

COUNTY OF ROCKBRIDGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



COUNTY OF ROCKBRIDGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by
Steven Bolster, Director of Fiscal Services
County of Rockbridge, Virginia

COUNTY OF ROCKBRIDGE, VIRGINIA

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014

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Fiscal Year Ended June 30, 2014**

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County of Rockbridge

**150 South Main Street
Lexington, Virginia 24450**

County Board of Supervisors

JOHN M. HIGGINS
Buffalo
Magisterial District

RUSSELL S. FORD
Kerrs Creek
Magisterial District

DAVID W. HINTY, JR.
Natural Bridge
Magisterial District

RONNIE R. CAMPBELL
South River
Magisterial District

ALBERT W. LEWIS, JR.
Walkers Creek
Magisterial District

December 19, 2014

To the Honorable Board of Supervisors and the Citizens of the County of Rockbridge, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2014. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditors' report is located at the front of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Rockbridge MD&A immediately follows the independent auditors' report.

Profile of Rockbridge County

The County of Rockbridge was formed in 1778 and named after the Natural Bridge of Virginia, a historic geological wonder located in the southern part of the County. Two-thirds of the County's 607 square miles came from Botetourt County to the south and the remainder from Augusta County to the north. Rockbridge County is located in the southern portion of the beautiful Shenandoah Valley between the Alleghany and Blue Ridge Mountain ranges. Two major interstates, I-81 and I-64, intersect near the geographical center of the County creating a superb transportation corridor. In addition, thousands of tourists travel along 17 miles of the Blue Ridge Parkway which lies along the County's eastern border. Furthermore, the Virginia Horse Center is in the heart of Rockbridge County. The Center is located on a 361-acre site and provides year-round activities including equine competition events, major horse sales, instructional classes, and recreation opportunities.

The County of Rockbridge is a political subdivision of the Commonwealth of Virginia that is administered by a five-member Board of Supervisors. Policy-making and legislative authority are vested in the governing body (Board). Board members are elected by magisterial district and serve four-year terms. The Board appoints the County Administrator who oversees the County's department heads.

The Board of Supervisors adopted mission, vision, and values statements on March 11, 2013. The Board envisions a community defined by first-class educational programs for youth and adults, enhanced through widespread and quality access to broadband connectivity; where our citizens enjoy a healthy, safe environment, and where rural character, scenic beauty and agricultural roots are respected, protected and balanced with sensible and managed growth to include high technology development and promotion of local agriculture and outdoor recreation as part of the economic base; and where the levels of services provided meet or exceed the expectations of our residents at every level; and where our youth and succeeding generations can grow, play and economically thrive. The Board has a mission to provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education, and managed growth in a manner which is at all times open, honest and respectful. In every interaction the Board will adhere to the tenets of integrity, openness, mutual respect, innovation and adaptability, humility, accountability, and loyalty.

The County of Rockbridge provides a full range of services, including law enforcement protection; building inspections; licenses and permits; refuse and recycling collection centers; and recreational facilities. Local volunteer fire departments provide fire protection and rescue squads deliver emergency medical response and transport services. The County furnishes support to the volunteer agencies through cash contributions for operational and capital expenditures. Rockbridge County is financially accountable for a legally separate school division (education), a public service authority (water & sewer), and a solid waste authority (refuse & recycling). Each organization is a component unit or blended component unit within the County's financial statements.

The Board of Supervisors adopts an initial budget for the fiscal year no later than May 1 preceding the beginning of the fiscal year on July 1, unless events beyond the Board's control preclude such action. This annual budget serves as the foundation for the Rockbridge County's financial planning and control. The budget is prepared by fund, function, and department. Department heads may request to transfer resources within a department to meet changing program needs. Transfers between departments, however, are coordinated between the county executive and Board representatives of the Finance Committee.

Local economy

The County of Rockbridge is a rural locality in the Shenandoah Valley, at the heart of a major transportation network with direct access to air, rail, and highway transportation. The County's geographic position in the west-central portion of Virginia is within a one-day drive of half the population of the United States. Rockbridge County is approximately 45 miles north of Roanoke, VA; 140 miles west of Richmond, VA; and 190 miles southwest of Washington, D.C. Distances to multi-state markets for area industries are Baltimore, MD – 210 miles; Greensboro, NC – 145 miles; New York, NY – 460 miles; Cincinnati, OH – 460 miles; and Atlanta, GA – 440 miles.

During the past ten years, the unemployment rate rose from a low of 3.7 percent (2003) to a decade high of 7.5 percent in 2010. However, the County of Rockbridge continues to experience unemployment rates consistently lower than national averages. The unemployment rate as of June 2014 was 5.2 percent compared to 6.3 percent nationally. The increases in unemployment rates during the past 10 years reflect the impact of the national recession. However, based on economic forecasts, a leveling off and subsequent increase in employment rates is anticipated in the upcoming years.

Median household incomes within Rockbridge County are lower than the state as a whole. In 2012, the median household income in Rockbridge County was \$46,909. In the Commonwealth of Virginia it was \$61,782. The Commonwealth of Virginia's population was 7,386,346 in 2003 and 8,260,405 in 2013. Rockbridge County's population was 21,371 in 2003, and 22,338 in 2013. Housing prices in the vicinity of Rockbridge County had steadily increased since 2004 until the economic downturn. The 2007 average home sale price was \$284,428 (nominal dollars). At the end of 2007, the median price of a single family home in the vicinity of the Rockbridge County was \$244,913 (nominal dollars).

Rockbridge County has a diverse economy from manufacturing and trucking businesses to retail shops. Over the past ten plus years, the County's economy has been relatively stable compared to Virginia as a whole. None of the top employers have closed or experienced significant layoffs.

In the fiscal year ending June 2014, there were 522 building permits issued in Rockbridge County totaling \$25,912,200. This figure includes a \$2 million dollar permit for the third expansion at Devils Backbone Brewing Company and both residential and commercial permits. Stable development, access to major interstates and highways, a vast array of outdoor recreation, and historical tourist sites, as well as the proximity to four higher education institutes, makes Rockbridge County a prime location for business and travel.

The top five industries by employment in Rockbridge County are manufacturing (1,028 reported), government employees (1,077 reported), retail trade (994 reported), local government (887 reported), and accommodations and food services (549 reported). The top five average weekly wages were in the following industries: utilities (\$1,589), state government (\$893), information (\$846), professional, scientific and technical services (\$838) and finance and insurance (\$783).

Public School System

The Rockbridge County Public School (RCPS) system currently serves about 2,600 students in kindergarten through 12th grade. RCPS currently has four elementary schools for kindergarten through fifth grade, one middle school for grades six through eight, and one high school for grades nine through twelve. All of the County schools, with the exception of our high school, have been completely renovated within the past 15 years. As the oldest school facility in the system, the high school will receive the highest priority for capital improvements in future years. All schools are accredited by the State Department of Education.

RCPS serves a diverse student population and takes pride in meeting the educational needs of all students. To this end, it has recently begun an expansion of Career & Technical Education (CTE) offerings at both the middle school and high school level. RCPS's goal is for interested students to begin their CTE educational experience at the middle school so that they may earn industry certifications earlier during their high school career. These early certifications will in turn lead to internship and work experience opportunities prior to high school graduation, creating a more ready work force for business and industry. Rigorous academic expectations are a standard of RCPS. In 2014, 91% of RCPS students who took an Advanced Placement (AP) exam scored a three (3) or higher. Comparing this level of success to the Virginia average of 65% meeting this same standard, we are proud to say that RCPS always puts learning first for our students.

Higher Education

Within the Rockbridge County boundaries lie a unique set of higher education campuses offering various degrees. Washington and Lee, a private liberal arts university, ranks as the ninth oldest institution of higher learning in the nation and second oldest in the Commonwealth of Virginia. The Virginia Military Institute is the first state-supported military college in the United States and is consistently ranked high as one of the best public colleges in the nation. Southern Virginia University is a private 4-year liberal arts college tracing its founding to 1867. The Dabney S. Lancaster Community College - Rockbridge Regional Center accommodates a diversity of day and night courses to support the pursuit of associate degrees, certification programs, and workforce training. More than a dozen additional two- and four-year institutions of higher education are within 140 miles of Rockbridge County's borders.

Long-term financial planning and major initiatives

The County of Rockbridge has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the governmental services desired by the public. The primary objective of establishing Financial Management Policies is to provide a framework wherein sound financial decisions may be made for the long-term development and stability of Rockbridge County. The Board of Supervisors adopted a comprehensive set of financial policies on July 14, 2014 to include: Operating Budget, Capital Budget, Asset Maintenance and Replacement, Financial Reporting, Debt, and Fund Balance/Reserves.

In accordance with Section 15.2-2239 of the Code of Virginia, the Rockbridge County Planning Commission prepares and revises annually a Capital Improvement Program (CIP) based on the Rockbridge County Comprehensive Plan for a period not to exceed the ensuing five years. The CIP is intended to guide the acquisition and construction of the County's capital improvement plans by identifying needed capital projects, estimating their costs, listing the fiscal year each should begin, and determining the optimum method of funding them within our fiscal capabilities. The County of Rockbridge CIP for fiscal year ending (FYE) 2015 reflects \$705,985 in capital procurements. Capital improvements approved for FYE 2015 included: 1) replacing current radio system for the region's public safety communication service - \$307,731; 2) renovation of the Lake Robertson pool after 36 years with no structural improvements - \$110,000; 3) replacing law enforcement and the building inspector vehicles (a total of three) - \$105,424; 4) improvements to the Rockbridge County Administration Building to comply with ADA requirements and other safety needs - \$62,500; 5) repairing or replacing the Rockbridge County Maintenance Building Roof to prevent leaks, correct existing roof failures, and prevent future unscheduled repairs - \$55,000; and 6) install an imaging x-ray machine at the Rockbridge County Courthouse - \$27,730.

During the past year Rockbridge County completed the Rockbridge Broadband Initiative project, which targeted the construction of 134 miles of new fiber in order to bring broadband services to community anchor institutions in support of improved healthcare, education, and public safety in the communities of Lexington, Buena Vista, and much of the surrounding County. This was achieved through a \$6.9 million dollar federal grant (Broadband Technology Opportunities Program) matched by nearly \$3 million dollars from community partners (County of Rockbridge, the cities of Lexington and Buena Vista, and Washington and Lee University). Using estimates recommended by the Council of Economic Advisors, we expect to see some 109 new jobs created, including 70 direct and indirect and 36 induced job years.

Rockbridge County efforts to re-purpose two surplus school facilities is bearing fruit. The County executed a performance agreement with BARC Electric Cooperative to occupy one of the available campuses. The due diligence period for BARC is nearly complete and a final decision on a potential sale of the property is near. The second site is currently the focus of a request for proposals for development. The outcome of this procurement endeavor is expected during the 2015 fiscal year.

Additionally, the County, working with the Rockbridge Area Habitat for Humanity, successfully obtained a \$288,936 Virginia Department of Housing and Community Development grant to support the construction of eight homes for low-to-moderate income residents. The infrastructure design linked with this project will support the building of twelve additional homes in the future.

At the request of the Rockbridge Emergency Rescue Group and the regional Fire and Rescue Commission, the Board of Supervisors included \$400,000 in funding during FYE 2015 for weekday EMS ambulance transport service. The current plan includes procuring contracted ambulance service based at two volunteer stations: 1) Fairfield Volunteer Rescue Squad and 2) Glasgow Lifesaving and First Aid Crew. Based on need, the planned periods of operational coverage are Monday through Friday from 6:00 AM to 6:00 PM in Fairfield and Wednesday through Sunday in Glasgow. The contracted services are intended to cover personnel only. The contracted entity will utilize volunteer apparatus and equipment. Service is expected to commence by early February 2015.

The Board of Supervisors, which serves as the Solid Waste Authority, has determined that solid waste disposal for County citizens and the region is a vital public service. As a result of this commitment, it has determined that expansion of the existing landfill is the preferred means of providing for future waste disposal in Rockbridge County. Both government bodies are proceeding with due diligence in evaluating the feasibility of the proposed expansion project which includes, but is not limited to, design, engineering, studies, exploration and monitoring, financing, permitting, constructing, and operating a new landfill cell. The estimated cost of this landfill expansion project (Cell 1) is approximately \$7,100,000 with an operational start date targeted at July 1, 2017.

Relevant financial policies

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures. If the County does not meet its target, the County will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County's assigned fund balance in the General Fund is 61.36% for fiscal ended June 30, 2014.

Awards and Acknowledgements

The County of Rockbridge believes that our current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirement, and we are submitting it to the GFOA to determine its eligibility.

The preparation of this report would not have been possible without the dedicated service and strong commitment of the entire staffs of the Fiscal Services Department and the Office of the Treasurer. We also wish to thank all government departments for their assistance in providing the data necessary to prepare this report. In addition, credit is due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Rockbridge County's finances.

Respectfully submitted,

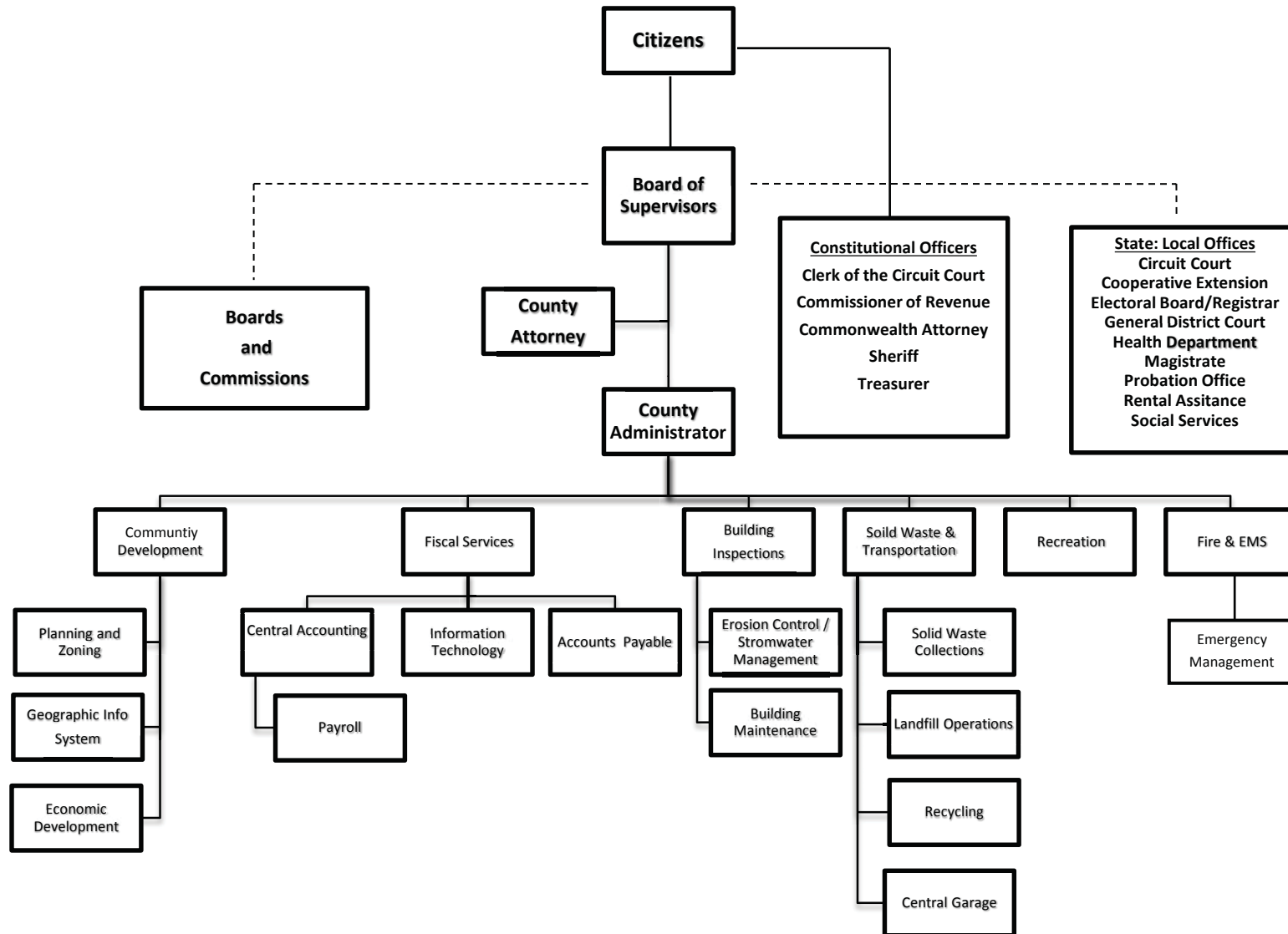
A handwritten signature in blue ink, appearing to read "Spencer H. Suter".

Spencer H. Suter, County Administrator

A handwritten signature in blue ink, appearing to read "Steven J. Bolster".

Steven J. Bolster, Fiscal Services Director

County of Rockbridge, Virginia Organizational Chart



COUNTY OF ROCKBRIDGE, VIRGINIA

BOARD OF SUPERVISORS

John M. Higgins, Chairman
David W. Hinty, Jr., Vice-Chairman
Ronnie R. Campbell
Russell L. Ford
Albert W. Lewis, Jr.

COUNTY SCHOOL BOARD

Albert "Jay" Lewis, II, Chairman
David B. McDaniel, Vice-Chairman
Kevin Brooks
Laura C. Hoofnagle
Laurie Strong

OTHER OFFICIALS

Judge of the Circuit Court	Michael S. Irvine
Clerk of the Circuit Court	D. Bruce Patterson
Judge of the General District Court.....	Gordon F. Saunders
Judge of the Juvenile & Domestic Relations Court.....	Anita D. Filson
Commonwealth's Attorney	Robert N. "Bucky" Joyce, Jr.
Commissioner of the Revenue	David C. Whitesell
Treasurer	Betty S. Trovato
Sheriff.....	Christopher J. Blalock
Superintendent of Schools.....	Jack Donald
Clerk of the School Board	Rhonda Humphries
County Administrator	Spencer H. Suter
Director of Fiscal Services	Steven J. Bolster
County Attorney	Vickie L. Huffman

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-12, 81, and 82-84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information and supporting schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, other supplementary information and supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 19, 2014

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2014.

Financial Highlights

Government-wide Financial Statements

The combined total assets of the County of Rockbridge, Virginia exceeded its liabilities by \$39,903,730 (net position) at the close of the most recent fiscal year. Of the total net position, \$36,546,402 is associated with governmental activities and \$3,357,328 is associated with business-type activities. Of the net governmental activities net position, \$21,113,574 may be used to meet the government's ongoing obligations to creditors and citizens. Included in restricted net position is \$935,021, which meets the debt-service reserve requirement for a \$15,000,000 revenue bond issued January 5, 2006. There is an additional \$397,274 presented under governmental activities which are restricted by the County Board of Supervisors to ensure the availability of funds for specific functions, programs, and anticipated liabilities. These restricted accounts are also displayed on the Balance Sheet of Government Funds. Of the business-type activities net position, \$642,159 is unrestricted and available to meet the business-type activity's obligations. For the year ending June 30, 2014, the governmental activities' assets include \$9,636,175 in taxes receivable while \$8,525,470 is reflected as deferred inflows of resources. This is shown as part of compliance with GASB Statement No. 63. The \$9,636,175 in taxes receivable are booked in the first half of calendar year 2014, but because of twice-a-year tax billing, second half real estate taxes of \$8,525,470 is not due until December 2014, and is shown as a deferred revenue. When compared to the net position at year's end June 30, 2013, as restated, the net position increased by \$2,365,722. The net position increase is associated with: (1) greater revenue from new real property tax rates for the first-half in 2014; (2) collecting higher than estimated general property taxes, other local taxes, and charges for services; and (3) sale of equipment.

Fund Financial Statements

As of the close of the fiscal year June 30, 2014, the County's governmental funds reported a combined ending fund balance of \$22,603,322. This is a decrease of \$2,859,606 as compared with the previous fiscal year. The decrease in fund balance is associated with construction progress completed towards the Maury River Middle School upgrade/expansion which included \$7,327,109 in restricted construction funds in FYE 2013. This figure is reported as \$1,051,465 for FYE 2014. The unassigned fund balance is reported as \$18,317,586, or 81.02%, is available for spending at the government's discretion.

At the fiscal year end, unassigned fund balance for the general fund was \$18,317,586 or 47.24% of total general fund expenditures. This is a 5.22 percentage point increase in fund balance to expenditure ratio compared to year ending June 30, 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now, and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The *statement of net position* presents all of the County's permanent account assets, liabilities and net position. The difference between assets and liabilities is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors such as changes in restricted accounts will also need to be considered to determine the overall financial position of the County.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds. The County also created the Broadband Technology Opportunities Program fund to account for the activities of the federal American Recovery and Reinvestment Act Broadband Initiative. *Business-type activities* recover all or a significant portion of their costs through user fees and charges. The County shows the Rockbridge County Solid Waste Authority as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government, four component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than

that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary funds

There are two types of proprietary funds: *enterprise funds*, which are established to account for the delivery of goods and services to the public and *internal service funds* that account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The Rockbridge County Solid Waste Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate annual financial report that provides more financial details.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the financial statements

These notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, assets exceeded liabilities by \$39,903,730 at the end of the fiscal year.

The County's net position is divided into three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below:

COUNTY OF ROCKBRIDGE'S NET POSITION June 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 34,926,310	\$ 38,846,660	\$ 3,777,036	\$ 4,000,751	\$ 38,703,346	\$ 42,847,411
Capital Assets	77,495,692	74,181,220	3,046,523	2,491,604	80,542,215	76,672,824
Total Assets	\$ 112,422,002	\$ 113,027,880	\$ 6,823,559	\$ 6,492,355	\$ 119,245,561	\$ 119,520,235
Deferred Outflows of Resources	\$ 1,072,267	\$ 1,121,006	\$ -	\$ -	\$ 1,072,267	\$ 1,121,006
Long-term liabilities	\$ 64,904,960	\$ 67,150,597	\$ 3,310,705	\$ 3,040,223	\$ 68,215,665	\$ 70,190,820
Other liabilities	3,517,437	4,833,436	155,526	128,268	3,672,963	4,961,704
Total liabilities	\$ 68,422,397	\$ 71,984,033	\$ 3,466,231	\$ 3,168,491	\$ 71,888,628	\$ 75,152,524
Deferred Outflows of Resources	\$ 8,525,470	\$ 7,984,173	\$ -	\$ -	\$ 8,525,470	\$ 7,984,173
Net Position:						
Net investment in capital assets	\$ 14,100,533	\$ 7,422,914	\$ 1,712,920	\$ 1,397,575	\$ 15,813,453	\$ 8,820,489
Unrestricted (deficit)	21,113,574	21,297,930	642,159	924,040	21,755,733	22,221,970
Restricted	1,332,295	5,459,836	1,002,249	1,002,249	2,334,544	6,462,085
Total net position	\$ 36,546,402	\$ 34,180,680	\$ 3,357,328	\$ 3,323,864	\$ 39,903,730	\$ 37,504,544

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$15,813,453 which represents 39.63% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is of note that a portion of the capital assets is used to encourage economic development and in turn may produce revenue for operations in either fees or sale of property.

The restricted net position represents resources that are subject to external or internal restrictions on how they may be used. The restricted net position for fiscal year 2013 included assets restricted by external sources. For fiscal year 2014, the restricted asset continues to meet the reserve requirements from a county debt discussed earlier in this report.

The unrestricted net position is \$21,755,733, which is 54.52% of total net position that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive changes in one of the three categories of combined total net position. The change in net position includes an increase in net investment in capital assets of \$6,992,964. Restricted assets decreased in the amount of \$4,127,541 while unrestricted assets were lower by \$466,237. For the year ending June 30, 2014, the combined total net position increased in value by \$2,399,186.

During the year ending June 2014, total County liabilities decreased by \$3,263,896. The majority of this decrease is linked to reductions in debt service principal, accounts payable, and retainage payable. The latter two categories reflect the impact of completing progress on the Broadband Technology Opportunities Program and Maury River Middle School upgrade/expansion projects in FYE 2014. Contributions to the School Division debt service will increase in FYE 2016 when the principal payments begin.

Governmental Activities

Governmental activities accounted for an increase of \$2,365,722 in net position for the year ending June 30, 2014. Unrestricted assets lowered by \$184,356 or 0.9% compared to FYE 2013. The Board of Supervisors is committed to maintaining net position at a level which ensures the availability of assets to provide required services to maintain a reserve cash balance to fund emergencies, to fund opportunities that provide economic development, or to enhance the quality of life for County citizens.

Revenues decreased by \$3,765,242 compared to last fiscal year. Local revenue decreased primarily in conjunction with the completion of the Broadband Technology Opportunities Program which was funded over three years by a \$6,900,000 reimbursable federal grant (see capital grant in table below).

For the year, the Boards of Supervisors' expenditure priorities were to maintain support for improvements in education, public safety, and economic development. In addition, the Board approved a 3% cost-of-living adjustment to employees with a goal of retaining and attracting a quality workforce via competitive compensation effective August 1, 2013. Overall expenses decreased by \$321,781 over the same period in FYE 2013. Key elements of the decrease in expenditures are as follows:

- The debt-service transfer to the School Fund realized a short-term reduction resulting from the refinancing of a Literary Loan; in addition, the operational transfer to the School Fund was less than anticipated – this balance was set aside into the school capital reserve account for facility improvements at multiple school locations in FYE 2015
- Public Works realized a notable expenditure drop from FYE 2013 when the Board requested vehicle expenses previously accounted for within the County Maintenance Garage Department be charged-out to the applicable departments where the vehicles were operated

Business-type Activities

The business-type activities/enterprise fund (landfill and recycling) net position increased by \$33,464. The fee structure for trash disposal associated with our locality partners remained the same as last fiscal year. Revenues derived from fees for services decreased by \$98,725 during the year. Charges for services to Rockbridge County dropped by \$98,443, for the City of Lexington they went down by \$24,479 while Buena Vista collections rose by \$24,197. The increase in net position is primarily associated with the transfer from the general fund to support payment towards the lined landfill expansion and recycling enterprises. The combined general fund transfers total \$735,930 into this business-type activity. The business-type activities restrict a yearly amount of \$221,000 for landfill closure and post closure activities.

The County of Rockbridge's changes in net position chart below details these governmental and business-type activities changes.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION

June 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,221,132	\$ 1,889,975	\$ 936,243	1,034,968	\$ 3,157,375	\$ 2,924,943
Operating grants	2,438,107	2,412,618	23,076	26,161	2,461,183	2,438,779
Capital grants	598,412	5,816,685	-	-	598,412	5,816,685
General Revenues:						
Property taxes	23,009,779	22,519,602	-	-	23,009,779	22,519,602
Other taxes	8,294,715	8,157,801	-	-	8,294,715	8,157,801
Use of money and property	58,003	78,229	3,018	4,676	61,021	82,905
Other	1,213,388	743,278	5,063	3,815	1,218,451	747,093
Grants and contributions not restricted to specific programs	2,760,419	2,741,009	-	-	2,760,419	2,741,009
Total Revenues	\$ 40,593,955	\$ 44,359,197	\$ 967,400	\$ 1,069,620	\$ 41,561,355	\$ 45,428,817
Expenses:						
General						
General Govt. Admin	\$ 2,497,472	\$ 2,011,030	\$ -	\$ -	\$ 2,497,472	\$ 2,011,030
Judicial administration	1,282,388	1,267,789	-	-	1,282,388	1,267,789
Public safety	7,551,214	5,700,091	-	-	7,551,214	5,700,091
Public works	2,522,400	3,052,847	1,669,866	2,117,295	4,192,266	5,170,142
Health and welfare	1,411,742	1,414,009	-	-	1,411,742	1,414,009
Education	14,081,158	16,126,417	-	-	14,081,158	16,126,417
Parks, recreation, and culture	1,246,800	1,442,669	-	-	1,246,800	1,442,669
Community development	2,635,939	2,246,495	-	-	2,635,939	2,246,495
Non-departmental	1,749,577	1,718,759	-	-	1,749,577	1,718,759
Interest on long-term debt	2,513,613	2,833,978	-	-	2,513,613	2,833,978
Total expenses	\$ 37,492,303	\$ 37,814,084	\$ 1,669,866	\$ 2,117,295	\$ 39,162,169	\$ 39,931,379
Increase (decrease) in net position before transfers	\$ 3,101,652	\$ 6,545,113	\$ (702,466)	\$ (1,047,675)	\$ 2,399,186	\$ 5,497,438
Transfers	(735,930)	(1,234,972)	735,930	1,234,972	-	-
Increase (decrease) net position	\$ 2,365,722	\$ 5,310,141	\$ 33,464	\$ 187,297	\$ 2,399,186	\$ 5,497,438
Net position - beginning as restated	34,180,680	28,870,539	3,323,864	3,136,567	37,504,544	32,007,106
Net position - ending	\$ 36,546,402	\$ 34,180,680	\$ 3,357,328	\$ 3,323,864	\$ 39,903,730	\$ 37,504,544

Financial Analysis of the Government's Funds

As previously mentioned, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$22,603,322, a decrease of \$2,859,606 over the prior fiscal year. The decrease is associated with notable progress of construction efforts for the Maury River Middle School project. Restricted fund balance within the School Capital Project Fund dropped by over \$4,000,000 when compared to FYE 2013.

The general fund is the chief operating fund of the County. As of June 30, 2014, unassigned fund balance of the general fund was \$18,317,586. This is an increase in unassigned fund balance of \$1,098,233 as compared with the previous fiscal year. The total fund balance of the general fund was \$22,010,902. This is an increase over the previous year by \$957,101, and is in keeping with the Board's commitment to generate increased funds to pay to pay for planned capital projects.

As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.24% of total general fund expenditures, which includes transfers to the School Board component unit of \$13,679,356 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. Total fund balance represents 56.77% of total general fund expenditures.

Proprietary funds

The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Solid Waste Authority owns and the County operates a permitted landfill that was targeted for closure on December 31, 2014. A 2014 request for permit extension to June 30, 2017 received Virginia Department of Environmental Quality (VA DEQ) approval. Part of the fund balance will be used to meet landfill closure requirements of the VA DEQ. The net position associated with financing these requirements are restricted. The remaining fund balance will support landfill operations and equipment purchases as needed. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this summary. Net position of the landfill fund at the end of the year was \$3,193,045 while the recycling fund net position equals \$164,283.

General Fund Budgetary Highlights

The difference between the original budgeted appropriations and the final, amended-budget appropriations was a \$1,031,085 increase. This is 2.68% of the total original budget. The actual expenditures were \$746,092 below the final appropriation total. This total is 1.89% below the final budget. The major components of these appropriation changes are:

- Cost-share contributions associated with additional upgrade costs to the Rockbridge Regional Jail
- A Virginia Community Development Block Grant approved to support the completion of an infrastructure project for a low-to-moderate income family housing project

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2014 was \$77,495,692 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment. This is an increase of \$3,314,472 from the previous fiscal year, or approximately 4%. The primary change in capital assets is due to the completion of the construction of the broadband network.

The County's investment in capital assets for its proprietary funds is \$3,046,523, an increase of \$554,919 from the previous year. This is a result of investments in the landfill cell expansion effort and the acquisition of a landfill compactor during the fiscal year.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS **Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,393,836	\$ 2,393,836	\$ 540,137	\$ 540,137	\$ 2,933,973	\$ 2,933,973
Buildings and systems	45,876,282	37,301,509	1,358,420	1,433,559	47,234,702	42,250,100
Machinery & equipment	813,222	779,468	681,358	376,916	1,494,580	1,156,384
Construction in progress	28,412,352	33,706,407	466,608	140,992	28,878,960	33,847,399
Total	<u>\$ 77,495,692</u>	<u>\$ 74,181,220</u>	<u>\$ 3,046,523</u>	<u>\$ 2,491,604</u>	<u>\$ 80,542,215</u>	<u>\$ 80,187,856</u>

Additional information on the County's capital assets can be found in the Note 14 to the financial statements.

Long-term obligations

At the end of fiscal year 2014, the County had the following outstanding obligations:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 45,109,146	\$ 46,590,095	\$ -	\$ -	\$ 45,109,146	\$ 46,590,095
Revenue Bonds	17,870,000	18,359,697	750,543	776,624	18,620,543	19,136,321
Literary Loans	1,435,000	1,635,000	-	-	1,435,000	1,635,000
Capital Leases	53,280	173,515	583,060	317,405	636,340	490,920
OPEB Obligation	131,000	120,000	2,000	2,000	133,000	122,000
Landfill closure liability	-	-	1,943,158	1,916,329	1,943,158	1,916,329
Compensated Absences	306,534	272,290	31,944	27,865	338,478	300,155
Total long-term obligations	<u>\$ 64,904,960</u>	<u>\$ 67,150,597</u>	<u>\$ 3,310,705</u>	<u>\$ 3,040,223</u>	<u>\$ 68,215,665</u>	<u>\$ 70,190,820</u>

The County's long-term obligations include the Rockbridge County School Board debt and the business-type activities debt. For the year, governmental activities total long-term obligations decreased by \$2,245,637. There were no new financing efforts for governmental activities during FYE 2014. The combination of new debt and scheduled principal payments resulted in lower overall debt totals for government activities. The governmental activities OPEB obligation and compensated absences are included in the long-term obligations to meet GASB requirements. These categories increased by \$11,000 and \$34,244 respectively.

The Solid Waste Authority procured a new landfill compactor in FYE 2014. An electrical short ignited a fire within the former compactor's console. The resulting fire caused a complete destruction of this heavy-duty equipment. An insurance payment assisted with a significant down payment on the compactor acquisition which was acquired via a lease-purchase agreement.

Additional information on the County's long-term obligations can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- For the fiscal year ending June 30, 2014, the unemployment rate for the Commonwealth and Rockbridge County were 5.4% and 5.2% respectively. During the progress of this management discussion and analysis report, the October 2014 unemployment rate dropped to 4.8% for the state and 4.5% in the County. Local efforts by the Board of Supervisors to fund a variety of economic development initiatives continue in an effort to generate new business inquiries and interest.
- The final six months of FYE 2014 involved changes to the County's real property tax rate. To meet the funding priorities approved by the Board of Supervisors and to meet the strategic goals of the County, the real property tax rate was increased from \$0.67 to \$0.715 per \$100.00 of assessed valuation. The personal property rate of \$4.25 remained at the prior year's level.
- The Board of Supervisors fiscal year 2015 budget priorities include limiting overall expenditures in all areas except education, "safety net" programs, public safety, solid waste management, and economic development. These activities may require increased funding compared to prior years. Additionally, the Board's goals include meeting all mandates, debt services, and legal obligations.
- The Board of Supervisors continued its commitment to the School Board in providing the maximum support possible during the slow-growth economic environment. The County student population continues to remain level at approximately 2,500. The strategy to maximize results in school programs resulted in the prior decision to move forward with the expansion and upgrade of Maury River Middle School, thereby consolidating all education efforts at the middle school level. The renovated school now serves all Rockbridge County middle-school students.
- Automatic federal-spending caps related to the 2013 sequestration legislation will continue through 2021. Federal revenues cuts will continue to negatively impact interest reimbursements for Quality School Construction Bond payments (down ~8%). Our local Rental Assistance program's funding stream is down over \$20,000 in realized revenue over the past four years. The full funding of the Payment In Lieu of Taxes program is not currently clear, but indications exist that levels will be at 91% of FYE 2014 levels.
- In August 2014, Governor Terry McAuliffe announced the Commonwealth of Virginia is projecting a three-year budget shortfall of 2.4 billion dollars. As part of a multi-pronged effort to close this gap, the General Assembly passed legislation on November 11th requiring the reduction of state aid to local governments by 30 million dollars in FYE 2015. On November 14th, the Virginia Department of Planning and Budget Director released a memorandum publicizing the listing of programs affected by revenue cuts from the state. The state cuts identified for Rockbridge County equal \$63,287. In addition, the Rockbridge Regional Jail will realize state reimbursement reductions totaling \$50,200 in FYE 2015. State reductions of aid-to-localities will continue into FYE 2016 and will likely exceed the FYE 2015 cuts. These expected cuts will be reflected in the upcoming budget cycle.

- We also face our own capital improvement challenges with financing several current and potential projects. These include a “piggyback” lined landfill, a radio system upgrade, renovations to the Lake Robertson pool, upgrades to the County Administration offices, and the potential for constructing of a new regional 911 center and developing additional staffed solid-waste collection centers and/or improving current unstaffed sites. Operational fiscal challenges include moving forward with funding contracted EMS transportation services in the County, increased costs associated with higher tipping fees at the landfill, higher contributions to fringe benefits, and initiating a Human Resources Manager function. Decisions on these and other funding requests were guided by the Board’s mission, vision and values statements that drive strategic plans and funding priorities.

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

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration, 150 S. Main Street, Lexington, Virginia 24450.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Rockbridge, Virginia
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 17,860,081	\$ 666,197	\$ 18,526,278
Receivables (net of allowance for uncollectibles):			
Taxes receivable	9,636,175	-	9,636,175
Accounts receivable	692,386	51,147	743,533
Internal balances	(60,504)	60,504	-
Due from component units	1,576,986	-	1,576,986
Due from other governmental units	1,106,864	-	1,106,864
Inventories	112,861	-	112,861
Advances to other entities	2,014,975	-	2,014,975
Prepaid items	-	-	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,986,486	2,999,188	4,985,674
Capital assets (net of accumulated depreciation):			
Land	2,393,836	540,137	2,933,973
Buildings and improvements	45,876,282	1,358,420	47,234,702
Machinery and equipment	813,222	681,358	1,494,580
Utility plant and equipment	-	-	-
Construction in progress	28,412,352	466,608	28,878,960
Total assets	\$ 112,422,002	\$ 6,823,559	\$ 119,245,561
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,072,267	\$ -	\$ 1,072,267
LIABILITIES			
Accounts payable	\$ 694,750	\$ 76,052	\$ 770,802
Advances from participating entities	-	74,292	74,292
Retainage payable	673,811	-	673,811
Accrued interest payable	986,627	5,182	991,809
Due to primary government	-	-	-
Performance deposits	137,351	-	137,351
Due to other governments	1,024,898	-	1,024,898
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	2,304,278	168,016	2,472,294
Due in more than one year	62,600,682	3,142,689	65,743,371
Total liabilities	\$ 68,422,397	\$ 3,466,231	\$ 71,888,628
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 8,525,470	\$ -	\$ 8,525,470
NET POSITION			
Net investment in capital assets	\$ 14,100,533	\$ 1,712,920	\$ 15,813,453
Restricted for:			
Fire funds	53,912	-	53,912
Rental assistance	11,506	-	11,506
Capital projects	331,856	-	331,856
Debt service	935,021	1,002,249	1,937,270
Unrestricted (deficit)	21,113,574	642,159	21,755,733
Total net position	\$ 36,546,402	\$ 3,357,328	\$ 39,903,730

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 196,251	\$ 585,310	\$ 200	\$ 4,603,706
-	-	-	-
38,258	20,969	15,170	433,519
-	-	-	-
-	-	-	-
833,769	409,168	275,433	-
33,371	-	-	68,915
-	-	-	-
284,885	-	-	-
-	-	-	137,032
117,555	-	-	381,259
17,668,296	-	1,113,454	76,542
1,180,439	2,401	38,565	250,471
-	-	-	24,997,810
-	-	2,262,931	149,861
<u>\$ 20,352,824</u>	<u>\$ 1,017,848</u>	<u>\$ 3,705,753</u>	<u>\$ 31,099,115</u>
\$ -	\$ -	\$ -	\$ -
\$ 167,546	\$ 276,579	\$ 40,653	\$ 285,576
-	-	-	-
-	-	-	-
-	-	-	-
948,415	628,571	-	-
-	-	-	-
-	110,294	-	-
-	-	-	60,070
35,495	22,757	37,611	1,020,740
1,267,484	68,270	157,833	12,449,861
<u>\$ 2,418,940</u>	<u>\$ 1,106,471</u>	<u>\$ 236,097</u>	<u>\$ 13,816,247</u>
\$ -	\$ -	\$ -	\$ -
\$ 18,966,290	\$ 2,401	\$ 3,414,950	\$ 12,436,493
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	76,962
(1,032,406)	(91,024)	54,706	4,769,413
<u>\$ 17,933,884</u>	<u>\$ (88,623)</u>	<u>\$ 3,469,656</u>	<u>\$ 17,282,868</u>

County of Rockbridge, Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,497,472	\$ -	\$ 223,145	\$ -
Judicial administration	1,282,388	709,282	663,106	-
Public safety	7,551,214	10,282	1,345,968	-
Public works	2,522,400	1,180,837	730	-
Health and welfare	1,411,742	-	6,103	-
Education	14,081,158	-	-	-
Parks, recreation, and cultural	1,246,800	84,607	-	-
Community development	2,635,939	236,124	199,055	598,412
Nondepartmental	1,749,577	-	-	-
Interest on long-term debt	2,513,613	-	-	-
Total governmental activities	<u>\$ 37,492,303</u>	<u>\$ 2,221,132</u>	<u>\$ 2,438,107</u>	<u>\$ 598,412</u>
Business-type activities:				
Landfill Fund	\$ 1,207,978	\$ 936,243	\$ -	\$ -
Recycling Fund	461,888	-	23,076	-
Total business-type activities	<u>\$ 1,669,866</u>	<u>\$ 936,243</u>	<u>\$ 23,076</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 39,162,169</u></u>	<u><u>\$ 3,157,375</u></u>	<u><u>\$ 2,461,183</u></u>	<u><u>\$ 598,412</u></u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 30,263,217	\$ 1,562,407	\$ 13,927,264	\$ -
Rockbridge Area Social Services Board	4,959,805	-	4,968,663	-
Rockbridge Regional Jail Commission	2,907,744	1,154,177	1,649,072	2,111,878
Business-type activities:				
Rockbridge Public Service Authority	2,958,053	2,550,502	-	373,626
Total component units	<u><u>\$ 41,088,819</u></u>	<u><u>\$ 5,267,086</u></u>	<u><u>\$ 20,544,999</u></u>	<u><u>\$ 2,485,504</u></u>
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,274,327)	\$ -	\$ (2,274,327)	\$ -	\$ -	\$ -	\$ -
90,000	-	90,000	-	-	-	-
(6,194,964)	-	(6,194,964)	-	-	-	-
(1,340,833)	-	(1,340,833)	-	-	-	-
(1,405,639)	-	(1,405,639)	-	-	-	-
(14,081,158)	-	(14,081,158)	-	-	-	-
(1,162,193)	-	(1,162,193)	-	-	-	-
(1,602,348)	-	(1,602,348)	-	-	-	-
(1,749,577)	-	(1,749,577)	-	-	-	-
(2,513,613)	-	(2,513,613)	-	-	-	-
<u>\$ (32,234,652)</u>	<u>\$ -</u>	<u>\$ (32,234,652)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (271,735)	\$ (271,735)	\$ -	\$ -	\$ -	\$ -
-	(438,812)	(438,812)	-	-	-	-
<u>\$ -</u>	<u>\$ (710,547)</u>	<u>\$ (710,547)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (32,234,652)</u>	<u>\$ (710,547)</u>	<u>\$ (32,945,199)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (14,773,546)	\$ -	\$ -	\$ -
-	-	-	-	8,858	-	-
-	-	-	-	-	2,007,383	-
-	-	-	-	-	-	(33,925)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,773,546)</u>	<u>\$ 8,858</u>	<u>\$ 2,007,383</u>	<u>\$ (33,925)</u>
\$ 23,009,779	\$ -	\$ 23,009,779	\$ -	\$ -	\$ -	\$ -
2,439,476	-	2,439,476	-	-	-	-
1,514,494	-	1,514,494	-	-	-	-
882,478	-	882,478	-	-	-	-
1,336,747	-	1,336,747	-	-	-	-
535,776	-	535,776	-	-	-	-
1,264,266	-	1,264,266	-	-	-	-
321,478	-	321,478	-	-	-	-
58,003	3,018	61,021	14	-	19	17,599
1,213,388	5,063	1,218,451	139,777	-	2,492	14,521
2,760,419	-	2,760,419	14,012,775	-	-	184,545
(735,930)	735,930	-	-	-	-	-
<u>\$ 34,600,374</u>	<u>\$ 744,011</u>	<u>\$ 35,344,385</u>	<u>\$ 14,152,566</u>	<u>\$ -</u>	<u>\$ 2,511</u>	<u>\$ 216,665</u>
2,365,722	33,464	2,399,186	(620,980)	8,858	2,009,894	182,740
34,180,680	3,323,864	37,504,544	18,554,864	(97,481)	1,459,762	17,100,128
<u>\$ 36,546,402</u>	<u>\$ 3,357,328</u>	<u>\$ 39,903,730</u>	<u>\$ 17,933,884</u>	<u>\$ (88,623)</u>	<u>\$ 3,469,656</u>	<u>\$ 17,282,868</u>

FUND FINANCIAL STATEMENTS

County of Rockbridge, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

Exhibit 3

	General Fund	Broadband Technology Opportunities Fund	School Capital Projects Fund	Courthouse Construction Fund	Total
ASSETS					
Cash and cash equivalents	\$ 17,573,621	\$ 6,309	\$ 25,896	\$ 254,255	\$ 17,860,081
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,636,175	-	-	-	9,636,175
Accounts receivable	692,386	-	-	-	692,386
Advances to other entities	2,014,975	-	-	-	2,014,975
Due from other funds	1,837	-	-	-	1,837
Due from component units	1,576,986	-	-	-	1,576,986
Due from other governmental units	1,106,864	-	-	-	1,106,864
Inventories	112,861	-	-	-	112,861
Restricted assets:					
Cash and cash equivalents	935,021	-	1,051,465	-	1,986,486
Total assets	<u>\$ 33,650,726</u>	<u>\$ 6,309</u>	<u>\$ 1,077,361</u>	<u>\$ 254,255</u>	<u>\$ 34,988,651</u>
LIABILITIES					
Accounts payable	\$ 624,893	\$ -	\$ 69,857	\$ -	\$ 694,750
Retainage payable	-	-	673,811	-	673,811
Due to other governments	1,024,898	-	-	-	1,024,898
Due to other funds	60,504	-	1,837	-	62,341
Performance deposits	137,351	-	-	-	137,351
Total liabilities	<u>\$ 1,847,646</u>	<u>\$ -</u>	<u>\$ 745,505</u>	<u>\$ -</u>	<u>\$ 2,593,151</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 9,792,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,792,178</u>
FUND BALANCES					
Nonspendable:					
Inventories	\$ 112,861	\$ -	\$ -	\$ -	\$ 112,861
Total nonspendable	<u>\$ 112,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,861</u>
Restricted:					
Debt service and bond covenants	\$ 935,021	\$ -	\$ -	\$ -	\$ 935,021
Capital projects	-	-	331,856	-	331,856
Rental assistance	11,506	-	-	-	11,506
Fire program	53,912	-	-	-	53,912
Total restricted	<u>\$ 1,000,439</u>	<u>\$ -</u>	<u>\$ 331,856</u>	<u>\$ -</u>	<u>\$ 1,332,295</u>
Committed:					
School retirement	\$ 385,973	\$ -	\$ -	\$ -	\$ 385,973
Total committed	<u>\$ 385,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,973</u>
Assigned:					
Garage	\$ 227,045	\$ -	\$ -	\$ -	\$ 227,045
Industrial property	584,793	-	-	-	584,793
School carryover	906,137	-	-	-	906,137
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Revenue recovery	381,896	-	-	-	381,896
Capital projects funds	-	6,309	-	254,255	260,564
Total assigned	<u>\$ 2,194,043</u>	<u>\$ 6,309</u>	<u>\$ -</u>	<u>\$ 254,255</u>	<u>\$ 2,454,607</u>
Unassigned:					
General fund	\$ 18,317,586	\$ -	\$ -	\$ -	\$ 18,317,586
Total unassigned	<u>\$ 18,317,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,317,586</u>
Total fund balances	<u>\$ 22,010,902</u>	<u>\$ 6,309</u>	<u>\$ 331,856</u>	<u>\$ 254,255</u>	<u>\$ 22,603,322</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,650,726</u>	<u>\$ 6,309</u>	<u>\$ 1,077,361</u>	<u>\$ 254,255</u>	<u>\$ 34,988,651</u>

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

County of Rockbridge, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 22,603,322
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	77,495,692
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,266,708
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(64,819,320)</u>
Net position of governmental activities	\$ <u><u>36,546,402</u></u>

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

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

Exhibit 5

	General Fund	Broadband Technology Opportunities Fund	School Capital Projects Fund	Courthouse Construction Fund	Total
REVENUES					
General property taxes	\$ 23,372,482	\$ -	\$ -	\$ -	\$ 23,372,482
Other local taxes	8,294,715	-	-	-	8,294,715
Permits, privilege fees, and regulatory licenses	210,464	-	-	-	210,464
Fines and forfeitures	451,140	-	-	-	451,140
Revenue from the use of money and property	54,676	-	3,327	-	58,003
Charges for services	1,559,528	-	-	-	1,559,528
Miscellaneous	1,008,877	204,511	-	-	1,213,388
Recovered costs	272,277	-	-	-	272,277
Intergovernmental:					
Commonwealth	4,910,801	-	-	-	4,910,801
Federal	302,362	583,775	-	-	886,137
Total revenues	\$ 40,437,322	\$ 788,286	\$ 3,327	\$ -	\$ 41,228,935
EXPENDITURES					
Current:					
General government administration	\$ 1,667,257	\$ -	\$ -	\$ -	\$ 1,667,257
Judicial administration	1,295,768	-	-	-	1,295,768
Public safety	7,683,885	-	-	-	7,683,885
Public works	2,506,757	-	-	-	2,506,757
Health and welfare	1,412,588	-	-	-	1,412,588
Education	13,747,740	-	-	-	13,747,740
Parks, recreation, and cultural	1,243,472	-	-	-	1,243,472
Community development	2,633,159	-	-	-	2,633,159
Nondepartmental	1,749,577	-	-	-	1,749,577
Capital projects	-	552,374	4,027,618	-	4,579,992
Debt service:					
Principal retirement	2,107,993	-	-	-	2,107,993
Interest and other fiscal charges	2,724,423	-	-	-	2,724,423
Total expenditures	\$ 38,772,619	\$ 552,374	\$ 4,027,618	\$ -	\$ 43,352,611
Excess (deficiency) of revenues over (under) expenditures	\$ 1,664,703	\$ 235,912	\$ (4,024,291)	\$ -	\$ (2,123,676)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 28,328	\$ -	\$ -	\$ -	\$ 28,328
Transfers out	(735,930)	-	(28,328)	-	(764,258)
Total other financing sources (uses)	\$ (707,602)	\$ -	\$ (28,328)	\$ -	\$ (735,930)
Net change in fund balances	\$ 957,101	\$ 235,912	\$ (4,052,619)	\$ -	\$ (2,859,606)
Fund balances - beginning	21,053,801	(229,603)	4,384,475	254,255	25,462,928
Fund balances - ending	\$ 22,010,902	\$ 6,309	\$ 331,856	\$ 254,255	\$ 22,603,322

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

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

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ (2,859,606)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	3,314,472
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.	
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(362,703)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,242,142
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>31,417</u>
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Change in net position of governmental activities	<u>\$ 2,365,722</u>
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The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit 7

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 666,197	\$ -	\$ 666,197
Accounts receivable	50,243	904	51,147
Due from other funds	60,504	-	60,504
Total current assets	\$ 776,944	\$ 904	\$ 777,848
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 2,999,188	\$ -	\$ 2,999,188
Total restricted assets	\$ 2,999,188	\$ -	\$ 2,999,188
Capital assets, net of accumulated depreciation:			
Land	\$ 540,137	\$ -	\$ 540,137
Buildings and improvements	1,182,739	175,681	1,358,420
Machinery and equipment	677,573	3,785	681,358
Construction in progress	466,608	-	466,608
Total capital assets	\$ 2,867,057	\$ 179,466	\$ 3,046,523
Total noncurrent assets	\$ 5,866,245	\$ 179,466	\$ 6,045,711
Total assets	\$ 6,643,189	\$ 180,370	\$ 6,823,559
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 71,149	\$ 4,903	\$ 76,052
Advances from participating entities	74,292	-	74,292
Accrued interest payable	5,182	-	5,182
Bonds payable - current portion	20,000	-	20,000
Capital lease payable - current portion	133,949	-	133,949
Unamortized premium on bond issue-current portion	6,081	-	6,081
Compensated absences-current portion	5,190	2,796	7,986
Total current liabilities	\$ 315,843	\$ 7,699	\$ 323,542
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 15,570	\$ 8,388	\$ 23,958
Net OPEB obligation	2,000	-	2,000
Closure and post-closure liability	1,943,158	-	1,943,158
Bonds payable - net of current portion	615,000	-	615,000
Unamortized premium on bond issue - net of current portion	109,462	-	109,462
Capital lease payable - net of current portion	449,111	-	449,111
Total noncurrent liabilities	\$ 3,134,301	\$ 8,388	\$ 3,142,689
Total liabilities	\$ 3,450,144	\$ 16,087	\$ 3,466,231
NET POSTION			
Net investment in capital assets	\$ 1,533,454	\$ 179,466	\$ 1,712,920
Restricted for debt service	1,002,249	-	1,002,249
Unrestricted (deficit)	657,342	(15,183)	642,159
Total net position	\$ 3,193,045	\$ 164,283	\$ 3,357,328

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

County of Rockbridge, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 8

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
OPERATING REVENUES			
Charges for services:			
Landfill Rockbridge County	\$ 614,839	\$ -	\$ 614,839
Landfill City of Lexington	187,653	-	187,653
Landfill City of Buena Vista	133,751	-	133,751
Sale of recycles	-	4,688	4,688
Miscellaneous	375	-	375
Total operating revenues	<u>\$ 936,618</u>	<u>\$ 4,688</u>	<u>\$ 941,306</u>
OPERATING EXPENSES			
Personal services	\$ 268,553	\$ 271,524	\$ 540,077
Fringe benefits	111,942	86,055	197,997
Contractual services	440,538	51,273	491,811
Other charges	150,879	26,556	177,435
Rent	15,092	-	15,092
Depreciation	151,794	26,480	178,274
Total operating expenses	<u>\$ 1,138,798</u>	<u>\$ 461,888</u>	<u>\$ 1,600,686</u>
Operating income (loss)	<u>\$ (202,180)</u>	<u>\$ (457,200)</u>	<u>\$ (659,380)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 3,018	\$ -	\$ 3,018
Commonwealth of Virginia-litter control grant	-	23,076	23,076
Interest expense	(42,351)	-	(42,351)
Landfill closure costs and post-closure liability	(26,829)	-	(26,829)
Total nonoperating revenues (expenses)	<u>\$ (66,162)</u>	<u>\$ 23,076</u>	<u>\$ (43,086)</u>
Income before transfers	<u>\$ (268,342)</u>	<u>\$ (434,124)</u>	<u>\$ (702,466)</u>
Transfers in	<u>\$ 328,319</u>	<u>\$ 407,611</u>	<u>\$ 735,930</u>
Change in net position	<u>\$ 59,977</u>	<u>\$ (26,513)</u>	<u>\$ 33,464</u>
Total net position - beginning	3,133,068	190,796	3,323,864
Total net position - ending	<u>\$ 3,193,045</u>	<u>\$ 164,283</u>	<u>\$ 3,357,328</u>

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

County of Rockbridge, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 9

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 941,703	\$ 3,784	\$ 945,487
Payments to suppliers	(585,143)	(77,118)	(662,261)
Payments to employees	(376,642)	(357,353)	(733,995)
Net cash provided by (used for) operating activities	<u>\$ (20,082)</u>	<u>\$ (430,687)</u>	<u>\$ (450,769)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Commonwealth of Virginia-litter control grant	\$ -	\$ 23,076	\$ 23,076
Operating transfer from general fund	<u>328,319</u>	<u>407,611</u>	<u>735,930</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 328,319</u>	<u>\$ 430,687</u>	<u>\$ 759,006</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (733,193)	\$ -	\$ (733,193)
Proceeds from capital leases issue	381,677	-	381,677
Principal paid on capital debt	(136,022)	-	(136,022)
Interest expense	<u>(43,251)</u>	<u>-</u>	<u>(43,251)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (530,789)</u>	<u>\$ -</u>	<u>\$ (530,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>\$ 3,018</u>	<u>\$ -</u>	<u>\$ 3,018</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (219,534)</u>	<u>\$ -</u>	<u>\$ (219,534)</u>
Cash and cash equivalents - beginning - including restricted	<u>3,884,919</u>	<u>-</u>	<u>3,884,919</u>
Cash and cash equivalents - ending - including restricted	<u><u>\$ 3,665,385</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,665,385</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (202,180)</u>	<u>\$ (457,200)</u>	<u>\$ (659,380)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	151,794	26,480	178,274
(Increase) decrease in accounts receivable	2,693	(904)	1,789
Increase (decrease) in due from other funds	2,392	-	2,392
Increase (decrease) in accounts payable	21,366	711	22,077
Increase (decrease) in compensated absences	<u>3,853</u>	<u>226</u>	<u>4,079</u>
Net cash provided by (used for) operating activities	<u><u>\$ (20,082)</u></u>	<u><u>\$ (430,687)</u></u>	<u><u>\$ (450,769)</u></u>
Schedule of non-cash capital and related financing activities:			
Landfill closure and post-closure costs	<u>\$ 26,829</u>	<u>\$ -</u>	<u>\$ 26,829</u>

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

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

Exhibit 10

	Primary Government Agency Funds	Component Unit Rockbridge Area Social Services Board Agency Funds	Component Unit Rockbridge Regional Jail Commission Agency Funds
ASSETS			
Cash and cash equivalents	\$ 214,856	\$ 4,062	\$ 28,121
Total assets	<u>\$ 214,856</u>	<u>\$ 4,062</u>	<u>\$ 28,121</u>
LIABILITIES			
Accounts payable	\$ (85,548)	\$ -	\$ -
Amounts held for payroll deductions	87,028	-	-
Amounts held for veterans memorial	10,131	-	-
Amounts held for drug enforcement	180,939	-	-
Amounts held for employee benefits	2,164	-	-
Amounts held for commonwealth attorney forfeitures	20,142	-	-
Amounts held for social services clients	-	4,062	-
Amounts held for inmates/jail	-	-	28,121
Total liabilities	<u>\$ 214,856</u>	<u>\$ 4,062</u>	<u>\$ 28,121</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements
June 30, 2014

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Rockbridge, Virginia (government) is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - The Rockbridge Solid Waste Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Rockbridge County. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 150 South Main Street, Lexington, Virginia 24450.

Discretely Presented Component Units:

Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2014.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista and Rockbridge County. The Rockbridge County Board of Supervisors appoints one (1) member to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2014. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (Continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2014. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Board is a legally separate organization. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2014. The Board is included in these financial statements because of the Board's fiscal dependency on the County. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Industrial Development Authority:

The County created the Industrial Development Authority to attract industry to the County and to provide financing for such industries. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

B. Other Organizations (continued)

Excluded from the County's Financial Report: (Continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

C. Government-wide and fund financial statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any special revenue funds to report for fiscal year 2014.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the Broadband Technology Opportunities Program Fund, School Capital Projects Fund, and the Courthouse Construction Fund.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major proprietary funds:

The *landfill and recycling funds* account for and report the activities of the Rockbridge County Solid Waste Authority, a blended component unit of the government. The County operates the landfill and recycling operations of the Authority.

Additionally, the government reports the following fund types:

Fiduciary (Trust and Agency) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefit and the Commonwealth Attorney Forfeitures Funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Cash and cash equivalents

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

2. *Receivables and payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund and Discretely Presented Component Unit-Rockbridge Public Service Authority where it can be easily measured.

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

4. *Property Taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. *Allowance for Uncollectible Accounts*

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$702,556 at June 30, 2014 and is comprised solely of property taxes.

6. *Restricted Assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. These funds are restricted for the payment of future closure and post-closure costs associated with the County's landfill. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

7. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government 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 cost 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 current or previous year.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

8. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

10. Fund equity

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

11. Net Position

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

12. Net position flow assumption

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

13. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

F. Investments

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. Use of Estimates

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The County shows a deferred charge on refunding reported in to government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

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

H. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County had two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$64,819,320) and (\$1,302,979) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds and loans payable	\$ (61,462,881)	\$ -
Capital leases payable	(53,280)	-
Unamortized premium on debt	(2,951,265)	-
Accrued interest payable	(986,627)	-
Deferred charge on refunding	1,072,267	-
Net OPEB obligation	(131,000)	(1,161,000)
Compensated absences	(306,534)	(141,979)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u>(64,819,320)</u>	\$ <u>(1,302,979)</u>

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$3,314,472 and \$(402,288) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 4,959,532	\$ 773,835
Depreciation expense	(1,587,011)	(1,234,172)
Allocation of debt financed school assets based on current year repayments	(58,049)	58,049
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>3,314,472</u>	\$ <u>(402,288)</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$2,242,142 difference in the primary government are as follows:

Principal repayments:	
General obligation debt	\$ 1,987,758
Capital leases	120,235
Amortization of deferred amount on refunding	(48,739)
Amortization of premium on general obligation bonds	<u>182,888</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>2,242,142</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$31,417 and (\$169,921) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (34,244)	\$ 30,079
Net OPEB obligation	(11,000)	(200,000)
Accrued interest payable	76,661	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>31,417</u>	\$ <u>(169,921)</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

B. Excess of expenditures over appropriations:

For the year ended June 30, 2014, the following funds had expenditures exceeding appropriations:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Broadband Technology Opportunities	\$ <u><u>552,374</u></u>

C. Deficit fund equity

At June 30, 2014, there were no funds that showed deficit equity.

NOTE 4—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington, Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2014 (Information through June 30, 2013 is all that is available for Maury Service Authority) is provided below:

	<u>Maury Service Authority</u>	<u>Rockbridge Area Community Services Board</u>
Total assets	\$ 40,628,959	\$ 7,462,844
Total liabilities and deferred outflows of resources	18,993,536	4,871,273
Total net position	\$ <u><u>21,635,423</u></u>	\$ <u><u>2,591,571</u></u>
For the year ended June 30, 2014 (2013 Maury Service Authority)		
Operating revenue	\$ 2,611,051	\$ 4,903,063
Operating expenses	(2,854,758)	(8,166,963)
Nonoperating income (expense)	1,219,035	3,177,699
Change in net position	\$ 975,328	\$ (86,201)
Net position at beginning of year	20,660,095	2,677,772
Net position at end of year	\$ <u><u>21,635,423</u></u>	\$ <u><u>2,591,571</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2014 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 507,859	\$ -	\$ -
Local sales taxes	454,315	-	-	-
Public assistance grants	-	-	-	39,263
Comprehensive services act	-	-	-	295,170
Communications tax	158,081	-	-	-
Shared expenses	162,867	-	120,017	-
Other	188,530	232,526	71,060	-
Federal Government:				
Violence against women	12,559			
Other	11,343	93,384	-	74,735
Other Governmental Units:				
Rockbridge Area Net Authority	119,169	-	-	-
City of Lexington	-	-	3,263	-
City of Buena Vista	-	-	41,599	-
County of Rockbridge	-	-	39,494	-
Totals	\$ 1,106,864	\$ 833,769	\$ 275,433	\$ 409,168

NOTE 6—INTERFUND OBLIGATIONS:

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Other Funds	Due To Other Funds	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 1,837	\$ 60,504	\$ 1,576,986	\$ -
Landfill Fund	60,504	-	-	-
School Capital Projects	-	1,837	-	-
Component Unit Rockbridge Area Social Services	-	-	-	628,571
Component Unit School Board	-	-	-	948,415
Total	\$ 62,341	\$ 62,341	\$ 1,576,986	\$ 1,576,986

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS:**Primary Government – Governmental Activities Indebtedness:****Changes in Long-Term Obligations:**

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

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
Governmental Activities:				
General obligation bonds	\$ 43,455,942	\$ -	\$ 1,298,061	\$ 42,157,881
Revenue bonds	18,359,697	-	489,697	17,870,000
Bond Premium	3,134,153	-	182,888	2,951,265
Literary loan funds	1,635,000	-	200,000	1,435,000
Capital Leases	173,515	-	120,235	53,280
Compensated Absences	272,290	245,061	210,817	306,534
Net OPEB Obligation	120,000	38,000	27,000	131,000
Total Governmental Activities	\$ 67,150,597	\$ 283,061	\$ 2,528,698	\$ 64,904,960
Business-type Activities:				
General Obligation/Revenue Bonds	\$ 655,000	\$ -	\$ 20,000	\$ 635,000
Bond Premium	121,624	-	6,081	115,543
Capital Leases	317,405	381,677	116,022	583,060
Compensated Absences	27,865	25,079	21,000	31,944
Net OPEB Obligation	2,000	-	-	2,000
Landfill Closure and Post Closure Care	1,916,329	26,829	-	1,943,158
Total Business-type Activities	\$ 3,040,223	\$ 433,585	\$ 163,103	\$ 3,310,705
Total Long-Term Obligations	\$ 70,190,820	\$ 716,646	\$ 2,691,801	\$ 68,215,665

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS:**Primary Government – Governmental Activities Indebtedness: (continued)**

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 480,000	\$ 799,255	\$ 1,340,038	\$ 1,738,271
2016	500,000	779,655	1,822,117	1,677,894
2017	135,000	767,293	1,884,665	1,602,878
2018	445,000	754,839	1,952,709	1,523,642
2019	580,000	732,727	2,015,553	1,444,548
2020	605,000	705,999	2,082,446	1,368,716
2021	635,000	675,846	2,154,438	1,286,916
2022	660,000	649,493	2,227,271	1,195,869
2023	685,000	621,918	2,195,253	1,106,851
2024	715,000	587,843	2,183,391	1,025,326
2025	755,000	553,655	1,950,000	957,604
2026	785,000	519,293	2,005,000	899,189
2027	820,000	483,146	1,780,000	844,779
2028	855,000	444,711	1,835,000	787,088
2029	905,000	403,852	1,895,000	723,456
2030	940,000	361,030	1,160,000	681,125
2031	990,000	316,196	1,185,000	498,036
2032	1,035,000	269,002	815,000	314,185
2033	1,075,000	219,561	840,000	288,946
2034	1,130,000	169,169	865,000	262,945
2035	1,180,000	117,726	890,000	236,181
2036	1,230,000	63,961	920,000	208,579
2037	355,000	27,625	950,000	180,061
2038	375,000	9,379	980,000	150,629
2039	-	-	1,010,000	119,650
2040	-	-	1,040,000	87,106
2041	-	-	1,075,000	53,531
2042	-	-	1,105,000	18,233
Total	\$ <u>17,870,000</u>	\$ <u>11,033,170</u>	\$ <u>42,157,881</u>	\$ <u>21,282,233</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Governmental Activities Indebtedness: (continued)

Year Ending June 30,	Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 180,000	\$ 57,173	\$ 53,280	\$ 499
2016	180,000	51,683	-	-
2017	180,000	45,293	-	-
2018	180,000	38,003	-	-
2019	175,000	30,814	-	-
2020	180,000	22,725	-	-
2021	180,000	13,635	-	-
2022	180,000	4,545	-	-
Total	\$ <u>1,435,000</u>	\$ <u>263,869</u>	\$ <u>53,280</u>	\$ <u>499</u>

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)****Details of Long-Term Obligations:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bonds:		
\$15,000,000, issued January 5, 2006 payable in semi-annual installments of principal and interest on February 1, and August 1, variable interest at 3.5%-5.0%, through August 1, 2015	\$ 725,000	\$ 355,000
\$6,000,000 issued December 19, 2007 payable in annual installments of approximately \$383,000, with interest at 4.58%, through June 30, 2038	5,385,000	125,000
\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through April 1, 2036	<u>11,760,000</u>	<u>-</u>
Total revenue bonds	<u>\$ 17,870,000</u>	<u>\$ 480,000</u>
General obligation bonds:		
\$1,500,000 issue dated May 17, 2001, payable in semi-annual installments of principal and interest on January 15, and July 15, through January 2022, interest at 4.79%	\$ 785,000	\$ 85,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023.	545,000	50,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	8,230,000	375,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	2,862,881	275,038

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)**Details of Long-Term Details of Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	\$ 2,560,000	\$ 160,000
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	6,715,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	20,460,000	-
Total general obligation bonds	\$ <u>42,157,881</u>	\$ <u>1,340,038</u>
Literary loans:		
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ <u>1,435,000</u>	\$ <u>180,000</u>
Capital leases:		
\$206,315 issued March 7, 2012 for vehicles for the Sheriff Department, due in quarterly payments of \$17,726 through March 7, 2015, interest at 1.89%	\$ <u>53,280</u>	\$ <u>53,280</u>
Total capital lease obligations	\$ <u>53,280</u>	\$ <u>53,280</u>
Unamortized bond premium	\$ <u>2,951,265</u>	\$ <u>182,888</u>
Net OPEB obligation (payable from the General Fund)	\$ <u>131,000</u>	\$ <u>-</u>
Compensated absences (payable from the General Fund)	\$ <u>306,534</u>	\$ <u>68,072</u>
Total long-term obligations	\$ <u><u>64,904,960</u></u>	\$ <u><u>2,304,278</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations:**

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

Year Ending June 30,	Landfill Fund			
	Revenue Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 20,000	\$ 30,631	\$ 133,949	\$ 15,777
2016	20,000	29,656	138,064	11,662
2017	25,000	28,653	142,305	7,420
2018	25,000	27,522	134,562	3,063
2019	25,000	26,316	34,180	247
2020	25,000	25,109	-	-
2021	30,000	23,700	-	-
2022	30,000	22,238	-	-
2023	30,000	20,800	-	-
2024	30,000	19,288	-	-
2025	35,000	17,622	-	-
2026	35,000	15,828	-	-
2027	35,000	14,134	-	-
2028	40,000	12,462	-	-
2029	40,000	10,763	-	-
2030	45,000	8,584	-	-
2031	45,000	6,278	-	-
2032	50,000	3,844	-	-
2033	50,000	1,281	-	-
Total	\$ 635,000	\$ 344,709	\$ 583,060	\$ 38,169

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations: (Continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bond:		
\$655,000 obligation due in varying annual principal installments, and semi-annual payments totaling \$51,456 annually with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 635,000	\$ 20,000
Capital leases:		
\$309,436 Issued April 13, 2013 for a track loader, due in monthly payments of \$5,588 through April 15, 2018, interest at 4.550%	\$ 240,667	\$ 60,199
\$381,677 Issued August 15, 2013 for a compactor, due in monthly payments of \$6,899 November 15, 2018, interest at 2.89%	342,393	73,750
Total capital leases	\$ 583,060	\$ 133,949
Unamortized bond premium	\$ 115,543	\$ 6,081
Landfill closure and post-closure liability	\$ 1,943,158	\$ -
Net OPEB obligation	\$ 2,000	\$ -
Compensated absences	\$ 31,944	\$ 7,986
Total long-term obligations	\$ 3,310,705	\$ 168,016

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Public Service Authority:**

Annual requirements to amortize the long-term bonds payable and the related interest are as follows:

Years Ending June 30,	Revenue Bonds	
	Principal	Interest
2015	\$ 982,589	\$ 83,068
2016	995,434	70,920
2017	912,709	57,968
2018	827,037	52,062
2019	827,037	48,324
2020-2024	4,035,184	182,956
2025-2029	2,109,892	138,942
2030-2034	384,600	113,128
2035-2039	384,600	84,603
2040	8,872	13,239
Total	<u>\$ 11,467,954</u>	<u>\$ 845,210</u>

Changes in long-term Obligations:

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
Water Fund:				
Revenue Bonds	\$ 1,114,810	\$ -	\$ 205,188	\$ 909,622
Rural Development Bond	1,467,704	628,772	164,604	1,931,872
Net OPEB obligation	6,840	1,596	1,026	7,410
Compensated Absences	24,878	3,732	6,864	21,746
Total Water Fund	<u>\$ 2,614,232</u>	<u>\$ 634,100</u>	<u>\$ 377,682</u>	<u>\$ 2,870,650</u>
Sewer Fund:				
Revenue Bonds	\$ 9,316,577	\$ -	\$ 690,117	\$ 8,626,460
Advances	1,620,212	336,784	5,500	1,951,496
Net OPEB obligation	5,160	1,204	774	5,590
Compensated Absences	18,768	2,815	5,178	16,405
Total Sewer Fund	<u>\$ 10,960,717</u>	<u>\$ 340,803</u>	<u>\$ 701,569</u>	<u>\$ 10,599,951</u>
Totals	<u>\$ 13,574,949</u>	<u>\$ 974,903</u>	<u>\$ 1,079,251</u>	<u>\$ 13,470,601</u>

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2001 Water Revenue Refunding Bond	\$ 117,107
Principal and interest payments on the Route 60 Project	67,438
Total	<u>\$ 184,545</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Public Service Authority: (continued)**Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Fund:		
Revenue Bonds:		
\$1,266,223 Water Revenue Refunding Bond dated March 1, 2001, payable in semi-annual installments through October 1, 2016. Interest rate of 4.74%. Payments on this bond are anticipated to be made by Rockbridge County.	\$ 273,299	\$ 105,217
\$767,900 Water Revenue Obligation issued through the Buena Vista Industrial Development Authority (Authority portion of \$1,400,000 issue), dated August 1, 1996, payable semi-annually through July 14, 2016, average interest rate of approximately 6.3%. Payments on this bond are anticipated to be made by Rockbridge County.	156,323	60,335
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	480,000	50,000
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,931,872	76,920
Total Bonds	\$ 2,841,494	\$ 292,472
Compensated absences	\$ 21,746	\$ 21,746
Net OPEB obligation	7,410	-
Total Water Fund	\$ 2,870,650	\$ 314,218
Sewer Fund:		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 8,626,460	\$ 690,117
Advances:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	1,951,496	-
Compensated absences	16,405	16,405
Net OPEB obligation	5,590	-
Total Sewer Fund	\$ 10,599,951	\$ 706,522
Total long-term obligations	\$ 13,470,601	\$ 1,020,740

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Regional Jail Commission:**Changes in long-term Obligations:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Net OPEB Obligation (payable from Rockbridge County Regional Jail Commission)	\$ 35,000	\$ 12,000	\$ 2,000	\$ 45,000
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	148,030	88,818	86,404	150,444
Total Long-Term Obligations	\$ <u>183,030</u>	\$ <u>100,818</u>	\$ <u>88,404</u>	\$ <u>195,444</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net OPEB obligation	\$ 45,000	\$ -
Compensated absences	\$ 150,444	\$ 37,611
Total obligations	\$ <u>195,444</u>	\$ <u>37,611</u>

Component Unit – Rockbridge Area Social Services Board:Changes in long-term Obligations:

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
Capital lease	\$ 7,617	\$ -	\$ 7,617	\$ -
Compensated Absences (payable from Rockbridge Area Social Services Board)	89,424	53,654	52,051	91,027
Total Long-Term Obligations	\$ <u>97,041</u>	\$ <u>53,654</u>	\$ <u>59,668</u>	\$ <u>91,027</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge Area Social Services Board: (continued)**

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Compensated absences	\$ 91,027	22,757

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Compensated Absences	\$ 172,058	\$ 103,235	\$ 133,314	\$ 141,979
Net OPEB Obligation	961,000	342,000	142,000	1,161,000
Total	\$ 1,133,058	\$ 445,235	\$ 275,314	\$ 1,302,979

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Compensated absences (payable from the School Fund)	\$ 141,979	\$ 35,495
Net OPEB obligation	1,161,000	-
Total long-term obligations	\$ 1,302,979	\$ 35,495

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN:

A. Plan Description

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

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

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

VRS – PLAN 1

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

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

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

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

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

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

VRS – PLAN 2

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

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

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

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

4. **Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** – Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** – Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 2 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

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

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

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

17. **Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN

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

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

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

5. **Creditable Service**

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

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

6. **Vesting**

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

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

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

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

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

Distribution is not required by law until age 70½.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

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

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

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

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

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

10. Normal Retirement Age

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

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

11. Earliest Unreduced Retirement Eligibility

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

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

12. Earliest Reduced Retirement Eligibility

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

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

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

Defined Contribution Component – Not Applicable.

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

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

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

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

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

17. Purchase of Prior Service

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

Defined Contribution Component – Not Applicable.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board's contribution rates for the fiscal year ended 2014 were 13.34% and 7.98% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,785,754, \$1,939,536, and \$943,498, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the Primary Government's annual pension cost of \$806,338 was equal to the County's required and actual contributions.

For fiscal year 2014, the County School Board's annual pension cost for the Board's non-professional employees was \$131,341 which was equal to the Board's required and actual contributions.

For fiscal year 2014, all contributions, earnings, funding status and progress for the Commission's participation in the plan are included in the reporting of the Primary Government.

For fiscal year 2014, the Rockbridge County Public Service Authority's annual pension cost of \$30,515 was equal to the Authority's required and actual contributions.

For fiscal year 2014, the Rockbridge Area Social Services Board's annual pension cost of \$77,212 was equal to the Board's required and actual contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

C. Annual Pension Cost (continued)

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government and Component Unit- Rockbridge Regional Jail Commission:			
Fiscal year ending June 30, 2014	\$ 806,338	100%	\$ -
Fiscal year ending June 30, 2013	\$ 762,643	100%	\$ -
Fiscal year ending June 30, 2012	\$ 580,976	100%	\$ -
Component Unit - School Board Non-Professional Employees:			
Fiscal year ending June 30, 2014	\$ 131,341	100%	\$ -
Fiscal year ending June 30, 2013	\$ 134,701	100%	\$ -
Fiscal year ending June 30, 2012	\$ 67,096	100%	\$ -
Component Unit - Rockbridge County Public Service Authority:			
Fiscal year ending June 30, 2014	\$ 30,515	100%	\$ -
Fiscal year ending June 30, 2013	\$ 30,417	100%	\$ -
Fiscal year ending June 30, 2012	\$ 29,625	100%	\$ -
Component Unit - Rockbridge Area Social Services Board:			
Fiscal year ending June 30, 2014	\$ 77,212	100%	\$ -
Fiscal year ending June 30, 2013	\$ 75,830	100%	\$ -
Fiscal year ending June 30, 2012	\$ 60,610	100%	\$ -

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 8—PENSION PLAN: (Continued)

C. Annual Pension Cost (continued)

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

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 75.17% funded. The actuarial accrued liability for benefits was \$28,841,123, and the actuarial value of assets was \$21,679,929, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,161,194. The covered payroll (annual payroll of active employees covered by the plan) was \$5,737,132, and ratio of the UAAL to the covered payroll was 124.82%. The Rockbridge County Regional Jail Commission Participates in the County's plan and does not have a separate actuarial valuation.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's non-professional plan was 84.75% funded. The actuarial accrued liability for benefits was \$7,180,232, and the actuarial value of assets was \$6,085,363, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,094,869. The covered payroll (annual payroll of active employees covered by the plan) was \$1,579,323, and ratio of the UAAL to the covered payroll was 69.33%.

As of June 30, 2013, the most recent actuarial valuation date, the Rockbridge Area Social Services Board's plan was 86.34% funded. The actuarial accrued liability for benefits was \$4,410,688, and the actuarial value of assets was \$3,808,184, resulting in an unfunded actuarial accrued liability (UAAL) of \$602,504. The covered payroll (annual payroll of active employees covered by the plan) was \$805,527, and ratio of the UAAL to the covered payroll was 74.77%.

As of June 30, 2013, the most recent actuarial valuation date, the Rockbridge County Public Service Authority's plan was 89.71% funded. The actuarial accrued liability for benefits was \$1,287,579, and the actuarial value of assets was \$1,155,069, resulting in an unfunded actuarial accrued liability (UAAL) of \$132,510. The covered payroll (annual payroll of active employees covered by the plan) was \$362,539, and ratio of the UAAL to the covered payroll was 36.55%.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS:

County and Other Participating Entities:

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

A. Plan Description

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

The Rockbridge Landfill and Component Units Rockbridge Regional Jail Commission and Rockbridge Public Service Authority (herein are referred to as Other Participating Entities) are included in this plan.

B. Funding Policy

The Rockbridge County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is presented in the following table for fiscal year 2014. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**County and Other Participating Entities: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the County and Other Participating entities' annual OPEB cost for the year, the estimated contribution to the Plan, and changes in the County and Other Participating Entities' net OPEB obligation to the Plan:

	County	Rockbridge Regional Jail	Rockbridge Landfill	Rockbridge Public Service Authority
Annual Required Contribution (ARC)	\$ 38,000	\$ 12,000	\$ -	\$ 2,000
Interest on OPEB Obligation	5,000	1,000	-	1,000
Adjustment to ARC	(5,000)	(1,000)	-	(1,000)
Annual OPEB Cost	\$ 38,000	\$ 12,000	\$ -	\$ 2,000
Contributions Made	(27,000)	(2,000)	-	(1,000)
Increase in Net OPEB Obligation	\$ 11,000	\$ 10,000	\$ -	\$ 1,000
Net OPEB Obligation -beginning of year	120,000	35,000	2,000	12,000
Net OPEB Obligation - end of year	<u>\$ 131,000</u>	<u>\$ 45,000</u>	<u>\$ 2,000</u>	<u>\$ 13,000</u>

For fiscal year 2014, the County's expected cash payment of \$27,000 was \$11,000 short of the OPEB cost.

For fiscal year 2014, the Rockbridge Regional Jail Commission's expected cash payment of \$2,000 was \$10,000 short of the OPEB cost.

For fiscal year 2014, the Rockbridge Landfill's expected cash payment was equal to the OPEB cost.

For fiscal year 2014, the Rockbridge Public Service Authority's expected cash payment of \$1,000 was \$1,000 short of the OPEB cost.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**County and Other Participating Entities: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The plan's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Annual OPEB Cost:		Percentage of Annual OPEB Cost Contributed			Net OPEB Obligation	
	Fiscal Year Ended	Annual OPEB Cost				
County:	June 30, 2014 \$	38,000	71.05%	\$	131,000	
	June 30, 2013 \$	39,000	74.36%	\$	120,000	
	June 30, 2012 \$	46,000	67.39%	\$	110,000	
Rockbridge Regional Jail:	June 30, 2014 \$	12,000	16.67%	\$	45,000	
	June 30, 2013 \$	12,000	33.33%	\$	35,000	
	June 30, 2012 \$	14,000	42.86%	\$	19,000	
Rockbridge Landfill:	June 30, 2014 \$	-	0.00%	\$	2,000	
	June 30, 2013 \$	2,000	100.00%	\$	2,000	
	June 30, 2012 \$	1,000	0.00%	\$	2,000	
Rockbridge Public Service Authority:	June 30, 2014 \$	2,000	50.00%	\$	13,000	
	June 30, 2013 \$	2,000	0.00%	\$	12,000	
	June 30, 2012 \$	3,000	123.33%	\$	10,000	

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

County and Other Participating Entities: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	448,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	448,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	6,655,000
UAAL as a percentage of covered payroll		6.73%

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County and Other Participating Entities: (continued)

D. Funded Status and Funding Progress (continued)

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2012 was 30 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

School Board Health Insurance Plan

A. Plan Description

The Rockbridge County School Board offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the School Board in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

A. Plan Description (continued)

Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy

The Rockbridge County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$345,000 for fiscal year 2014. The School Board has elected not to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the School Board's annual OPEB cost for the year, the estimated contributions to the Plan, and changes in the School Board's net OPEB obligation to the Plan:

	School Board
Annual Required Contribution (ARC)	\$ 345,000
Interest on OPEB Obligation	38,000
Adjustment to ARC	(41,000)
Annual OPEB Cost	\$ 342,000
Contributions Made	(142,000)
Increase in Net OPEB Obligation	\$ 200,000
Net OPEB Obligation - beginning of year	961,000
Net OPEB Obligation - end of year	\$ 1,161,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

B. Funding Policy (continued)

Annual OPEB Cost. For 2014, the School Board's expected cash payment of \$142,000 is \$200,000 less than the OPEB cost (expense) of \$342,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 342,000	42%	\$ 1,161,000
June 30, 2013	330,000	40%	961,000
June 30, 2012	399,000	58%	762,000

C. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 4,290,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 4,290,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 16,081,000
UAAL as a percentage of covered payroll	26.68%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

D. Actuarial Methods and Assumptions

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

D. Actuarial Methods and Assumptions (continued)

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2012 was 30 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

VRS Health Insurance Credit Program

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

VRS Health Insurance Credit Program (continued)

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.1% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$170,037, \$179,165, and \$89,464, respectively and equaled the required contributions for each year.

NOTE 10—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES & INFLOWS/OUTFLOWS OF RESOURCES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$8,525,470 and \$9,792,178 respectively, is comprised of the following:

- A. Prepaid Property Taxes: Property taxes due subsequent to June 30, 2014 but paid in advance by taxpayers totaled \$453,942 at June 30, 2014.
- B. Unbilled Property Taxes: Property taxes for the second half of 2014 that had not been billed as of June 30, 2014 amounted to \$8,071,528.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$1,266,708 at June 30, 2014.

Deferred outflows of resources totaling \$1,072,267 is comprised of the following:

- A. Deferred Charge on Refunding: Deferred inflows representing gain on refunding of debt but not available for funding of current expenditures totaled \$1,072,267 at June 30, 2014.

NOTE 11—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the provisions of U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 12—DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

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

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The County and its discretely presented component units rated debt investments as of June 30, 2014 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investments' Values		
Rated Debt Investments		Fair Quality Ratings
		AAAm
Local Government Investment Pool	\$	12,032,969
SNAP External Investment Pool		1,051,465
Total	\$	13,084,434

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Interest Rate Risk

All County investments must be in securities maturing within five years.

NOTE 13—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2013 in the amount of \$1,742,885. The amount to be paid on January 1, 2015, and which is not included in the financial statements, totals \$1,754,823 for the fiscal year ended June 30, 2014.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 14—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government:

	Beginning Balance (as adjusted)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,393,836	\$ -	\$ -	\$ 2,393,836
Construction in progress	33,706,407	4,618,835	(9,912,890)	28,412,352
Total capital assets not being depreciated	\$ 36,100,243	\$ 4,618,835	\$ (9,912,890)	\$ 30,806,188
Capital assets being depreciated:				
Buildings and improvements	\$ 44,779,505	\$ 9,912,890	\$ (58,049)	\$ 54,634,346
Machinery and equipment	3,068,509	340,697	-	3,409,206
Total capital assets being depreciated	\$ 47,848,014	\$ 10,253,587	\$ (58,049)	\$ 58,043,552
Accumulated depreciation:				
Buildings and improvements	\$ (7,477,996)	\$ (1,280,068)	\$ -	\$ (8,758,064)
Machinery and equipment	(2,289,041)	(306,943)	-	(2,595,984)
Total accumulated depreciation	\$ (9,767,037)	\$ (1,587,011)	\$ -	\$ (11,354,048)
Total capital assets being depreciated, net	\$ 38,080,977	\$ 8,666,576	\$ (58,049)	\$ 46,689,504
Governmental activities capital assets, net	\$ 74,181,220	\$ 13,285,411	\$ (9,970,939)	\$ 77,495,692
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 540,137	\$ -	\$ -	\$ 540,137
Construction in progress	140,992	325,616	-	466,608
Total capital assets not being depreciated	\$ 681,129	\$ 325,616	\$ -	\$ 1,006,745
Capital assets being depreciated:				
Buildings and improvements	\$ 2,415,847	\$ 14,900	\$ -	\$ 2,430,747
Machinery and equipment	1,467,717	392,677	(517,924)	1,342,470
Total capital assets being depreciated	\$ 3,883,564	\$ 407,577	\$ (517,924)	\$ 3,773,217
Accumulated depreciation:				
Buildings and improvements	\$ (982,286)	\$ (90,041)	\$ -	\$ (1,072,327)
Machinery and equipment	(1,090,803)	(88,233)	517,924	(661,112)
Total accumulated depreciation	\$ (2,073,089)	\$ (178,274)	\$ 517,924	\$ (1,733,439)
Total capital assets being depreciated, net	\$ 1,810,475	\$ 229,303	\$ -	\$ 2,039,778
Business-type activities capital assets, net	\$ 2,491,604	\$ 554,919	\$ -	\$ 3,046,523

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 14—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government administration	\$	1,062,830
Public safety		219,238
Public works		18,543
Parks, recreation, and cultural		1,100
Community Development		9,931
Education		275,369

Total depreciation expense:governmental activities	\$	<u>1,587,011</u>
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Business-type Activities:

Solid Waste Authority	\$	<u>178,274</u>
Total depreciation expense:business-type activities	\$	<u>178,274</u>

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Total capital assets not being depreciated	\$ 117,555	\$ -	\$ -	\$ 117,555
Capital assets being depreciated:				
Buildings and improvements	\$ 33,278,261	\$ 323,792	\$ -	\$ 33,602,053
Machinery and equipment	4,314,414	508,092	(350,815)	4,471,691
Total capital assets being depreciated	\$ 37,592,675	\$ 831,884	\$ (350,815)	\$ 38,073,744
Accumulated depreciation:				
Buildings and improvements	\$ (15,098,960)	\$ (1,110,166)	\$ 275,369	\$ (15,933,757)
Machinery and equipment	(3,242,692)	(399,375)	350,815	(3,291,252)
Total accumulated depreciation	\$ (18,341,652)	\$ (1,509,541)	\$ 626,184	\$ (19,225,009)
Total capital assets being depreciated, net	\$ 19,251,023	\$ (677,657)	\$ 275,369	\$ 18,848,735
School Board capital assets, net	\$ <u>19,368,578</u>	\$ <u>(677,657)</u>	\$ <u>275,369</u>	\$ <u>18,966,290</u>

Depreciation expense for the year ended June 30, 2014 was \$1,234,172.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit-School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local government on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2014, is that school financed assets in the amount of \$39,626,803 are reported in the Primary Government for financial reporting purposes.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 75,693	\$ -	\$ 75,693
Vehicle	73,036	-	73,036
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	<u>\$ 157,586</u>	<u>\$ -</u>	<u>\$ 157,586</u>
Accumulated depreciation			
Equipment	\$ (72,093)	\$ (1,200)	\$ (73,293)
Vehicle	(73,035)	-	(73,035)
Furniture and fixtures	(8,857)	-	(8,857)
Total accumulated depreciation	<u>\$ (153,985)</u>	<u>\$ (1,200)</u>	<u>\$ (155,185)</u>
Net capital assets	<u>\$ 3,601</u>	<u>\$ (1,200)</u>	<u>\$ 2,401</u>

Depreciation expense for the year ended June 30, 2014 was \$1,200.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 14—CAPITAL ASSETS: (CONTINUED)**Component Unit—Rockbridge Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 151,053	\$ 2,111,878	\$ -	\$ 2,262,931
Total capital assets not being depreciated	\$ 151,053	\$ 2,111,878	\$ -	\$ 2,262,931
Capital assets being depreciated:				
Buildings and improvements	\$ 3,711,513	\$ -	\$ -	\$ 3,711,513
Machinery and equipment	495,425	-	-	495,425
Total capital assets being depreciated	\$ 4,206,938	\$ -	\$ -	\$ 4,206,938
Accumulated depreciation:				
Buildings and improvements	\$ (2,505,271)	\$ (92,788)	\$ -	\$ (2,598,059)
Machinery and equipment	(445,192)	(11,668)	-	(456,860)
Total accumulated depreciation	\$ (2,950,463)	\$ (104,456)	\$ -	\$ (3,054,919)
Total capital assets being depreciated, net	\$ 1,256,475	\$ (104,456)	\$ -	\$ 1,152,019
Jail Commission capital assets, net	\$ 1,407,528	\$ 2,007,422	\$ -	\$ 3,414,950

Depreciation expense for the fiscal year totaled \$104,456.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 14—CAPITAL ASSETS: (CONTINUED)**Component Unit—Rockbridge County Public Service Authority:**

A summary of changes in capital assets for the year ended June 30, 2014 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 381,259	\$ 1,980	\$ (1,980)	\$ 381,259
Construction in progress	1,801,266	563,786	(2,215,191)	149,861
Total capital assets not being depreciated	\$ 2,182,525	\$ 565,766	\$ (2,217,171)	\$ 531,120
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	660,256	30,157	-	690,413
Utility plant and equipment	34,329,051	2,098,406	-	36,427,457
Capital assets being depreciated	\$ 35,166,173	\$ 2,128,563	\$ -	\$ 37,294,736
Accumulated depreciation				
Buildings and improvements	\$ (95,903)	\$ (4,421)	\$ -	\$ (100,324)
Machinery and equipment	(367,122)	(72,820)	-	(439,942)
Utility plant and equipment	(10,588,189)	(841,458)	-	(11,429,647)
Total accumulated depreciation	\$ (11,051,214)	\$ (918,699)	\$ -	\$ (11,969,913)
Capital assets being depreciated, net	\$ 24,114,959	\$ 1,209,864	\$ -	\$ 25,324,823
Capital assets, net Public Service Authority	\$ 26,297,484	\$ 1,775,630	\$ (2,217,171)	\$ 25,855,943

Depreciation expense for the fiscal year totaled \$918,699.

NOTE 15—ADVANCES TO/FROM PARTICIPATING ENTITIES:

The general fund has established an asset for advances to other entities in the amount of \$2,014,975. This is comprised of advances to the component unit Rockbridge Public Service Authority and the Solid Waste Authority in the amounts of \$1,951,496 and \$63,479, respectively.

The Solid Waste Authority has established a liability for advances from participating localities as follows:

	Balance July 1, 2013	Increase (Decrease)	Balance June 30, 2014
City of Lexington	\$ 5,303	\$ -	\$ 5,303
City of Buena Vista	5,510	-	5,510
Rockbridge County	63,479	-	63,479
Total	\$ 74,292	\$ -	\$ 74,292

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Solid Waste Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The County of Rockbridge is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Solid Waste Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and currently has an estimated capacity to last until the year 2015. The \$1,943,158 reported as accrued closure and post-closure liability at June 30, 2014 represents the cumulative amount reported based on the estimated number of years remaining (one). The Authority expects to close the landfill in the year 2015. The estimated total current cost of the landfill closure and post-closure care of \$1,943,158 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Solid Waste Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 17—RISK MANAGEMENT:

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

NOTE 18—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2014 the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$1,024,898. Additionally, the component unit Rockbridge Area Social Services owed a balance of \$110,294 to the Cities of Buena Vista and Lexington as of June 30, 2014.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 19—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2014:

	Amount
Department of Treasury - Division of Risk Management	
D. Bruce Patterson, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
Christopher J. Blalock, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	10,000
Blanket position - all employees	250,000

NOTE 20—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 28,328	\$ 735,930
School Capital Projects Fund	-	28,328
Landfill Fund	328,319	-
Recycling Fund	407,611	-
Total	\$ <u>764,258</u>	\$ <u>764,258</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 21—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Landfill Fund	Recycling Fund	Total Enterprise Funds
Operating revenue	\$ 936,618	\$ 4,688	\$ 941,306
Depreciation and amortization	151,794	26,480	178,274
Operating income (loss)	(202,180)	(457,200)	(659,380)
Property, plant and equipment additions, net of retirements	(733,193)	-	(733,193)
Net working capital	461,101	(6,795)	454,306
Total assets	6,643,189	180,370	6,823,559
Long-term liabilities	3,134,301	8,388	3,142,689
Net position	3,193,045	164,283	3,357,328

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2014

NOTE 22—CAPITAL LEASES:

The government has financed the acquisition of sheriff's vehicles and landfill equipment by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 371,950
Accumulated depreciation	(221,093)
Total	<u>\$ 150,857</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, are as follows:

Year Ended June 30,	Governmental Activities
2015	\$ 53,779
Amount representing interest	(499)
Present value of minimum lease payments	<u>\$ 53,280</u>

NOTE 23—BEGINNING NET POSITION RESTATEMENT:

The beginning net position of the Governmental Activities was restated to record the prior year disposal of Natural Bridge School Road High School building as follows:

	Governmental Activities
Net position at July 1, 2013 as originally reported	\$ 37,695,712
To remove Natural Bridge School Road High School building and related depreciation	(3,515,032)
Net position at July 1, 2013 as restated	<u>\$ 34,180,680</u>

NOTE 24—UPCOMING PRONOUNCEMENTS:

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

NOTE 25—LITIGATION:

At June 30, 2014, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 21,932,684	\$ 21,932,684	\$ 23,372,482	\$ 1,439,798
Other local taxes	7,965,300	7,965,300	8,294,715	329,415
Permits, privilege fees, and regulatory licenses	198,000	198,000	210,464	12,464
Fines and forfeitures	376,100	376,100	451,140	75,040
Revenue from the use of money and property	76,046	76,046	54,676	(21,370)
Charges for services	1,344,275	1,344,275	1,559,528	215,253
Miscellaneous	842,580	842,580	1,008,877	166,297
Recovered costs	289,631	289,631	272,277	(17,354)
Intergovernmental:				
Commonwealth	4,862,005	4,862,005	4,910,801	48,796
Federal	128,256	128,256	302,362	174,106
Total revenues	<u>\$ 38,014,877</u>	<u>\$ 38,014,877</u>	<u>\$ 40,437,322</u>	<u>\$ 2,422,445</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,648,074	\$ 1,721,931	\$ 1,667,257	\$ 54,674
Judicial administration	1,373,578	1,336,869	1,295,768	41,101
Public safety	6,047,086	7,057,978	7,683,885	(625,907)
Public works	2,894,819	2,666,954	2,506,757	160,197
Health and welfare	1,340,354	1,342,024	1,412,588	(70,564)
Education	17,227,599	17,227,599	13,747,740	3,479,859
Parks, recreation, and cultural	1,286,349	1,307,830	1,243,472	64,358
Community development	3,006,416	3,305,399	2,633,159	672,240
Nondepartmental	2,180,300	2,078,593	1,749,577	329,016
Debt service:				
Principal retirement	1,475,657	996,873	2,107,993	(1,111,120)
Interest and other fiscal charges	7,394	476,661	2,724,423	(2,247,762)
Total expenditures	<u>\$ 38,487,626</u>	<u>\$ 39,518,711</u>	<u>\$ 38,772,619</u>	<u>\$ 746,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (472,749)</u>	<u>\$ (1,503,834)</u>	<u>\$ 1,664,703</u>	<u>\$ 3,168,537</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 28,328	\$ 28,328
Transfers out	<u>(399,008)</u>	<u>(757,528)</u>	<u>(735,930)</u>	<u>21,598</u>
Total other financing sources (uses)	<u>\$ (399,008)</u>	<u>\$ (757,528)</u>	<u>\$ (707,602)</u>	<u>\$ 49,926</u>
Net change in fund balances	\$ (871,757)	\$ (2,261,362)	\$ 957,101	\$ 3,218,463
Fund balances - beginning	871,757	2,261,362	21,053,801	18,792,439
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,010,902</u>	<u>\$ 22,010,902</u>

Schedule of Pension Funding Progress
As of June 30, 2014

PRIMARY GOVERNMENT:

County Retirement Plan (includes Rockbridge Regional Jail Commission and Solid Waste Authority)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 21,679,929	\$ 28,841,123	\$ 7,161,194	75.17%	\$ 5,737,132	124.82%
06/30/12	20,802,708	28,278,010	7,475,302	73.56%	5,366,128	139.31%
06/30/11	20,969,792	26,305,910	5,336,118	79.72%	5,386,435	99.07%

DISCRETELY PRESENTED COMPONENT UNITS:**School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 6,085,363	\$ 7,180,232	\$ 1,094,869	84.75%	\$ 1,579,323	69.33%
06/30/12	5,981,938	7,193,562	1,211,624	83.16%	1,499,893	80.78%
06/30/11	6,138,518	6,811,806	673,288	90.12%	1,455,186	46.27%

Component Unit-Rockbridge Area Social Services Board

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 3,808,184	\$ 4,410,688	\$ 602,504	86.34%	\$ 805,827	74.77%
06/30/12	3,977,054	4,686,433	709,379	84.86%	773,190	91.75%
06/30/11	4,193,626	4,823,665	630,039	86.94%	835,926	75.37%

Schedule of Pension Funding Progress
As of June 30, 2014 (continued)

Component Unit Rockbridge County Public Service Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 1,155,069	\$ 1,287,579	\$ 132,510	89.71%	\$ 362,539	36.55%
06/30/12	1,106,807	1,234,153	127,346	89.68%	326,909	38.95%
06/30/11	1,096,792	1,153,178	56,386	95.11%	304,331	18.53%

Schedule of OPEB Funding Progress
As of June 30, 2014

PRIMARY GOVERNMENT:

**County Other Postemployment Benefit Program (includes Rockbridge
Regional Jail Commission, Landfill, and Rockbridge County Public
Service Authority)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
07/01/12	\$ -	\$ 448,000	\$ 448,000	0.00%	\$ 6,655,000	6.73%
07/01/10	-	547,000	547,000	0.00%	6,387,000	8.56%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Postemployment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
07/01/12	\$ -	\$ 4,290,000	\$ 4,290,000	0.00%	\$ 16,081,000	26.68%
07/01/10	-	4,406,000	4,406,000	0.00%	16,143,000	27.29%

DISCRETELY PRESENTED COMPONENT UNIT:

Rockbridge County Public Service Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
07/01/12	\$ -	\$ 20,000	\$ 20,000	0.00%	\$ 133,738	14.95%
01/01/09	-	11,000	11,000	0.00%	128,352	8.57%

OTHER SUPPLEMENTARY INFORMATION

County of Rockbridge, Virginia
School Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

Exhibit 14

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,327	\$ 3,327
Total revenues	\$ -	\$ -	\$ 3,327	\$ 3,327
EXPENDITURES				
Capital projects	\$ -	\$ 6,240,144	\$ 4,027,618	\$ 2,212,526
Total expenditures	\$ -	\$ 6,240,144	\$ 4,027,618	\$ 2,212,526
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (6,240,144)	\$ (4,024,291)	\$ 2,215,853
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (28,328)	\$ (28,328)
Total other financing sources (uses)	\$ -	\$ -	\$ (28,328)	\$ (28,328)
Net change in fund balances	\$ -	\$ (6,240,144)	\$ (4,052,619)	\$ 2,187,525
Fund balances - beginning	-	6,240,144	4,384,475	(1,855,669)
Fund balances - ending	\$ -	\$ -	\$ 331,856	\$ 331,856

County of Rockbridge, Virginia
Courthouse Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

Exhibit 15

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	254,255	254,255
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,255</u>	<u>\$ 254,255</u>

County of Rockbridge, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

Exhibit 16

	Agency Funds					
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 182,419	\$ 10,131	\$ 2,164	\$ 20,142	\$ 214,856
Total assets	<u>\$ -</u>	<u>\$ 182,419</u>	<u>\$ 10,131</u>	<u>\$ 2,164</u>	<u>\$ 20,142</u>	<u>\$ 214,856</u>
LIABILITIES						
Accounts payable	\$ (87,028)	\$ 1,480	\$ -	\$ -	\$ -	\$ (85,548)
Amounts held for payroll deduction	87,028	-	-	-	-	87,028
Amounts held for veterans memorial	-	-	10,131	-	-	10,131
Amounts held for drug enforcement	-	180,939	-	-	-	180,939
Amounts held for employee benefits	-	-	-	2,164	-	2,164
Amounts held for commonwealth attorney forfeitures	-	-	-	-	20,142	20,142
Total liabilities	<u>\$ -</u>	<u>\$ 182,419</u>	<u>\$ 10,131</u>	<u>\$ 2,164</u>	<u>\$ 20,142</u>	<u>\$ 214,856</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Payroll Deduction Fund				
LIABILITIES				
Accounts payable	\$ (68,642)	\$ 221,532	\$ 239,918	\$ (87,028)
Amounts held for payroll deduction	68,642	(221,532)	(239,918)	87,028
Total liabilities	\$ -	\$ -	\$ -	\$ -
Drug Fund				
ASSETS				
Cash and cash equivalents	\$ 67,679	\$ 420,205	\$ 305,465	\$ 182,419
Total assets	\$ 67,679	\$ 420,205	\$ 305,465	\$ 182,419
LIABILITIES				
Accounts payable	\$ -	\$ 1,480	\$ -	\$ 1,480
Amounts held for drug enforcement	67,679	418,725	305,465	180,939
Total liabilities	\$ 67,679	\$ 420,205	\$ 305,465	\$ 182,419
Veterans Memorial Fund				
ASSETS				
Cash and cash equivalents	\$ 10,385	\$ -	\$ 254	\$ 10,131
Total assets	\$ 10,385	\$ -	\$ 254	\$ 10,131
LIABILITIES				
Amounts held for veterans memorial	\$ 10,385	\$ -	\$ 254	\$ 10,131
Total liabilities	\$ 10,385	\$ -	\$ 254	\$ 10,131
Employee Benefit Fund				
ASSETS				
Cash and cash equivalents	\$ 2,164	\$ -	\$ -	\$ 2,164
Total assets	\$ 2,164	\$ -	\$ -	\$ 2,164
LIABILITIES				
Amounts held for employee benefits	\$ 2,164	\$ -	\$ -	\$ 2,164
Total liabilities	\$ 2,164	\$ -	\$ -	\$ 2,164
Commonwealth Attorney Forfeitures Fund				
ASSETS				
Cash and cash equivalents	\$ 11,175	\$ 9,526	\$ 559	\$ 20,142
Total assets	\$ 11,175	\$ 9,526	\$ 559	\$ 20,142
LIABILITIES				
Amounts held for commonwelath's attorney forfeitures	\$ 11,175	\$ 9,526	\$ 559	\$ 20,142
Total liabilities	\$ 11,175	\$ 9,526	\$ 559	\$ 20,142
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 91,403	\$ 429,731	\$ 306,278	\$ 214,856
Total assets	\$ 91,403	\$ 429,731	\$ 306,278	\$ 214,856
LIABILITIES				
Accounts payable	\$ (68,642)	\$ 223,012	\$ 239,918	\$ (85,548)
Amounts held for payroll deduction	68,642	(221,532)	(239,918)	87,028
Amounts held for drug enforcement	67,679	418,725	305,465	180,939
Amounts held for veterans memorial	10,385	-	254	10,131
Amounts held for employee benefits	2,164	-	-	2,164
Amounts held for commonwelath's attorney forfeitures	11,175	9,526	559	20,142
Total liabilities	\$ 91,403	\$ 429,731	\$ 306,278	\$ 214,856

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Permanent Scholarship Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 200	\$ 155,635	\$ 40,416	\$ 196,251
Receivables (net of allowance for uncollectibles):				
Accounts receivable	31,192	7,066	-	38,258
Due from other governmental units	804,326	29,443	-	833,769
Inventories	-	33,371	-	33,371
Prepaid items	279,290	5,595	-	284,885
Total assets	<u>\$ 1,115,008</u>	<u>\$ 231,110</u>	<u>\$ 40,416</u>	<u>\$ 1,386,534</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 166,593	\$ 953	\$ -	\$ 167,546
Due to primary government	948,415	-	-	948,415
Total liabilities	<u>\$ 1,115,008</u>	<u>\$ 953</u>	<u>\$ -</u>	<u>\$ 1,115,961</u>
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ 33,371	\$ -	\$ 33,371
Prepaid items	279,290	5,595	-	284,885
Endowments	-	-	40,416	40,416
Committed:				
Special revenue funds	-	191,191	-	191,191
Unassigned	(279,290)	-	-	(279,290)
Total fund balances	<u>\$ -</u>	<u>\$ 230,157</u>	<u>\$ 40,416</u>	<u>\$ 270,573</u>
Total liabilities and fund balances	<u>\$ 1,115,008</u>	<u>\$ 231,110</u>	<u>\$ 40,416</u>	<u>\$ 1,386,534</u>

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

Total fund balances per above	\$ 270,573
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,966,290
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,302,979)</u>
Net position of governmental activities	<u>\$ 17,933,884</u>

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

Exhibit 19

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 14	\$ 14
Charges for services	1,132,500	429,907	-	1,562,407
Miscellaneous	139,777	-	-	139,777
Intergovernmental:				
Local government	13,679,357	-	-	13,679,357
Commonwealth	11,345,542	17,773	-	11,363,315
Federal	1,871,075	692,874	-	2,563,949
Total revenues	<u>\$ 28,168,251</u>	<u>\$ 1,140,554</u>	<u>\$ 14</u>	<u>\$ 29,308,819</u>
EXPENDITURES				
Current:				
Education	\$ 28,164,308	\$ 1,189,339	\$ -	\$ 29,353,647
Debt service:				
Interest and other fiscal charges	3,943	-	-	3,943
Total expenditures	<u>\$ 28,168,251</u>	<u>\$ 1,189,339</u>	<u>\$ -</u>	<u>\$ 29,357,590</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (48,785)	\$ 14	\$ (48,771)
Net change in fund balances	\$ -	\$ (48,785)	\$ 14	\$ (48,771)
Fund balances - beginning	-	278,942	40,402	319,344
Fund balances - ending	<u>\$ -</u>	<u>\$ 230,157</u>	<u>\$ 40,416</u>	<u>\$ 270,573</u>

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

Net change in fund balances - total governmental funds - per above \$ (48,771)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. (402,288)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. (169,921)

Change in net position of governmental activities \$ (620,980)

County of Rockbridge, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,396,250	1,396,250	1,132,500	(263,750)
Miscellaneous	-	-	139,777	139,777
Intergovernmental:				
Local government	13,688,834	13,688,834	13,679,357	(9,477)
Commonwealth	11,487,047	11,487,047	11,345,542	(141,505)
Federal	70,000	2,633,670	1,871,075	(762,595)
Total revenues	<u>\$ 26,642,131</u>	<u>\$ 29,205,801</u>	<u>\$ 28,168,251</u>	<u>\$ (1,037,550)</u>
EXPENDITURES				
Current:				
Education	\$ 26,642,131	\$ 29,205,801	\$ 28,164,308	\$ 1,041,493
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	3,943	(3,943)
Total expenditures	<u>\$ 26,642,131</u>	<u>\$ 29,205,801</u>	<u>\$ 28,168,251</u>	<u>\$ 1,037,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 20

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 100	\$ 100	\$ -	\$ (100)
589,740	589,740	429,907	(159,833)
-	-	-	-
-	-	-	-
13,025	13,025	17,773	4,748
629,475	629,475	692,874	63,399
<u>\$ 1,232,340</u>	<u>\$ 1,232,340</u>	<u>\$ 1,140,554</u>	<u>\$ (91,786)</u>
\$ 1,232,340	\$ 1,232,340	\$ 1,189,339	\$ 43,001
-	-	-	-
-	-	-	-
<u>\$ 1,232,340</u>	<u>\$ 1,232,340</u>	<u>\$ 1,189,339</u>	<u>\$ 43,001</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,785)</u>	<u>\$ (48,785)</u>
\$ -	\$ -	\$ (48,785)	\$ (48,785)
-	-	278,942	278,942
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,157</u>	<u>\$ 230,157</u>

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2014

Scholarship
Private-Purpose
Trust

ASSETS

Cash and cash equivalents

\$ 13,785

NET POSITION

Held in trust for scholarships

\$ 13,785

County of Rockbridge, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2014

Exhibit 22

	Scholarship Private-Purpose Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 5
Total additions	\$ 5
Change in net position	\$ 5
Net position - beginning	13,780
Net position - ending	\$ 13,785

SUPPORTING SCHEDULES

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,154,084	\$ 16,154,084	\$ 16,885,318	\$ 731,234
Real and personal public service corporation taxes	730,000	730,000	939,847	209,847
Personal property taxes	4,333,600	4,333,600	4,628,844	295,244
Mobile home taxes	41,000	41,000	40,268	(732)
Machinery and tools taxes	337,000	337,000	371,040	34,040
Penalties	222,000	222,000	301,314	79,314
Interest	115,000	115,000	205,851	90,851
Total general property taxes	<u>\$ 21,932,684</u>	<u>\$ 21,932,684</u>	<u>\$ 23,372,482</u>	<u>\$ 1,439,798</u>
Other local taxes:				
Local sales and use taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,439,476	\$ 39,476
Consumers' utility taxes	1,545,000	1,545,000	1,514,494	(30,506)
Business license taxes	800,000	800,000	882,478	82,478
Motor vehicle licenses	537,300	537,300	535,776	(1,524)
Bank stock taxes	98,000	98,000	113,139	15,139
Taxes on recordation and wills	200,000	200,000	208,339	8,339
Lodging tax	1,155,000	1,155,000	1,264,266	109,266
Meals tax	1,230,000	1,230,000	1,336,747	106,747
Total other local taxes	<u>\$ 7,965,300</u>	<u>\$ 7,965,300</u>	<u>\$ 8,294,715</u>	<u>\$ 329,415</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 12,508	\$ 4,508
Land use application fees	1,800	1,800	2,030	230
Transfer fees	700	700	746	46
Permits and other licenses	187,500	187,500	195,180	7,680
Total permits, privilege fees, and regulatory licenses	<u>\$ 198,000</u>	<u>\$ 198,000</u>	<u>\$ 210,464</u>	<u>\$ 12,464</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 376,100</u>	<u>\$ 376,100</u>	<u>\$ 451,140</u>	<u>\$ 75,040</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 19,271	\$ (30,729)
Revenue from use of property	<u>26,046</u>	<u>26,046</u>	<u>35,405</u>	<u>9,359</u>
Total revenue from use of money and property	<u>\$ 76,046</u>	<u>\$ 76,046</u>	<u>\$ 54,676</u>	<u>\$ (21,370)</u>
Charges for services:				
Excess fees of clerk	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Sheriff's fees	6,700	6,700	10,098	3,398
Charges for courthouse maintenance	51,000	51,000	65,538	14,538
Courthouse security fees	162,200	162,200	188,237	26,037
Consolidated share-Buena Vista	23,400	23,400	-	(23,400)
Charges for Commonwealth's Attorney	2,300	2,300	4,367	2,067
Charges for garage services	475,000	475,000	663,142	188,142
Charges for sanitation and waste removal	508,475	508,475	517,695	9,220
Charges for parks and recreation	98,200	98,200	84,607	(13,593)
Erosion Sediment Control Fee	14,500	14,500	25,660	11,160
DNA Fee	500	500	184	(316)
Total charges for services	<u>\$ 1,344,275</u>	<u>\$ 1,344,275</u>	<u>\$ 1,559,528</u>	<u>\$ 215,253</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 842,580	\$ 842,580	\$ 1,008,877	\$ 166,297
Total miscellaneous revenue	\$ 842,580	\$ 842,580	\$ 1,008,877	\$ 166,297
Recovered costs:				
Lexington contribution-court building	\$ 8,326	\$ 8,326	\$ 7,828	\$ (498)
Joint services City of Lexington	170,000	170,000	191,762	21,762
Charges for hazard materials cleanup	30,000	30,000	-	(30,000)
Fiscal agent fees	48,600	48,600	49,912	1,312
Other recovered costs	32,705	32,705	22,775	(9,930)
Total recovered costs	\$ 289,631	\$ 289,631	\$ 272,277	\$ (17,354)
Total revenue from local sources	\$ 33,024,616	\$ 33,024,616	\$ 35,224,159	\$ 2,199,543
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 64,700	\$ 64,700	\$ 83,200	\$ 18,500
Mobile home titling tax	20,000	20,000	15,764	(4,236)
Timber sales	2,000	2,000	2,616	616
Motor vehicle rental tax	35,000	35,000	49,743	14,743
State recordation tax	63,750	63,750	70,396	6,646
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,635,074	\$ 2,635,074	\$ 2,671,343	\$ 36,269
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 332,498	\$ 332,498	\$ 337,656	\$ 5,158
Sheriff	1,119,962	1,119,962	1,116,003	(3,959)
Commissioner of revenue	103,930	103,930	102,028	(1,902)
Treasurer	85,611	85,611	84,309	(1,302)
Registrar/electoral board	48,381	48,381	36,335	(12,046)
Clerk of the Circuit Court	257,418	257,418	262,988	5,570
Total shared expenses	\$ 1,947,800	\$ 1,947,800	\$ 1,939,319	\$ (8,481)
Other categorical aid:				
Emergency medical services	\$ -	\$ -	\$ 23,720	\$ 23,720
Victim-witness grant	30,840	30,840	30,840	-
Fire program	54,800	54,800	61,207	6,407
NBSWCD support	128,455	128,455	128,450	(5)
Other	65,036	65,036	55,922	(9,114)
Total other categorical aid	\$ 279,131	\$ 279,131	\$ 300,139	\$ 21,008
Total categorical aid	\$ 2,226,931	\$ 2,226,931	\$ 2,239,458	\$ 12,527
Total revenue from the Commonwealth	\$ 4,862,005	\$ 4,862,005	\$ 4,910,801	\$ 48,796

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 75,000	\$ 75,000	\$ 89,076	\$ 14,076
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 21,460	\$ 21,460
Rental assistance	53,256	53,256	47,636	(5,620)
Homeland security grant	-	-	87,398	87,398
Domestic violence	-	-	31,622	31,622
Other	-	-	25,170	25,170
Total categorical aid	\$ 53,256	\$ 53,256	\$ 213,286	\$ 160,030
Total revenue from the federal government	\$ 128,256	\$ 128,256	\$ 302,362	\$ 174,106
Total General Fund	\$ 38,014,877	\$ 38,014,877	\$ 40,437,322	\$ 2,422,445
Capital Projects Funds:				
Broadband Technology Opportunities Program				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 204,511	\$ 204,511
Total miscellaneous revenue	\$ -	\$ -	\$ 204,511	\$ 204,511
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Broadband technology opportunities program	\$ -	\$ -	\$ 583,775	\$ 583,775
Total categorical aid	\$ -	\$ -	\$ 583,775	\$ 583,775
Total revenue from the federal government	\$ -	\$ -	\$ 583,775	\$ 583,775
Total Broadband Technology Opportunities Program	\$ -	\$ -	\$ 788,286	\$ 788,286
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 3,327	\$ 3,327
Total School Capital Projects Fund	\$ -	\$ -	\$ 3,327	\$ 3,327
Total Primary Government	\$ 38,014,877	\$ 38,014,877	\$ 41,228,935	\$ 3,214,058

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ -	\$ -	\$ 7,500	\$ 7,500
Tuition-City of Lexington, Buena Vista	1,396,250	1,396,250	1,125,000	(271,250)
Total charges for services	\$ 1,396,250	\$ 1,396,250	\$ 1,132,500	\$ (263,750)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 139,777	\$ 139,777
Total revenue from local sources	\$ 1,396,250	\$ 1,396,250	\$ 1,272,277	\$ (123,973)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 13,688,834	\$ 13,688,834	\$ 13,679,357	\$ (9,477)
Total revenues from local governments	\$ 13,688,834	\$ 13,688,834	\$ 13,679,357	\$ (9,477)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,995,474	\$ 2,995,474	\$ 2,893,465	\$ (102,009)
Basic school aid	5,113,136	5,113,136	5,263,421	150,285
Gifted and talented	58,659	58,659	59,826	1,167
Remedial education	145,372	145,372	148,263	2,891
Special education	696,904	696,904	723,001	26,097
Textbook payment	114,423	114,423	116,699	2,276
Vocational standards of quality payments	167,050	167,050	170,373	3,323
Social security fringe benefits	345,577	345,577	352,451	6,874
Retirement fringe benefits	577,662	577,662	589,152	11,490
Early reading intervention	44,557	44,557	52,514	7,957
Homebound education	15,001	15,001	8,374	(6,627)
Vocational education other	48,906	48,906	42,931	(5,975)
At risk payments	115,398	115,398	117,702	2,304
Mentor teacher	-	-	102,122	102,122
Standards of learning algebra readiness	19,551	19,551	19,551	-
Reduced class size	170,124	170,124	152,462	(17,662)
Group life insurance	21,678	21,678	22,109	431
Technology grant	464,000	464,000	232,000	(232,000)
At risk four-year olds	97,862	97,862	88,688	(9,174)
Compensation supplement	138,163	138,163	140,946	2,783
English as a second language	113,974	113,974	13,980	(99,994)
Adult Ed GED	23,576	23,576	26,082	2,506
Other state funds	-	-	9,430	9,430
Total categorical aid	\$ 11,487,047	\$ 11,487,047	\$ 11,345,542	\$ (141,505)
Total revenue from the Commonwealth	\$ 11,487,047	\$ 11,487,047	\$ 11,345,542	\$ (141,505)

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
Page 5 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 70,000	\$ 70,000	\$ 73,917	\$ 3,917
Adult literacy	-	199,482	139,839	(59,643)
Title I	-	625,961	438,805	(187,156)
Title VI-B, special education flow-through	-	951,312	666,879	(284,433)
Vocational education	-	70,002	49,072	(20,930)
Title VI-B, special education pre-school	-	20,943	14,681	(6,262)
Title II, Part A	-	174,269	122,164	(52,105)
Twenty-first century community learning centers	-	468,710	328,570	(140,140)
Total action against poverty	-	52,286	36,653	(15,633)
AP Test fee	-	706	495	(211)
Total categorical aid	\$ 70,000	\$ 2,633,670	\$ 1,871,075	\$ (762,595)
Total revenue from the federal government	\$ 70,000	\$ 2,633,670	\$ 1,871,075	\$ (762,595)
Total School Operating Fund	\$ 26,642,131	\$ 29,205,801	\$ 28,168,251	\$ (1,037,550)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services:				
Cafeteria sales	\$ 589,740	\$ 589,740	\$ 429,907	\$ (159,833)
Total revenue from local sources	\$ 589,840	\$ 589,840	\$ 429,907	\$ (159,933)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,025	\$ 13,025	\$ 17,773	\$ 4,748
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 629,475	\$ 629,475	\$ 611,668	\$ (17,807)
Commodities	-	-	69,252	69,252
Total action against poverty	-	-	11,954	11,954
Total categorical aid	\$ 629,475	\$ 629,475	\$ 692,874	\$ 63,399
Total revenue from the federal government	\$ 629,475	\$ 629,475	\$ 692,874	\$ 63,399
Total School Cafeteria Fund	\$ 1,232,340	\$ 1,232,340	\$ 1,140,554	\$ (91,786)
Total Discretely Presented Component Unit - School Board	\$ 27,874,471	\$ 30,438,141	\$ 29,308,805	\$ (1,129,336)

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 97,759	\$ 110,984	\$ 108,464	\$ 2,520
General and financial administration:				
County administrator	\$ 188,738	\$ 189,188	\$ 180,270	\$ 8,918
Legal services	162,271	162,271	156,847	5,424
Commissioner of revenue	262,453	262,453	266,547	(4,094)
Land use	1,250	1,250	742	508
Treasurer	309,797	309,797	290,767	19,030
Central accounting	130,875	131,575	130,566	1,009
Data processing	141,142	170,905	173,349	(2,444)
Director of fiscal services	209,972	242,533	204,506	38,027
Central stores	-	-	38,749	(38,749)
Total general and financial administration	\$ 1,406,498	\$ 1,469,972	\$ 1,442,343	\$ 27,629
Board of elections:				
Electoral board and officials	\$ 143,817	\$ 140,975	\$ 116,450	\$ 24,525
Total board of elections	\$ 143,817	\$ 140,975	\$ 116,450	\$ 24,525
Total general government administration	\$ 1,648,074	\$ 1,721,931	\$ 1,667,257	\$ 54,674
Judicial administration:				
Courts:				
Circuit court	\$ 65,155	\$ 69,535	\$ 64,669	\$ 4,866
County court	22,046	22,094	21,505	589
Victim witness coordinator	56,927	56,903	54,938	1,965
Clerk of the circuit court	396,645	401,745	374,488	27,257
Courthouse security	377,064	330,827	325,095	5,732
Total courts	\$ 917,837	\$ 881,104	\$ 840,695	\$ 40,409
Commonwealth's attorney:				
Commonwealth's attorney	\$ 455,741	\$ 455,765	\$ 455,073	\$ 692
Total commonwealth's attorney	\$ 455,741	\$ 455,765	\$ 455,073	\$ 692
Total judicial administration	\$ 1,373,578	\$ 1,336,869	\$ 1,295,768	\$ 41,101
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,391,395	\$ 2,757,761	\$ 2,616,846	\$ 140,915
Fire and rescue services:				
Fire prevention	\$ 936,049	\$ 938,515	\$ 844,971	\$ 93,544
Emergency management	131,763	192,890	179,288	13,602
Rescue services	684,852	655,029	616,478	38,551
Consolidated Dispatch	708,761	848,440	794,182	54,258
Total fire and rescue services	\$ 2,461,425	\$ 2,634,874	\$ 2,434,919	\$ 199,955
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 766,000	\$ 1,227,865	\$ 2,223,806	\$ (995,941)
Probation office	6,150	6,150	4,862	1,288
Juvenile probation and detention	22,635	22,636	22,636	-
Total correction and detention	\$ 794,785	\$ 1,256,651	\$ 2,251,304	\$ (994,653)

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 211,277	\$ 220,488	\$ 208,829	\$ 11,659
Other protection:				
Animal control	\$ 17,199	\$ 17,199	\$ 16,698	\$ 501
Other protective services	171,005	171,005	155,289	15,716
Total other protection	\$ 188,204	\$ 188,204	\$ 171,987	\$ 16,217
Total public safety	\$ 6,047,086	\$ 7,057,978	\$ 7,683,885	\$ (625,907)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 7,500	\$ 8,876	\$ 8,865	\$ 11
Total maintenance of highways, streets, bridges & sidewalks	\$ 7,500	\$ 8,876	\$ 8,865	\$ 11
Sanitation and waste removal:				
County pickup	\$ 1,247,190	\$ 1,164,029	\$ 1,076,585	\$ 87,444
Special enforcement-litter control	118,330	89,240	73,884	15,356
Total sanitation and waste removal	\$ 1,365,520	\$ 1,253,269	\$ 1,150,469	\$ 102,800
Maintenance of general buildings and grounds:				
General properties	\$ 510,869	\$ 515,865	\$ 471,682	\$ 44,183
Central garage	1,010,930	888,944	875,741	13,203
Total maintenance of general buildings and grounds	\$ 1,521,799	\$ 1,404,809	\$ 1,347,423	\$ 57,386
Total public works	\$ 2,894,819	\$ 2,666,954	\$ 2,506,757	\$ 160,197
Health and welfare:				
Health:				
Supplement of local health department	\$ 255,167	\$ 255,109	\$ 234,934	\$ 20,175
Other contributions	82,277	83,947	83,946	1
Total health	\$ 337,444	\$ 339,056	\$ 318,880	\$ 20,176
Mental health and mental retardation:				
Community services board	\$ 160,123	\$ 160,123	\$ 160,123	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 797,581	\$ 797,881	\$ 715,729	\$ 82,152
Other public assistance and welfare administration	45,206	44,964	37,742	7,222
Tax relief for the elderly	-	-	180,114	(180,114)
Total welfare	\$ 842,787	\$ 842,845	\$ 933,585	\$ (90,740)
Total health and welfare	\$ 1,340,354	\$ 1,342,024	\$ 1,412,588	\$ (70,564)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 68,384	\$ 68,384	\$ 68,384	\$ -
Contribution to County School Board	17,159,215	17,159,215	13,679,356	3,479,859
Total education	\$ 17,227,599	\$ 17,227,599	\$ 13,747,740	\$ 3,479,859

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 623,135	\$ 643,545	\$ 627,595	\$ 15,950
Preschool	109,215	110,286	107,961	2,325
Total parks and recreation	<u>\$ 732,350</u>	<u>\$ 753,831</u>	<u>\$ 735,556</u>	<u>\$ 18,275</u>
Library:				
Contribution to county libraries	\$ 553,999	\$ 553,999	\$ 507,916	\$ 46,083
Total parks, recreation, and cultural	<u>\$ 1,286,349</u>	<u>\$ 1,307,830</u>	<u>\$ 1,243,472</u>	<u>\$ 64,358</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 280,633	\$ 296,543	\$ 288,335	\$ 8,208
Geographic information system	167,717	170,939	170,896	43
Rental assistance	77,286	77,286	74,185	3,101
Industrial development	834,099	1,118,570	960,336	158,234
Other community development	774,364	774,364	738,112	36,252
Contribution to Public Service Authority	505,137	487,837	122,607	365,230
Total planning and community development	<u>\$ 2,639,236</u>	<u>\$ 2,925,539</u>	<u>\$ 2,354,471</u>	<u>\$ 571,068</u>
Environmental management:				
Agriculture and home economics	\$ 84,476	\$ 84,476	\$ 48,737	\$ 35,739
Other environmental management	139,247	151,927	86,711	65,216
Total environmental management	<u>\$ 223,723</u>	<u>\$ 236,403</u>	<u>\$ 135,448</u>	<u>\$ 100,955</u>
Cooperative extension program:				
Extension office	\$ 143,457	\$ 143,457	\$ 143,240	\$ 217
Total community development	<u>\$ 3,006,416</u>	<u>\$ 3,305,399</u>	<u>\$ 2,633,159</u>	<u>\$ 672,240</u>
Nondepartmental:				
Miscellaneous	\$ 430,300	\$ 328,593	\$ 6,692	\$ 321,901
Annexation payment	1,750,000	1,750,000	1,742,885	7,115
Total nondepartmental	<u>\$ 2,180,300</u>	<u>\$ 2,078,593</u>	<u>\$ 1,749,577</u>	<u>\$ 329,016</u>
Debt service:				
Principal retirement	\$ 1,475,657	\$ 996,873	\$ 2,107,993	\$ (1,111,120)
Interest and other fiscal charges	7,394	476,661	2,724,423	(2,247,762)
Total debt service	<u>\$ 1,483,051</u>	<u>\$ 1,473,534</u>	<u>\$ 4,832,416</u>	<u>\$ (3,358,882)</u>
Total General Fund	<u>\$ 38,487,626</u>	<u>\$ 39,518,711</u>	<u>\$ 38,772,619</u>	<u>\$ 746,092</u>
Capital Projects Funds:				
Broadband Technology Opportunities Program:				
Community development:				
Planning and community development:				
Capital projects	\$ -	\$ -	\$ 552,374	\$ (552,374)
Total planning and community development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,374</u>	<u>\$ (552,374)</u>
Total Broadband Technology Opportunities Program	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,374</u>	<u>\$ (552,374)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ -	\$ 6,240,144	\$ 4,027,618	\$ 2,212,526
Total capital projects	<u>\$ -</u>	<u>\$ 6,240,144</u>	<u>\$ 4,027,618</u>	<u>\$ 2,212,526</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 6,240,144</u>	<u>\$ 4,027,618</u>	<u>\$ 2,212,526</u>
 Total Primary Government	 <u>\$ 38,487,626</u>	 <u>\$ 45,758,855</u>	 <u>\$ 43,352,611</u>	 <u>\$ 2,406,244</u>

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 2
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 20,299,228	\$ 22,426,986	\$ 21,658,729	\$ 768,257
Administration, attendance and health	1,325,281	1,336,679	1,248,236	88,443
Pupil transportation	1,973,457	2,091,865	2,053,505	38,360
Operation and maintenance	3,024,165	3,049,063	2,913,671	135,392
Facilities	20,000	301,208	290,167	11,041
Total education	\$ 26,642,131	\$ 29,205,801	\$ 28,164,308	\$ 1,041,493
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 3,943	\$ (3,943)
Total debt service	\$ -	\$ -	\$ 3,943	\$ (3,943)
Total School Operating Fund	\$ 26,642,131	\$ 29,205,801	\$ 28,168,251	\$ 1,037,550
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,232,340	\$ 1,232,340	\$ 1,189,339	\$ 43,001
Total School Cafeteria Fund	\$ 1,232,340	\$ 1,232,340	\$ 1,189,339	\$ 43,001
Total Discretely Presented Component Unit - School Board	\$ 27,874,471	\$ 30,438,141	\$ 29,357,590	\$ 1,080,551

OTHER STATISTICAL INFORMATION

STATISTICAL SECTION

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

1-5

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

6-10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

11-13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

14-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

16-19

Sources:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(*accrual basis of accounting*)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 2,664,635	\$ 1,034,139	\$ 4,760,174	\$ 9,678,247
Restricted	572,094	1,597,814	1,990,486	1,441,943
Unrestricted	<u>7,031,749</u>	<u>10,533,679</u>	<u>12,595,832</u>	<u>13,004,039</u>
Total governmental activities net position	<u>\$ 10,268,478</u>	<u>\$ 13,165,632</u>	<u>\$ 19,346,492</u>	<u>\$ 24,124,229</u>
Business-type activities				
Net investment in capital assets	\$ 1,319,499	\$ 1,445,213	\$ 1,458,874	\$ 1,373,896
Restricted	-	-	-	-
Unrestricted	<u>285,740</u>	<u>344,247</u>	<u>400,752</u>	<u>575,480</u>
Total business-type activities net position	<u>\$ 1,605,239</u>	<u>\$ 1,789,460</u>	<u>\$ 1,859,626</u>	<u>\$ 1,949,376</u>
Primary government				
Net investment in capital assets	\$ 3,984,134	\$ 2,479,352	\$ 6,219,048	\$ 11,052,143
Restricted	572,094	1,597,814	1,990,486	1,441,943
Unrestricted	<u>7,317,489</u>	<u>10,877,926</u>	<u>12,996,584</u>	<u>13,579,519</u>
Total primary government net position	<u>\$ 11,873,717</u>	<u>\$ 14,955,092</u>	<u>\$ 21,206,118</u>	<u>\$ 26,073,605</u>

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 12,942,462	\$ 12,355,645	\$ 11,866,668	\$ 12,943,272	\$ 10,937,946	\$ 14,100,533
935,021	935,021	960,040	1,002,603	5,459,836	1,332,295
<u>17,260,280</u>	<u>16,443,020</u>	<u>17,653,362</u>	<u>17,197,916</u>	<u>21,297,930</u>	<u>21,113,574</u>
<u>\$ 31,137,763</u>	<u>\$ 29,733,686</u>	<u>\$ 30,480,070</u>	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>	<u>\$ 36,546,402</u>
\$ 1,421,280	\$ 1,427,172	\$ 1,338,861	\$ 1,086,965	\$ 1,397,575	\$ 1,712,920
-	-	-	1,176,854	1,002,249	1,002,249
<u>875,031</u>	<u>1,201,435</u>	<u>1,570,098</u>	<u>881,152</u>	<u>924,040</u>	<u>642,159</u>
<u>\$ 2,296,311</u>	<u>\$ 2,628,607</u>	<u>\$ 2,908,959</u>	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>	<u>\$ 3,357,328</u>
\$ 14,363,742	\$ 13,782,817	\$ 13,205,529	\$ 14,030,237	\$ 12,335,521	\$ 15,813,453
935,021	935,021	960,040	2,179,457	6,462,085	2,334,544
<u>18,135,311</u>	<u>17,644,455</u>	<u>19,223,460</u>	<u>18,079,068</u>	<u>22,221,970</u>	<u>21,755,733</u>
<u>\$ 33,434,074</u>	<u>\$ 32,362,293</u>	<u>\$ 33,389,029</u>	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>	<u>\$ 39,903,730</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government administration	\$ 1,500,137	\$ 925,309	\$ 1,516,336	\$ 1,398,329
Judicial administration	225,334	1,070,338	573,554	4,699,190
Public safety	4,084,091	4,108,605	4,518,686	4,658,008
Public works	2,454,678	2,558,759	2,547,356	3,001,287
Health and welfare	1,128,269	1,021,507	1,429,744	1,471,189
Education	12,086,002	12,660,147	12,426,048	14,126,792
Parks, recreation and cultural	991,522	1,089,369	1,131,484	1,236,686
Community development	1,393,738	2,136,809	2,250,998	1,699,223
Interest on long-term debt	1,280,603	2,082,251	1,469,578	2,087,610
Nondepartmental	1,138,150	1,227,014	2,035,190	1,698,751
Total governmental activities expenses	\$ 26,282,524	\$ 28,880,108	\$ 29,898,974	\$ 36,077,065
Business-type activities:				
Landfill	\$ 959,640	\$ 1,106,115	\$ 1,336,355	\$ 1,215,648
Recycling	762,301	770,109	871,600	1,059,036
Total business-type activities expenses	\$ 1,721,941	\$ 1,876,224	\$ 2,207,955	\$ 2,274,684
Total primary government expenses	\$ 28,004,465	\$ 30,756,332	\$ 32,106,929	\$ 38,351,749
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 472,096	\$ 501,055	\$ 17,550	\$ 23,400
Judicial administration	155,163	294,156	264,441	443,137
Public safety	3,510	14,876	13,424	17,878
Public works	475,341	537,203	793,320	1,153,570
Parks, recreation and cultural	71,357	71,673	84,576	113,061
Community development	449,386	428,816	390,853	350,169
Operating grants and contributions	1,918,191	2,346,099	2,550,447	2,416,922
Capital grants and contributions	-	778,179	53,776	46,189
Total governmental activities program revenues	\$ 3,545,044	\$ 4,972,057	\$ 4,168,387	\$ 4,564,326

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,170,904	\$ 2,332,278	\$ 2,333,275	\$ 2,335,818	\$ 2,011,030	\$ 2,497,472
2,725,181	1,211,172	1,186,366	1,021,390	1,267,789	1,282,388
4,926,453	5,364,665	5,160,253	5,406,165	5,700,091	7,551,214
2,856,775	3,040,215	2,824,461	2,949,751	3,052,847	2,522,400
1,527,149	1,459,423	1,498,930	1,505,526	1,414,009	1,411,742
14,178,044	14,437,698	13,085,583	16,631,591	16,126,417	14,081,158
1,358,529	1,361,665	1,267,868	1,299,526	1,442,669	1,246,800
1,831,694	2,109,085	2,585,270	2,369,189	2,246,495	2,635,939
1,733,021	1,932,209	1,862,608	1,730,059	1,718,759	1,749,577
2,060,962	1,944,765	1,747,190	1,969,401	2,833,978	2,513,613
<u>\$ 35,368,712</u>	<u>\$ 35,193,175</u>	<u>\$ 33,551,804</u>	<u>\$ 37,218,416</u>	<u>\$ 37,814,084</u>	<u>\$ 37,492,303</u>
\$ 1,058,560	\$ 969,972	\$ 862,292	\$ 825,011	\$ 960,797	\$ 1,207,978
1,001,618	954,393	983,111	1,159,742	1,156,498	461,888
<u>\$ 2,060,178</u>	<u>\$ 1,924,365</u>	<u>\$ 1,845,403</u>	<u>\$ 1,984,753</u>	<u>\$ 2,117,295</u>	<u>\$ 1,669,866</u>
<u>\$ 37,428,890</u>	<u>\$ 37,117,540</u>	<u>\$ 35,397,207</u>	<u>\$ 39,203,169</u>	<u>\$ 39,931,379</u>	<u>\$ 39,162,169</u>
\$ 35,100	\$ 11,700	\$ 23,400	\$ 23,400	\$ 23,400	\$ -
388,462	346,456	437,863	510,896	457,916	709,282
16,838	15,584	5,840	6,317	22,078	10,282
1,028,928	1,154,832	958,805	1,236,913	1,122,809	1,180,837
84,892	90,891	96,748	95,487	85,038	84,607
190,262	204,569	181,875	192,207	178,734	236,124
2,398,519	2,165,017	2,426,783	2,257,672	2,412,618	2,438,107
4,260,000	-	303,653	1,993,245	5,816,685	598,412
<u>\$ 8,403,001</u>	<u>\$ 3,989,049</u>	<u>\$ 4,434,967</u>	<u>\$ 6,316,137</u>	<u>\$ 10,119,278</u>	<u>\$ 5,257,651</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Business-type activities:				
Charges for services:				
Landfill	\$ 1,185,681	\$ 1,185,380	\$ 1,261,870	\$ 1,184,892
Recycling	77,592	66,982	85,533	189,307
Operating grants and contributions	16,393	23,975	19,626	23,798
Total business-type activities program revenues	\$ 1,279,666	\$ 1,276,337	\$ 1,367,029	\$ 1,397,997
Total primary government program revenues	\$ 4,824,710	\$ 6,248,394	\$ 5,535,416	\$ 5,962,323
Net (expense) / revenue				
Governmental activities	\$ (22,737,480)	\$ (23,908,051)	\$ (25,730,587)	\$ (31,512,739)
Business-type activities	(442,275)	(599,887)	(840,926)	(876,687)
Total primary government net expense	\$ (23,179,755)	\$ (24,507,938)	\$ (26,571,513)	\$ (32,389,426)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 15,058,380	\$ 15,762,626	\$ 17,743,425	\$ 19,225,297
Local sales and use taxes	2,317,974	2,401,773	2,486,192	2,484,176
Motor vehicle licenses taxes	545,606	556,542	567,994	565,841
Consumer utility taxes	963,485	1,130,956	1,326,139	1,616,873
Business licenses taxes	665,463	733,059	740,306	831,582
Other local taxes	2,823,964	3,107,199	3,057,021	2,777,979
Unrestricted grants and contributions	2,520,022	2,836,695	2,822,212	2,669,612
Unrestricted revenues from use of money and property	423,668	729,779	1,467,557	1,461,742
Miscellaneous	78,567	180,730	1,962,010	8,211,798
Transfers	(657,299)	(634,154)	(767,116)	(890,124)
Total governmental activities	\$ 24,739,830	\$ 26,805,205	\$ 31,405,740	\$ 38,954,776
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 57,820	\$ 125,164	\$ 143,976	\$ 76,310
Miscellaneous	3,413	24,790	-	3
Transfers	657,299	634,154	767,116	890,124
Total business-type activities	\$ 718,532	\$ 784,108	\$ 911,092	\$ 966,437
Total primary government	\$ 25,458,362	\$ 27,589,313	\$ 32,316,832	\$ 39,921,213
Change in Net Position				
Governmental activities	\$ 2,002,350	\$ 2,897,154	\$ 5,675,153	\$ 7,442,037
Business-type activities	276,257	184,221	70,166	89,750
Total primary government	\$ 2,278,607	\$ 3,081,375	\$ 5,745,319	\$ 7,531,787

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,266,573	\$ 1,213,411	\$ 1,116,260	\$ 1,063,507	\$ 1,034,968	\$ 936,243
101,959	104,549	77,872	23,714	-	-
23,013	18,913	21,503	18,461	26,161	23,076
\$ 1,391,545	\$ 1,336,873	\$ 1,215,635	\$ 1,105,682	\$ 1,061,129	\$ 959,319
\$ 9,794,546	\$ 5,325,922	\$ 5,650,602	\$ 7,421,819	\$ 11,180,407	\$ 6,216,970
\$ (26,965,711)	\$ (31,204,126)	\$ (29,116,837)	\$ (30,902,279)	\$ (27,694,806)	\$ (32,234,652)
(668,633)	(587,492)	(629,768)	(879,071)	(1,056,166)	(710,547)
\$ (27,634,344)	\$ (31,791,618)	\$ (29,746,605)	\$ (31,781,350)	\$ (28,750,972)	\$ (32,945,199)
\$ 20,100,078	\$ 19,737,346	\$ 19,903,929	\$ 20,241,098	\$ 22,519,602	\$ 23,009,779
2,337,807	2,238,747	2,226,190	2,292,809	2,392,591	2,439,476
556,865	547,407	542,034	537,280	537,855	535,776
1,529,343	1,538,143	1,541,967	1,520,806	1,522,050	1,514,494
855,953	723,687	775,021	851,571	913,827	882,478
2,579,150	2,662,945	2,642,418	2,687,544	2,791,478	2,922,491
2,895,242	2,766,489	2,706,042	2,761,428	2,741,009	2,760,419
462,662	240,641	145,518	74,448	78,229	58,003
3,643,804	272,957	239,873	1,710,031	743,278	1,213,388
(981,659)	(948,313)	(859,771)	(1,111,015)	(1,234,972)	(735,930)
\$ 33,979,245	\$ 29,780,049	\$ 29,863,221	\$ 31,566,000	\$ 33,004,947	\$ 34,600,374
\$ 32,743	\$ 6,505	\$ 4,938	\$ 4,000	\$ 4,676	\$ 3,018
1,166	117	10,264	68	3,815	5,063
981,659	948,313	859,771	1,111,015	1,234,972	735,930
\$ 1,015,568	\$ 954,935	\$ 874,973	\$ 1,115,083	\$ 1,243,463	\$ 744,011
\$ 34,994,813	\$ 30,734,984	\$ 30,738,194	\$ 32,681,083	\$ 34,248,410	\$ 35,344,385
\$ 7,013,534	\$ (1,424,077)	\$ 746,384	\$ 663,721	\$ 5,310,141	\$ 2,365,722
346,935	367,443	245,205	236,012	187,297	33,464
\$ 7,360,469	\$ (1,056,634)	\$ 991,589	\$ 899,733	\$ 5,497,438	\$ 2,399,186

COUNTY OF ROCKBRIDGE, VIRGINIA

Table 3

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Total
2014 \$	23,009,779 \$	2,439,476 \$	1,514,494 \$	535,776 \$	208,339 \$	882,478 \$	28,590,342
2013	22,519,602	2,392,591	1,522,050	537,855	191,861	913,827	28,077,786
2012	20,241,098	2,292,809	1,520,806	537,280	199,362	851,571	25,642,926
2011	19,903,929	2,226,190	1,541,967	542,034	182,274	775,021	25,171,415
2010	19,737,346	2,238,747	1,538,143	547,407	192,183	723,687	24,977,513
2009	20,100,078	2,337,807	1,529,343	556,865	208,782	855,953	25,588,828
2008	19,225,297	2,484,176	1,616,873	565,841	298,742	831,582	25,022,511
2007	17,743,425	2,486,192	1,326,139	567,994	335,290	740,306	23,199,346
2006	15,762,626	2,401,773	1,130,956	556,542	358,912	733,059	20,943,868
2005	15,058,380	2,317,974	963,485	545,606	296,733	665,463	19,847,641

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COUNTY OF ROCKBRIDGE, VIRGINIAFund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund					
Reserved	\$ 572,094	\$ 1,597,814	\$ 1,549,574	\$ 1,404,760	\$ 1,863,469
Unreserved	9,181,652	10,578,376	13,409,914	14,292,634	15,037,799
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 9,753,746</u>	<u>\$ 12,176,190</u>	<u>\$ 14,959,488</u>	<u>\$ 15,697,394</u>	<u>\$ 16,901,268</u>
All other governmental funds					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, reported in:					
Capital projects funds	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	<u>4,946,271</u>	<u>14,314,160</u>	<u>10,582,108</u>	<u>6,620,625</u>	<u>535,995</u>
Total all other governmental funds	<u>\$ 4,946,271</u>	<u>\$ 14,314,160</u>	<u>\$ 10,582,108</u>	<u>\$ 6,620,625</u>	<u>\$ 535,995</u>

(1) The County implemented GASB 54 in fiscal year 2011, the fund balances for previous years have not been restated per GASB 54 classifications.

Table 4

<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,531,217	\$ -	\$ -	\$ -	\$ -
13,602,863	-	-	-	-
-	102,799	121,348	116,671	112,861
-	1,018,434	1,002,603	1,075,361	1,000,439
-	856,172	646,172	707,419	385,973
-	1,259,523	2,061,918	1,934,997	2,194,043
-	14,124,282	15,284,213	17,219,353	18,317,586
<u>\$ 16,134,080</u>	<u>\$ 17,361,210</u>	<u>\$ 19,116,254</u>	<u>\$ 21,053,801</u>	<u>\$ 22,010,902</u>
\$ -	\$ -	\$ -	\$ 4,384,475	\$ 331,856
-	278,115	5,434,345	254,255	260,564
-	(90,345)	(947,976)	(229,603)	-
<u>314,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 314,661</u>	<u>\$ 187,770</u>	<u>\$ 4,486,369</u>	<u>\$ 4,409,127</u>	<u>\$ 592,420</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009
Revenues					
General property taxes	\$ 14,703,809	\$ 15,926,023	\$ 17,167,695	\$ 19,267,635	\$ 19,905,850
Other local taxes	7,316,492	7,929,529	8,177,652	8,276,451	7,859,118
Permits, privilege fees and regulatory licenses	449,386	437,233	377,199	335,529	188,491
Fines and forfeitures	66,080	71,574	80,978	196,529	177,259
Revenue from use of money and property	423,668	729,779	1,467,557	1,461,742	462,662
Charges for services	1,111,387	1,338,972	1,105,987	1,569,157	1,378,732
Miscellaneous	78,567	162,730	537,870	657,112	363,416
Recovered costs	502,562	974,760	1,748,308	8,187,010	3,798,055
Intergovernmental:					
Commonwealth	4,160,230	4,864,082	5,038,154	4,904,117	4,686,608
Federal	277,983	1,096,891	388,281	228,606	607,153
Total revenues	\$ 29,090,164	\$ 33,531,573	\$ 36,089,681	\$ 45,083,888	\$ 39,427,344
Expenditures					
General government administration	\$ 1,486,047	\$ 1,623,703	\$ 1,609,206	\$ 1,592,669	\$ 1,592,002
Judicial administration	605,384	1,068,975	1,156,273	1,149,258	1,292,358
Public safety	4,088,831	4,273,230	4,863,985	5,081,176	5,144,522
Public works	3,144,564	2,506,206	2,413,698	2,853,198	2,709,261
Health and welfare	1,128,269	1,021,506	1,429,744	1,471,189	1,527,091
Education	10,547,631	10,974,800	10,596,063	12,166,930	12,259,269
Parks, recreation and cultural	1,011,319	1,087,400	1,124,798	1,230,352	1,248,904
Community development	1,392,441	2,131,787	2,258,256	2,093,877	1,838,680
Non-Departmental	1,145,122	1,227,971	1,469,578	1,698,751	1,733,021
Capital projects	12,496,492	6,801,707	5,056,909	17,915,845	9,482,489
Debt service					
Principal	2,376,378	2,487,469	2,795,373	3,923,340	2,326,302
Interest and other fiscal charges	1,440,657	1,746,288	2,153,457	2,040,141	2,172,542
Bond issue costs	-	-	-	-	-
Total expenditures	\$ 40,863,135	\$ 36,951,042	\$ 36,927,340	\$ 53,216,726	\$ 43,326,441
Excess of revenues over (under) expenditures	\$ (11,772,971)	\$ (3,419,469)	\$ (837,659)	\$ (8,132,838)	\$ (3,899,097)
Other financing sources (uses)					
Transfers in	\$ 84,940	\$ 1,059,250	\$ 750,000	\$ 1,750,000	\$ -
Transfers out	(742,239)	(1,693,404)	(1,517,116)	(2,640,124)	(981,659)
Refunding bonds issued	-	-	-	-	-
Bonds issued	6,469,871	15,620,130	-	6,000,000	-
Premium on bonds issued	213,677	-	-	-	-
Capital leases	970,780	223,826	150,314	157,000	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	\$ 6,997,029	\$ 15,209,802	\$ (616,802)	\$ 5,266,876	\$ (981,659)
Net change in fund balances	\$ (4,775,942)	\$ 11,790,333	\$ (1,454,461)	\$ (2,865,962)	\$ (4,880,756)
Debt service as a percentage of noncapital expenditures	13.46%	14.04%	15.53%	16.89%	13.29%

Table 5

2010	2011	2012	2013	2014
\$ 19,568,375	\$ 19,778,269	\$ 20,928,182	\$ 22,414,930	\$ 23,372,482
7,710,929	7,727,630	7,890,010	8,157,801	8,294,715
202,087	181,875	192,207	172,766	210,464
153,837	223,673	284,725	235,024	451,140
240,641	145,518	74,448	78,229	58,003
1,468,108	1,298,983	1,588,288	1,482,185	1,559,528
257,616	239,873	2,150,539	2,471,378	1,213,388
359,866	343,712	303,718	350,799	272,277
4,652,229	4,935,567	4,733,732	4,847,109	4,910,801
299,277	500,911	2,278,613	4,416,673	886,137
\$ 34,912,965	\$ 35,376,011	\$ 40,424,462	\$ 44,626,894	\$ 41,228,935
\$ 1,774,607	\$ 1,642,181	\$ 1,612,340	\$ 1,588,585	\$ 1,667,257
1,199,478	1,183,984	1,188,236	1,278,954	1,295,768
5,334,327	5,198,378	5,535,432	5,784,020	7,683,885
2,911,708	2,944,557	2,956,944	3,082,574	2,506,757
1,459,363	1,498,725	1,503,694	1,413,425	1,412,588
12,565,769	11,514,555	12,848,581	14,216,366	13,747,740
1,257,674	1,170,665	1,197,527	1,345,586	1,243,472
2,101,876	2,998,230	6,177,505	7,337,211	2,633,159
1,932,209	1,747,190	1,730,059	1,723,096	1,749,577
62,263	36,677	2,335,173	21,849,069	4,579,992
2,320,388	1,758,226	1,854,205	3,674,994	2,107,993
2,033,512	1,939,473	2,026,423	2,311,965	2,724,423
-	-	-	287,772	-
\$ 34,953,174	\$ 33,632,841	\$ 40,966,119	\$ 65,893,617	\$ 43,352,611
\$ (40,209)	\$ 1,743,170	\$ (541,657)	\$ (21,266,723)	\$ (2,123,676)
\$ 175,135	\$ -	\$ 1,087,294	\$ -	\$ 28,328
(1,123,448)	(859,771)	(2,198,309)	(1,234,972)	(764,258)
-	-	-	11,760,000	-
-	-	7,500,000	21,895,000	-
-	-	-	2,533,876	-
-	216,840	206,315	-	-
-	-	-	(13,086,006)	-
\$ (948,313)	\$ (642,931)	\$ 6,595,300	\$ 21,867,898	\$ (735,930)
\$ (988,522)	\$ 1,100,239	\$ 6,053,643	\$ 601,175	\$ (2,859,606)
12.48%	11.01%	10.05%	13.59%	12.59%

COUNTY OF ROCKBRIDGE, VIRGINIA

Table 6

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Total
2014 \$	23,372,482 \$	2,439,476 \$	1,514,494 \$	535,776 \$	208,339 \$	882,478 \$	28,953,045
2013	22,414,930	2,392,591	1,522,050	537,855	191,861	913,827	27,973,114
2012	20,928,182	2,292,809	1,520,806	537,280	199,362	851,571	26,330,010
2011	19,778,269	2,226,190	1,541,967	542,034	182,274	775,021	25,045,755
2010	19,568,375	2,238,747	1,538,143	547,407	192,183	723,687	24,808,542
2009	19,905,850	2,337,807	1,529,343	556,865	208,782	855,953	25,394,600
2008	19,267,635	2,484,176	1,616,873	565,841	298,742	831,582	25,064,849
2007	17,167,695	2,486,192	1,326,139	567,994	335,290	740,306	22,623,616
2006	15,926,023	2,401,773	1,130,956	556,542	358,912	733,059	21,107,265
2005	14,703,809	2,317,974	963,485	545,606	296,733	665,463	19,493,070

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COUNTY OF ROCKBRIDGE, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2014	\$ 2,409,180,980	\$ 182,796,656	\$ 6,654,724	\$ 14,745,031	\$ 146,349,769	\$ 2,759,727,160
2013	2,406,225,814	181,627,780	6,529,754	14,352,182	130,966,279	2,739,701,809
2012	2,393,006,606	174,030,130	6,943,019	13,415,023	118,289,855	2,705,684,633
2011	2,381,260,966	168,167,630	9,112,766	10,822,737	113,384,467	2,682,748,566
2010	2,436,189,073	161,297,226	9,172,343	11,287,004	92,656,310	2,710,601,956
2009	2,403,426,774	185,101,529	9,042,587	11,098,157	85,950,278	2,694,619,325
2008	2,361,326,219	178,824,784	9,418,745	11,110,174	99,002,561	2,659,682,483
2007	2,329,760,003	176,096,685	9,629,610	10,784,021	104,485,747	2,630,756,066
2006	1,925,857,100	161,836,619	9,040,714	9,153,108	76,590,621	2,182,478,162
2005	1,508,942,650	144,732,914	9,500,275	8,822,636	87,857,810	1,759,856,285

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation

Table 7

Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$ 2,848,309,588	96.89%	\$ 8.19
2,827,641,458	96.89%	8.14
2,792,532,390	96.89%	8.08
2,697,042,893	99.47%	8.02
2,668,966,085	101.56%	7.98
2,930,845,470	91.94%	7.98
3,041,375,052	87.45%	7.94
3,254,677,800	80.83%	7.70
2,571,857,367	84.86%	7.38
2,789,437,764	63.09%	7.52

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Direct Rates					
Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate
2014	\$ 0.715	\$ 4.25	\$ 0.67	\$ 2.55	\$ 8.19
2013	0.67	4.25	0.67	2.55	8.14
2012	0.64	4.25	0.64	2.55	8.08
2011	0.61	4.25	0.61	2.55	8.02
2010	0.59	4.25	0.59	2.55	7.98
2009	0.59	4.25	0.59	2.55	7.98
2008	0.59	4.25	0.55	2.55	7.94
2007	0.55	4.25	0.55	2.35	7.70
2006	0.55	3.75	0.73	2.35	7.38
2005	0.73	3.75	0.685	2.35	7.52

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$	25,571,272	\$ 24,997,455	97.76%	\$ -	\$ 24,997,455	97.76%
2013		23,894,710	23,332,287	97.65%	164,965	23,497,252	98.34%
2012		23,041,039	22,189,814	96.31%	498,324	22,688,138	98.47%
2011		21,983,597	21,203,088	96.45%	553,950	21,757,038	98.97%
2010		21,601,653	20,791,246	96.25%	662,106	21,453,352	99.31%
2009		22,272,956	21,510,651	96.58%	631,730	22,142,381	99.41%
2008		21,315,874	20,582,879	96.56%	700,779	21,283,658	99.85%
2007		20,300,479	18,785,345	92.54%	1,495,511	20,280,856	99.90%
2006		18,873,765	17,083,003	90.51%	1,771,059	18,854,062	99.90%
2005		16,929,945	15,896,003	93.89%	1,012,776	16,908,779	99.87%

Source: Commissioner of Revenue, County Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

(2) Does not include land redemptions.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2014		Fiscal Year 2005	
		2014 Assessed Valuation	% of Total Assessed Valuation	2005 Assessed Valuation	% of Total Assessed Valuation
Lexington Retirement Community, Inc.	Health Provider	\$ 27,726,900	1.152%	\$ 11,138,500	0.755%
Stonewall/Medusa/CWB&S/Barger	Real Estate & Industry	20,980,790	0.872%	14,319,700	0.971%
White's/Lee Hi/Berkstresser	Industry & Service	18,503,000	0.769%	10,913,600	0.740%
Natural Bridge of Virginia, LLC	Hospitality	17,138,400	0.712%	8,431,700	0.572%
Wal-Mart Real Estate Business Trust	Retail	8,992,900	0.374%	7,586,200	0.514%
Aladdin Manufacturing Corporation	Industry	8,978,700	0.373%	14,705,600	0.997%
Elmech, Inc. (Wingate Hotel)	Hospitality	8,415,600	0.350%	3,009,000	0.204%
Lowe's Home Center	Retail	7,912,500	0.329%	413,800	0.028%
West Airslie Farms, LLC	Agriculture	3,795,700	0.158%	5,310,200	0.360%
Laurie Jeanne Landeau	Individual	3,634,600	0.151%	6,716,700	0.455%
		<u>\$ 126,079,090</u>	<u>5.241%</u>	<u>\$ 82,545,000</u>	<u>5.598%</u>

Source: Commissioner of Revenue

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COUNTY OF ROCKBRIDGE, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
2014	\$ 45,109,146	\$ 17,870,000	\$ 1,435,000	\$ -	\$ 53,280	\$ 750,543	\$ 583,060
2013	46,590,095	18,359,697	1,635,000	-	173,515	776,624	317,405
2012	24,907,549	19,055,719	2,000,000	-	330,643	776,624	-
2011	18,537,312	19,523,530	2,200,000	-	226,105	-	-
2010	19,638,305	19,967,851	2,400,000	-	67,323	-	-
2009	21,079,658	20,474,555	2,600,000	-	284,800	-	-
2008	22,466,568	20,924,192	2,800,000	-	619,700	-	-
2007	23,799,252	17,046,376	3,000,000	-	776,317	-	-
2006	25,117,932	18,045,969	3,200,000	1,000,000	948,248	-	8,246
2005	25,999,216	2,512,395	3,400,000	1,000,000	1,062,051	-	-

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

(1) See the Schedule of Demographic and Economic Statistics-Table 14.

Table 11

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	65,801,029	5.22%	\$ 2,946
	67,852,336	5.44%	3,038
	47,070,535	3.94%	2,131
	40,486,947	3.57%	1,827
	42,073,479	3.72%	1,886
	44,439,013	3.85%	1,975
	46,810,460	4.13%	2,085
	44,621,945	4.12%	2,000
	48,320,395	4.78%	2,159
	33,973,662	3.54%	1,563

COUNTY OF ROCKBRIDGE, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table 12

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014	22,338	\$ 2,409,180,980	\$ 64,414,146	\$ -	\$ 64,414,146	2.67%	\$ 2,884
2013	22,090	2,406,225,814	66,584,792	-	66,584,792	2.77%	3,014
2012	22,307	2,393,006,606	45,963,268	-	45,963,268	1.92%	2,060
2011	22,307	2,381,260,966	40,486,947	-	40,486,947	1.70%	1,815
2010	22,307	2,436,189,073	42,006,156	-	42,006,156	1.72%	1,883
2009	22,498	2,403,426,774	44,154,212	-	44,154,212	1.84%	1,963
2008	22,450	2,361,326,219	46,190,760	-	46,190,760	1.96%	2,057
2007	22,313	2,329,760,003	43,845,628	-	43,845,628	1.88%	1,965
2006	22,379	1,925,857,100	46,363,901	-	46,363,901	2.41%	2,072
2005	21,737	1,508,942,650	31,977,315	-	31,977,315	2.12%	1,471

(1) www.coopercenter.org; See the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property- Table 7

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/post-closure care liability, capital leases, and compensated absences.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds					
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 936,618	\$ 1,138,798	\$ (202,180)	\$ 20,000	\$ 31,456	-392.92%
2013	1,035,112	892,364	142,748	-	28,107	507.87%
2012	1,063,575	825,011	238,564	-	-	N/A
2011	1,126,524	862,292	264,232	-	-	N/A
2010	1,213,528	969,972	243,556	-	-	N/A
2009	1,267,734	1,058,560	209,174	-	-	N/A
2008	1,184,895	1,215,648	(30,753)	-	-	N/A
2007	1,261,870	1,336,355	(74,485)	-	-	N/A
2006	1,185,420	1,011,076	174,344	-	-	N/A
2005	1,187,897	850,498	337,399	-	-	N/A

Note: Landfill charges and other include landfill charges and miscellaneous revenues but not investment earnings or capital contributions.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	22,338	\$ 1,259,937,000	\$ \$34,846	47	2,531	5.40%
2013	22,338	1,247,903,000	\$34,846	47	2,505	6.00%
2012	22,090	1,194,088,000	\$34,549	47	2,498	5.60%
2011	22,155	1,133,574,000	\$33,042	47	2,498	5.90%
2010	22,307	1,131,047,000	\$31,507	47	2,650	6.30%
2009	22,498	1,153,540,000	\$31,460	40	2,677	6.70%
2008	22,450	1,132,913,000	\$32,052	40	2,801	4.10%
2007	22,313	1,082,653,000	\$31,644	40	2,714	2.90%
2006	22,379	1,010,448,000	\$30,422	40	2,748	2.70%
2005	21,737	960,317,000	\$28,645	40	2,724	3.10%

Source: Central Shenandoah Planning District Commission, Rockbridge County School Division, and Bureau of Labor Statistics.

**Independent cities of Buena Vista and Lexington included with Rockbridge County. Data not available separately.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk*	652	1	10.77%	900	n/a	0.00%
Walmart	266	2	4.40%	n/a	n/a	0.00%
Whites Travel Center	165	3	2.73%	n/a	n/a	0.00%
Kendall	153	4	2.53%	120	n/a	0.00%
Rockbridge Community Services Board	146	5	2.41%	n/a	n/a	0.00%
Vesuvius Corporation	118	6	1.95%	n/a	n/a	0.00%
Lowes	118	7	1.95%	n/a	n/a	0.00%
Fitzgerald Lumber	86	8	1.42%	75	n/a	0.00%
Natural Bridge Hotel (off season)	75	9	1.24%	75	n/a	0.00%
Stella Jones (Burke Parsons Bowlby Corp)**	48	10	0.79%	n/a	n/a	0.00%
Totals	1,827		30.19%	n/a		n/a

*Figures do not include temporary employees - with temporary employees, employment is at 687.
Businesses with 2005 employment figure marked 'n/a' do not maintain their records that far back.

Sources: Individual company human resource departments.
Note: Excludes government, schools, and state/local agencies.

COUNTY OF ROCKBRIDGE, VIRGINIAFull-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General government	24	25	25	25	22
Judicial administration	12	12	13	13	12
Public safety					
Sheriffs department	36	36	38	38	36
Building inspections	4	4	4	4	5
Animal control	2	2	2	2	2
Public works					
General maintenance	6	6	6	6	6
Landfill	14	14	16	16	15
Engineering	1	1	1	1	1
Health and welfare					
Department of social services	25	25	25	25	25
Culture and recreation					
Parks and recreation	3	3	3	3	3
Community development					
Planning	3	4	4	4	5
Totals	<u>130</u>	<u>132</u>	<u>137</u>	<u>137</u>	<u>132</u>

Source: Individual county departments

Table 16

Fiscal Year				
2010	2011	2012	2013	2014
22	21	21	21	21
12	12	12	12	12
38	38	38	38	41
4	4	4	4	4
2	2	2	2	2
6	6	6	6	6
15	10	10	10	11
-	-	-	-	-
25	25	25	25	23
3	3	3	3	3
5	5	5	5	5
132	126	126	126	128

COUNTY OF ROCKBRIDGE, VIRGINIAOperating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
Fire and rescue:					
Number of calls answered	2,443	1,671	3,829	4,962	4,876
Building inspections:					
Permits issued	589	535	688	409	281
Landfill:					
Refuse collected (tons/day)	140	160	167	113	110
Recycling (tons/day)	12	14	15	15	16
Health and welfare					
Department of Social Services:					
Caseload	1,495	2,342	2,412	2,850	2,931

*Calls dispatched; excludes Lexington and Buena Vista Fire and Rescue

**Tons per day based on 287 work days

***Includes cities of Buena Vista and Lexington, excludes private enterprises

Source: Individual county departments--only information that is currently available.

Table 17

Fiscal Year				
2010	2011	2012	2013	2014
4,876	4,983	5,636	4791*	5582*
294	310	274	310	522
97	138**	138**	141**	141**
13	11***	11***	13***	15***
3,622	6,714	6,714	6,366	6,275

COUNTY OF ROCKBRIDGE, VIRGINIACapital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
General government					
Administration buildings	1	1	1	1	1
Public safety					
Building inspections:					
Vehicles	3	3	4	4	4
Animal control:					
Vehicles	2	2	2	2	2
Landfill:					
Sites	1	1	1	1	1
Health and welfare					
Department of Social Services:					
Vehicles	1	1	1	1	1
Culture and recreation					
Parks and recreation:					
Vehicles	3	3	3	3	3
Swimming pools	2	2	2	2	2
Community development					
Planning:					
Vehicles	3	3	3	3	3
Sheriff (Law Enforcement):					
Vehicles	37	37	37	37	38

Source: Individual county departments--only information that is currently available

Table 18

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
4	3	3	3	3
2	2	2	2	2
1	1	1	1	1
1	4	4	4	4
3	3	3	3	3
2	2	2	2	2
3	3	3	3	3
38	39	39	39	39

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2014

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 374,488	\$ 262,988	\$ 111,500	24.95%	\$ 27,819
Circuit Court - Expenses	64,669	-	64,669	24.95%	16,135
General District and J&D Court	19,931	-	19,931	24.95%	4,973
Courthouse Maintenance	295,220	-	295,220	24.95%	73,657
Administration Building, 150 S. Main Street	176,462	-	176,462	5.90%	10,411
25th Court Services Unit-Juvenile Probation	4,862	-	4,862	20.37%	990
Commonwealth's Attorney	455,073	337,656	117,417	24.95%	29,296
Sheriff's Salary	115,140	91,806	23,334	24.95%	5,822
Advancement of Agriculture (City Agent)	<u>143,240</u>	<u>-</u>	<u>143,240</u>	15.00%	<u>21,486</u>
Totals	\$ <u>1,649,085</u>	\$ <u>692,450</u>	\$ <u>956,635</u>		\$ <u>190,589</u>

Table 19

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
- \$	-
-	-
-	-
-	-
-	-
18.34%	892
-	-
-	-
-	-
	<hr/>
\$	<u>892</u>

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Rockbridge, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Rockbridge, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Rockbridge, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 19, 2014

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF ROCKBRIDGE, VIRGINIA**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Rockbridge, Virginia's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 19, 2014

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 69,252
Department of Education:			
National School Lunch Program	10.555	40623	521,385
Total School Lunch Program			\$ 590,637
School Breakfast Program	10.553	40591	\$ 90,283
Schools and Roads - Grants to States	10.665	43841	73,917
Total Department of Agriculture			\$ 754,837
Department of Commerce:			
Pass Through Payments:			
Department of Commerce:			
Broadband Technology Opportunities Program	11.557	Not/Available	\$ 583,775
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ Royalty Grants	66.000	Not/Available	\$ 730
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grant	97.042	Not/Available	\$ 9,803
Homeland Security Grant Program	97.067	Not/Available	61,560
Hazard Mitigation Grant	97.039	Not/Available	25,838
Total Department of Homeland Security			\$ 97,201
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Section 8 Housing Assistance Payments Program	14.195	Not/Available	\$ 47,636
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not/Available	\$ 14,637
Total Department of Housing and Urban Development			\$ 62,273

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Violence Against Women Formula Grants	16.588	2009-WF-AX0037	\$ 31,622
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: State and Community Highway Safety	20.600	SC-2010 50364 3984	\$ 21,460
Department of Education: Pass Through Payments: Department of Education: Adult Education-Basic Grants to States	84.002	42801	\$ 139,839
Title I: Grants to Local Educational Agencies	84.010	42901	438,805
Special Education Cluster: Title VI-B: Special Education Grants to States	84.027	43071	666,879
Title VI-B: Special Education Preschool Grants	84.173	Not/Available	14,681
Career and Technical Education - Basic Grants to States	84.048	61095	49,072
Improving Teacher Quality State Grants	84.367	61480	122,164
Twenty-First Century Community Learning Centers	84.287	60565	328,570
Action Against Poverty	84.000	Not/Available	48,607
Advanced Placement Program	84.030	Not/Available	495
Total Department of Education			\$ 1,809,112
Total Expenditures of Federal Awards			\$ 3,361,010

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the County had food commodities totaling \$33,371 in inventory.

NOTE 4 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	
General fund	\$ 302,362
Broadband Technology Opportunities Program	583,775
Department of the Interior - Payment in Lieu of Taxes	(89,076)
Total primary government	\$ 797,061
Discretely presented component unit - School Board:	
School operating fund	\$ 1,871,075
School cafeteria fund	692,874
Total discretely presented component unit - School Board	\$ 2,563,949
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 3,361,010

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
Special Education Cluster	
84.027	Title VI-B Special Education State Grants
84.173	Title VI-B-Special Education Preschool Incentive Grant

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Summary of Prior Year Findings

There were no prior year findings.