School Board
Rappahannock Water & Sewer Authority	\$	8,682	\$	-
Commonwealth of Virginia:				
Local sales tax		85,450		176,808
Communications sales and use tax		58,794		-
Comprehensive services act		106,906		-
Public assistance		21,605		-
Shared expenses and grants		155,307		-
Other		28,674		10,243
Federal government:				
Public assistance		46,460		-
Federal pass-through school funds	_	-		116,333
	\$_	511,878	\$	303,384

NOTE 6—INTERFUND ACTIVITY:

Primary Government: Transfers To/From Other Funds:		
Transfer to the Library Fund to support operations	\$	126,656
Component Unit - School Board: Transfers To/From Other Funds: Transfer to the School Cafeteria Fund for food service	\$_	42,843

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2014.

Governmental Activities:

		Balance July 1, 2013	Increases		Decreases	Balance June 30, 2014
Capital assets not being depreciated:	_					
Land	\$	1,705,907 \$		\$	- \$	1,705,907
Construction in progress	_		72,116		(72,116)	
Total capital assets not being depreciated	Ś	1,705,907 \$	72,116	Ś	(72,116) \$	1,705,907
·	Ť-		72,110	· •	(12)110)	.,,,,,,,,
Other capital assets:		2 472 470 6	70.444		•	2.545.224
Buildings and improvements	\$	3,473,170 \$	72,116	\$	- \$	3,545,286
School buildings, improvements and equipment *		4,255,000	_		(450,000)	3,805,000
Furniture, equipment and vehicles		2,062,254	76,971		(430,000)	2,139,225
	_		· · · · · · · · · · · · · · · · · · ·	_		
Total other capital assets	\$_	9,790,424 \$	149,087	\$ <u> </u>	(450,000) \$	9,489,511
Accumulated depreciation:						
Buildings and improvements	\$	1,518,251 \$	118,437	\$	- \$	1,636,688
School buildings, improvements						
and equipment *		459,917	96,875		(132,852)	423,940
Furniture, equipment and vehicles	_	991,349	172,189			1,163,538
Total accumulated depreciation	\$_	2,969,517 \$	387,501	\$	(132,852) \$	3,224,166
Other capital assets, net	\$_	6,820,907 \$	(238,414)	\$	(317,148) \$	6,265,345
Net capital assets	\$_	8,526,814 \$	(166,298)	\$	(389,264) \$	7,971,252
Depreciation expense was allocated as followed	OM.c.					
General government administration	0443.	\$	91,234			
Judicial administration		*	2,874			
Public safety			124,733			
Public works			16,625			
Education			96,875			
Parks, recreation and cultural			55,160			
Total depreciation expense		\$	387,501	-		

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board:

	_	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated: Construction in progress	\$	14,687 \$	16,346 \$	- \$	31,033
Other capital assets:	-				
Buildings and improvements School buildings, improvements	\$	14,106,076 \$	24,245 \$	- \$	14,130,321
and equipment allocated to County *		(4,255,000)	-	450,000	(3,805,000)
Furniture, equipment and vehicles	_	1,318,420	491,703		1,810,123
Total other capital assets	\$_	11,169,496 \$	515,948 \$	450,000 \$	12,135,444
Accumulated depreciation:					
Buildings and improvements School buildings, improvements	\$	4,971,259 \$	351,281 \$	- \$	5,322,540
and equipment allocated to County *		(459,917)	(96,875)	132,852	(423,940)
Furniture, equipment and vehicles	_	973,696	101,954	<u> </u>	1,075,650
Total accumulated depreciation	\$_	5,485,038 \$	356,360 \$	132,852 \$	5,974,250
Other capital assets, net	\$_	5,684,458 \$	159,588 \$	317,148 \$	6,161,194
Net capital assets	\$_	5,699,145 \$	175,934 \$	317,148 \$	6,192,227
Depreciation expense allocated to education		\$ =	356,360		

^{*} School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Reconciliation of primary government net investment capital assets:

Net capital assets	\$ 7,971,252
Long-term debt applicable to capital assets at June 30, 2014	 (4,006,255)
Net investment in capital assets	\$ 3,964,997

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit Recreational Services Authority

	_	Balance July 1, 2013		Increases		Decreases	 Balance June 30, 2014
Capital assets not being depreciated: Land	\$_	20,000	\$_	-	\$.		\$ 20,000
Other capital assets:							
Building and improvements Equipment	\$ _	141,605 7,745	\$ 	3,788	\$	-	\$ 141,605 11,533
Total other capital assets	\$_	149,350	\$_	3,788	\$	-	\$ 153,138
Accumulated depreciation:							
Building and improvements Equipment	\$	92,672 4,539	\$	6,973 752	\$	-	\$ 99,645 5,291
Total accumulated depreciation	\$_	97,211	\$_	7,725	\$	-	\$ 104,936
Other capital assets, net	\$_	52,139	\$_	(3,937)	\$	-	\$ 48,202
Net capital assets	\$_	72,139	\$_	(3,937)	\$	-	\$ 68,202

NOTE 8-LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt and compensated absences. School Fund revenues and appropriations from the General Fund are used to pay its compensated absences.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government:

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

	Balance July 1, 2013	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2014	Current Portion
General obligation bonds	\$ 4,255,000 \$	- \$	(450,000) \$	3,805,000 \$	440,000
Unamortized bond premiums	245,776	-	(44,521)	201,255	41,008
Compensated absences	244,535	-	(6,195)	238,340	23,834
Net pension obligation	77,153	79,983	-	157,136	-
Line of credit	-	1,302,700	(1,302,700)	-	-
Accrued landfill remediation costs	2,108,938	29,525		2,138,463	-
Total	\$ 6,931,402 \$	1,412,208 \$	(1,803,416) \$	6,540,194 \$	504,842

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

Year Ending		
June 30,	Principal	Interest
2015	\$ 440,000	\$ 177,709
2016	445,000	156,371
2017	455,000	133,731
2018	460,000	110,586
2019	465,000	87,189
2020	320,000	67,364
2021	330,000	52,036
2022	335,000	37,013
2023	185,000	21,275
2024	185,000	12,765
2025	185,000	4,255
Total	\$ 3,805,000	\$ 860,294

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness:

		Amount		Amount Due
	_	Outstanding		in One Year
General Obligation School Bonds:				
\$1,215,000, Series 2011B, issued November 9, 2011, Virginia Public School Authority Bonds, due in annual installments ranging from \$90,000 to \$150,000 through July 2021, interest rates ranging from 2.05% to 5.05%	\$	1,020,000	\$	105,000
\$3,720,000, Series 2004, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments ranging from \$185,000 to \$190,000 through July 2025, interest rates ranging from 4.10% to 5.60%		2,035,000		185,000
\$3,000,000, Series 1998B, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments of \$150,000 through July 2019, interest at rates from 3.60% to 5.10%		750,000		150,000
Unamortized bond premiums		201,255		41,008
Total general obligation school bonds	\$	4,006,255	\$	481,008
Accrued landill remediation costs	\$_	2,138,463	\$	-
Total long-term obligations	\$	6,144,718	\$	481,008

Federal Arbitrage Regulations:

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit School Board:

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

	_	Balance July 1, 2013	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2014	Current Portion
Compensated absences Net OPEB obligation	\$	173,115 \$ 311,000	3,494 102,000	\$ - \$ (25,000)	176,609 \$ 388,000	17,661
Total	\$_	484,115 \$	105,494	\$\$\$	564,609 \$	17,661

NOTE 9—COMPENSATED ABSENCES:

In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the County and its component unit School Board have accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

The County's policy is to pay accrued vacation and compensatory time upon termination. In general, any compensatory and vacation time earned is limited to a maximum of 30 days. School Board and Social Services employees are also paid accrued vacation upon termination, although the amount able to be earned is not capped. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

Because the timing of the settlement of the liability for compensated absences is not estimable, the amount of vacation and sick pay not currently payable by the governmental funds is recorded as a current liability in the government-wide financial statements.

The balances at June 30, 2014 are:

	Beginning Balance	Increase (Decrease)	Ending Balance
Primary Government:			
Governmental activities	\$ 244,535	\$ (6,195) \$	238,340
Component Unit School Board	\$ 173,115	\$ 3,494 \$	176,609

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

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

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

VRS - PLAN 1

- 1. Plan Overview VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

4. Retirement Contributions - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1 (CONTINUED)

- 5. Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- 6. Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

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

7. Calculating the Benefit - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

- **8.** Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **9. Service Retirement Multiplier** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- 10. Normal Retirement Age Age 65.
- 11. Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
 - Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- **12. Earliest Reduced Retirement Eligibility** Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1 (CONTINUED)

- **13. Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- **14. Eligibility -** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

- **15. Exceptions to COLA Effective Dates** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1 (CONTINUED)

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS - PLAN 2

- 1. Plan Overview VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

- 4. Retirement Contributions Same as VRS Plan 1-Refer to Section 4.
- 5. Creditable Service Same as VRS Plan 1- Refer to Section 5.
- 6. Vesting Same as VRS Plan 1-Refer to Section 6.
- 7. Calculating the Benefit Same as VRS Plan 1-Refer to Section 7.
- **8.** Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 2 (CONTINUED)

- 9. Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- 10. Normal Retirement Age Normal Social Security retirement age.
- 11. Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

- **12. Earliest Reduced Retirement Eligibility -** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- **13. Cost-of-Living Adjustment (COLA) in Retirement -** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
- 14. Eligibility Same as VRS Plan 1-Refer to Section 14.
- **15. Exceptions to COLA Effective Dates** Same as VRS Plan 1-Refer to Section 15.
- **16. Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

17. Purchase of Prior Service - Same as VRS Plan 1-Refer to Section 17.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

- 1. Plan Overview The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")
 - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- 2. Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
- ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

3. *Non-Eligible Members: (Continued)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

<u>Defined Benefit Component</u> - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

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

6. Vesting

<u>Defined Benefit Component</u> - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

<u>Defined Contribution Component</u> - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. <u>Plan Description (Continued)</u>

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting (Continued)

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

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

Distribution is not required by law until age 70½.

7. Calculating the Benefit

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

<u>Defined Contribution Component</u> - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- **8.** Average Final Compensation Same as VRS Plan 2-Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.
- 9. Service Retirement Multiplier The retirement multiplier is 1.0%.

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

10. Normal Retirement Age

<u>Defined Benefit Component</u> - Same as VRS Plan 2-Refer to Section 10.

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

11. Earliest Unreduced Retirement Eligibility

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

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

12. Earliest Reduced Retirement Eligibility

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

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

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

<u>Defined Benefit Component</u> - Same as VRS Plan 2-Refer to Section 13.

Defined Contribution Component - Not Applicable.

- 14. Eligibility Same as VRS Plan 1 and VRS Plan 2-Refer to Section 14.
- 15. Exceptions to COLA Effective Dates Same as VRS Plan 1 and VRS Plan 2-Refer to Section 15.
- 16. Disability Coverage Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

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

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

17. Purchase of Prior Service

<u>Defined Benefit Component</u> - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 17.

Defined Contribution Component - Not Applicable.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

B. Funding Policy

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 9.50% and 11.17% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$654,467, \$573,183, and \$330,898, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$285,652 was not equal to the County's required and actual contributions. The County's annual cost due was \$365,635, resulting in a net pension obligation for FY14 of \$79,983.

Three-Year Trend Information for the County

				-	
Fiscal		Annual	Percentage		Net
Year	Year Pension		of APC		Pension
Ending		Cost (APC)	Contributed		Obligation
June 30, 2012	\$	247,932	100%	\$	-
June 30, 2013		275,548	78%		77,153
June 30, 2014		285,652	100%		157,136

¹Employer portion only

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

For fiscal year 2014, School Board's annual pension cost of \$71,870 was equal to the School Board's required and actual contributions.

Three-Year Trend Information for the School Board

Timee Teal Trend Information for the Senot Board									
Fiscal	Fiscal Annual		Percentage		Net				
Year	Pension		of APC		Pension				
Ending		Cost (APC)	Contributed		Obligation				
		10.101	1000/			_			
June 30, 2012	\$	40,624	100%	\$	-				
June 30, 2013		63,399	100%		-				
June 30, 2014		71,870	100%		-				

¹Employer portion only

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

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 75.46% funded. The actuarial accrued liability for benefits was \$12,250,063, and the actuarial value of assets was \$9,243,453, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,006,610. The covered payroll (annual payroll of active employees covered by the plan) was \$2,936,740 and ratio of the UAAL to the covered payroll was 102.38%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 75.87% funded. The actuarial accrued liability for benefits was \$2,535,119, and the actuarial value of assets was \$1,923,422, resulting in an unfunded actuarial accrued liability (UAAL) of \$611,697. The covered payroll (annual payroll of active employees covered by the plan) was \$621,449 and ratio of the UAAL to the covered payroll was 98.43%.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 11-UNAVAILABLE/UNEARNED REVENUE:

	Government-wide Statements Governmental Activities	-	Balance Sheet Governmental Funds
Primary Government:			
Unavailable revenue:			
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the			
funding of current expenditures.	\$ -	\$	1,024,439
Prepaid property taxes representing collections received for property taxes that are applicable to the subsequent budget year.	12,719	_	12,719
Total unavailable revenue	\$	\$	1,037,158
Unearned revenue: Unearned revenue representing notes receivable for which asset recognition criteria has not been met. The note receivable is not available for the funding of current expenditures.	\$ -	\$	252,886
		_	
Total primary government	\$ 12,719	\$	1,290,044

NOTE 12—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

Federal programs in which the County participates 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 disallowances of current grant program expenditures, if any, would be immaterial.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 12—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Lease Commitments:

The County leases office space from various lessors. The future minimum amounts due for operating leases with terms exceeding one year are as follows:

Fiscal Year	
2015 2016 2017	\$ 30,000 30,000 5,000
Total	\$ 65,000

Rent expenditures totaled \$60,745 for fiscal year 2014.

NOTE 13-LITIGATION:

At June 30, 2014, there are matters of litigation pending against the County. Counsel is of the opinion that no claim for damages will be awarded.

NOTE 14—SURETY BONDS:

Virginia Department of Risk Management & Surety:	
Margaret R. Ralph, Clerk of the Circuit Court	\$ 365,000
Debra Knick, Treasurer	300,000
Beverly S. Atkins, Commissioner of the Revenue	3,000
Connie Smith, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Melbry Paratore, Clerk of the School Board	10,000
Donna Matthews, Superintendent	10,000
United States Fidelity and Guaranty Company - Surety:	
All Department of Social Services Employees - blanket bond	100,000
Peter H. Luke - Surety:	
S. Bryant Lee, Supervisor	1,000
Roger A. Welch, Supervisor	1,000
Cathy W. Frazier - Surety:	
Ronald L. Frazier, Supervisor	1,000
Lisa Welsted - Surety:	
Mike Biniek, Supervisor	1,000
I. Christopher Parrish, Supervisor	1,000

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 15-RISK MANAGEMENT:

The primary government and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$3,000,000.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are \$20,000,000 and \$2,000,000, respectively.

<u>Unemployment Insurance:</u>

The County and School Board are responsible for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years, other than the payment of deductibles which are immaterial.

NOTE 16-ACCRUED LANDFILL REMEDIATION COST:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,138,463 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill was closed in December 2007.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 17-INTERGOVERNMENTAL AGREEMENTS:

In July 2007, the County entered into a Solid Waste Service Agreement with the County of Culpeper ("Culpeper") that permits the County to use Culpeper's transfer station for refuse disposal at an established rate per ton. In fiscal year 2014, the County paid Culpeper \$294,300 in connection with the agreement.

In November 2008, the County entered into a Shared Use of Public-Safety System Facilities Agreement with Culpeper so that the County can share the use of public safety radio equipment and infrastructure located in Culpeper. As part of the agreement, the County was required to purchase certain equipment and modify the existing communication tower. In addition, the agreement stipulates that the County will annually reimburse Culpeper for 7% of costs for maintenance of the system.

In March 2009, the County entered into an Agreement for Shared Use of Public Safety Radio System with the County of Fauquier ("Fauquier"). The agreement permits the County to utilize Fauquier's 800 MHz radio system network, which is interconnected with similar facilities in Culpeper. The term of the agreement is five years with a renewal option for an additional five years. Under the terms of the agreement, the County is required to pay a stipulated fee for each radio owned by the County and connected to Fauquier's radio network.

NOTE 18—RELATED PARTY TRANSACTIONS:

The County pays the payroll for the Water and Sewer Authority, which then reimburses the County for the costs. The County recorded \$92,475 of such reimbursements in fiscal year 2014.

NOTE 19-DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not subject to claims from the County's general creditors.

NOTE 20-OTHER POST EMPLOYMENT BENEFITS PROGRAM:

Discretely Presented Component Unit-School Board:

Plan Description

The plan provides 50% of the single subscriber premium for employees who retire with either (1) unreduced retirement benefit from the Virginia Retirement System (VRS), or (2) the sum of years of service plus age equals 90 or more.

The eligibility requirements for an unreduced retirement benefit from VRS are:

- (a) Age 65 with 5 years of service, or
- (b) Age 50 with 30 years of service.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 20-OTHER POST EMPLOYMENT BENEFITS PROGRAM:

Discretely Presented Component Unit-School Board: (Continued)

Plan Description: (Continued)

Employees who are eligible for disability retirement under VRS are also eligible for the Rappahannock County Public Schools retiree medical plan. There is no post age 65 coverage except through COBRA. Spouses and family members are allowed in the plan until they reach age 65 but the retiree must pay the full cost of the additional coverage.

Funding Policy

These benefits are financed on a pay-as-you-go basis.

An actuarial valuation was performed as of July 1, 2013 to determine Net OPEB obligation. The plan is not funded. The valuation used the projected unit cost method, with linear pro-ration to assumed benefit commencement.

Annual OPEB Cost and Net OPEB Obligation

The Rappahannock County Public Schools' annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Rappahannock County Public Schools annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Rappahannock County Public Schools net OPEB obligation.

Annual required contribution (ARC)	\$	104,000
Interest on OPEB obligation		11,000
Adjustment to ARC		(13,000)
Annual OPEB cost		102,000
Contributions made		(25,000)
Increase (decrease) in net OPEB obligation	-	77,000
Net OPEB obligation - beginning of year	_	311,000
Net OPEB obligation - end of year	\$	388,000

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 20-OTHER POST EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

Discretely Presented Component Unit-School Board: (Continued)

Annual OPEB Cost and Net OPEB Obligation: (Continued)

The Rappahannock County Public Schools (RCPS) annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2014, 2013, and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2014	\$ 102,000	25%	\$	388,000
June 30, 2013	95,000	24%		311,000
June 30, 2012	129,000	40%		239,000

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The unfunded actuarial accrued liability (UAAL) is \$1,094,000. The covered payroll (annual payroll of active employees covered by the plan) was \$558,689 and the ratio of the UAAL to the covered payroll was 195.82 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability 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 the 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 member to that point.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments. We also assumed an annual healthcare cost trend rate of 7.5% initially, gradually decreasing over time. By 2030 the rate of increase is 5.70%, and by 2050, 5.00%. The ultimate trend rate is 4.20%. The rates include a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over thirty years.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 21-HEALTH INSURANCE CREDIT PROGRAM:

A. Plan Description

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

An employee of the County and Component Unit School Board, who retires under VRS with at least 15 years of total creditable service and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the <u>Code of Virginia</u>. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

As a participating local political subdivision, the County and Component Unit School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the <u>Code of Virginia</u> and the VRS Board of Trustees. The County and Component Unit School Board non-professional employees contribution rates for the fiscal year ended 2014 were .10% and .76% of annual covered payroll, respectively.

C. Annual OPEB Cost and Net OPEB Obligation

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 21-HEALTH INSURANCE CREDIT PROGRAM: (CONTINUED)

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

For 2014, the County and Component Unit School Board non-professional employees' contributions of \$123 and \$4,793, respectively, were equal to the ARC and OPEB cost. The County and the Component Unit School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

	Fiscal Year Ending	 Annual OPEB Cost (ARC)	Percentage of ARC Contributed	 Net OPEB Obligation
County	June 30, 2012	\$ 1,305	100%	\$ -
•	June 30, 2013	580	100%	-
	June 30, 2014	123	100%	-
School Board Non Professional				
Employees	June 30, 2012	\$ 4,489	100%	\$ -
. ,	June 30, 2013	4,314	100%	-
	June 30, 2014	4,793	100%	-

D. Funded Status and Funding Progress

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

		School Board Non Professional			
	 County		Employees		
Actuarial accrued liability (AAL)	\$ 19,058	\$	75,242		
Actuarial value of plan assets	\$ 26,252	\$	35,540		
Unfunded actuarial accrued liability (UAAL)	\$ (7,194)	\$	39,702		
Funded ratio (actuarial value of plan assets/AAL) Covered payroll (annual payroll of active employees	137.75%		47.23%		
covered by the plan)	\$ 656,589	\$	621,449		
UAAL as a percentage of covered payroll	-1.10%		6.39%		

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 21-HEALTH INSURANCE CREDIT PROGRAM: (CONTINUED)

D. Funded Status and Funding Progress: (Continued)

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2013 was 30 years.

F. Professional Employees - Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$62,303, \$54,566, and \$31,365, respectively and equaled the required contributions for each year.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 22-UPCOMING PRONOUNCEMENTS:

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





Budgetary Comparison Schedule General Fund Year Ended June 30, 2014

		Original Budget		Final Budget		Actual	Variance With Final Budget Positive (Negative)
Revenues:			_		_		
Property taxes:							
Real property taxes	\$	10,390,000	\$	10,390,000	\$	9,853,560	(536,440
Real and personal public service corporation							
property taxes		165,000		165,000		334,610	169,610
Personal property taxes		1,756,000		1,756,000		1,536,677	(219,323
Mobile home taxes		500		500		597	97
Penalties		95,560		95,560		73,015	(22,545
Interest		105,000		105,000		88,305	(16,695
Total property taxes	\$	12,512,060	\$	12,512,060	\$	11,886,764	(625,296
Other local taxes:							
Local sales and use taxes	\$	460,600	\$	460,600	\$	463,605	3,005
Consumers' utility taxes		161,500		161,500		162,556	1,056
Gross receipts tax		35,400		35,400		36,526	1,126
Motor vehicle licenses		152,000		152,000		140,489	(11,511
Bank franchise taxes		48,750		48,750		63,969	15,219
Taxes on recordation of wills		101,000		101,000		109,778	8,778
Additional tax on deeds		25,600		25,600		36,864	11,264
Meals and lodging taxes		175,000		175,000		216,172	41,172
E-911 telephone tax		128,900		128,900		- _	(128,900
Total other local taxes	\$	1,288,750	\$	1,288,750	\$	1,229,959	(58,791
Permits, privilege fees and regulatory licenses:							
Animal licenses	\$	6,800	\$	6,800	\$	5,797	(1,003
Land use application fees		3,000		3,000		3,502	502
Building and related permits		70,000		70,000		65,625	(4,375
Transfer fees		250		250		271	21
Other permits and fees		16,300	_	16,300	_	6,935	(9,365
Total permits, privilege fees and regulatory							
licenses	\$	96,350	\$	96,350	\$	82,130	(14,220
Fines and forfeitures:							
Court fines and forfeitures	\$	82,000	\$	82,000	\$	125,716	43,716
Revenue from use of money and property:							
Revenue from use of money	\$	75,051	\$	75,051	\$	50,704	(24,347
Revenue from use of property		9,500		9,500		6,438	(3,062
Total revenue from use of money and			_				
property	\$	84,551	\$	84,551	\$	57,142	(27,409
	-	, -	- '		-		

Budgetary Comparison Schedule General Fund (Continued) Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				_
Charges for services:				
Sheriff fees	\$ 9,800 \$	9,800 \$	14,759 \$	4,959
Charges for Commonwealth's Attorney	250	250	836	586
Charges for concealed weapons fees	3,200	3,200	3,691	491
Charges for jail meals	-	-	309	309
Charges for law library	750	750	877	127
Charges for work release fees	-	-	22,493	22,493
Charges for courthouse security fees	31,500	31,500	39,640	8,140
Charges for courthouse maintenance fees	8,500	8,500	7,596	(904)
Charges for court appointed attorney fees	-	-	1,303	1,303
Other jail charges	-	-	3,201	3,201
DMV stop fees	-	-	4,660	4,660
Charges for landfill foos	54,600	54,600	3,521	(51,079)
Charges for landfill fees	 19,000	19,000	12,973	(6,027)
Total charges for services	\$ 127,600 \$	127,600 \$	115,859 \$	(11,741)
Miscellaneous:				
VPA refunds	\$ - \$	- \$	30,369 \$	30,369
Insurance recoveries	-	-	30,779	30,779
Miscellaneous	 150,500	150,500	155,718	5,218
Total miscellaneous	\$ 150,500 \$	150,500 \$	216,866 \$	66,366
Recovered costs:				
Commonwealth jail costs	\$ 48,000 \$	48,000 \$	- \$	(48,000)
Water and sewer authority	 65,000	65,000	92,475	27,475
Total recovered costs	\$ 113,000 \$	113,000 \$	92,475 \$	(20,525)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 250 \$	250 \$	2,451 \$	2,201
Spay/Neuter License Revenue	-	-	178	178
Rolling stock tax	1,100	1,100	- 2 (2 2 2	(1,100)
Communications sales and use tax	362,000	362,000	348,913	(13,087)
Motor vehicle carrier's tax	-	- 0.4F 000	575	575
Personal property tax relief	 945,000	945,000	945,168	168
Total noncategorical aid	\$ 1,308,350 \$	1,308,350 \$	1,297,285 \$	(11,065)

Budgetary Comparison Schedule General Fund (Continued) Year Ended June 30, 2014

		Original Budget	Final Budget		Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				_		
Intergovernmental (continued):						
Revenue from the Commonwealth (continued):						
Categorical aid:						
Shared Expenses:						
Commonwealth's attorney	\$	154,500 \$	154,500	Ś	158,065 \$	3,565
Sheriff	*	725,000	725,000	*	746,178	21,178
Commissioner of the Revenue		69,000	69,000		70,886	1,886
Treasurer		65,000	65,000		66,214	1,214
Registrar/electoral board		32,000	32,000		27,778	(4,222)
Clerk of the Circuit Court		•			170,620	
Clerk of the Circuit Court		169,000	169,000		170,620	1,620
Total shared expenses	\$	1,214,500 \$	1,214,500	\$	1,239,741 \$	25,241
Welfare:						
Welfare administration and assistance	\$	249,000 \$	249,000	\$	201,672 \$	(47,328)
Other categorical aid:						
Abandoned vehicles	\$	1,600 \$	1,600	Ś	7,426 \$	5,826
Emergency medical service	•	4,500	4,500	•	8,928	4,428
Wireless grant		210,000	210,000		40,425	(169,575)
Litter control		4,500	4,500		-	(4,500)
Asset forfeiture		-	-		1,907	1,907
Juvenile Comm. Crime Control		13,000	13,000		9,673	(3,327)
Local law enforcement block grant		350	350		-	(350)
Farmland preservation program		50,000	50,000		-	(50,000)
Recordation taxes		41,289	41,289		45,263	3,974
Comprehensive services		590,000	590,000		556,997	(33,003)
Fire programs		42,000 3,750	42,000		45,381	3,381
VA Department of Health 2 for Life grant State jail funds		3,730	3,750		36,700	(3,750) 36,700
DMV - Animal friendly plates			-		213	213
Total other categorical aid	\$	960,989 \$	960,989	\$	752,913 \$	(208,076)
Total categorical aid	\$	2,424,489 \$	2,424,489	\$	2,194,326 \$	(230,163)
Total revenue from the Commonwealth	\$	3,732,839 \$	3,732,839	\$	3,491,611 \$	(241,228)
Revenue from the Federal Government:						
Payments in lieu of taxes	\$	78,370 \$	78,370	\$	81,869 \$	3,499
Categorical aid: Welfare:						
Administration and public assistance	\$	475,000 \$	475,000	\$	463,597 \$	(11,403)

Budgetary Comparison Schedule General Fund (Continued) Year Ended June 30, 2014

		Original Budget	Final Budget		Actual		Variance With Final Budget Positive (Negative)
Revenues (Continued):	_						
Intergovernmental (continued):							
Revenue from the Federal Government (continue	d):						
Other categorical aid:	u).						
Law enforcement grants	\$	15,100 \$	15,100	¢	10,994	Ċ	(4,106)
Homeland security grant	Ų	15,100 -	13,100	Ų	7,500	,	7,500
Asset forfeiture		4,000	4,000		8,187		4,187
Assection relicate		٦,000	7,000	· -	0,107		7,107
Total other categorical aid	\$	19,100 \$	19,100	\$	26,681	\$_	7,581
Total categorical aid	\$	494,100 \$	494,100	\$	490,278	\$	(3,822)
Total revenue from the Federal							
Government	\$	572,470 \$	572,470	¢	572,147	Ċ	(323)
Government	٠,	372,470 3	372,470	٠,	372,147	۰ —	(323)
Total revenues	\$	18,760,120 \$	18,760,120	\$	17,870,669	\$_	(889,451)
Expenditures:							
Current:							
General government administration:							
Board of supervisors	\$	198,202 \$	198,202	\$	192,500	\$	5,702
County administrator		303,408	303,408		300,151		3,257
Legal services		102,085	102,085		108,775		(6,690)
Independent auditor		45,500	45,500		38,774		6,726
Commissioner of the Revenue		308,935	308,935		282,557		26,378
Treasurer		293,491	293,491		296,930		(3,439)
Land use administration		15,050	15,050		1,363		13,687
Electoral board and officials		57,000	57,000		24,497		32,503
Registrar		106,495	106,495		103,473	_	3,022
Total general government administration	\$	1,430,166 \$	1,430,166	\$	1,349,020	\$_	81,146
Judicial administration:							
Circuit court	\$	14,150 \$	14,150	\$	12,044	\$	2,106
General district court		14,240	14,240	•	7,407		6,833
Commissioner of accounts		1,345	1,345		828		517
Magistrates		, -	,		585		(585)
Juvenile probation service unit		65,074	65,074		50,375		14,699
Clerk of the circuit court		323,086	323,086		266,117		56,969
Law library		600	600		, -		600
Commonwealth attorney		265,553	265,553		246,052	_	19,501
Total judicial administration	\$	684,048 \$	684,048	\$	583,408	\$_	100,640

Budgetary Comparison Schedule General Fund (Continued) Year Ended June 30, 2014

Public safety: Sheriff S 1,101,762 S 1,101,762 S 1,907,596 S (805,834)		Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Sheriff S 1,101,762 S 1,101,762 S 1,907,596 S (805,834) Contributions to fire departments and rescue squads rescue squads	Expenditures (Continued):			 	
Contributions to fire departments and rescue squads 730,603 730,603 730,646 (6,043) Forest fire extinction 8,708 8,708 8,708 8,707 1 1 Jail 1,140,667 1,140,667 138,898 1,001,769 Building inspector 110,202 110,202 209,913 (99,711) Animal control 68,750 68,750 6,850 61,545 7,205 Medical examiner 900 900 40 860 Emergency services 152,870 152,870 70,660 82,210 E-911 372,491 372,491 243,535 128,956 Total public safety \$ 3,686,953 \$ 3,686,953 \$ 3,377,540 \$ 309,413 Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Public works \$ 1,284,454 \$ 1,4828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Parks, recreation and cultural: Park authority and others \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446	Public safety:				
rescue squads 730,603 730,603 736,646 (6,043) Forest fire extinction 8,708 8,708 8,707 1 Jail 1,140,667 1,140,667 138,898 1,000, 176 Building inspector 110,202 110,202 209,913 (99,711) Animal control 68,750 68,750 61,545 7,205 Medical examiner 900 900 40 86,0 Emergency services 152,870 152,870 70,660 82,210 E-911 372,491 372,491 243,535 128,956 Total public safety \$3,686,953 \$3,686,953 \$3,377,540 \$309,413 Public works: Landfill \$813,978 \$813,978 \$73,070 \$76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$1,284,454 \$1,284,454 \$1,130,404 \$154,050 Health and welfare: Health department \$144,828 \$144,828 \$122,620 \$22,208 Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$2,129,579 \$2,129,579 \$2,515,634 \$(386,055) Education: Community college \$6,035 \$6,035 \$6,035 \$6,035 \$Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Parks, recreation and cultural: Parks authority and others \$8,455,924 \$8,455,924 \$8,370,478 \$85,446	Sheriff	\$ 1,101,762 \$	1,101,762	\$ 1,907,596 \$	(805,834)
Forest fire extinction	Contributions to fire departments and				
Jail	rescue squads	730,603	730,603	736,646	(6,043)
Building inspector 110,202 110,202 209,913 (99,711) Animal control 68,750 68,750 61,545 7,205 Medical examiner 900 900 40 860 Emergency services 152,870 152,870 70,660 82,210 E-911 372,491 372,491 243,535 128,956 Total public safety \$ 3,686,953 \$ 3,686,953 \$ 3,377,540 \$ 309,413 Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,30,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board 5 3,352 53,352 41,952 11,400 Public assistance and administration 966,399 956,399 1,067,373 (110	Forest fire extinction	8,708	8,708	8,707	1
Animal control Medical examiner 900 900 40 860 Emergency services 152,870 152,870 70,660 82,210 E-911 372,491 372,491 243,535 128,956 Total public safety \$ 3,686,953 \$ 3,686,953 \$ 3,377,540 \$ 309,413 Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ 6 Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,000 \$ 14,500	Jail	1,140,667	1,140,667	138,898	1,001,769
Medical examiner 900 900 40 860 Emergency services 152,870 152,870 70,660 82,210 E-911 372,491 372,491 243,535 128,956 Total public safety \$ 3,686,953 \$ 3,686,953 \$ 3,377,540 \$ 309,413 Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health and welfare: \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community \$ 27,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208 \$ 22,208	Building inspector	110,202	110,202	209,913	(99,711)
Emergency services	Animal control	68,750	68,750	61,545	7,205
Total public safety	Medical examiner	900	900	40	860
Total public safety \$ 3,686,953 \$ 3,686,953 \$ 3,377,540 \$ 309,413 Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Parks authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Emergency services	152,870	152,870	70,660	82,210
Public works: Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community \$ 53,352 53,352 41,952 11,400 Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 966,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: \$ 6,035 \$ 6,0	E-911	 372,491	372,491	 243,535	128,956
Landfill \$ 813,978 \$ 813,978 \$ 737,070 \$ 76,908 General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community 53,352 53,352 41,952 11,400 Services Board 53,352 53,352 41,952 11,067,373 (110,974) Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ - 4 Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,444 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Parks, recreation and cultural: Parks authority and others \$ 18,500 \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Total public safety	\$ 3,686,953 \$	3,686,953	\$ 3,377,540 \$	309,413
General properties 464,426 464,426 393,210 71,216 Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community \$ 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Parks, recreation and cultural: Parks, recreation and cultural: Parks, 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Public works:				
Aileen property 6,050 6,050 124 5,926 Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Landfill	\$ 813,978 \$	813,978	\$ 737,070 \$	76,908
Total public works \$ 1,284,454 \$ 1,284,454 \$ 1,130,404 \$ 154,050 Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board \$ 53,352 \$ 53,352 \$ 41,952 \$ 11,400 Public assistance and administration \$ 956,399 \$ 956,399 \$ 1,067,373 \$ (110,974) Comprehensive Services Act \$ 975,000 \$ 975,000 \$ 1,283,689 \$ (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system \$ 8,449,889 \$ 8,449,889 \$ 8,364,443 \$ 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	General properties	464,426	464,426	393,210	71,216
Health and welfare: Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Aileen property	 6,050	6,050	 124	5,926
Health department \$ 144,828 \$ 144,828 \$ 122,620 \$ 22,208 Rappahannock-Rapidan Community 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Parks authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Total public works	\$ 1,284,454 \$	1,284,454	\$ 1,130,404 \$	154,050
Rappahannock-Rapidan Community Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Parks authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Health and welfare:				
Services Board 53,352 53,352 41,952 11,400 Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ - 4,005 Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Health department	\$ 144,828 \$	144,828	\$ 122,620 \$	22,208
Public assistance and administration 956,399 956,399 1,067,373 (110,974) Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - 40,000 \$ - 40,000 \$ 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Rappahannock-Rapidan Community				
Comprehensive Services Act 975,000 975,000 1,283,689 (308,689) Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ 6,035 \$ - 4,000 Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Services Board	53,352	53,352	41,952	11,400
Total health and welfare \$ 2,129,579 \$ 2,129,579 \$ 2,515,634 \$ (386,055) Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system \$ 8,449,889 \$ 8,449,889 \$ 8,364,443 \$ 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Public assistance and administration	956,399	956,399	1,067,373	(110,974)
Education: Community college \$ 6,035 \$ 6,035 \$ 6,035 \$ - Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Comprehensive Services Act	 975,000	975,000	 1,283,689	(308,689)
Community college \$ 6,035 \$ 6,	Total health and welfare	\$ 2,129,579 \$	2,129,579	\$ 2,515,634 \$	(386,055)
Appropriation to public school system 8,449,889 8,449,889 8,364,443 85,446 Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Education:				
Total education \$ 8,455,924 \$ 8,455,924 \$ 8,370,478 \$ 85,446 Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Community college	\$ 6,035 \$	6,035	\$ 6,035 \$	-
Parks, recreation and cultural: Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500		 8,449,889	8,449,889	 8,364,443	85,446
Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Total education	\$ 8,455,924 \$	8,455,924	\$ 8,370,478 \$	85,446
Park authority and others \$ 18,500 \$ 18,500 \$ 4,000 \$ 14,500	Parks, recreation and cultural:				
Total parks, recreation and cultural \$\$\$\$\$\$\$\$		\$ 18,500 \$	18,500	\$ 4,000 \$	14,500
	Total parks, recreation and cultural	\$ 18,500 \$	18,500	\$ 4,000 \$	14,500

Budgetary Comparison Schedule General Fund (Continued) Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):				
Community development:				
Planning commission	\$ 34,800 \$	34,800 \$	9,113 \$	25,687
Board of zoning appeals	6,450	6,450	1,897	4,553
Soil and water conservation district	21,406	21,406	29,991	(8,585)
VPI Extension Service	95,300	95,300	93,007	2,293
Public utility services	65,000	65,000	101,945	(36,945)
Farmland preservation program	112,000	112,000	20	111,980
Water quality improvement program	10,000	10,000	7,367	2,633
Civil War Trails project	-	-	254	(254)
Tourism promotion	 54,500	54,500	44,847	9,653
Total community development	\$ 399,456 \$	399,456 \$	288,441 \$	111,015
Capital projects:				
Scrabble School project	\$ 12,950 \$	12,950 \$	4,521 \$	8,429
School & Facility renovation	168,000	168,000	-	168,000
Total capital projects	\$ 180,950 \$	180,950 \$	4,521 \$	176,429
Debt service:				
Principal	\$ 1,760,496 \$	1,760,496 \$	1,760,496 \$	-
Interest and fiscal charges	 (1,121,287)	(1,121,287)	201,417	(1,322,704)
Total debt service	\$ 639,209 \$	639,209 \$	1,961,913 \$	(1,322,704)
Total expenditures	\$ 18,909,239 \$	18,909,239 \$	19,585,359 \$	(676,120)
Excess (deficiency) of revenues over				
expenditures	\$ (149,119) \$	(149,119) \$	(1,714,690) \$	(1,565,571)
Other financing sources (uses):				
Issuance of line of credit	\$ - \$	- \$	1,302,700 \$	1,302,700
Transfers out	 (119,385)	(119,385)	(126,656)	(7,271)
Total other financing sources (uses)	\$ (119,385) \$	(119,385) \$	1,176,044 \$	1,295,429
Net change in fund balance	\$ (268,504) \$	(268,504) \$	(538,646) \$	(270,142)
Fund balance, beginning of year	 268,504	268,504	2,761,595	2,493,091
Fund balance, end of year	\$ - \$	- \$	2,222,949 \$	2,222,949

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Budgetary Comparison Schedule Library Fund Year Ended June 30, 2014

	_	Original Budget	Final Budget		Actual		Variance With Final Budget Positive (Negative)
Revenues:							
Fines and forfeitures	\$	1,000 \$	1,000	\$	1,436	\$	436
Use of money and property		39,727	39,727		90,735		51,008
Charges for services		2,100	2,100		1,862		(238)
Miscellaneous		1,500	1,500		4,144		2,644
Intergovernmental:							
Revenue from the Commonwealth	_	34,660	34,660	_	34,660	_	<u> </u>
Total revenues	\$_	78,987	78,987	\$_	132,837	\$_	53,850
Expenditures:							
Parks, Recreation and Cultural:							
Library administration	\$_	205,643 \$	205,643	\$_	219,917	\$_	(14,274)
Total expenditures	\$_	205,643	205,643	\$_	219,917	\$_	(14,274)
Excess (deficiency) of revenues over							
expenditures	\$_	(126,656)	(126,656)	\$_	(87,080)	\$_	39,576
Other financing sources (uses):							
Transfers in	\$_	126,656 \$	126,656	\$_	126,656	\$_	-
Net change in fund balance	\$	- \$	-	\$	39,576	\$	39,576
Fund balance, beginning of year	_			_	655,894	_	655,894
Fund balance, end of year	\$_	<u> </u>	-	\$	695,470	\$	695,470

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Pension Funding Progress As of June 30, 2014

PRIMARY GOVERNMENT:

County Retirement Plan

			Unfunded			
	Actuarial	Actuarial	Actuarial			UAAL
	Value of	Accrued	Accrued			as a % of
Actuarial	Assets	Liability	Liability	Funded	Covered	Covered
Valuation Date	(AVA)	(AAL)	 (UAAL)	Ratio	Payroll	Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
County:						
June 30, 2011	\$ 8,635,350	\$ 10,850,369	\$ 2,215,019	79.59% \$	2,589,560	85.54%
June 30, 2012	8,783,752	11,356,898	2,573,146	77.34%	2,602,185	98.88%
June 30, 2013	9,243,453	12,250,063	3,006,610	75.46%	2,936,740	102.38%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

			Unfunded			
	Actuarial	Actuarial	Actuarial			UAAL
	Value of	Accrued	Accrued			as a % of
Actuarial	Assets	Liability	Liability	Funded	Covered	Covered
Valuation Date	(AVA)	(AAL)	(UAAL)	Ratio	Payroll	Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
June 30, 2011	\$ 1,958,822 \$	2,450,308	\$ 491,486	79.94% \$	557,378	88.18%
June 30, 2012	1,896,114	2,502,308	606,194	75.77%	558,689	108.50%
June 30, 2013	1,923,422	2,535,119	611,697	75.87%	621,449	98.43%

Schedule of OPEB Funding Progress As of June 30, 2014

PRIMARY GOVERNMENT:

County Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
County:	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
June 30, 2011	\$ 24,611	\$ 21,035	\$ (3,576)	117.00% \$	537,826	-0.66%
June 30, 2012	24,443	20,130	(4,313)	121.43%	530,983	-0.81%
June 30, 2013	26,252	19,058	(7,194)	137.75%	656,589	-1.10%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board OPEB Plan

Actuarial Valuation Date	 Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a % of Covered Payroll ((b-a)/c)
	(a)	(b)	(D-d)	(d/D)	(c)	((D-a)/C)
July 1, 2011	\$ - \$	1,157,000 \$	1,157,000	0.00% \$	621,449	186.18%
July 1, 2012	-	1,022,000	1,022,000	0.00%	557,378	183.36%
July 1, 2013	-	1,094,000	1,094,000	0.00%	558,689	195.82%

School Board Health Insurance Credit Program

			Unfunded			
	Actuarial	Actuarial	Actuarial			UAAL
	Value of	Accrued	Accrued			as a % of
Actuarial	Assets	Liability	Liability	Funded	Covered	Covered
Valuation Date	(AVA)	(AAL)	(UAAL)	Ratio	Payroll	Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
June 30, 2011	\$ 33,570 \$	80,539	46,969	41.68% \$	557,378	8.43%
June 30, 2012	31,845	80,110	48,265	39.75%	558,689	8.64%
June 30, 2013	35,540	75,242	39,702	47.23%	621,449	6.39%





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

	_	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund: Assets:					
Cash and cash equivalents	\$	24,978 \$	6,515 \$	4,359 \$	27,134
Liabilities: Amounts held for others	\$	24,978 \$	6,515 \$	4,359 \$	27,134

Component Unit School Board Combining Balance Sheet At June 30, 2014

	_	School Operating Fund	_	School Cafeteria Fund		Total Governmental Funds
Assets:						
Cash and cash equivalents	\$	1,078,922	\$	50,391	\$	1,129,313
Prepaid items		153,809		-		153,809
Inventory		-		16,175		16,175
Due from other governments	_	303,384		-		303,384
Total assets	\$_	1,536,115	\$_	66,566	\$	1,602,681
Liabilities:						
Accounts payable	\$	55,716	\$	-	\$	55,716
Accrued liabilities		1,078,872		30,391		1,109,263
Due to primary government	_	401,527		-		401,527
Total liabilities	\$_	1,536,115	\$_	30,391	\$_	1,566,506
Fund Balance:						
Nonspendable:						
Prepaid items	\$	153,809	\$	-	\$	153,809
Inventory		-		16,175		16,175
Assigned:						
School food operations		-		20,000		20,000
Unassigned	_	(153,809)	_	-		(153,809)
Total fund balance	\$_	-	\$_	36,175	\$_	36,175
Total liabilities and fund balance	\$_	1,536,115	\$	66,566	\$	1,602,681

Component Unit School Board Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position At June 30, 2014

Total fund balances for governmental funds (Exhibit 13)

36,175

\$

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Construction in progress	\$ 31,033
Buildings and improvements, net of depreciation	8,807,781
Furniture, equipment and vehicles, net of depreciation	734,473
School Board capital assets in primary government,	
net of depreciation	 (3,381,060)

Total capital assets 6,192,227

Liabilities applicable to the School Board's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:

Compensated absences	\$ (176,609)
Net OPEB obligation	(388,000)

Total (564,609)

Total net position of governmental activities (Exhibit 1) \$ 5,663,793

Component Unit School Board Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2014

		School Operating Fund		School Cafeteria Fund		Total Governmental Funds
Revenues:						
Charges for services	\$	11,228	\$	201,935	\$	213,163
Miscellaneous		28,283		4,251		32,534
Intergovernmental:						
Appropriation from primary government		8,364,443		-		8,364,443
Revenue from the Commonwealth		2,729,821		10,788		2,740,609
Revenue from the Federal Government		505,666	-	163,700	_	669,366
Total revenues	\$	11,639,441	\$_	380,674	\$_	12,020,115
Expenditures:						
Current:						
Education:						
Instruction	\$	8,486,884	\$	-	\$	8,486,884
Administration, attendance and health		685,318		-		685,318
Transportation		1,098,456		-		1,098,456
Operation and maintenance		987,923		-		987,923
School food services		32,825		423,517		456,342
Technology		305,192		-	-	305,192
Total expenditures	\$	11,596,598	\$_	423,517	\$_	12,020,115
Excess (deficiency) of revenues over						
expenditures	\$	42,843	\$	(42,843)	\$_	
Other financing sources (uses):						
Transfers in	\$	-	\$	42,843	\$	42,843
Transfers out		(42,843)		-		(42,843)
Total other financing sources (uses)	\$	(42,843)	\$_	42,843	\$_	-
Net change in fund balance	\$	-	\$	-	\$	-
Fund balance, beginning of year	_	-		36,175		36,175
Fund balance, end of year	\$	-	\$_	36,175	\$_	36,175

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

Net change in fund balances - total governmental funds (Exhibit 15)

Ś

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 capital outlays exceeded depreciation in the current period.

79,059

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship decreased the transfers to the School Board.

414,023

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment consists of the following:

Compensated absences
Other post employment benefits

Total

(3,494) (77,000)

Change in net position of governmental activities (Exhibit 2)

(80,494)

Component Unit School Board School Fund Budgetary Comparison Schedule Year Ended June 30, 2014

	_	Original Budget		Final Budget		Actual	Variance With Final Budget Positive (Negative)
Revenues:							
Charges for services	\$		\$		\$	11,228 \$	•
Miscellaneous		33,916		33,916		28,283	(5,633)
Intergovernmental:							
Appropriation from primary government		8,449,889		8,449,889		8,364,443	(85,446)
Revenue from the Commonwealth		2,801,562		2,801,562		2,729,821	(71,741)
Revenue from the Federal Government	_	547,700		547,700		505,666	(42,034)
Total revenues	\$_	11,833,067	\$_	11,833,067	\$_	11,639,441	(193,626)
Expenditures:							
Current:							
Education:							
Instruction	\$	8,460,950	\$	8,460,950	\$	8,486,884 \$	(25,934)
Administration, attendance and health		816,869		816,869		685,318	131,551
Transportation		1,117,888		1,117,888		1,098,456	19,432
Operation and maintenance		979,038		979,038		987,923	(8,885)
School food services		156,056		156,056		32,825	123,231
Technology	_	302,266	_	302,266		305,192	(2,926)
Total expenditures	\$_	11,833,067	\$	11,833,067	\$_	11,596,598	236,469
Excess (deficiency) of revenues over							
expenditures	\$_	-	\$_	-	\$_	42,843	42,843
Other financing sources(uses):							
Transfers out	\$_	-	\$_	-	\$_	(42,843)	(42,843)
Net change in fund balance	\$	-	\$	-	\$	- \$	-
Fund balance, beginning of year	_	-	_	-		-	
Fund balance, end of year	\$	-	\$	-	\$	- Ç	-

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Net Position
June 30, 2014

	_	Proprietary Fund
		Enterprise Fund
Assets:	_	
Current Assets:		
Cash and cash equivalents	\$_	34,477
Capital Assets:		
Land	\$	20,000
Other capital assets, net of accumulated depreciation	_	48,202
Total capital assets, net	\$_	68,202
Total assets	\$_	102,679
Net Position:		
Investment in capital assets	\$	68,202
Unrestricted	_	34,477
Total net position	\$_	102,679

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position

Statement of Revenues, Expenses and Changes in Net Positi

Y	'ear	Ended	June	30,	2014	

		Proprietary Fund
		Enterprise Fund
Operating Revenues:	•	
Fodderstack race fees	\$	6,728
Fodderstack race donations		8,013
Pavilion fees		2,240
Other income		20
Total operating revenues	\$.	17,001
Operating Expenses:		
Advertising	\$	343
Awards		2,001
Bus driver fees		90
Office		695
Petty Cash		200
P.O. box rental		44
Race expense		168
Race management		1,582
Refund/Reimbursement		250
Repairs		2,581
Septic charges		700
T-shirts		1,442
Utilities		121
Depreciation		7,725
Total operating expenses	\$_	17,942
Operating income (loss)	\$_	(941)
Nonoperating Revenues:		
Interest income	\$.	2
Change in net position	\$_	(939)
Net position, beginning of year		103,618
Net position, end of year	\$	102,679

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2014

		Proprietary Fund
	En	terprise Fund
Cash flows from operating activities:		
Receipts from customers and users Payments for services	\$	17,001
•	. —	(10,217)
Net cash provided by (used for) operating activities	\$	6,784
Cash flows from capital and related financing activities: Purchase and contruction of capital assets	\$	(3,788)
Cash flows from investing activities:		
Interest income	\$	2
Net Increase (decrease) in cash and cash equivalents	\$	2,998
Cash and cash equivalents at beginning of year		31,479
Cash and cash equivalents at end of year	\$	34,477
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$	(941)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	<u> </u>	7,725
Net cash provided by (used for) operating activities	\$	6,784



Government-Wide Expenses by Function Last Ten Fiscal Years

Fiscal Year	General Government Administration	 Judicial Administration	Public Safety	Public Works	Health and Welfare
2005	\$ 780,315	\$ 541,437	\$ 2,505,482 \$	982,749 \$	1,273,404
2006	900,224	521,553	1,869,797	1,315,134	1,445,417
2007	1,830,994	511,111	2,889,260	909,018	1,573,437
2008	1,046,992	591,957	2,836,270	1,470,899	1,825,423
2009	1,033,528	613,997	3,020,094	995,784	1,742,545
2010	1,210,317	547,850	2,946,938	1,036,017	1,784,898
2011	1,132,198	532,309	2,953,428	877,034	1,854,208
2012	1,235,264	558,072	2,950,804	1,115,716	2,344,788
2013	1,361,240	601,707	3,088,825	1,031,817	2,279,247
2014	1,381,064	586,282	3,411,317	1,135,337	2,547,019

_	Education	Parks, Recreation, and Culture	Community Development	Interest on Debt	Total
\$	5,410,672 \$	294,374 \$	216,432 \$	251,368 \$	12,256,233
	7,629,521	225,558	205,087	267,527	14,379,818
	7,592,542	228,443	270,722	248,210	16,053,737
	8,225,502	238,922	305,234	225,831	16,767,030
	8,391,601	241,583	639,789	203,690	16,882,611
	8,071,433	244,550	325,359	197,662	16,365,024
	8,343,786	246,421	378,414	181,458	16,499,256
	8,361,271	245,355	350,201	175,717	17,337,188
	8,736,409	197,208	355,186	189,180	17,840,819
	8,784,501	279,077	292,962	147,749	18,565,308

Government-Wide Revenues Last Ten Fiscal Years

			Program Revenues		
Fiscal Year	 Charges for Services	_	Operating Grants and Contributions	_	Capital Grants and Contributions
2005	\$ 253,874	\$	2,293,081	\$	
2006	308,467		2,324,731		
2007	339,289		2,334,218		
2008	276,758		2,558,265		
2009	284,187		2,599,023		904,87
2010	358,573		2,471,657		
2011	305,254		2,530,340		
2012	254,420		2,718,381		
2013	310,947		2,321,513		
2014	327,003		2,719,264		

	Revenues										
from the Gain on											
(General		Other		Non-		Use of			Sale of	
F	roperty		Local		Categorical		Money &		Miscel-	Capital	
	Taxes	_	Taxes		Aid		Property		laneous	Assets	Total
	7,230,696	\$	1,515,769	\$	928,725	\$	222,278	\$	457,428 \$	326,938 \$	13,228,78
	8,913,921		1,604,026		1,055,482		220,283		244,720	-	14,671,63
1	0,886,332		1,580,303		1,041,329		356,280		455,436	-	16,993,18
1	1,143,774		1,549,361		996,131		159,274		378,239	-	17,061,80
1	1,710,846		1,464,226		945,020		34,864		101,921	-	18,044,95
1	1,161,961		1,060,099		1,329,829		138,021		236,906	-	16,757,04
1	0,480,557		1,164,317		1,302,957		143,521		169,700	-	16,096,64
1	0,962,185		1,164,224		1,293,720		55,917		146,985	-	16,595,83
1	1,365,907		1,185,740		1,307,651		129,661		183,118	25,190	16,829,72
1	1,985,197		1,229,959		1,379,154		147,877		190,080	-	17,978,53

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

			Permit Privilege		Revenues from the
	General	Other	Fees &		Use of
Fiscal	Property	Local	Regulatory	Fines &	Money &
Year	 Taxes	Taxes	Licenses	Forfeitures	Property
2005	\$ 7,252,549 \$	1,515,769 \$	122,855 \$	27,129 \$	160,265
2006	8,922,135	1,604,026	104,884	35,203	220,283
2007	10,769,333	1,580,303	109,037	51,786	356,280
2008	11,117,838	1,549,361	85,455	62,669	159,274
2009	11,515,100	1,464,226	74,647	110,551	34,864
2010	11,103,838	1,060,099	159,247	96,766	138,021
2011	10,648,993	1,164,317	87,254	81,982	143,521
2012	10,723,645	1,164,224	78,126	77,856	55,917
2013	11,278,834	1,185,740	87,645	118,542	258,099
2014	11,886,764	1,229,959	82,130	127,152	147,877

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

	Charges for Services	Miscel- laneous	Recovered Costs	Intergovern- mental	Total
_					
\$	412,136 \$	404,348 \$	115,121 \$	6,838,494 \$	16,848,666
	500,171	306,576	155,701	7,068,091	18,917,070
	511,556	673,253	151,862	7,169,214	21,372,624
	457,042	578,031	144,501	7,055,659	21,209,830
	396,767	656,165	197,281	7,076,660	21,526,261
	382,811	346,560	201,817	6,682,045	20,171,204
	392,672	342,929	106,596	7,147,330	20,115,594
	323,158	308,735	101,570	7,339,176	20,172,407
	320,617	258,406	125,811	6,991,120	20,624,814
	330,884	221,010	92,475	7,508,393	21,626,644

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

Fiscal Year	 General Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare
2005	\$ 755,336 \$	538,437 \$	2,593,938 \$	1,008,199 \$	1,286,840
2006	861,878	519,428	2,330,775	1,298,423	1,439,241
2007	973,963	509,861	2,845,226	941,178	1,571,805
2008	1,038,743	580,762	2,917,462	1,141,193	1,833,125
2009	1,007,173	622,691	3,552,041	1,759,004	1,734,396
2010	1,191,617	545,066	3,046,524	1,149,842	1,701,457
2011	1,095,574	531,059	2,978,876	1,136,225	1,853,253
2012	1,356,389	588,490	2,973,839	1,186,956	2,337,480
2013	1,639,923	598,833	3,100,556	1,058,449	2,242,118
2014	1,349,020	583,408	3,377,540	1,130,404	2,515,634

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

⁽²⁾ Includes capital projects

⁽³⁾ Excludes appropriation to School Board from General Fund

_	(2)(3) Education	(2) Recreation and Cultural	Community Development	Capital Projects	Debt Service	Total
\$	10,873,307 \$	271,874 \$	216,432	\$ - 9	\$ 446,606 \$	17,990,969
	10,589,127	203,058	205,087	3,036,686	829,571	21,313,274
	11,214,843	205,943	270,722	853,263	766,866	20,153,670
	11,701,595	523,193	305,234	25,558	738,345	20,805,210
	11,443,784	612,863	639,789	590,991	709,557	22,672,289
	11,069,818	194,747	325,359	3,912	628,064	19,856,406
	11,663,497	196,618	378,414	19,989	599,059	20,452,564
	11,749,102	195,551	344,492	1,173,103	798,665	22,704,067
	11,809,224	211,161	344,465	220,656	664,849	21,890,234
	12,026,150	223,917	288,441	4,521	1,961,913	23,460,948

Assessed Value of Taxable Property (1) Last Ten Fiscal Years

Fiscal Year	 Real Estate	Personal Property	Mobile Homes	Public Utility Real Estate	Total
2005	\$ 854,565,241 \$	53,296,516 \$	48,420 \$	21,791,439 \$	929,701,616
2006	875,497,928	59,300,910	38,220	18,594,932	953,431,990
2007	1,532,668,500	64,060,764	42,350	23,487,235	1,620,258,849
2008	1,559,835,500	64,527,171	98,320	22,028,458	1,646,489,449
2009	1,586,404,700	66,839,796	139,820	19,199,054	1,672,583,370
2010	1,603,162,900	56,473,495	86,120	21,541,208	1,681,263,723
2011	1,507,518,500	58,442,724	122,470	22,594,963	1,588,678,657
2012	1,517,846,600	58,770,324	122,470	29,025,579	1,605,764,973
2013	1,528,986,700	59,148,765	122,170	51,441,940	1,639,699,575
2014	1,536,218,200	58,909,294	122,470	51,478,437	1,646,728,401

^{(1) 100%} fair market value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(1) (2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	(1) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2005 \$	8,054,458 \$	7,796,041	97% \$	188,349 \$	7,984,390	99% \$	70,068	1%
2006	9,915,142	9,638,617	97%	178,242	9,816,859	99%	98,283	1%
2007	11,743,900	11,486,661	98%	174,852	11,661,513	99%	82,387	1%
2008	12,079,538	11,774,838	97%	199,114	11,973,952	99%	105,586	1%
2009	12,483,174	11,980,903	96%	366,179	12,347,082	99%	136,092	1%
2010	11,643,333	11,253,240	97%	254,208	11,507,448	99%	135,885	1%
2011	11,154,802	10,779,847	97%	230,705	11,010,552	99%	144,250	1%
2012	11,229,476	10,878,984	97%	162,481	11,041,465	98%	188,011	2%
2013	11,754,808	11,377,307	97%	-	11,377,307	97%	377,501	3%
2014	11,796,833	11,332,726	96%	554,038	11,886,764	101%	1,058,154	9%

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Includes personal property tax reimbursements from the Commonwealth

Property Tax Rates (1) Last Ten Fiscal Years

Fiscal Years	 Real Estate	Personal Property	Mobile Homes	Public Utility
2005	\$ 0.68 \$	3.00 \$	0.68	\$ 0.68
2006	0.76	4.00	0.76	0.76
2007	0.54	4.00	0.54	0.54
2008	0.59	4.20	0.59	0.59
2009	0.55	4.00	0.55	0.55
2010	0.53	4.00	0.53	0.53
2011	0.53	4.00	0.53	0.53
2012	0.53	4.00	0.53	0.53
2013	0.57	4.00	0.57	0.57
2014	0.61	4.00	0.61	0.61

⁽¹⁾ Per \$100 of assessed value, including fire levy

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

Fiscal Year	Population (1)	Assessed Value (2)	Bonded Debt (3)	Ratio of General Obligation Debt to Assessed Value	 Net Bonded Debt per Capita
2005	6,983 \$	929,701,616 \$	6,484,000	1%	\$ 929
2006	7,271	953,431,990	5,998,000	1%	825
2007	7,203	1,620,258,849	5,517,000	0%	766
2008	7,203	1,646,489,449	5,041,000	0%	700
2009	7,203	1,672,583,370	4,570,000	0%	634
2010	7,035	1,681,263,723	4,195,000	0%	596
2011	7,373	1,588,678,657	3,830,000	0%	519
2012	7,373	1,605,764,973	4,690,000	0%	636
2013	7,373	1,639,699,575	4,255,000	0%	577
2014	7,373	1,646,728,401	3,805,000	0%	516

⁽¹⁾ US Census Bureau

⁽²⁾ From Table 5

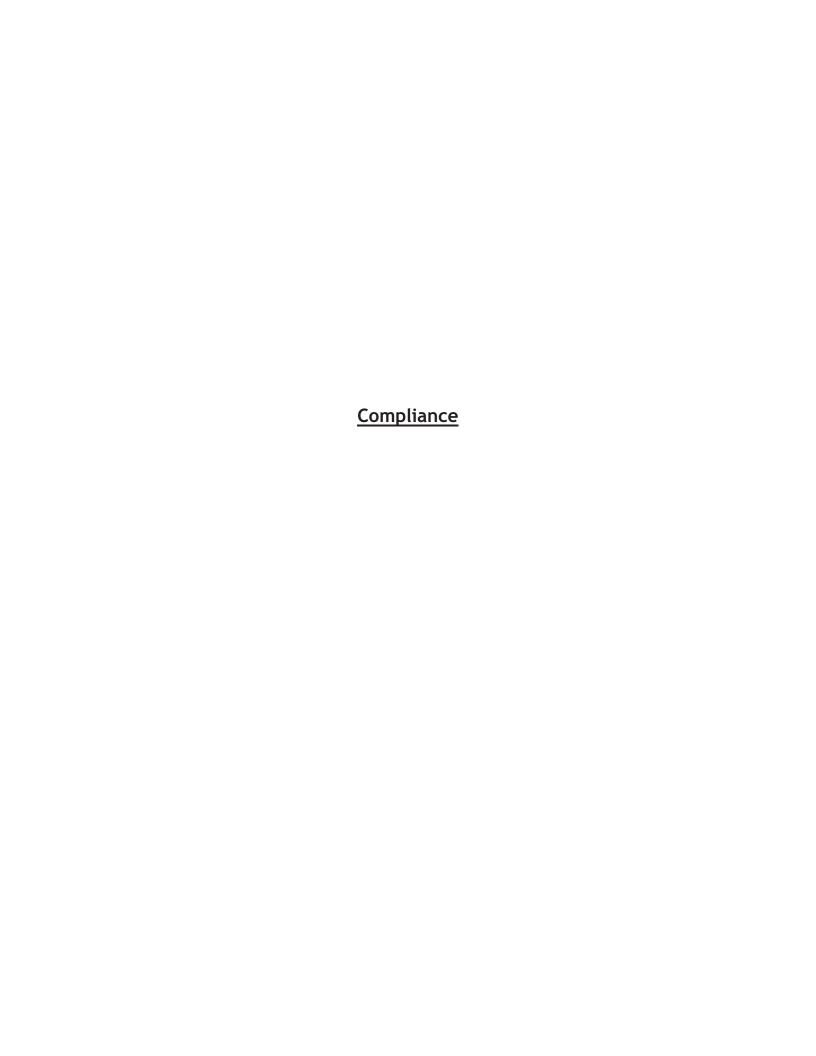
⁽³⁾ Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes compensated absences, revenue bonds and landfill obligations.

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Fiscal Year	 Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2005	\$ 306,000 \$	140,606 \$	446,606 \$	17,990,969	2%
2006	486,000	343,571	829,571	21,313,274	4%
2007	481,000	285,866	766,866	20,153,670	4%
2008	476,000	262,345	738,345	20,805,210	4%
2009	471,000	238,557	709,557	22,672,289	3%
2010	400,623	227,441	628,064	19,856,406	3%
2011	389,439	209,620	599,059	20,452,564	3%
2012	599,938	198,727	798,665	22,704,067	4%
2013	487,992	198,727	686,719	21,890,234	3%
2014	494,521	196,270	690,791	23,460,948	3%

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

⁽²⁾ Includes all general obligation debt. Does not include revenue bonds.





ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPAN

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

The Honorable Members of the Board of Supervisors County of Rappahannock, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Rappahannock, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise County of Rappahannock, Virginia's basic financial statements, and have issued our report thereon dated January 19, 2015.

Internal Control over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

Charlottesville, Virginia

Robinson, James, Cox Associates

January 19, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPAN

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

The Honorable Members of the Board of Supervisors County of Rappahannock, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Rappahannock, 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 Rappahannock, Virginia's major federal programs for the year ended June 30, 2014. County of Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Rappahannock, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

Charlottesville, Virginia

Kolmson, James, Cox Associates

January 19, 2015

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	E:	Federal xpenditures
Department of Agriculture:				
Pass - through payments:				
Child Nutrition Cluster:				
State Department of Agriculture:	40.555	10 555 (0010 0011		24 222
National School Lunch Proram - Food Distribution	10.555	10.555/2013,2014	\$	31,898
Department of Education:				
National School Lunch Program	10.555	10.555/2013,2014		119,486
Total National School Lunch Program			\$	151,384
School Breakfast Program	10.553	10.553/2013		44,215
Department of Social Services:				
State Administrative Matching Grants for Supplemental				
Nutrition Assistance Program	10.561	0010113/0010114		116,730
-			_	242.222
Total Department of Agriculture			\$ <u> </u>	312,329
Department of Health and Human Services:				
Pass - through payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950113/0950114	\$	13,199
Temporary Assistance for Needy Families (TANF)	93.558	0400113/0400114		66,395
Refugee and Entrant Assistance State Administered Programs	93.566	0500113/0500114		788
Low-Income Home Energy Assistance	93.568	0600413/0600414		6,290
Child Care Mandatory and Matching Funds of the Child Care and				
Development Fund	93.596	0760113/0760114		10,396
Chafee Education and Training Vouchers Program (ETV)	93.599	9160113		556
Stephanie Tubbs Jones Child Welfare Services	93.645	0900113/0900114		547
Foster Care - Title IV-E	93.658	1100113/1100114		73,595
Adoption Assistance	93.659	1120113/1120114		13,637
Social Services Block Grant	93.667	1000113/1000114		53,192
Chafee Foster Care Independence Program	93.674	9150113/9150114		2,110
Children's Health Insurance Program	93.767	0540113/0540114		3,459
Medical Assistance Program	93.778	1200113/1200114		102,703
Total Department of Health and Human Services			\$	346,867
Department of Homeland Security:				
Pass - through payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52743	\$	7,500

Schedule of Expenditures of Federal Awards Year Ended June 30, 2014 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	_ <u>E</u>	Federal expenditures
Department of Treasury:				
Direct payments:				
Forfeited Assets	21.000	N/A	\$ <u> </u>	8,187
Department of Transportation:				
Pass - through payments:				
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	60507-54184	\$	10,992
Department of Education:				
Pass - through payments:				
Department of Education:				
Career and Technical Education Basic Grants to States	84.048	V048A120046	\$	11,563
		V048A130046		
Advanced Placement Program	84.330	S330B130008		405
Improving Teacher Quality State Grants	84.367	S367A120044		39,980
		S367A130044		
		S367A140044		
Title I Grants to Local Educational Agencies	84.010	S010A120046		151,792
		S010A130046		
		S010A140046		
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	H027A120107		265,672
		H027A130107		
		H027A140107		
Special Education Preschool Grants	84.173	H173A130112		4,357
		H173A140112		
Total Department of Education			\$_	473,769
Total expenditures of federal awards			\$	1,159,644

See accompanying notes to schedule of expenditures of federal awards.

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund	\$_	572,147
Component Unit School Board:		
School Operating Fund	\$	505,666
School Cafeteria Fund	_	163,700
	_	
Total Component Unit School Board	\$_	669,366
Less Payments in Lieu of Taxes not reported on Schedule of		
Expenditures of Federal Awards	\$_	(81,869)
		_
Total federal expenditures per basic financial statements	\$_	1,159,644
Total expenditures of federal awards per the Schedule of Expenditures		
of Federal Awards	\$_	1,159,644
	=	

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

No

Identification of major programs:

CFDA # Name of Federal Program or Cluster

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

84.027/84.173 Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Federal Award Findings and Questioned Costs

None