NELSON COUNTY SERVICE AUTHORITY FINANCIAL REPORT YEAR ENDED JUNE 30, 2015

(A governmental organization under the Water and Sewer Authorities Act, Chapter 51, Title 15.2 of the <u>Code of Virginia</u>, as amended)

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABLITY COMPANY

Independent Auditors' Report

BOARD OF DIRECTORS NELSON COUNTY SERVICE AUTHORITY LOVINGSTON, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the Nelson County Service Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion 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 Authorities, Boards, and Commissions,* 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nelson County Service Authority, as of June 30, 2015, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2015, the Nelson County Service Authority adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and *71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Comparative Information

As described in Note 10 to the financial statements, GASB Statement Nos. 68 and 71 were implemented prospectively resulting in a restatement of beginning net position. In the year of implementation, comparative information for the net pension liability and related items was unavailable. Therefore, the 2014 amounts related to pensions have not been restated to reflect the requirements of GASB Statement Nos. 68 and 71. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 3-7 and on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nelson County Service Authority's basic financial statements. The supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules 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 supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Nelson County Service Authority's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, on our consideration of the Nelson County Service Authority'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 Nelson County Service Authority's internal control over financial reporting and compliance.

Rofinan, Farm, Cox Operister Charlottesville, Virginia

Management's Discussion and Analysis

This section presents Management's Discussion and Analysis of Nelson County Service Authority's (Authority) financial condition and activities for the year ended June 30, 2015. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the Authority's financial position is good. The following are key financial highlights:

- The Authority treated 154 million gallons of raw water representing an 18% increase from fiscal year 2014. Fiscal year 2014 had an 18% increase from 2013.
- The Authority treated 107 million gallons of wastewater representing a 17% decrease from fiscal year 2014. Fiscal year 2014 treated 129 million gallons, a 15% increase over 2013.
- Total assets at year-end were \$16.8 million. Total assets and deferred outflows of resources exceeded liabilities and deferred inflows in the amount of \$7.7 million (i.e. net position) versus \$7.3 million at June 30, 2014. Total assets decreased from fiscal year end 2014 to 2015 in the amount of \$75,419. Total net position increased from fiscal year-end 2014 to 2015 in the amount of \$379,371.
- Water and sewage charges of \$3,588,642 decreased from fiscal year 2014 by approximately \$12,000. Water and Sewage disposal charges for fiscal year 2014 were less than budget projections by 5.5%.
- Payments from Nelson County of \$318,812 represented their contribution toward the fire protection costs incurred by the Authority. The payments were the same as fiscal year 2014 and 2013.
- Operating revenues excluding the County's payment for the year were \$3,777,256, compared to \$3,751,431 for fiscal year 2014, a .7% increase.
- Operating expenses before depreciation were \$2,629,907, compared to \$2,584,422 for fiscal year 2014 and \$2,473,024 for fiscal year 2013.
- The Authority implemented Statement of Governmental Accounting Standards (GASB Statement) Nos. 68, Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68. Accordingly, the net pension asset and related information are reported on the statement of net position along with a more comprehensive measure of pension expense and enhanced, note disclosures and required supplementary information. The Authority's net pension asset was \$173,650 whereby the assets of the Authority's pension plan exceeded the total pension liability.

Required Financial Statements

The financial statements of the Authority report information about the Authority's use of accounting methods which are similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets, liabilities, and deferred inflows/outflows of resources and provides information about the nature and amount of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its water and sewage disposal rates and other fees. The Authority's rates are based on projected operating costs and are adjusted as needed to meet operating expenses and the required debt ratio.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and the change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The Nelson County Service Authority is a public body organized and created under the Virginia Water and Waste Authorities Act of the <u>Code of Virginia</u> (1950), as amended. The Nelson County Board of Supervisors created the Authority in 1986. The purpose of the Authority is to "acquire, construct, improve, extend, operate and maintain a water and sewage disposal system."

The Authority is governed by five citizen members appointed by the Nelson County Board of Supervisors to fouryear staggered terms.

The Authority's infrastructure assets consist of four water treatment plants, four wastewater treatment plants, approximately 85 miles of water lines, 65 miles of interceptor sewers, 31 pump stations, and a raw water reservoir. The collection system, consisting of mains and laterals, is owned and maintained by the Authority.

The Authority has no taxing power. The revenues of the Authority are derived from water and sewage disposal charges based on metered and unmetered water consumption of the Authority users of the system.

Financial Analysis

The following comparative condensed financial statements and other selected information provide key financial data and indicators for managing, monitoring and planning.

	_			Net Position		
		2015	_	2014	_	2013
Assets: Current and other assets Capital assets	\$	2,499,258 14,336,679	\$_	2,148,755 14,762,601	\$_	1,873,981 15,238,180
Total assets	\$_	16,835,937	\$_	16,911,356	\$_	17,112,161
Total deferred outflows of resources	\$_	267,640	\$_	300,514	\$_	378,910
Liabilities: Current liabilities Noncurrent liabilities	\$	896,957 8,372,502	\$_	920,992 9,017,297	\$_	874,835 9,707,218
Total liabilities	\$_	9,269,459	\$_	9,938,289	\$_	10,582,053
Total deferred inflows of resources	\$_	162,984	\$_	-	\$_	_
Net position: Net investment in capital assets Restricted Unrestricted	\$	5,568,015 270,129 1,832,990	\$	5,440,829 249,419 1,583,333	\$	5,307,678 222,770 1,378,570
Total net position	\$_	7,671,134	\$_	7,273,581	\$_	6,909,018
		0	hon	ac in Not Doci	tion	
	_	2015	Hall	ge in Net Posi 2014	tioi	2013
Revenues: Operating revenues Fire protection-Nelson County Other revenue	\$	3,777,256 318,812 7,525	\$	3,751,431 318,812 270	\$	3,824,240 318,812 11,009
Total revenues	\$_	4,103,593	\$_	4,070,513	\$_	4,154,061
Expenses: Operating expenses Depreciation expenses Interest expense Loss on asset disposition	\$	2,629,907 767,112 372,815 -	\$	2,584,422 765,363 386,442 -	\$	2,473,024 749,533 396,959 124,269
Total expenses	\$_	3,769,834	\$_	3,736,227	\$_	3,743,785
Increase in net position before capital contributions Capital Contributions	\$ _	333,759 45,612	\$ _	334,286 30,277	\$ -	410,276 20,047
Increase in net position Net position—July 1, as restated	\$	379,371 7,291,763	\$	364,563 6,909,018	\$	430,323 6,478,695
Net position—June 30	\$_	7,671,134	\$_	7,273,581	\$_	6,909,018

General Trends and Significant Events

Other Selected Information

	 2015	. <u></u>	2014	_	2013
Employees at year-end	21		23		23
Raw water treated (millions of gallons)	154.30		130.76		110.89
Average daily water consumption (millions of gallons)	0.42		0.36		0.30
Wastewater treated (millions of gallons)	106.92		129.03		112.51
Average daily sewage flow (millions of gallons)	0.29		0.35		0.31
Number water connections	2,921		2,915		2,906
Number sewer connections	2,535		2,528		2,522
Rates for normal water customers: Minimum charges for 0-4,000 gallons:					
Lovingston, Schuyler Gladstone	\$ 38.20	\$	38.20	\$	38.20
Wintergreen	\$ 41.85	\$	41.85	\$	41.85
Each additional 1,000 gallons	\$ 10.50	\$	10.50	\$	10.50
Rates for normal sewer customers:					
Lovingston, Schuyler Gladstone	\$ 47.05	\$	47.05	\$	47.05
Wintergreen	\$ 47.05	\$	47.05	\$	47.05
Each additional 1,000 gallons	\$ 9.90	\$	9.90	\$	9.90

The Authority's service area in Nelson County has the potential for growth. The County is over two hundred years old and has available land that continues to be developed. Growth from the new development is not expected to significantly increase the Authority's water and sewage disposal revenues in any given year.

The number of the Authority's combined water and sewer connections increased by 13 in fiscal year 2015 versus 15 in fiscal year 2014. The current number of combined connections is 5,456 versus 5,443 at June 30, 2014.

It is anticipated that the Authority's growth in the near future will be limited by the current state of the economy.

Financial Condition

The Authority's financial condition remained good at year-end with adequate liquid assets and a reasonable level of unrestricted net position. The current financial condition, staff capabilities, operating plans and upgrade plans to meet future water quality requirements are well balanced and under control.

Total assets decreased \$75,419, and net position increased by \$379,371 from FY2014.

Capital Asset and Debt Administration

<u>Capital Assets</u> - The Authority's investment in capital assets as of June 30, 2015 amounts to \$14,336,679 (net of accumulated depreciation). Investment in Capital Assets decreased 2.9% during the year. Below is a comparison of the items that make up Capital Assets as of June 30, 2015 with that of June 30, 2014 and 2013.

	_	2015		2014	i	2013
Land and improvements	\$	279,551	\$	279,551	\$	279,551
Utility system and equipment		13,989,377		14,415,320		14,922,707
Construction in Progress	_	67,751	_	67,730		35,922
Total Capital Assets	\$	14,336,679	\$	14,762,601	\$	15,238,180

At year-end the Authority had \$8.99 million in long-term debt with \$727,392 coming due in 2016. More detailed information about the Authority's long-term debt is presented in Note 5 to the financial statements.

Results of Operations

The Authority's revenues from operations fall into three main categories: 1) Water and Sewage disposal charges to customers in Nelson County which are based upon metered and unmetered water consumption which is billed monthly. 2) Miscellaneous revenue including penalties, Nelson County shared expense reimbursements, and other revenue. 3) Nonoperating revenues including interest, gain on sale of assets and other revenue. Revenues from the three main categories total \$4.10 million for fiscal year 2015. Fiscal year 2013 totaled \$4.07 million.

Operating expenses before depreciation were \$2.63 million, compared to \$2.58 and \$2.47 million for fiscal years 2014 and 2013.

Future

Fiscal year 2015 continued the trend of improved financial performance by the Authority. This improvement is needed in order for the Authority to maintain flexibility in future borrowing decisions, ensuring that there is an appropriate reserve for operating expenses, expansion, and that resources are available to provide for the effects of time and usage on the significant investment in equipment.

Contacting the Authority's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Nelson County Service Authority's Executive Director, P. O. Box 249, Lovington, VA 22949.



Statement of Net Position At June 30, 2015

(With Comparative Totals for the Prior Year)

	_	Water	At	June 30, 201 Sewer	5	Total		At June 30, 2014
ASSETS								
Current Assets: Cash and cash equivalents	\$	424,782	\$	1,021,401	\$	1,446,183	\$	1,334,237
Accounts receivable (net of allowance for uncollectibles)		219,703		233,554		453,257		425,375
Inventory of materials and supplies, at cost	_	37,026		119,013		156,039		139,724
Total current assets	\$_	681,511	\$_	1,373,968	\$_	2,055,479	\$_	1,899,336
Noncurrent Assets: Restricted Assets: Cash and cash equivalents	\$	180,000	\$	90,129	\$	270,129	\$	249,419
Other Assets:	Ψ_	100,000	- Ψ _	70,127	Ψ_	270,127	.Ψ_	247,417
Net pension asset Capital Assets:	\$_	86,826	\$_	86,824	\$_	173,650	\$_	-
Land and improvements	\$	276,431	\$	3,120	\$	279,551	\$	279,551
Water and sewer systems Equipment		15,183,040 773,812		9,975,500 1,463,534		25,158,540 2,237,346		24,891,587 2,195,757
Accumulated depreciation		(6,626,207)	_	(6,780,302)		(13,406,509)	_	(12,672,024)
Sub-total Construction work in progress	\$	9,607,076 67,461	\$	4,661,852 290	\$	14,268,928 67,751	\$	14,694,871 67,730
Total net capital assets	\$	9,674,537	\$	4,662,142	\$	14,336,679	\$	14,762,601
Total noncurrent assets	\$	9,941,363		4,839,095	-	14,780,458	_	15,012,020
Total assets	\$	10,622,874	\$	6,213,063	\$	16,835,937	\$	16,911,356
DEFERRED OUTFLOWS OF RESOURCES								
Deferred charge on refunding	\$	111,060	\$	111,060	\$	222,120	\$	300,514
Post measurement date employer pension contributions		22,760		22,760		45,520	_	-
Total deferred outflows of resources	\$ _	133,820	. \$_	133,820	\$ _	267,640	. \$ _	300,514
LIABILITIES AND NET POSITION Liabilities:								
Current Liabilities:	\$	56,740	ф	21,042	φ	77 700	¢	92,068
Accounts payable Compensated absences	Ф	27,021	Ф	21,042	Ф	77,782 56,561	Ф	92,000 60,151
Accrued expenses		15,798		11,507		27,305		20,799
Accrued interest payable		4,979		2,938		7,917		8,999
Unearned revenue Revenue bonds-current portion		- 402,476		324,916		- 727,392		25,318 713,657
Total current liabilities	\$	507,014	- - \$	389,943	\$	896,957	- \$	920,992
Noncurrent Liabilities:	· -	221/211	·	5517115	•	0.001.00	·	
Revenue bonds-net of current portion Net OPEB obligation	\$	5,969,394 54,555	\$	2,293,998 54,555	\$	8,263,392 109,110	\$	8,908,629 108,668
Total noncurrent liabilities	\$_	6,023,949	\$_	2,348,553	\$_	8,372,502	\$_	9,017,297
Total liabilities	\$	6,530,963	\$	2,738,496	\$	9,269,459	\$	9,938,289
DEFERRED INFLOWS OF RESOURCES Net difference between projected and actual earnings on pension plan investments	\$_	81,492	\$_	81,492	\$_	162,984	\$_	-
Net Position:	_				_			_
Net investment in capital assets Restricted for debt service	\$	3,413,727 180,000	\$	2,154,288 90,129	\$	5,568,015 270,129	\$	5,440,829 249,419
Unrestricted	_	550,512		1,282,478	-	1,832,990	_	1,583,333
Total net position	\$_	4,144,239	\$ _	3,526,895	\$	7,671,134	\$_	7,273,581

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

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2015 (With Comparative Totals for the Prior Year)

	_	Yea	ır Er	nded June 30	, 20)15		Year Ended
		Water	_	Sewer		Total	_	June 30, 2014
Operating Revenues: Water and sewer charges	\$	1,719,180	\$	1,857,745	\$	3,576,925	\$	3,588,642
Availability fees	•	16,191	•	23,098	,	39,289	•	40,577
Fire protection fees-Nelson County		318,812				318,812		318,812
Connection fees		34,000		34,000		68,000		32,000
Other fees		66,324		26,718	_	93,042	_	90,212
Total operating revenues	\$_	2,154,507	\$_	1,941,561	\$_	4,096,068	\$_	4,070,243
Operating Expenses:								
Personnel	\$	587,757	\$	422,389	\$	1,010,146	\$	1,025,723
Depreciation		437,411		329,701		767,112		765,363
Maintenance		135,199		96,853		232,052		198,901
Fringe benefits		122,587		123,631		246,218		309,678
Operations		84,635		175,557		260,192		290,756
Power pumping		72,912		94,998		167,910		142,283
Raw water		330,629		-		330,629		361,131
General and administrative		61,430		52,886		114,316		111,939
Insurance		21,869		21,720		43,589		41,105
Contractual services		54,802		27,008		81,810		53,742
Grinder pump parts		-		137,554		137,554		44,118
Uniforms		2,136		2,578		4,714		4,276
Small tools		446	_	331	_	777	_	770
Total operating expenses	\$	1,911,813	\$_	1,485,206	\$	3,397,019	\$_	3,349,785
Operating income (loss)	\$	242,694	\$	456,355	\$	699,049	\$_	720,458
Nonoperating Revenues (Expenses):								
Interest income	\$	301	\$	-	\$	301	\$	270
Gain (loss) on sale of assets		3,612		3,612		7,224		-
Interest expense	_	(254,524)		(118,291)		(372,815)	-	(386,442)
Total nonoperating revenues (expenses)	\$_	(250,611)	\$_	(114,679)	\$_	(365,290)	\$_	(386,172)
Income (loss) before contributions and grants	\$	(7,917)	\$	341,676	\$	333,759	\$	334,286
Capital contributions and construction								
grants		12,662	_	32,950	_	45,612	_	30,277
Change in net position	\$	4,745	\$	374,626	\$	379,371	\$	364,563
Net position, beginning of year, as restated Note 10			Ψ		ψ		Ψ	
iver position, beginning or year, as restated note to	_	4,139,494	-	3,152,269	_	7,291,763	-	6,909,018
Net position, end of year	\$_	4,144,239	\$_	3,526,895	\$_	7,671,134	\$ _	7,273,581

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

Statement of Cash Flows Year Ended June 30, 2015 (With Comparative Totals for the Prior Year)

		Year	Er	nded June 30	0,	2015	,	Year Ended
	_	Water	_	Sewer	_	Total	_	June 30, 2014
Cash flows from operating activities:								
Receipts from customers and users	\$	2,144,581	\$	1,923,605	\$	4,068,186	\$	4,090,467
Payments to suppliers		(786,754)		(636,202)		(1,422,956)		(1,184,290)
Payments to employees	_	(730,920)	. <u>-</u>	(566,596)	_	(1,297,516)	_	(1,320,243)
Net cash provided by (used for) operating activities	\$_	626,907	\$_	720,807	\$_	1,347,714	\$_	1,585,934
Cash flows from capital and related financing activities:								
Additions to utility plant	\$	(197,130)	\$	(144,050)	\$	(341,180)	\$	(289,784)
Proceeds from the sale of assets		3,612		3,612		7,224		-
Principal payments on bonds		(393,225)		(317,598)		(710,823)		(697,209)
Contributions in aid of construction		12,662		32,950		45,612		30,277
Proceeds from indebtedness		79,321		-		79,321		10,083
Interest payments	_	(215,935)	_	(79,578)	_	(295,513)	_	(309,115)
Net cash provided by (used for) capital and related								
financing activities	\$_	(710,695)	\$_	(504,664)	\$_	(1,215,359)	\$_	(1,255,748)
Cash flows from investing activities:								
Interest income	\$_	301	\$_	-	\$_	301	\$_	270
Increase (decrease) in cash and cash equivalents	\$	(83,487)	\$	216,143	\$	132,656	\$	330,456
Cash and cash equivalents at beginning of year (including \$159,290								
and \$90,129, respectively reported in restricted accounts)	_	688,269	. <u>-</u>	895,387	_	1,583,656	_	1,253,200
Cash and cash equivalents at end of year (including \$180,000 and								
\$90,129, respectively reported in restricted accounts)	\$	604,782	\$	1,111,530	\$_	1,716,312	\$_	1,583,656
Reconciliation of operating income to net cash provided by								
(used for) operating activities:								
Operating income	\$	242,694	\$	456,355	\$	699,049	\$	720,458
Adjustments to reconcile operating income to net cash provided								
by (used for) operating activities:								
Depreciation		437,411		329,701		767,112		765,363
Changes in operating assets and liabilities:								
(Increase) decrease in accounts receivable		(9,926)		(17,956)		(27,882)		20,224
(Increase) decrease in inventories		(5,700)		(10,615)		(16,315)		35,458
(Increase) decrease in net pension asset		(101,887)		(101,886)		(203,773)		-
(Increase) decrease in pension deferred outlow of resources		1,393		1,392		2,785		-
Increase (decrease) in accounts payable		(6,551)		(7,735)		(14,286)		10,145
Increase (decrease) in accrued expenses		2,564		3,942		6,506		1,510
Increase (decrease) in compensated absences		(1,795)		(1,795)		(3,590)		1,690
Increase (decrease) in unearned revenue		(13,009)		(12,309)		(25,318)		17,618
Increase (decrease) in pension deferred inlow of resources		81,492		81,492		162,984		-
Increase (decrease) in net OPEB obligation	-	221	-	221	-	442	_	13,468
Net cash provided by (used for) operating activities	\$_	626,907	\$	720,807	\$_	1,347,714	\$_	1,585,934

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

Notes to Financial Statements As of June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Nelson County Service Authority was established by Nelson County under the Water and Sewer Authorities Act of 1950 of the Commonwealth of Virginia. The Authority provides water and sewer services to the Lovingston, Schuyler, Gladstone and Wintergreen Communities in Nelson County.

<u>Financial Reporting Entity</u> - The Nelson County Service Authority is a related organization to the County of Nelson. The Authority is a legally separate entity from the County. The County appoints the Authority's board of directors; however, the Authority is essentially fiscally independent.

<u>Basic Financial Statements</u> - The Authority's financial statements are presented in accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-For State and Local Governments.* Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management's discussion and analysis
- Enterprise fund financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Required Supplementary Information
 - Schedule of Components of and Changes in Net Pension Asset and Related Ratios
 - Schedule of Employer Contributions
 - Schedule of OPEB Funding Progress
 - Notes to Pension Required Supplementary Information

<u>Basis of Accounting</u> - The Nelson County Service Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority follows all applicable GASB pronouncements.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of availability charges intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

<u>Restricted Assets</u> - Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The amount reported as "restricted for debt service" represents resources set aside to make up potential future deficiencies in the revenue bond payment account.

<u>Revenue</u> - The Authority records water and sewer revenue as billed to its customers principally on a quarterly cycle basis. At year end the Authority accrues a pro-rata portion of the unbilled cycle. The Authority has established an allowance for uncollectible accounts equal to \$48,214 at June 30, 2014.

<u>Cash and Cash Equivalents</u> - The Authority'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 the date of acquisition.

<u>Inventory</u> - Inventory consists of grinder pumps, parts, and supplies on hand at year-end and is reported at actual cost determined on first-in, first-out basis. Inventory is generally used for construction and for operation and maintenance work, and is not held for resale. Components are charged to construction or operations as they are removed from inventory.

<u>Capital Assets</u> - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
General equipment	3-5
Wells	10
Water pumping and treatment equipment	35
Water distribution equipment, meters and hydrants	35-40
Sewage collection and treatment	35

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

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

<u>Compensated Absences</u> - The vacation policy of the Authority provides for the accumulation of up to 66 hours per year of earned vacation leave, depending on years of service. Employees may carry over a maximum of 40 hours vacation leave to the succeeding year. Vacation leave is payable upon termination of employment, limited to the current year accumulation plus leave carried over from the prior year. At June 30, 2015, the accrued liability for accumulated vacation leave amounted to \$56,561.

The Authority's sick leave policy provides for a maximum accumulation of 160 sick days earned, at the rate of one day per month of service; however, sick leave does not vest. Since the Authority has no obligation for unvested accumulated sick leave until it is actually taken no accrual for such leave has been made.

<u>Use of Estimates</u> - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Net Position</u> - 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.

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

<u>Deferred Outflows/Inflows of Resources</u> - 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) until then. The Authority has two items that qualify for reporting in this category. One item is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset measurement date, which will be recognized as a component of the net pension asset next fiscal year. For more detailed information on these items, reference the pension note.

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

<u>Net Position Flow Assumption</u> - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

<u>Restatement</u> - Certain amounts in previously issued financial statements have been restated to conform to current year classifications.

<u>Budgets</u> - The Authority adopts an annual budget for informative and fiscal planning purposes only. The budget is not intended to be a legal control on expenses. Budgets are adopted on the accrual basis of accounting with the exception that contributed capital, depreciation, and amortization are not budgeted.

<u>Other Postemployment Benefits</u> - The Authority allows retiring employees to continue in the group health insurance plan; however, except for an Authority supplement of up to \$75 per month, the retiring employee must pay 100% of the premium for such coverage.

<u>Long-Term Obligations</u> - Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

NOTE 2—DEPOSITS:

Deposits

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

The Authority has no formal deposit and investment policy.

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

NOTE 3—CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2015 follows:

		Beginning Balance	Increases	Decreases	Ending Balance
Water:	_				
Capital assets not being depreciated:					
Land and improvements	\$	276,431 \$	- \$	- \$	276,431
Construction work in progress	_	67,730	40,402	40,671	67,461
Total capital assets not being depreciated	\$_	344,161 \$	40,402 \$	40,671 \$	343,892
Other Capital Assets:					
Water and sewer systems	\$	15,010,552 \$	172,488 \$	- \$	15,183,040
Accumulated depreciation		(5,682,233)	(395,445)	-	(6,077,678)
Equipment		771,176	37,449	34,813	773,812
Accumulated depreciation	_	(528,845)	(41,966)	(22,282)	(548,529)
Other capital assets, net	\$	9,570,650 \$	(227,474) \$	12,531 \$	9,330,645
Total Water	\$_	9,914,811 \$	(187,072) \$	53,202 \$	9,674,537
		Beginning			Ending
		Balance	Increases	Decreases	Balance
Sewer:	_				
Capital assets not being depreciated:					
Land and improvements	\$	3,120 \$	- \$	- \$	3,120
Construction work in progress		-	290	-	290
Total capital assets not being depreciated	\$	3,120 \$	290 \$	- \$	3,410
Other Capital Assets:					
Water and sewer systems	\$	9,881,035 \$	94,465 \$	- \$	9,975,500
Accumulated depreciation		(5,625,304)	(269,130)	-	(5,894,434)
Equipment		1,424,581	49,517	10,564	1,463,534
Accumulated depreciation		(835,642)	(60,790)	(10,564)	(885,868)
Other capital assets, net	\$	4,844,670 \$	(185,938) \$	- \$	4,658,732
Total Sewer	\$_	4,847,790 \$	(185,648) \$	- \$	4,662,142
Grand Totals	\$_	14,762,601 \$	(372,720) \$	53,202 \$	14,336,679

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

NOTE 3—CAPITAL ASSETS: (CONTINUED)

Construction Work in Progress

The Authority has several uncompleted construction projects shown as an asset, Construction Work in Progress, at June 30, 2015. Presented below is a list of the major projects showing the expenditures, transfers of completed projects to asset accounts and the ending balances of each project during the last year:

Water Projects:

Description	Balance July 1, 2014	Expenditures		Transfers	Balance June 30, 2015
Rodes Farm Reservoir Schuyler filtration Wintergreen precipitator	\$ 25,375 27,059 15,296	\$ - 40,402 -	\$	25,375 - 15,296	\$ - 67,461 -
Totals	\$ 67,730	\$ 40,402	\$	40,671	\$ 67,461
Sewer Projects: Description	Balance July 1, 2014	Expenditures	_	Transfers	Balance June 30, 2015
Wintergreen Projects	\$ -	\$ 290	\$	-	\$ 290

NOTE 4-PENSION PLAN:

Plan Description

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

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

NOTE 4-PENSION PLAN:

Plan Description (Continued)

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

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

Plan Description (continued)									
RETIREMENT PLAN PROVISIONS (CONTINUED)									
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN							
		• 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.							
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees*							

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

Hybrid Opt-In Election

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

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

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

- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Non-Eligible Members Some employees are not eligible to participate in the Hybrid

Retirement Plan. They include: Political subdivision

employees who are covered by enhanced benefits for hazardous duty employees.

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) Defined Contributions Component: (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.	
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1	

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2 HYBRID RETIREMENT PLA		
Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or longterm 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.	Exceptions to COLA Effective Dates: Same as Plan 1	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.	

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

NOTE 4-PENSION PLAN: (CONTINUED)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	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.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.	
VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.	

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

NOTE 4-PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members: Vested inactive members	4
Non-vested inactive members	4
Inactive members active elsewhere in VRS	2
Total inactive members	10
Active members	22
Total covered employees	35

Contributions

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

The Authority's contractually required contribution rate for the year ended June 30, 2015 was 5.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$45,520 and \$48,305 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

NOTE 4-PENSION PLAN: (CONTINUED)

Net Pension Asset

The Authority's net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions - General Employees

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 7.0%, net of pension plan investment

expense, including inflation*

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

NOTE 4-PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Asset

	Increase (Decrease)						
		Total Pension Liability (a)	_	Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)	
Balances at June 30, 2013	\$	2,289,216	\$_	2,259,093	\$	30,123	
Changes for the year:							
Service cost	\$	94,627	\$	-	\$	94,627	
Interest		158,516		-		158,516	
Differences between expected and actual experience		_		_		_	
Contributions - employer		_		48,305		(48,305)	
Contributions - employee		-		47,081		(47,081)	
Net investment income		-		363,411		(363,411)	
Benefit payments, including refunds							
of employee contributions		(49,393)		(49,393)		-	
Administrative expenses		-		(1,901)		1,901	
Other changes		-		20		(20)	
Net changes	\$	203,750	\$	407,523	\$	(203,773)	
Balances at June 30, 2014	\$	2,492,966	\$	2,666,616	\$	(173,650)	

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

NOTE 4-PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

		Rate	
	(6.00%)	(7.00%)	(8.00%)
Authority			
Net Pension Asset	\$ 261,669 \$	(173,650) \$	(524,404)

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

For the year ended June 30, 2015, the Authority recognized pension expense of \$7,516. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	_	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	- \$	-
Change in assumptions		-	-
Net difference between projected and actual earnings on pension plan investments		-	162,984
Employer contributions subsequent to the measurement date	-	45,520	
Total	\$	45,520 \$	162,984

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

NOTE 4-PENSION PLAN: (CONTINUED)

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

\$45,520 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a component of the Net Pension Asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	\$ (40,746)
2017	(40,746)
2018	(40,746)
2019	(40,746)
Thereafter	-

NOTE 5-LONG-TERM OBLIGATIONS:

Changes in Long-Term Obligations:

		Balance July 1, 2014		Issuances/ Additions		etirements/ Reductions	,	Balance June 30, 2015
<u>Water:</u> Revenue Bonds Net OPEB obligation	\$	6,685,774 54,334	\$	79,321 491	\$	393,225 270	\$	6,371,870 54,555
Compensated Absences		28,816	_	-	_	1,795		27,021
Totals	\$	6,768,924	\$	79,812	\$_	395,290	\$	6,453,446
		Balance July 1, 2014	· -	Issuances/ Additions		etirements/ Reductions	,	Balance June 30, 2015
Sewer:								
Revenue Bonds	\$	2,936,512	\$	-	\$	317,598	\$	2,618,914
Net OPEB obligation		54,334		491		270		54,555
Compensated Absences	-	31,335	_	-	_	1,795		29,540
Totals	\$	3,022,181	\$	491	\$_	319,663	\$	2,703,009

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

NOTE 5-LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term liabilities:

		Total Amount		Amount Due Within One Year
Revenue Bonds-Water:	-		-	
\$397,300 Water Revenue Bond for the Schuyler Water Treatment Plant dated July 13, 1995, payable in monthly installments of \$1,788 including interest at the rate of 4.5% through June 30, 2035.	\$	282,971	\$	8,905
\$125,000 Water and Sewer Revenue Bonds for Gladstone Water Project, dated October 2, 2009, payable in monthly installments of \$419 beginning November 2, 2011 including interest at 2.5% through September 2050. Interest only through October 2010.		115,588		2,151
\$1,500,000 Water Revenue Bond for the Route 29 Corridor Sewer dated February 18, 2000, payable in semi-annual installments of \$25,000 through March 2030. No interest.		750,000		50,000
\$2,370,679 Water and Sewer Revenue Bonds for Water Treatment Plant Project, dated March 31, 2010, payable in monthly installments of \$10,364 beginning April 30, 2011 including interest at 4% through March 2051.		2,289,066		33,397
\$600,000 Water Revenue Bonds for Administration Building (48% payable from Water Fund) dated February 26, 2008, payable in monthly installments of \$1,299 including interest at 4.375% through February 2048.		270,028		3,850
\$378,777 Water Revenue Bonds for Water Tank dated April 14, 2004, payable in semi-annual installments of \$12,613 including interest at 2.75% through October 2024.		190,995		18,419
\$325,000 Water Revenue Bonds for Water Impoundment dated February 25, 2005, payable in monthly installments of \$1,492 inlcuding interest at 4.25% through February 2045.		291,827		4,872

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

NOTE 5-LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term liabilities: (continued)		Total		Amount Due Within		
		Amount	_	One Year		
Revenue Bonds-Water: (Continued)						
\$412,000 Water Revenue Bonds for Black Creek dated April 25, 2012 payable in monthly installments of \$1,269, inlcuding interest at 2% through April 2052.	\$	258,127	\$	10,158		
\$1,356,000 Water Revenue Bonds for Water Impoundment dated September 28, 2004, payable in monthly installments of \$6,008 including interest at 4.25% through September 2044.		1,202,856		21,404		
\$2,908,760 Water Revenue Refunding Bond (50% payable from the Water Fund) dated May 23, 2012, payable in monthly installments of \$21,995 including interest at 2.41% through April 2018.		720,412	_	249,320		
Total Revenue Bonds - Water	\$	6,371,870	\$	402,476		
Net OPEB obligation		54,555		-		
Compensated absences		27,021		27,021		
Total Long-Term Obligations - Water	\$_	6,453,446	\$	429,497		
Revenue Bonds-Sewer:						
\$1,850,000 Water Revenue Bond for the Route 29 Corridor Sewer dated February 18, 2000, payable in monthly installments of \$6,901 including interest at the rate of 3.25% through February 18, 2040.	\$	1,399,430	\$	37,892		
\$600,000 Water Revenue Bonds for Administration Building (52% payable from Sewer Fund) dated February 26, 2008, payable in monthly installments of \$1,407 including interest at 4.375% through February 2048.		292,531		4,170		
\$2,908,760 Water Revenue Refunding Bond (50% payable from the Water Fund) dated May 23, 2012, payable in monthly installments of \$21,995 including interest at 2.41% through April 2018.		720,415		249,320		

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

NOTE 5-LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term liabilities: (continued)

		Total Amount		Amount Due Within One Year
Revenue Bonds-Sewer: (Continued)	_		•	
\$74,736 Water and Sewer Revenue Bond for Gladstone Sewer Project, dated March 17, 2011, payable in semi-annual instatllments of \$1,868 beginning November 1, 2011 through May 1, 2031. No interest.	\$	56,538	\$	3,534
\$600,000 Water Revenue Bond for the Route 29 Corridor Sewer dated February 18, 2000, payable in semi-annual installments of \$15,000 through March 2020. No interest.		150,000		30,000
Total Revenue Bonds - Sewer	\$	2,618,914	\$	324,916
Net OPEB obligation		54,555		-
Compensated absences	_	29,540		29,540
Total Long-Term Obligations - Sewer	\$_	2,703,009	\$	354,456
Total Long-Term Obligations	\$_	9,156,455	\$	783,953

Annual requirements to amortize the revenue bonds and the related interest are as follows:

Year Ending		Water Rev	⁄enι	ie Bonds			Sewer Rev	/enu	ie Bonds
June 30	_	Principal	_	Interest		_	Principal		Interest
2016	\$	402,476	\$	206,895		\$	324,916	\$	72,305
2017		412,414		196,966			332,428		64,795
2018		376,738		186,789			294,222		57,139
2019		165,207		180,254			80,055		53,231
2020		169,544		175,927			81,645		51,643
2021-2025		901,100		808,581			284,066		232,401
2026-2030		928,466		681,675			332,927		183,595
2031-2035		826,771		533,793			376,731		125,720
2036-2040		821,637		367,825			404,337		57,288
2041-2045		917,739		184,719			67,928		17,084
2046-2050		449,778		31,424			39,659		2,606
2050	_	-	_			_	-	_	
Total	\$_	6,371,870	\$	3,554,848	!	\$_	2,618,914	\$_	917,807

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

NOTE 5-LONG-TERM OBLIGATIONS: (CONTINUED)

All of the aforementioned bonds are collateralized by a pledge of revenues from the Authority's water and sewer systems. In addition, the 2000 bonds are guaranteed by a moral obligation pledge from Nelson County in the form of a Support Agreement. In fiscal year 2014, the County paid additional fire protection fees (for debt service) to the authority in the amount of \$318,812.

The bonds are governed by a number of general covenants relating to debt service requirements and other restrictions on assets including a revenue covenant. The rate covenant requires the Authority to have net revenues available for debt service in an amount at least equal to 115% of required debt service. The Authority satisfied the rate covenant in FY2015.

On February 19, 2015, the Authority authorized the issuance up to \$572,000 of Series 2015 Bonds through the Rural Utility Service (United States Department of Agriculture) to fund the Schuyler Water Plant Project. Interest on the bonds will not exceed 3%. No draws have been made on this bond in the year ended June 30, 2015.

NOTE 6-OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

The costs of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the period in which it will be paid. The Authority adopted the provisions of GASB Statement No. 45 during the year ended June 30, 2012. Pursuant to that statement, the Authority recognizes the costs of postemployment health care and the related liability in the year when employee services are rendered. The entire liability related to OPEB will be phased in over a thirty year period from the date on which Statement No. 45 is implemented.

A. Plan Description

The Authority administers a single-employer defined benefit healthcare plan ("the Retiree Plan"). The plan provides for participation by eligible retirees of the Authority and their dependents in the health insurance programs available to Authority employees. The Retiree Health Plan will provide retiring employees the option to continue health insurance offered by the Authority. An eligible Authority retiree may receive this benefit for life. Participants in the Nelson County Service Authority (Authority) must meet the eligibility requirements based on service earned with the Authority to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are not eligible for a benefit. Participants must meet one of the following criteria to be eligible for benefits:

General employees with membership dates before July 1, 2010 (Plan 1):

- Attain the age of 50 with at least 10 years of service with VRS.
- Attain the age of 55 with at least 5 years of service with VRS.

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

NOTE 6-OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

A. Plan Description (Continued)

General employees with membership dates after July 1, 2010 (Plan 2):

- Attain the age of 60 with at least 5 years of service with VRS.
- Attain 90 points (age plus service) with VRS.

Health benefits include medical, dental, and vision coverage. Retirees under the age of 65 may elect the Anthem BCBS (PPO) medical option and a separate dental option. Retirees may elect to cover a spouse for the life of the retiree or spouse.

Retirees who are aged 65 and older may elect the Medicare supplement offered by Anthem BCBS (PPO).

The benefits, employee contributions and the employer contributions are governed by the Board of Directors of the Nelson County Service Authority and can be amended through Board action. The Retiree Health Plan does not issue a publicly available financial report.

B. Funding Policy

The Authority currently pays for postemployment health care benefits on a pay-as-you-go basis for one (1) retiree. The Authority currently has 23 employees that are eligible for the program.

Coverage is for the retiree and eligible dependents. The monthly premiums below are for the year beginning July 1, 2014.

			Retiree	
	Retiree & Dependent		Family	
Anthem - Key Advantage 250	\$ 549.00	\$	1,016.00	\$ 1,482.00
Anthem - Key Advantage Expanded	592.00		1,095.00	1,598.00
Medicare Supplement - Advantage 65	160.00		320.00	N/A

Employer Contributions

• The Authority contributes \$2.50 per month towards the retiree's elected medical option for each year of service with the Authority, up to a maximum of \$75.00 per month. Retirees contribute the remainder of the premium cost for medical coverage.

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

NOTE 6-OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual 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 costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Authority's net OPEB obligation:

Annual required contribution	\$ 8,000
Interest on net OPEB obligation	3,780
Adjustment to annual required contribution	(10,798)
Annual OPEB cost (expense)	\$ 982
Contributions made	(540)
Increase in net OPEB obligation	\$ 442
Net OPEB obligation-beginning of year	108,668
Net OPEB obligation-end of year	\$ 109,110

For 2015, the Authority's contribution of \$540 did not equal the annual OPEB cost (expense) of \$982. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation		
6/30/2015 \$	982	55.0%	\$	109,110		
6/30/2014	14,008	3.2%	\$	108,668		
6/30/2013	10,200	4.4%		95,200		

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2014, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 50,400
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 50,400
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 879,800
UAAL as a percentage of covered payroll	5.73%

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

NOTE 6-OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

D. Funded Status and Funding Progress (Continued)

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 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 liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method and a level dollar amortization method were used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 3.5%, and a health care trend rate of 5.8% graded to 4.4% over 71 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2014, was 30 years.

NOTE 7—RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in the State to form the Virginia Association of Counties Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Authority pays an annual premium to the pool for its workers' compensation and other insurance coverages. The Agreement for Formation of the association provides that the association will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

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

NOTE 8—COMMITMENTS AND CONTINGENCIES:

By agreement dated October 5, 2012, the Authority amended its Raw Water Supply Agreement (Agreement) with Wintergreen Partners, Inc. The Amended Agreement provides an additional 5 million gallons of raw water storage capacity to the Authority in providing redundancy to the system and to allocate the use of all stored and raw water to the Authority during a water emergency. Under the terms of the Agreement, the Authority will pay a monthly surcharge of \$12.70363 per thousand gallons of raw water provided each month (maximum \$12,703.63 per month).

NOTE 9-UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 9—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

NOTE 10-ADOPTION OF ACCOUNTING PRINCIPLES:

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

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

	_	Water		Sewer	 Total
Net Position, July 1, 2014, as previously reported Implementation of GASB 68	\$	4,130,402 9,092	\$	3,143,179 9,090	\$ 7,273,581 18,182
Net Position, June 30, 2014, as restated	\$	4,139,494	\$_	3,152,269	\$ 7,291,763

In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the 2014 information has not been restated to reflect the requirements of GASB 68 and 71. In addition, pension information as required by GASB 27 was reported in the financial report dated June 30, 2014 and 2013. This information was not reported herein to avoid confusion and duplication. For details related to the 2014 pension information, the prior year financial report should be referenced.



Schedule of Components of and Changes in Net Pension Asset and Related Ratios Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 94,627
Interest	158,516
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(49,393)
Net change in total pension liability	\$ 203,750
Total pension liability - beginning	2,289,216
Total pension liability - ending (a)	\$ 2,492,966
Plan fiduciary net position	
Contributions - employer	\$ 48,305
Contributions - employee	47,081
Net investment income	363,411
Benefit payments, including refunds of employee contributions	(49,393)
Administrative expense	(1,901)
Other	20
Net change in plan fiduciary net position	\$ 407,523
Plan fiduciary net position - beginning	2,259,093
Plan fiduciary net position - ending (b)	\$ 2,666,616
Political subdivision's net pension asset - ending (a) - (b)	\$ (173,650)
Plan fiduciary net position as a percentage of the total pension liability	106.97%
Covered-employee payroll	\$ 921,481
Political subdivision's net pension asset as a percentage of covered-employee payroll	-18.84%

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

Schedule of Employer Contributions Year Ended June 30, 2015

				ributions in lation to			Emplo	yer's	Contributions as a % of
	Contr	actually	Con	tractually	Contril	bution	Cove	red	Covered
	Red	quired	R	equired	Defici	iency	Emplo	oyee	Employee
	Cont	ribution	Cor	ntribution	(Exc	ess)	Payr	oll	Payroll
Date		(1)		(2)	(3	3)	(4))	(5)
2015	Φ.	45,520	Φ.	45,520	Φ.	- \$	0/	98,456	5.07

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

Required Supplementary Information Schedule of OPEB Funding Progress Year Ended June 30, 2015

Retiree Medical Plan:

Actuarial Valuation Date	Value of Accru Assets Liabi		Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)		Covered Payroll	UAAL as % of Payroll (4)/(6)		
(1)	-	(2)		-	(3)	 (4)	$\frac{(2)/(3)}{(5)}$	_	(6)	(7)
(1)		(2)		-	(3)	 (4)		_	(0)	(1)
06/30/14	\$		-	\$	50,400	\$ 50,400	0.00%	\$	879,800	5.73%
06/30/11			-		75,700	75,700	0.00%		952,900	7.94%

Notes to Required Supplementary Information Year Ended June 30, 2015

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

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

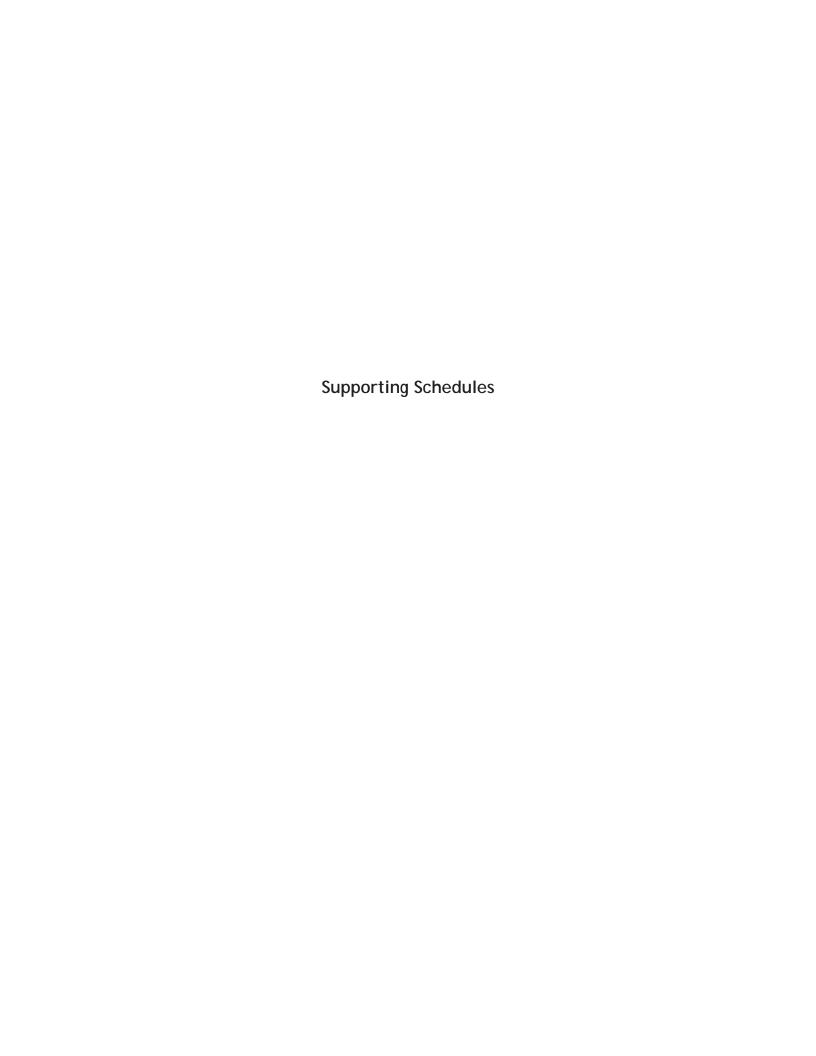
All Others (Non 10 Largest) - Non-LEOS:

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

All Others (Non 10 Largest) - LEOS:

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





Schedule of Revenues and Expenses - Budget and Actual Year Ended June 30, 2015

	_	Final Budget	Actual		Variance Favorable (Unfavorable)
Operating Revenue: Water and sewer charges Availability fees Fire protection Connection fees Other	\$	3,785,304 40,698 318,812 48,000 125,000	3,576,925 39,289 318,812 68,000 93,042	\$	(208,379) (1,409) - 20,000 (31,958)
Total Operating Revenue	\$_	4,317,814 \$	4,096,068	_\$.	(221,746)
Operating Expenses: Personnel Depreciation Maintenance Fringe benefits Operations Power pumping Raw water General and administrative Insurance Contractual services Grinder pump expenses Uniforms Small tools Total Operating Expenses	\$ 	1,140,000 \$ 780,000 285,800 332,000 245,000 135,000 372,444 133,330 40,110 80,000 200,000 5,500 1,000	1,010,146 767,112 232,052 246,218 260,192 167,910 330,629 114,316 43,589 81,810 137,554 4,714 777		129,854 12,888 53,748 85,782 (15,192) (32,910) 41,815 19,014 (3,479) (1,810) 62,446 786 223
Income (loss) from Operations	\$	567,630 \$	699,049	\$	131,419
Nonoperating Revenues (Expenses): Interest earned Gain (loss) on disposal of assets Interest expense	\$	200 (370,726)		\$	101 7,224 (2,089)
Total nonoperating revenues (expenses)	\$_	(370,526)	(365,290)	\$	5,236
Income (loss)	\$_	197,104	333,759	\$	136,655

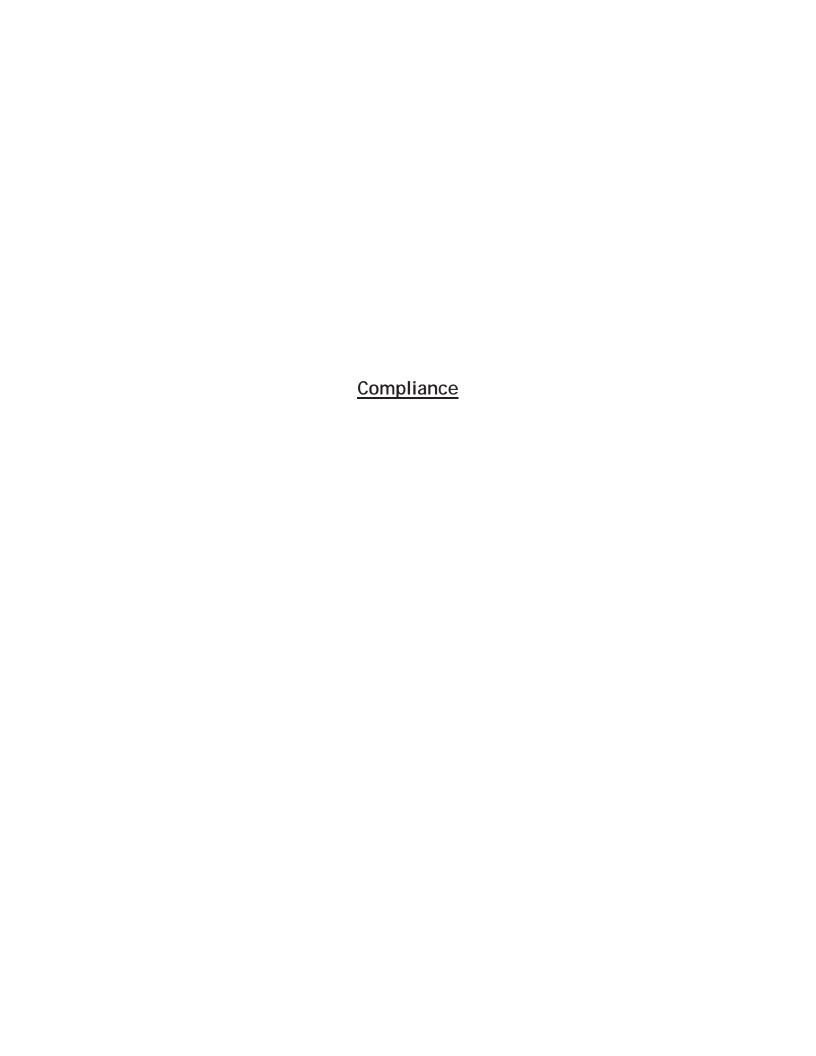
Schedule of Funding and Expenditures - Capital Budget Year Ended June 30, 2015

	_	Final Budget		Actual		Variance Favorable (Unfavorable)
Funding						
Funding: Income (loss) before contributed capital	\$	197,104	\$	333,759	\$	136,655
Depreciation	Ψ	780,000	Ψ	767,112	Ψ	(12,888)
Amortization of deferred costs-advance refunding		78,394		78,394		-
Funding from indebtedness		-		79,321		79,321
Contributed capital	_	-		45,612		45,612
Total Funding	\$_	1,055,498	\$_	1,304,198	\$.	248,700
Expenditures:						
Principal payments on debt	\$	597,351	\$	710,812	\$	(113,461)
Capital expenditures	Ψ	141,224	Ψ	341,191	Ψ	(199,967)
oupitul experiultures	-	111,221	-	011,171		(177,707)
Total Expenditures	\$_	738,575	\$_	1,052,003	\$	(313,428)
Funding Over (Under) Expenditures	\$_	316,923	\$	252,195	\$	(64,728)

Debt Service Coverage Last Ten Fiscal Years

				Г			
Fiscal Year	 Gross Revenue	Direct Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2006	\$ 2,980,859 \$	2,032,082 \$	948,777 \$	479,047 \$	302,061 \$	781,108	1.21
2007	3,079,688	2,299,610	780,078	505,970	320,901	826,871	0.94
2008	3,081,116	2,298,680	782,436	531,912	386,106	918,018	0.85
2009	3,429,738	2,303,795	1,125,943	541,702	403,142	944,844	1.19
2010	3,334,336	2,346,478	987,858	559,230	383,177	942,407	1.05
2011	3,543,000	2,236,383	1,306,617	594,421	395,151	989,572	1.32
2012	4,080,814	2,245,397	1,835,417	663,588	426,382	1,089,970	1.68
2013	4,143,361	2,473,024	1,670,337	675,065	396,959	1,072,024	1.56
2014	4,070,513	2,584,422	1,486,091	697,209	386,442	1,083,651	1.37
2015	4,096,369	2,629,907	1,466,462	710,823	295,513	1,006,336	1.46

Note: Gross revenue includes operating revenues and nonoperating interest income. Contributed capital is excluded from gross revenue. Direct operating expenses do not include interest, depreciation or amortization expenses.



ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

BOARD OF DIRECTORS
NELSON COUNTY SERVICE AUTHORITY
LOVINGSTON, 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 Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Nelson County Service Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Nelson County Service Authority's financial statements and have issued our report thereon dated November 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nelson County Service Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nelson County Service Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Nelson County Service Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rofiner, Farm, Cox Operiator Charlottesville, Virginia

November 5, 2015