

# **Board of Supervisors**

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Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

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Donna B. Nunnally
Wesley W. Reed
Dr. K. David Smith
Roma R. Morris
Wade Bartlett

# Financial Report For The Year Ended June 30, 2015

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# 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 Prince Edward, 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 Prince Edward, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Prince Edward'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 Prince Edward, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As described in Note 18 to the financial statements, in 2015, the County of Prince Edward, Virginia adopted new accounting guidance, GASB Statement Nos. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

#### Other Matters

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 78, and 79-84 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 Prince Edward, Virginia's basic financial statements. The other supplementary information, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

#### Other Information (continued)

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

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

# Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of the County of Prince Edward, 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 the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

Mobinson, Farmer, Cox Associates Charlottesville, Virginia

February 19, 2016



#### MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

## Financial Highlights

#### **Government-wide Financial Statements**

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,307,865 (total net position). This was a decrease of \$2,706,623 or 67% compared to the restated ending amount of \$4,014,488 on June 30, 2014. This decrease was largely due to transferring \$5,123,382 of new long-term debt to the School Board. (\$801,202) of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$1,907,658 of the County's total, a decrease of \$2,463,886 or 56% in comparison with restated net position of \$4,371,544 at June 30, 2014. The decrease was largely due to transferring \$5,123,382 of new long-term debt to the school board. Cash and cash equivalents for the Governmental Activities increased from \$10,930,695 in FY14 to \$12,007,084 at the end of FY15. This is an increase of \$940,319 or 8.6%.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$10,975,706 an increase of \$3,411,885 when compared to the restated amount on June 30, 2014. \$8,696,210 of this amount reflects the School Board's net investment in capital assets. \$3,621,941 is restricted for future construction, leaving (\$23,334,034) in unrestricted assets available to meet ongoing obligations. This is a decrease of \$19,790,838 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. Business-Type Activities net position was (\$599,793) which was a decrease of \$242,737. Unrestricted net position of Business-Type Activities decreased \$328,512 during the year ending with a balance of (\$324,456) on June 30, 2015 as compared to (\$4,056) on June 30, 2014.
- The combining long-term governmental obligations increased \$7,313,819 during the current fiscal year. Details of this increase can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report. This increase includes the net pension liability as a result of GASB Statement No. 68, see Note 18 for more information on this implementation.

## Financial Highlights: (Continued)

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$1,273,872 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,031,503 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$13,364,532 which is an increase of \$1,273,872 or 11% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$9,811,281 or 42% of total general fund expenditures excluding capital projects.

#### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

- 1. Government-wide financial statements.
- 2. Fund financial statements.
- 3. Notes to the financial statements.

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

<u>Government-wide financial statements</u> - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

<u>The Statement of Net Position (exhibit one)</u> presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

#### Overview of the Financial Statements: (Continued)

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

- 1. <u>Governmental Activities</u> Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
- 2. <u>Business-Type Activities</u> The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
- 3. <u>Component Unit</u> The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

<u>Fund financial statements</u> - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A governmental fund is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund, Landfill Construction Fund, and School Debt Service Fund.* In addition, the County has one fund considered non-major - the *Recreation Fund.* Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

<u>Proprietary funds</u> - <u>Proprietary funds</u> consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

## Overview of the Financial Statements: (Continued)

<u>Fiduciary funds</u> - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

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

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

## **Government-wide Financial Analysis**

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2015, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,907,658 at the close of the fiscal year as presented in the Table below. This was a decrease of \$2,463,886 or 56% under the restated FY2014 ending amount of \$4,371,544. This decrease was largely due to transferring \$5.3M of long-term obligations to the School Board.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2015 and 2014

		Governmental Activities		Business-type Activities				Total			
		2015	2014	2015		2014		2015	2014		
Current and other assets Capital assets	\$	28,502,394 \$ 11,016,399	28,069,560 \$ 10,336,377	- 3,901,121	\$	42,403 3,988,086	\$	28,502,394 \$ 14,917,520	28,111,963 14,324,463		
Total assets	\$_	39,518,793 \$	38,405,937 \$	3,901,121	\$	4,030,489	\$_	43,419,914 \$	42,436,426		
Deferred outflows of resources	\$_	569,368 \$	\$	-	\$_	-	\$_	569,368 \$			
Long-term liabilities outstanding Current liabilities	\$	24,037,226 \$ 334,213	16,723,407 \$ 280,182	4,176,458 324,456	\$	4,341,086 46,459	\$	28,213,684 \$ 658,669	21,064,493 326,641		
Total liabilities	\$_	24,371,439 \$	17,003,589 \$	4,500,914	\$_	4,387,545	\$_	28,872,353 \$	21,391,134		
Deferred inflows of resources	\$_	13,809,064 \$	13,195,857 \$	-	\$_	-	\$_	13,809,064 \$	13,195,857		
Net position: Net investment in capital assets Restricted Unrestricted	\$	2,289,146 \$ 95,258 (476,746)	2,080,125 \$ - 6,126,366	(275,337) - (324,456)		(353,000) - (4,056)	\$	2,013,809 \$ 95,258 (801,202)	1,727,125 - 6,122,310		
Total net position	\$	1,907,658 \$	8,206,491 \$	(599,793)	\$	(357,056)	\$	1,307,865 \$	7,849,435		

the end of FY2015, the County's net investment in capital assets is \$2,013,809. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

## Government-wide Financial Analysis: (Continued)

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. \$95,258 of the County's net position is restricted for the use of Community Development Authority. The remaining balance of net position in the amount of (\$801,202) may be used to meet the government's ongoing obligations. While the unrestricted net position amount is (\$801,202), Prince Edward County has more than \$10 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

<u>Governmental Activities</u> - Governmental activities decreased Prince Edward County's net position by \$2,463,886. The key elements of this decrease are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$1,197,196 and expenses decreased \$56,309. The net effect was a decrease in net position of \$2,463,886.

County of Prince Edward, Virginia

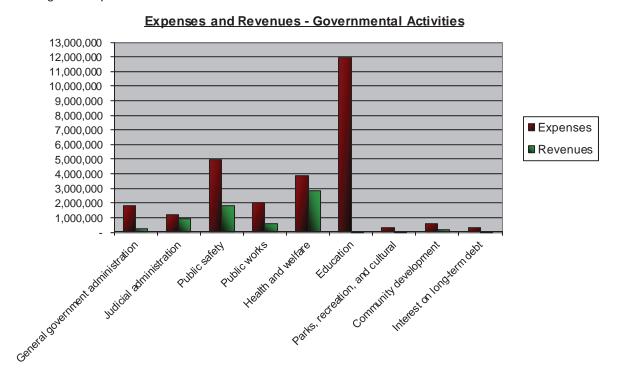
# Changes in Net Position For the Years Ended June 30, 2015 and 2014

		Governmental Activities		Business-type Activities			Total				
	_	2015		2014	_	2015	2014	_	2015		2014
Revenues: Program revenues: Charges for services Operating grants and contributions Capital grants and contributions	\$	986,189 5,595,435 -	\$	999,827 5,616,484 2,337	\$	3,114 \$	2,558 - -	\$	989,303 5,595,435 -	\$	1,002,385 5,616,484 2,337
General revenues: General property taxes Other local taxes Commonwealth non-categorial aid Other general revenues	_	11,877,989 3,796,368 1,850,727 489,225	_	11,076,090 3,564,610 1,693,827 445,562	_	- - - -	- - -		11,877,989 3,796,368 1,850,727 489,225		11,076,090 3,564,610 1,693,827 445,562
Total revenues	\$_	24,595,933	\$_	23,398,737	\$_	3,114 \$	2,558	\$_	24,599,047	\$_	23,401,295
Expenses: General government administration Judicial administration Public safety Public works Health and welfare Education Parks, recreation, and cultural Community development Interest on long-term debt Water fund Sewer fund	\$	1,836,885 1,228,338 4,988,167 1,991,833 3,873,482 11,968,460 284,325 572,714 315,615	\$	4,967,094 1,320,809 5,243,483 2,032,088 3,810,158 8,126,108 365,365 906,637 344,386	\$	- \$ 178,144 67,707	- - - - - - 181,343 69,773	\$	1,836,885 1,228,338 4,988,167 1,991,833 3,873,482 11,968,460 284,325 572,714 315,615 178,144 67,707	\$	4,967,094 1,320,809 5,243,483 2,032,088 3,810,158 8,126,108 365,365 906,637 344,386 181,343 69,773
Total expenses	\$_	27,059,819	\$_	27,116,128	\$_	245,851 \$	251,116	\$_	27,305,670	\$_	27,367,244
Transfers	\$_	-	\$_	-	\$_	\$	-	\$_	-	\$_	
Increase (decrease) in net position	\$	(2,463,886)	\$	(3,717,391)	\$	(242,737) \$	(248,558)	\$	(2,706,623)	\$	(3,965,949)
Net position - beginning, as restated	_	4,371,544		11,923,882	_	(357,056)	(108,498)	_	4,014,488		11,815,384
Net position - ending	\$_	1,907,658	\$_	8,206,491	\$_	(599,793) \$	(357,056)	\$_	1,307,865	\$	7,849,435

Revenues from governmental activities totaled \$24,595,934 with general property taxes (48.3%), operating grants and contributions (22.7%), and other local taxes (15.4%) comprising 86.4% of the County's revenues. Expenses for education (44.2%), health and welfare (14.3%), public safety (18.4%), public works (7.4%), and general government administration (6.8%) account for 91.1% of total governmental expenses of \$27,059,819.

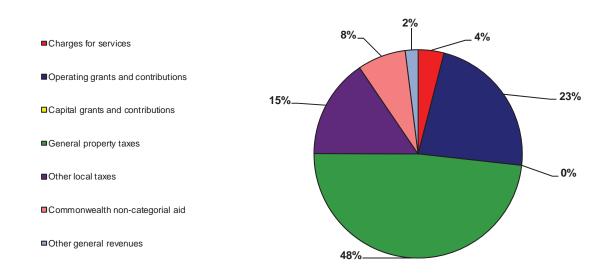
# Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.

#### Revenues by Source - Governmental Activities



#### Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$13,364,532, an increase of \$1,273,872 when compared to the prior year. Approximately 73 percent (\$9,811,281) of the combined governmental fund balance is unassigned. The remaining 27% (\$3,553,251) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$10,987,879 comprise 82% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$967,536 or 9%.

The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2015 of \$9,906,539. This is an increase from the prior year of \$868,211. The major component of the current year increase was an increase of general property taxes of \$1,295,615.

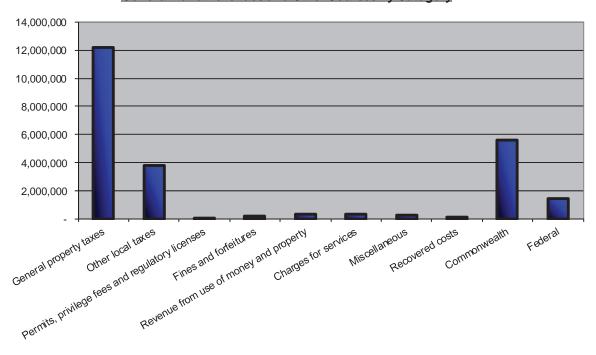
The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2015 the Landfill Construction Fund had a fund balance of \$2,092,086, an increase of \$307,700. This increase was the result of an increase in cash and cash equivalents as revenues exceeded expenses.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

# General Fund Revenues and Other Sources by Category

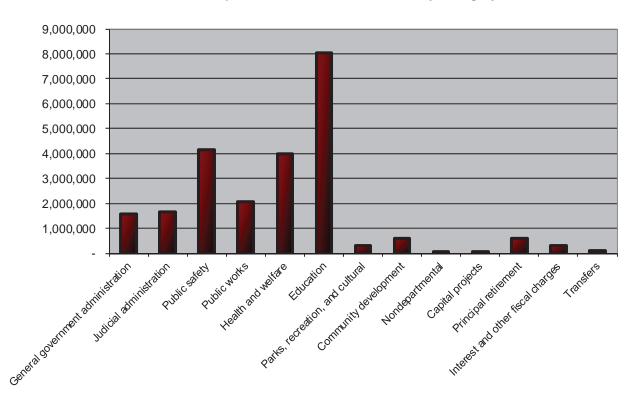
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$24,297,002.

#### General Fund Revenues and Other Sources By Category



## General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$24,428,791 including transfers out of the fund of \$110,153.



## **General Fund Expenditures and Other Sources By Category**

#### **General Fund Budgetary Highlights**

The final amended General Fund budget saw revenues increased by \$577,738 over the original budgeted amount. The final expenditure budget reflected an increase of \$933,229 when compared to the original budget. The revenue increases (decreases) were as follows:

- > \$21,125 in Miscellaneous Revenues
- > \$18,717 in Recovered Costs
- > \$535,131 in intergovernmental revenues from the Commonwealth of Virginia
- > \$2,765 in intergovernmental revenues from the Federal Government.

The significant increase in budgeted revenues from the Commonwealth can be attributed primarily from grant funds received from the Tobacco Commission, and Virginia Department of Transportation (VDOT).

#### General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

\$41,490	increase in Judicial administration
\$249,854	increase Public Safety
\$173,412	increase in Public Works
\$14,488	increase in Health and Welfare
\$29,618	decrease in Education
\$18,108	decrease in Community Development
\$501,711	increase in Capital projects

As can be seen increases in Capital Projects and Public Safety accounted for approximately 81% of the increase in the budgeted expenditures. The majority of the increase in public safety is attributed to the Sheriff and Fire Department.

The Prospect Depot project accounted for over 93% of the capital project increase.

#### Capital Asset and Debt Administration

<u>Capital assets</u> - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2015, is \$14,917,520 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia Capital Assets June 30, 2015 and 2014

		Governm Activit		Business Activi	• .	Tota	al	
		2015	2014	2015	2014	2015	2014	
Land	\$	1,501,360 \$	1,501,360 \$	- \$	- \$	1,501,360 \$	1,501,360	
Buildings		7,688,210	8,203,447	-	-	7,688,210	8,203,447	
Improvements other than buildings		134,304	158,094	-	-	134,304	158,094	
Equipment		609,813	473,476	-	-	609,813	473,476	
Utility plant in service		-	-	3,901,121	3,988,086	3,901,121	3,988,086	
Construction in progress	_	1,082,712			<u> </u>	1,082,712	-	
Net capital assets	\$	11,016,399 \$	10,336,377 \$	3,901,121 \$	3,988,086 \$	14,917,520 \$	14,324,463	

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

<u>Long-term debt</u> - At the close of FY2015, Prince Edward County had total outstanding obligations of \$28,213,684. Of this amount \$8,708,910 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations increased by \$2,874,288.

Additional information on the Prince Edward County's long-term obligations can be found in Note 7 of this report.

#### Economic Factors Influencing FY2016 Budgets and Tax Rates

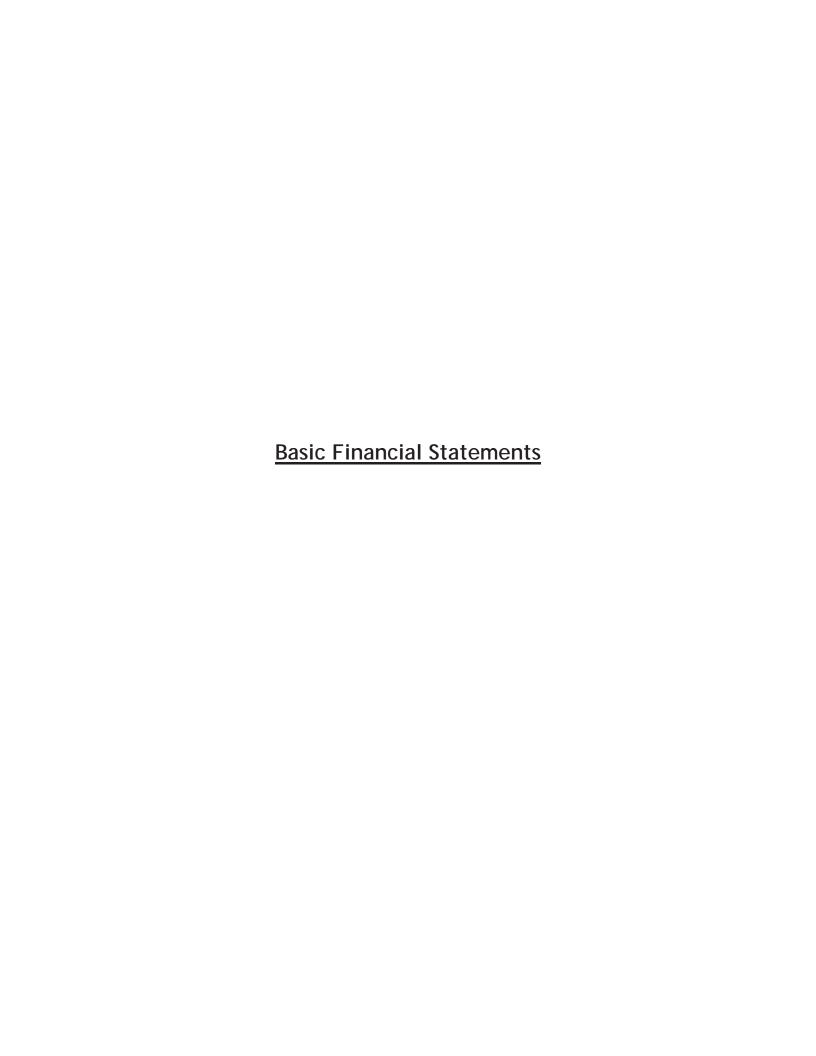
The dominant factor in developing the FY2016 budget was to solve a beginning budget deficit of approximately \$750,000 in the General Fund, and \$320,000 in the Water and Sewer Funds, for a total deficit of \$1,070,000. This deficit was the result of the FY2015 budget being unbalanced, as it was only balanced by the transfer of approximately \$700,000 from the IDA, and the way of \$100,000 from the fund balance of the General Fund. The funds from the IDA were generated by the sale of land for the Industrial Park to VDOT.

2015 was a reassessment year and real estate values decreased almost 8%. To achieve an equaled tax levy, the rate would have needed to be increased to \$.51 from the rate of \$.47.

Revenue from general property taxes were projected to increase over \$200,000 or almost 2% when compared to the prior year. Revenue from other local taxes were estimated to increase \$118,068 or 3% when compared to FY2015 initial estimates. These increases reflect the normal growth in local revenues from construction of new buildings and increases in the local workforce. Various other revenues were expected to increase with the end result being a total increase in revenues of \$337,000, as compared to FY2015 revenues. A 3% pay raise absorbed a portion of the increase in revenues, where the end result was the budget submitted required the use of \$700,000 from the General Fund balance. This was justified because FY2015 was projected to end with an increase in cash of almost \$100,000, which could be used to offset this imbalance in the budget. When the final FY2016 budget was adopted, the real estate tax rate was approved at \$.49, which reduced revenue by \$300,000. The FY2016 budget was balanced by drawing almost \$1.1 million from the General Fund balance.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.









		Pri	mary Government		Component Unit Industrial		
		Governmental Activities	Business-type Activities	Total	School Board	Development Authority	
ASSETS							
Cash and cash equivalents	\$	10,987,877 \$	- \$	10,987,877 \$	358,757 \$	571,807	
Receivables (net of allowance for uncollectibles):							
Taxes receivable		14,219,880	-	14,219,880	-	-	
Accounts receivable		117,144	-	117,144	60,875	-	
Loan receivable		-	-	-	-	369,280	
Note receivable		796,568	-	796,568	-	-	
Due from primary government		-	-	-	-	52,570	
Due from component unit		325,656	-	325,656	-	-	
Due from other governmental units		1,036,062	-	1,036,062	1,205,032	-	
Prepaid items		-	-	-	205,623	1,490	
Industrial assets		-	-	-	-	1,001,241	
Restricted assets:							
Cash and cash equivalents		1,019,207	-	1,019,207	3,621,941	_	
Capital assets (net of accumulated depreciation):							
Land		1,501,360	-	1,501,360	99,952	-	
Buildings and improvements		7,688,210	-	7,688,210	7,755,567	-	
Improvements other than buildings		134,304	-	134,304	276,133	-	
Equipment		609,813	_	609,813	564,558	-	
Utility plant in service		-	3,901,121	3,901,121	-	_	
Construction in progress		1,082,712		1,082,712		-	
Total assets	\$	39,518,793 \$	3,901,121 \$	43,419,914 \$	14,148,438 \$	1,996,388	
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions subsequent to measurement date	\$	569,368 \$	- \$	569,368 \$	1,715,519 \$		
LIABILITIES							
Reconciled overdraft	\$	- \$	279,237 \$	279,237 \$	- \$	-	
Accounts payable		158,519	84	158,603	35,300	-	
Accrued liabilities		4,512	-	4,512	1,178,329	-	
Accrued interest payable		118,612	45,135	163,747	-	-	
Due to primary government		-	-	-	325,656	-	
Due to component unit		52,570	-	52,570	-	-	
Long-term liabilities:							
Due within one year		990,751	170,996	1,161,747	-	-	
Due in more than one year	-	23,046,475	4,005,462	27,051,937	21,594,976		
Total liabilities	\$	24,371,439 \$	4,500,914 \$	28,872,353 \$	23,134,261 \$	-	
DEFERRED INFLOWS OF RESOURCES	•	_					
Items related to measurement of net pension liability	\$	1,115,327 \$	- \$	1,115,327 \$	3,331,579 \$	-	
Changes in proportionate share of net pension liability		-	-	-	414,000	-	
Deferred revenue - property taxes		12,693,737		12,693,737		_	
Total deferred inflows of resources	\$	13,809,064 \$	\$	13,809,064 \$	3,745,579 \$		
NET POSITION							
Net investment in capital assets Restricted:	\$	2,289,146 \$	(275,337) \$	2,013,809 \$	8,696,210 \$	-	
Construction		-	-	-	3,621,941	-	
Community Development Authority Unrestricted		95,258 (476,746)	(324,456)	95,258 (801,202)	(23,334,034)	- 1,996,388	
Total net position	\$	1,907,658 \$	(599,793) \$	1,307,865 \$	(11,015,883) \$	1,996,388	
. otal not position	Ψ	1,707,000 \$	(3//,1/3)	1,001,000 \$	(11,010,000)	1,770,300	

			Program Revenues						
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$	1,836,885	\$	-	\$	242,701	\$	-	
Judicial administration		1,228,338		200,947		738,000		-	
Public safety		4,988,167		194,988		1,601,773		-	
Public works		1,991,833		575,946		21,123		-	
Health and welfare Education		3,873,482		-		2,852,792		-	
Parks, recreation, and cultural		11,968,460 284,325		-		2,494		-	
Community development		572,714		14,308		136,552		_	
Interest on long-term debt		315,615		14,300		130,332		-	
Total governmental activities	\$	27,059,819	\$	986,189	\$	5,595,435	\$	-	
Business-type activities:	_								
Water	\$	178,144	\$	1,134	\$	-	\$	-	
Sewer	_	67,707		1,980		-		-	
Total business-type activities	\$_	245,851	\$	3,114	\$	-	\$		
Total primary government	\$_	27,305,670	\$	989,303	\$	5,595,435	\$		
COMPONENT UNITS:	_								
School Board	\$	25,453,795	\$	571,959	\$	16,285,705	\$	-	
Industrial Development Authority	_	32,648		-		-			
Total component units	\$_	25,486,443	\$	571,959	\$	16,285,705	\$	-	

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia Grants and contributions not restricted to specific programs

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

# Net (Expense) Revenue and Changes in Net Position

-	Primary Government						Component Unit					
-	Frimary Government					-	0011101		Industrial			
	Governmental		Business-type				School		Development			
	Activities		Activities		Total		Board		Authority			
-		-		_								
\$	(1,594,184)	\$	-	\$	(1,594,184)	\$	-	\$	-			
	(289,391)		-		(289, 391)		-		-			
	(3,191,406)		-		(3,191,406)		-		-			
	(1,394,764)		-		(1,394,764)		-		-			
	(1,020,690)		-		(1,020,690)		-		-			
	(11,968,460)		-		(11,968,460)		-		-			
	(281,831)		-		(281,831)		-		-			
	(421,854)		-		(421,854)		-		-			
_	(315,615)			_	(315,615)		-					
\$_	(20,478,195)	\$_	-	\$_	(20,478,195)	\$	-	\$				
\$	-	\$	(177,010)	\$	(177,010)	\$	-	\$	-			
\$	<u> </u>	\$	(65,727) (242,737)	<u> </u>	(65,727) (242,737)	. <sub>-</sub>	<u> </u>	\$	<del>-</del>			
Ψ_		-		_								
\$	(20,478,195)	\$_	(242,737)	\$_	(20,720,932)	\$	-	\$				
\$	-	\$	-	\$	-	\$	(8,596,131)	\$	-			
_	-	_	-	_	-		-		(32,648)			
\$_		\$	-	\$_	-	\$	(8,596,131)	\$	(32,648)			
\$	11,877,989	\$	-	\$	11,877,989	\$	-	\$	-			
	2,722,713		-		2,722,713		-		-			
	307,372		-		307,372		-		-			
	548,133		-		548,133		-		-			
	157,890		-		157,890		-		-			
	60,260		-		60,260		-		-			
	360,957		-		360,957		10,223		599,044			
	128,268		-		128,268		1,656		1,000			
	- 1,850,727		-		- 1,850,727		11,955,960		84,732 -			
\$	18,014,309	\$		\$	18,014,309	\$	11,967,839	\$	684,776			
\$	(2,463,886)	\$	(242,737)	\$	(2,706,623)	\$	3,371,708	\$	652,128			
Ψ_	4,371,544	Ψ <b>_</b>	(357,056)	Ψ_	4,014,488	Ψ	(14,387,591)	Ψ.	1,344,260			
\$	1,907,658	\$_	(599,793)	\$_	1,307,865	\$	(11,015,883)	\$	1,996,388			







Balance Sheet Governmental Funds June 30, 2015

		General	School Debt Service		Landfill Construction	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$	8,598,410 \$	-	\$	2,061,592	\$ 327,877 \$	10,987,879
Receivables (net of allowance							
for uncollectibles):							
Taxes receivable		14,219,880	-		-	-	14,219,880
Accounts receivable		86,650	-		30,494	-	117,144
Notes receivable		51,266	-		-	-	51,266
Due from component unit		325,656	-		-	-	325,656
Due from other governmental units		1,036,062	-		_	-	1,036,062
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents	_	(24,262)	1,043,470		-		1,019,208
Total assets	\$_	24,293,662 \$	1,043,470	\$	2,092,086	\$ 327,877 \$	27,757,095
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	148,700 \$	-	\$	- 5	\$ 5,440 \$	154,140
Accrued liabilities		8,891	-		-	-	8,891
Due to component unit	_	52,570			-		52,570
Total liabilities	\$_	210,161 \$	_	\$	- :	\$\$	215,601
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	\$_	14,176,962 \$	-	\$	- :	\$\$	14,176,962
FUND BALANCES							
Restricted:	_	+		_			
Community Development Authority	\$	95,258 \$		\$	- ;	\$ - \$	•
Debt service		-	1,043,470		-	-	1,043,470
Assigned:							
Landfill construction		-	-		2,092,086	-	2,092,086
Recreation capital projects		-	-		-	20,492	20,492
Special revenue		-	-		-	301,945	301,945
Unassigned	_	9,811,281					9,811,281
Total fund balances	\$_	9,906,539	1,043,470	\$	2,092,086	\$\$	13,364,532
Total liabilities, deferred inflows of resources	¢	24 202 442 d	1 0/12 /70	¢	2 002 004	¢ 227 077 ¢	27 757 005
and fund balances	\$_	24,293,662	1,043,470	= >	2,092,086	\$ <u>327,877</u> \$	27,757,095

1,907,658

## COUNTY OF PRINCE EDWARD, VIRGINIA

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

Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	13,364,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost Accumulated depreciation	\$	21,384,082 (10,367,683)	11,016,399
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable property taxes Notes receivable	\$	1,483,222 745,302	
Items related to measurement of net pension liability	_	(1,115,327)	1,113,197
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are note reported in the funds.	:		569,368
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable, including premium on bonds	\$	(15,967,492)	
Accrued interest payable		(118,612)	
Compensated absences		(626,927)	
Net OPEB obligation		(178,400)	
Net pension liability		(3,044,407)	
Landfill closure, postclosure and corrective action cost liability	_	(4,220,000)	(24,155,838)

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

Net position of governmental activities

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

	_	General	School Debt Service		Landfill Construction Fund		Other Governmental Funds		Total
DEVENUES									
REVENUES General property taxes	\$	12,164,324 \$	_	\$		\$	- 9	¢	12,164,324
Other local taxes	φ	3,796,368	-	Φ	_	Φ	- 1	Ф	3,796,368
Permits, privilege fees, and regulatory licenses		79,339			_		_		79,339
Fines and forfeitures		171,827	_		_		_		171,827
Revenue from the use of money and property		328,898	22,964		8,107		988		360,957
Charges for services		374,283			299,593		61,147		735,023
Miscellaneous		282,317	-		· -		1,074		283,391
Recovered costs		101,411	-		-		-		101,411
Intergovernmental:									
Commonwealth		5,579,922	-		-		447,927		6,027,849
Federal	_	1,418,313	-		-		-		1,418,313
Total revenues	\$_	24,297,002 \$	22,964	\$	307,700	\$_	511,136	\$	25,138,802
EXPENDITURES									
Current:									
General government administration	\$	1,556,430 \$	-	\$	-	\$	- 9	\$	1,556,430
Judicial administration		1,640,931	-		-		-		1,640,931
Public safety		4,134,405	-		-		546,292		4,680,697
Public works		2,074,408	-		-		-		2,074,408
Health and welfare		3,970,706	-		-		-		3,970,706
Education		8,031,503	-		-		-		8,031,503
Parks, recreation, and cultural		288,890	-		-		-		288,890
Community development		579,448	-		-		-		579,448
Nondepartmental Capital projects		65,554 80,702	-		-		-		65,554
Debt service:		00,702	-		-		-		80,702
Principal retirement		573,861	_		_		_		573,861
Interest and other fiscal charges		321,800	_		_		_		321,800
-	_	_						_	
Total expenditures	\$_	23,318,638 \$	-	\$	-	\$_	546,292	\$	23,864,930
Excess (deficiency) of revenues over	_			_		_	(05.45.1)		
(under) expenditures	\$_	978,364 \$	22,964	_ \$	307,700	_ \$ _	(35,156)	\$ <u></u>	1,273,872
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	- \$	110,153	\$	-	\$	- \$	\$	110,153
Transfers out	_	(110,153)	-		-		-	_	(110,153)
Total other financing sources (uses)	\$_	(110,153) \$	110,153	\$	-	\$_		\$	
Net change in fund balances	\$	868,211 \$	133,117	\$	307,700	\$	(35,156) \$	\$	1,273,872
Fund balances - beginning		9,038,328	910,353		1,784,386		357,593	_	12,090,660
Fund balances - ending	\$	9,906,539 \$	1.043.470	\$	2,092,086	\$	322,437	\$	13,364,532
	-	- , 5 , 5 o o ,	.,	= +:	_,_,_,	= =	/	_	-,,,002

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

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

Net change in fund balances - total governmental funds

\$ 1,273,872

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

Capital asset additions	\$ 1,415,345
Net transfer of joint tenancy assets	(204,432)
Depreciation expense	 (530,893)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable property tax revenue	\$ (286,335)	
Deferred inflows related to the measurement of the net pension liability	(1,115,327)	(1,401,662)

The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable.

(109, 270)

680,020

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.

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$	(62,365)	
Issuance of long-term debt including premiums		(5,123,382)	
Principal payments and premium amortization	_	907,821	(4,277,926)

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

(Increase) decrease accrued interest payable	\$ 2,558
(Increase) decrease in compensated absences	28,014
(Increase) decrease in net pension liability	1,395,124
(Increase) decrease in deferred outflows of resources	(35,116)
(Increase) decrease in net OPEB obligation	(19,500)
Change in net position of governmental activities	\$ (2,463,886)

Statement of Net Position Proprietary Funds June 30, 2015

		Enterprise Funds		
	_	Water	Sewer	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$	76,801 \$	s <u> </u>	76,801
Total current assets	\$	76,801 \$	- \$	76,801
Noncurrent assets:				
Capital assets:				
Utility plant in service	\$	3,107,261 \$	1,241,000 \$	4,348,261
Accumulated depreciation	_	(298,220)	(148,920)	(447,140)
Total capital assets	\$	2,809,041 \$	1,092,080 \$	3,901,121
Total noncurrent assets	\$_	2,809,041 \$	1,092,080 \$	3,901,121
Total assets	\$_	2,885,842 \$	1,092,080 \$	3,977,922
LIABILITIES				
Current liabilities:				
Reconciled overdraft	\$	- \$	356,038 \$	356,038
Accounts payable		84	-	84
Accrued interest payable		32,871	12,264	45,135
Bonds payable - current portion	_	124,485	46,511	170,996
Total current liabilities	\$ _	157,440 \$	414,813 \$	572,253
Noncurrent liabilities:				
Bonds payable - net of current portion	\$	2,917,439 \$	1,088,023 \$	4,005,462
Total noncurrent liabilities	\$ _	2,917,439 \$	1,088,023 \$	4,005,462
Total liabilities	\$_	3,074,879 \$	1,502,836 \$	4,577,715
NET POSITION				
Net investment in capital assets	\$	(232,883) \$	(42,454) \$	(275,337)
Unrestricted		43,846	(368,302)	(324,456)
Total net position	\$	(189,037)	\$ (410,756) \$	(599,793)

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

	Enterprise Funds					
	Water			Sewer		Total
OPERATING REVENUES						
Charges for services:						
Water revenues	\$	1,134	\$	-	\$	1,134
Sewer revenues		-	_	1,980		1,980
Total operating revenues	\$	1,134	\$	1,980	\$	3,114
OPERATING EXPENSES						
Supplies	\$	1,633	\$	-	\$	1,633
Repairs and maintenance		184		-		184
Utilities		-		424		424
Insurance		400		400		800
Depreciation		62,145	_	24,820	_	86,965
Total operating expenses	\$	64,362	\$	25,644	\$	90,006
Operating income (loss)	\$	(63,228)	\$	(23,664)	\$	(86,892)
NONOPERATING REVENUES (EXPENSES)						
Interest expense	\$	(113,782)	\$	(42,063)	\$	(155,845)
Total nonoperating revenues (expenses)	\$	(113,782)	\$	(42,063)	\$	(155,845)
Change in net position	\$	(177,010)	\$	(65,727)	\$	(242,737)
Total net position - beginning		(12,027)		(345,029)		(357,056)
Total net position - ending	\$	(189,037)	\$	(410,756)	\$	(599,793)

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

Water   Sewer   Total		Enterprise Funds					
Receipts from customers and users   1,134   1,980   3,114     Payments to suppliers   (2,133)   (824)   (2,957)     Net cash provided by (used for) operating activities   (999)   1,156   1,57     CASH FLOWS FROM NONCAPITAL FINANCING     ACTIVITIES     Advances from other funds   8   -			Water		Sewer		Total
Receipts from customers and users   1,134   1,980   2,2457	CASH ELOWS FROM OPERATING ACTIVITIES						
Payments to suppliers		\$	1,134	\$	1,980	\$	3,114
CASH FLOWS FROM NONCAPITAL FINANCING           ACTIVITIES         Advances from other funds         \$ .	•		(2,133)	_	(824)		(2,957)
ACTIVITIES Advances from other funds \$ \$ \$ 86,278 \$ 86,278  Net cash provided by (used for) noncapital financing activities \$ \$	Net cash provided by (used for) operating activities	\$	(999)	\$_	1,156	\$	157
Net cash provided by (used for) noncapital financing activities \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$							
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES     Principal payments on bonds   (99,696)   (37,194)   (136,890)     Interest payments   (134,667)   (50,240)   (184,907)     Net cash provided by (used for) capital and related financing activities   (234,363)   (87,434)   (321,797)     Net increase (decrease) in cash and cash equivalents   (235,362)   (87,434)   (235,362)     Cash and cash equivalents - beginning   312,163   - (312,163)     Cash and cash equivalents - ending   (376,801)   - (376,801)     Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: Operating income (loss)   (63,228)   (23,664)   (86,892)     Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: Depreciation   (62,145)   (24,820)   (86,965)     Increase (decrease) in accounts payable   (84)   - (84)     Total adjustments   (87,049)   (87,049)   (87,049)   (87,049)	Advances from other funds	\$	_	\$	86,278	\$	86,278
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES         Principal payments on bonds       \$ (99,696)       \$ (37,194)       \$ (136,890)         Interest payments       (134,667)       (50,240)       (184,907)         Net cash provided by (used for) capital and related financing activities       \$ (234,363)       \$ (87,434)       \$ (321,797)         Net increase (decrease) in cash and cash equivalents       \$ (235,362)       \$ - \$ (235,362)       \$ - \$ (235,362)         Cash and cash equivalents - beginning       312,163       - \$ 312,163       - \$ 76,801         Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:       \$ (63,228)       \$ (23,664)       \$ (86,892)         Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:       \$ (62,145)       24,820       86,965         Increase (decrease) in accounts payable       84       - 84       - 84         Total adjustments       \$ 62,229       \$ 24,820       87,049	Net cash provided by (used for) noncapital financing						
ACTIVITIES         Principal payments on bonds       \$ (99,696)       \$ (37,194)       \$ (136,890)         Interest payments       (134,667)       (50,240)       (184,907)         Net cash provided by (used for) capital and related financing activities       \$ (234,363)       \$ (87,434)       \$ (321,797)         Net increase (decrease) in cash and cash equivalents       \$ (235,362)       \$ - \$ (235,362)       \$ - \$ (235,362)         Cash and cash equivalents - beginning       312,163       - \$ 312,163       - \$ 76,801         Cash and cash equivalents - ending       \$ 76,801       \$ - \$ 76,801       * 76,801         Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:       C9perating income (loss)       \$ (63,228)       \$ (23,664)       \$ (86,892)         Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:       C9perciation       62,145       24,820       86,965         Increase (decrease) in accounts payable       84       -       84         Total adjustments       \$ 62,229       \$ 24,820       \$ 87,049	activities	\$	-	\$ <u> </u>	86,278	\$	86,278
Interest payments Net cash provided by (used for) capital and related financing activities  \$  (234,363)   (87,434)   (321,797) \rmspace (325,362)         (235,362)   \qua							
Net cash provided by (used for) capital and related financing activities \$\text{(234,363)} \\$ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Principal payments on bonds	\$	(99,696)	\$	(37,194)	\$	(136,890)
financing activities \$ (234,363) \$ (87,434) \$ (321,797)  Net increase (decrease) in cash and cash equivalents \$ (235,362) \$ - \$ (235,362)  Cash and cash equivalents - beginning 312,163 - 312,163  Cash and cash equivalents - ending \$ 76,801 \$ - \$ 76,801  Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:  Operating income (loss) \$ (63,228) \$ (23,664) \$ (86,892)  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965 Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049	. ,		(134,667)	_	(50,240)		(184,907)
Net increase (decrease) in cash and cash equivalents \$ (235,362) \$ - \$ (235,362) \$  Cash and cash equivalents - beginning 312,163 - 312,163  Cash and cash equivalents - ending \$ 76,801 \$ - \$ 76,801  Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:  Operating income (loss) \$ (63,228) \$ (23,664) \$ (86,892) \$  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965 Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049			(		()		(
Cash and cash equivalents - beginning  Cash and cash equivalents - ending  Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:  Operating income (loss)  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation  Depreciation  Depreciation  Total adjustments  \$ 62,145  \$ 24,820  \$ 86,965  \$ 87,049	financing activities	\$ <u> </u>	(234,363)	\$ <u> </u>	(87,434)	\$ <u> </u>	(321,797)
Cash and cash equivalents - ending \$ 76,801 \$ - \$ 76,801  Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:  Operating income (loss) \$ (63,228) \$ (23,664) \$ (86,892)  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965  Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049	Net increase (decrease) in cash and cash equivalents	\$	(235,362)	\$	-	\$	(235,362)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:  Operating income (loss) \$ (63,228) \$ (23,664) \$ (86,892)  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965 Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049	Cash and cash equivalents - beginning	_	312,163	_	-		312,163
provided by (used for) operating activities:  Operating income (loss) \$ (63,228) \$ (23,664) \$ (86,892)  Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965 Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049	Cash and cash equivalents - ending	\$	76,801	\$_		\$	76,801
provided by (used for) operating activities:  Depreciation 62,145 24,820 86,965  Increase (decrease) in accounts payable 84 - 84  Total adjustments \$ 62,229 \$ 24,820 \$ 87,049	provided by (used for) operating activities:	\$	(63,228)	\$	(23,664)	\$	(86,892)
Increase (decrease) in accounts payable         84         -         84           Total adjustments         \$ 62,229         \$ 24,820         \$ 87,049	provided by (used for) operating activities:		62 145		24 820		86 965
<u> </u>	•						
Net cash provided by (used for) operating activities \$ (999) \$ 1,156 \$ 157	Total adjustments	\$	62,229	\$	24,820	\$	87,049
	Net cash provided by (used for) operating activities	\$	(999)	\$	1,156	\$	157

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2015

	_	Agency Funds
ASSETS		
Cash and cash equivalents	\$	429,530
Total assets	\$	429,530
LIABILITIES		
Amounts held for social services clients	\$	3,456
Amounts held as sales tax to other towns		30
Amounts held for Piedmont Alcohol Safety Action Program	_	426,044
Total liabilities	\$	429,530

Notes to Financial Statements As of June 30, 2015

## Note 1—Summary of Significant Accounting Policies:

### Financial Statement Presentation

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

### Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its components 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.

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

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

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

Separate financial statements are provided for governmental funds, 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.

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

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

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

### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

## B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

<u>Discretely Presented Component Units</u> - The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

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

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

### C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$204,663 to the regional library, \$77,614 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

## D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

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

### 1. Governmental Funds

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

#### a. General Fund

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

### b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

## c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Landfill Construction Fund is considered a major fund. The Recreation Fund is considered a nonmajor fund.

#### d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

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

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

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

### 2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

## 3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

### **Enterprise Funds**

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

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 County's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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. Budgets and Budgetary Accounting:

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

- 1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

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

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

- 4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, and the Water and Sewer Funds of the primary government and the School Operating Fund and School Cafeteria Fund and School Capital Projects Fund of the School Board.
- 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. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
- 9. The following departments reported expenditures in excess of appropriations:
  - School cafeteria

### F. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

### G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$707,007 at June 30, 2015 and is comprised solely of property taxes.

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

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

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

### H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 for the year ended June 30, 2015.

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

Assets	Years
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

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

### I. 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 has two types of items that qualify for Under a modified accrual basis of accounting, unavailable revenue reporting in this category. representing property taxes receivable is reported in the governmental funds balance sheet. amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

## J. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

### K. Long-term Obligations

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

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

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

### L. Fund Equity

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

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by formal Board action. 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).

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

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

### M. 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.

### N. Restricted Assets

The County reports restricted assets of \$1,043,469, which is to be used for debt service on QZAB bonds.

### O. Net Position

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

## P. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted 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.

### Q. Pensions

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

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

## Note 2-Deposits:

## Deposits:

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

### Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The County's only investment held at June 30, 2015 was the State Non-Arbitrage Pool that is rated AAAm by Standard and Poor's.

#### Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	_	Primary Government		Component Unit
Commonwealth of Virginia				
School funds	\$	-	\$	200,501
State sales taxes		-		503,207
Local sales tax		468,678		-
Communication tax		50,958		-
Shared expenses		154,353		-
Social services funds		74,354		-
Comprehensive services		53,057		-
VDOT funds		82,478		
Shared revenues		43,955		-
Federal Government:				
School funds		-		501,324
Social services funds	_	108,229		-
	\$	1,036,062	\$	1,205,032

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

## Note 4—Capital Assets:

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

	_	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Primary Government:	_				
Governmental Activities: Capital assets, not being depreciated:					
Land Construction in progress	\$ _	1,501,360 \$ 	- \$ 1,082,712	- \$ -	1,501,360 1,082,712
Total capital assets not being depreciated	\$_	1,501,360 \$	1,082,712 \$	\$	2,584,072
Capital assets, being depreciated:					
Buildings and improvements	\$	12,893,502 \$	- \$	356,206 \$	12,537,296
Improvements other than buildings		3,728,401	-	-	3,728,401
Equipment	_	2,201,678	332,635		2,534,313
Total capital assets being depreciated	\$_	18,823,581 \$	332,635 \$	356,206 \$	18,800,010
Accumulated depreciation:					
Buildings and improvements	\$	4,690,055 \$	310,805 \$	151,774 \$	4,849,086
Improvements other than buildings		3,570,307	23,790	-	3,594,097
Equipment	_	1,728,202	196,298		1,924,500
Total accumulated depreciation	\$_	9,988,564 \$	530,893 \$	151,774 \$	10,367,683
Total capital assets being					
depreciated, net	\$_	8,835,017 \$	(198,258) \$	204,432 \$	8,432,327
Governmental activities capital					
assets, net	\$_	10,336,377 \$	884,454 \$	204,432 \$	11,016,399

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

# Note 4—Capital Assets: (Continued)

Primary Government: (Continued) Business-type Activities:		Balance July 1, 2014	Additions	Deletions	_	Balance June 30, 2015
Capital assets, being depreciated: Utility plant in service	\$_	4,348,261 \$	\$		\$_	4,348,261
Accumulated depreciation: Utility plant in service	\$_	360,175_\$	86,965 \$		\$_	447,140
Total capital assets being depreciated, net	\$_	4,075,051 \$	(86,965) \$		\$_	3,901,121
Business-type activities capital assets, net	\$_	4,075,051 \$	(86,965) \$		\$_	3,901,121
Component Unit-School Board:	_	Balance July 1, 2014	Additions	Deletions	_	Balance June 30, 2015
Governmental Activities: Capital assets, not being depreciated: Land	\$_	99,952_\$	\$		\$_	99,952
Capital assets, being depreciated: Buildings and improvements Improvements other than buildings Equipment	\$	20,264,591 \$ 720,057 5,189,921	356,206 \$ - 201,181	- - -	\$	20,620,797 720,057 5,391,102
Total capital assets being depreciated	\$_	26,174,569 \$	557,387 \$		\$_	26,731,956
Accumulated depreciation: Buildings and improvements Improvements other than buildings Equipment	\$	12,253,199 \$ 430,899 4,626,333	660,145 \$ 13,025 200,211	48,114 - -	\$	12,865,230 443,924 4,826,544
Total accumulated depreciation	\$_	17,310,431 \$	873,381 \$	48,114	\$_	18,135,698
Total capital assets being depreciated, net	\$_	8,864,138 \$	(315,994) \$	(48,114)	\$_	8,596,258
Governmental activities capital assets, net	\$_	8,964,090 \$	(315,994) \$	(48,114)	\$_	8,696,210

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

## Note 4—Capital Assets: (Continued)

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

Governmental	activitios.
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General government administration Public safety Public works	\$	308,889 99,746 35,404
Health & Welfare		6,599
Education		48,114
Community development	_	32,141
Total Governmental Activities		530,893
Business type activities		86,965
Total Primary Government	\$	617,858
Component Unit-School Board	\$	873,381

#### Note 5—Pension Plan:

### Plan Description

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

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

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

# Note 5-Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

RETI	RETIREMENT PLAN PROVISIONS (CONTINUED)							
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN						
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.)  • In addition to the monthly						
		benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.						
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:						
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	they were not vested as of January 1, 2013.  Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	<ul> <li>Political subdivision employees*</li> <li>School division employees</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul>						
effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:						
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	<ul> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>						

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

Note 5—Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

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

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

## Note 5-Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

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

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

Note 5-Pension Plan: (Continued)

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

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

Note 5-Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

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

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

## Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.  VSDP members are subject to a one-year waiting period before	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.  VSDP members are subject to a one-year waiting period before	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 optins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.	
becoming eligible for non-work-related disability benefits.	becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service  Defined Benefit Component:  Same as Plan 1, with the following exceptions:  • Hybrid Retirement Plan members are ineligible for ported service.  • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.  • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.  Defined Contribution Component: Not applicable.	

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

## Note 5—Pension Plan: (Continued)

### Plan Description (Continued)

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

### Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	67	25
Inactive members: Vested inactive members	14	5
Non-vested inactive members	15	7
Inactive members active elsewhere in VRS	53	12
Total inactive members	82	24
Active members	115	38
Total covered employees	264	87

#### **Contributions**

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 11.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$569,368 and \$604,584 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

### Note 5—Pension Plan: (Continued)

### Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 9.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$55,143 and \$50,281 for the years ended June 30, 2015 and June 30, 2014, respectively.

### Net Pension Liability

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

## Actuarial Assumptions - General Employees

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

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

expense, including inflation\*

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

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

#### Largest 10 - Non-LEOS:

### Pre-Retirement:

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

#### Post-Retirement:

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

#### Post-Disablement:

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

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

## Note 5—Pension Plan: (Continued)

### Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

## Actuarial Assumptions - Public Safety Employees

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

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

expense, including inflation\*

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

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

### Note 5—Pension Plan: (Continued)

### Actuarial Assumptions - Public Safety Employees (Continued)

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

### Largest 10 - Non-LEOS:

#### Pre-Retirement:

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

#### Post-Retirement:

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

#### Post-Disablement:

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

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

#### Pre-Retirement:

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

#### Post-Retirement:

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

### Post-Disablement:

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

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

### Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

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

### Note 5—Pension Plan: (Continued)

## Long-Term Expected Rate of Return

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

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

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

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

## Note 5—Pension Plan: (Continued)

#### Discount Rate

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

### Changes in Net Pension Liability

	Primary Government					
			In	crease (Decrease)	)	
		Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$	20,155,015	\$_	15,715,484	\$	4,439,531
Changes for the year:						
Service cost	\$	555,966	\$	-	\$	555,966
Interest		1,383,489		-		1,383,489
Differences between expected and actual experience		-		-		-
Contributions - employer		-		604,584		(604,584)
Contributions - employee		-		246,898		(246,898)
Net investment income		_		2,496,224		(2,496,224)
Benefit payments, including refunds				, ,		
of employee contributions		(781,769)		(781,769)		-
Administrative expenses		-		(13,259)		13,259
Other changes		-		132		(132)
Net changes	\$	1,157,686	\$	2,552,810	\$	(1,395,124)
Balances at June 30, 2014	\$	21,312,701	\$	18,268,294	\$	3,044,407

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

## Note 5—Pension Plan: (Continued)

### Changes in Net Pension Liability

	 Component Unit School Board (nonprofessional)						
	 Total Pension Liability (a)	<u>Ir</u>	ncrease (Decrease) Plan Fiduciary Net Position (b)		Net Pension Liability (a) - (b)		
Balances at June 30, 2013	\$ 3,766,745	\$	3,174,861	\$	591,884		
Changes for the year: Service cost Interest	\$ 74,756 257,300	\$	-	\$	74,756 257,300		
Differences between expected and actual experience Contributions - employer	-		- 50,281		(50,281)		
Contributions - employee  Net investment income  Benefit payments, including refunds	-		29,439 493,037		(29,439) (493,037)		
of employee contributions Administrative expenses Other changes	(182,074) - -		(182,074) (2,719) 26		2,719 (26)		
Net changes	\$ 149,982	\$_	387,990	\$	(238,008)		
Balances at June 30, 2014	\$ 3,916,727	\$	3,562,851	\$	353,876		

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Rate				
	(6.00%)	(7.00%)	(8.00%)		
County Net Pension Liability (Asset)	5,819,943	3,044,407	734,343		
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	821,905	353,876	(41,118)		

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

## Note 5—Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$324,787 and \$31,852, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

					Component Unit School			
		Primary (	Gov	ernment		Board (nonprofessional)		
		Deferred Outflows of Resources		Deferred Inflows of Resources	_	Deferred Outflows of Resources		Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-	\$	1,115,327	\$	-	\$	219,579
Employer contributions subsequent to the measurement date	_	569,368		-	_	55,143		
Total	\$_	569,368	\$	1,115,327	\$	55,143	\$	219,579

\$569,368 and \$55,143 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		Primary Government	_	Component Unit School Board (nonprofessional)
 001/	_	(070,000)	_	(54.005)
2016	\$	(278,832)	\$	(54,895)
2017		(278,832)		(54,895)
2018		(278,832)		(54,895)
2019		(278,831)		(54,894)
Thereafter		_		_

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

Note 5—Pension Plan: (Continued)

## Component Unit School Board (professional)

## Plan Description

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

#### **Contributions**

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,660,376 and \$1,481,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$20,970,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .17719% as compared to .17352% at June 30, 2013.

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

Note 5-Pension Plan: (Continued)

## Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$1,567,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	_	Deferred Outflows of Resources		Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-	\$	3,112,000
Changes in proportion and differences between employer contributions and proportionate share of contributions		-		414,000
Employer contributions subsequent to the measurement date	_	1,660,376		<u>-</u>
Total	\$	1,660,376	\$	3,526,000

\$1,660,376 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	\$ (870,000)
2017	(870,000)
2018	(870,000)
2019	(870,000)
Thereafter	(46,000)

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

Note 5—Pension Plan: (Continued)

## Component Unit School Board (professional) (Continued)

## Actuarial Assumptions

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.95%

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

expense, including inflation\*

## Mortality rates:

#### Pre-Retirement:

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

#### Post-Retirement:

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

#### Post-Disablement:

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

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

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

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

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

Note 5—Pension Plan: (Continued)

## Component Unit School Board (professional) (Continued)

## Long-Term Expected Rate of Return

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

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

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

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

Note 5-Pension Plan: (Continued)

## Component Unit School Board (professional) (Continued)

#### Discount Rate

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

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

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

		Nato		
_	(6.00%)	(7.00%)	(8.00%)	
School division's proportionate share of the VRS Teacher	30,791,000	20,970,000	12,883,000	
Employee Retirement Plan Net Pension Liability (Asset)				
=				

## Pension Plan Fiduciary Net Position

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

#### Note 6—Compensated Absences:

In accordance with GASB statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government

\$ 626,927

Data

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

## Note 7—Long-Term Obligations:

## **Primary Government:**

## **Governmental Activities:**

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

	_	Balance at July 1, 2014 as restated	Issuances/ Additions	_	Retirements/ Deletions	Balance at June 30, 2015	Payable Due Within One Year
Governmental Activities:							
Revenue bond	\$	2,193,227 \$	-	\$	78,099 \$	2,115,128 \$	81,731
General obligation bonds (VPSA)		1,573,638	-		282,319	1,291,319	287,022
General obligation bonds		4,096,460	-		383,762	3,712,698	395,882
General lease purchase		-	5,123,382		-	5,123,382	-
Premium on bond issuance		899,749	-		51,641	848,108	51,423
Qualified zone academy bonds		2,116,857	-		-	2,116,857	-
Notes payable		872,000	-		112,000	760,000	112,000
Landfill closure and postclosure					-		
care liability		3,804,066	57,061		-	3,861,127	-
Landfill corrective action plan		353,569	5,304		-	358,873	-
Net pension liability		4,439,531	1,952,714		3,347,838	3,044,407	-
Net OPEB obligation		158,900	34,000		14,500	178,400	-
Compensated absences	_	654,941		_	28,014	626,927	62,693
Total Governmental Activities	\$_	21,162,938 \$	7,172,461	\$_	4,298,173 \$	24,037,226 \$	990,751

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

		Bonds & Notes Payable (1)						
Year	_	Principal		Interest				
0047	_	07/ /05		05/ 544				
2016	\$	876,635	\$	356,514				
2017		919,451		445,259				
2018		958,857		391,882				
2019		801,908		357,932				
2020		828,474		328,460				
2021-2025		4,039,198		1,158,916				
2026-2030		3,632,508		516,517				
2031-2032		945,496		37,268				
				_				
	\$	13,002,527	\$	3,592,748				

<sup>(1)</sup> Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

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

## Note 7—Long-Term Obligations: (Continued)

General	obligation	bonds:
OCHCI ai	obligation	DOLIGS.

General obligation bolius.		
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%.	\$	726,319
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.		565,000
\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually through June 17, 2030 with interest payable annually at a rate of 2.35%		5,123,382
Plus: Premium on issuance		13,517
\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%.	\$	1,652,698
Plus: Premium on issuance		279,202
\$2,780,000 general obligation bond issued November 16, 2011, maturing annually through June 30, 2031 with interest payable semi-annually at a rate of 3.37%.  Plus: Premium on issuance	_	2,060,000 287,766
Total general obligation bonds	\$_	10,707,884
Revenue bond (payable from General Fund property rentals):		
\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%.	\$	2,115,128
Plus: Premium on issuance	_	267,623
Total revenue bond (payable from General Fund property rentals)	\$_	2,382,751

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

Note 7—Long-Term Obligations: (Continued)		
Primary Government: (Continued)		
Governmental Activities: (Continued)		
Details of long-term obligations: (Continued)		
Qualified zone academy bonds:		
\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing		
December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020.	\$	1,116,857
\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a		
sinking fund that will be used to pay the debt in 2022.		1,000,000
Total qualified zone academy bonds	\$	2,116,857
Notes Payable:		
\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021	\$	700,000
\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020.	_	60,000
Total notes payable	\$	760,000
Other long-term obligations:		
Landfill closure and postclosure care liability	\$	3,861,127
Landfill corrective action plan liability		358,873
Compensated absences		626,927
Net pension liability		3,044,407
Net OPEB obligation		178,400
Total other long-term obligations	\$	8,069,734
Total general long-term obligations	\$	24,037,226

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

## Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

## **Business-type Activities:**

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2015:

	Balance July 1, 2014	 Additions	 Deletions	Balance June 30, 2015	Payable Due Within One Year
Business-type Activities:					
Lease revenue bond Premium on bond issuance	\$ 3,841,783 499,303	\$ -	\$ 136,890 \$ 27,738	3,704,893 \$ 471,565	143,258 27,738
Total Business-type Activities	\$ 4,341,086	\$ -	\$ 164,628 \$	4,176,458_\$	170,996

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

		Lease Revenue Bond				
Year		Principal	Interest			
2016	\$	143,258 \$	175,719			
2017		152,807	169,104			
2018		159,175	162,096			
2019		168,725	155,094			
2020		175,092	148,067			
2021-2025		1,002,802	603,064			
2026-2030		1,292,501	313,260			
2031-2032	_	610,533	30,058			
	_					
	\$_	3,704,893 \$	1,756,462			

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

## Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$3,704,893

Plus: Premium on issuance 471,565

Total business-type activities long-term obligations \$ 4,176,458

## <u>Component Unit - School Board:</u>

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

	Balance July 1, 2014	 Addition	 Deletions	 Balance June 30, 2015	Payable Due Within One Year
Net OPEB obligation	\$ 247,200	\$ 148,400	\$ 124,500	\$ 271,100 \$	-
Net pension liability	25,001,884	 1,901,775	5,579,783	 21,323,876	-
Total	\$ 25,249,084	\$ 2,050,175	\$ 5,704,283	\$ 21,594,976	

## Note 8—Litigation:

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

## Note 9—Contingent Liabilities:

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

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

## Note 10—Surety Bonds:

	 Amount
Fidelity and Deposit Company of Maryland - Surety Machelle J. Eppes, Clerk of the Circuit Court Donna B. Nunnally, Treasurer Beverly M. Booth, Commissioner of the Revenue Wesley W. Reed, Sheriff	\$ 360,000 400,000 3,000 30,000
United State Fidelity and Guaranty Company - Surety Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety Roma R. Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety County Administrator	2,000

#### Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2015 were \$1,951,241 and \$1,909,886, respectively. Furthermore, the County reports \$358,873 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

#### Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

## Note 12—Risk Management: (Continued)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

## Note 13—Other Postemployment Benefits - Health Insurance:

## County:

## Background

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

## A. Plan Description:

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

## B. Funding Policy:

The County establishes employer contribution rates for 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. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## County: (Continued)

## Background (Continued)

## C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$	34,200
Interest on net OPEB obligation		6,400
Adjustment to annual required contribution		(6,600)
Annual OPEB cost (expense)	\$	34,000
Contributions made	_	(14,500)
Increase in net OPEB obligation	\$	19,500
Net OPEB obligation - beginning of year		158,900
Net OPEB obligation - end of year	\$	178,400

For 2015, the County's expected cash payment of \$14,500 was \$19,500 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

			Percentage						
			Annual	of Annual		Net			
Fisca	I		OPEB	OPEB Cost		OPEB			
Year En	ded	_	Cost	Contributed	_	Obligation			
June 30,	2013	\$	37,400	3.21%	\$	124,800			
June 30,	2014		39,300	13.23%		158,900			
June 30,	2015		34,000	42.65%		178,400			

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## County: (Continued)

## D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2014, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 477,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	477,800
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	2,879,543
UAAL as a percentage of covered payroll	16.59%

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

#### E. Actuarial Methods and Assumptions:

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

In the July 1, 2014 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 6.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## County: (Continued)

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

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

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

## **Interest Assumptions**

	Unfunded
Discount rate	4.0%
Health cost trend assumption	6.5%
Payroll growth	2.5%

#### School Board:

## A. Plan Description:

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## School Board: (Continued)

## B. Funding Policy:

The School Board establishes employer contribution rates for 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. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

## C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution	\$	148,800 9,900 (10,300)
Annual OPEB cost (expense)	\$	148,400
Contributions made	_	(124,500)
Increase in net OPEB obligation	\$_	23,900
Net OPEB obligation - beginning of year	_	247,200
Net OPEB obligation - end of year	\$_	271,100

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## School Board: (Continued)

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

For 2015, the School Board's expected cash payment of \$124,500 was \$23,900 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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, 2013 June 30, 2014	\$ 176,500 182,400	47.42% \$ 54.77%	164,700 247,200
June 30, 2014 June 30, 2015	148,400	83.89%	271,100

## D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2014 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 1,816,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,816,700
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,568,357
UAAL as a percentage of covered payroll	14.45%

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

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

## Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

## School Board: (Continued)

## E. Actuarial Methods and Assumptions:

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

In the July 1, 2014 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 6.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

## Cost Method

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

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

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

#### **Interest Assumptions**

	Unfunded
Discount rate	4.0%
Health cost trend assumption	6.5%
Payroll growth	2.5%

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

#### Note 14-Interfund Transfers:

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

Fund	 Transfers In	Transfers Out
General Fund School Debt Service Fund	\$ - \$	110,153
Total	\$ 110,153 \$	110,153

Transfers were made for operational expenditures.

#### Note 15—Notes Receivable:

The County refinanced a building loan to Paris Ceramics. America, LLC for economic development in August 2010 in the amount of \$840,000. The loan bears no interest and is to be paid over 20 years in monthly installments of \$3,500 commencing January 1, 2011 with final payment due December 1, 2030. At June 30, 2015, this note had an outstanding balance of \$650,500.

The County provided an equipment loan to Paris Ceramics America, LLC in May 2012 in the amount of \$170,000. The loan bears simple interest at 5% and is payable over 7 years. At June 30, 2015, this note had an outstanding balance of \$94,802.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2016. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2015 was \$51,266.

## Note 16-Unavailable/Deferred Revenue:

Unavailable/deferrred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$14,176,962 is comprised of the following:

<u>Unavailable Property Tax Revenue</u> - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,126,113 (including 2<sup>nd</sup> half billings of \$12,642,889 not due until December 5) at June 30, 2015.

<u>Prepaid Property Taxes</u> - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$50,848 at June 30, 2015.

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

## Note 18—Adoption of Accounting Principles:

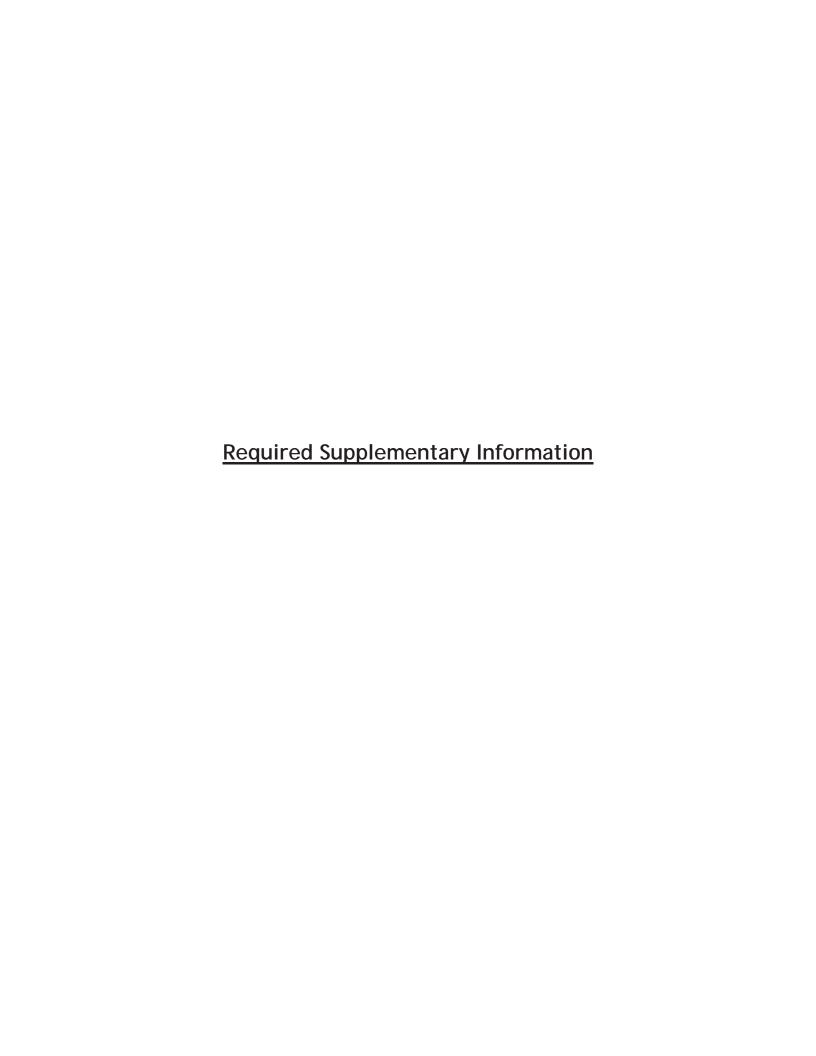
Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:

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

		Primary	Component		
		Government	Unit		
	(	Governmental	School		
		Activities	Board		
Net Position as reported at June 30, 2014	\$	8,206,491 \$	9,083,012		
Implementation of GASB Statement No. 68		(3,834,947)	(23,470,603)		
Net Position as restated at June 30, 2014	\$	4,371,544 \$	(14,387,591)		

In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the 2014 information has not been restated to reflect the requirements of GASB 68 and 71.







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

		Budgeted An	nounts		Variance with Final Budget -
		Original	Final	Actual Amounts	Positive (Negative)
REVENUES					
General property taxes	\$	11,750,088 \$	11,750,088 \$	12,164,324 \$	414,236
Other local taxes		3,565,975	3,565,975	3,796,368	230,393
Permits, privilege fees, and regulatory licenses		60,350	60,350	79,339	18,989
Fines and forfeitures		162,000	162,000	171,827	9,827
Revenue from the use of money and property		295,998	295,998	328,898	32,900
Charges for services		360,602	360,602	374,283	13,681
Miscellaneous		64,827	85,952	282,317	196,365
Recovered costs		103,664	122,381	101,411	(20,970)
Intergovernmental:					
Commonwealth		5,285,781	5,820,912	5,579,922	(240,990)
Federal		1,331,391	1,334,156	1,418,313	84,157
Total revenues	\$	22,980,676 \$	23,558,414 \$	24,297,002 \$	738,588
EXPENDITURES					
Current:					
General government administration	\$	1,599,815 \$	1,599,815 \$	1,556,430 \$	43,385
Judicial administration		1,635,793	1,677,283	1,640,931	36,352
Public safety		4,250,473	4,500,327	4,134,405	365,922
Public works		1,966,630	2,140,042	2,074,408	65,634
Health and welfare		3,899,548	3,914,036	3,970,706	(56,670)
Education		8,359,300	8,329,682	8,031,503	298,179
Parks, recreation, and cultural		339,163	339,163	288,890	50,273
Community development		(39,986)	(58,094)	579,448	(637,542)
Nondepartmental		102,750	102,750	65,554	37,196
Capital projects		82,300	584,011	80,702	503,309
Debt service:					
Principal retirement		572,840	572,840	573,861	(1,021)
Interest and other fiscal charges		322,858	322,858	321,800	1,058
Total expenditures	\$	23,091,484 \$	24,024,713 \$	23,318,638 \$	706,075
Excess (deficiency) of revenues over (under)					
expenditures	\$	(110,808) \$	(466,299) \$	978,364 \$	1,444,663
experiartares	Φ	(110,000) \$	(400,299) \$	770,304 \$	1,444,003
OTHER FINANCING SOURCES (USES)					
Transfers in	\$	1,254,842 \$	1,254,842 \$	- \$	(1,254,842)
Transfers out		(806,194)	(806,194)	(110,153)	696,041
Total other financing sources (uses)	\$	448,648 \$	448,648 \$	(110,153)	(558,801)
Net change in fund balances	\$	337,840 \$	(17,651) \$	868,211 \$	885,862
Fund balances - beginning		-	-	9,038,328	9,038,328
Fund balances - ending	\$	337,840 \$	(17,651) \$	9,906,539 \$	
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Schedule of Components of and Changes in Net Pension Liability and Related Ratios Primary Government

For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	\$	555,966
Interest		1,383,489
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(781,769)
Net change in total pension liability	\$	1,157,686
Total pension liability - beginning		20,155,015
Total pension liability - ending (a)	\$	21,312,701
Plan fiduciary net position		
Contributions - employer	\$	604,584
Contributions - employee		246,898
Net investment income		2,496,224
Benefit payments, including refunds of employee contributions		(781,769)
Administrative expense		(13,259)
Other		132
Net change in plan fiduciary net position	\$	2,552,810
Plan fiduciary net position - beginning	•	15,715,484
Plan fiduciary net position - ending (b)	\$	18,268,294
the state of the parties of the part		
County's net pension liability - ending (a) - (b)	\$	3,044,407
Plan fiduciary net position as a percentage of the total		
pension liability		85.72%
Covered-employee payroll	\$	4,941,586
County's net pension liability as a percentage of		
covered-employee payroll		61.61%

Schedule of Components of and Changes in Net Pension Liability and Related Ratios Component Unit School Board (nonprofessional)

For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 74,756
Interest	257,300
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(182,074)
Net change in total pension liability	\$ 149,982
Total pension liability - beginning	3,766,745
Total pension liability - ending (a)	\$ 3,916,727
Plan fiduciary net position	
Contributions - employer	\$ 50,281
Contributions - employee	29,439
Net investment income	493,037
Benefit payments, including refunds of employee contributions	(182,074)
Administrative expense	(2,719)
Other	 26
Net change in plan fiduciary net position	\$ 387,990
Plan fiduciary net position - beginning	 3,174,861
Plan fiduciary net position - ending (b)	\$ 3,562,851
School Division's net pension liability - ending (a) - (b)	\$ 353,876
Plan fiduciary net position as a percentage of the total	
pension liability	90.97%
Covered-employee payroll	\$ 599,266
School Division's net pension liability as a percentage of	
covered-employee payroll	59.05%

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

	 2015
Employer's Proportion of the Net Pension Liability (Asset)	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,970,000
Employer's Covered-Employee Payroll	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

<sup>\*</sup> The amounts presented have a measurement date of the previous fiscal year end.

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

Date Primary Co.		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)	· -	Contribution Deficiency (Excess) (3)		Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Go			_	_,_,			_		
2015	\$	569,368	\$	569,368	\$	-	\$	4,994,453	11.40%
Component	Uni	t School Board (	(nor	nprofessional)					
2015	\$	55,143	\$	55,143	\$	-	\$	602,454	9.15%
Component	Uni	t School Board (	(pro	fessional)					
2015	\$	1,660,376	\$	1,660,376	\$	-	\$	11,745,639	14.14%

Notes to Required Supplementary Information For the Year Ended June 30, 2015

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

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

#### Largest 10 - Non-LEOS:

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

## Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

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

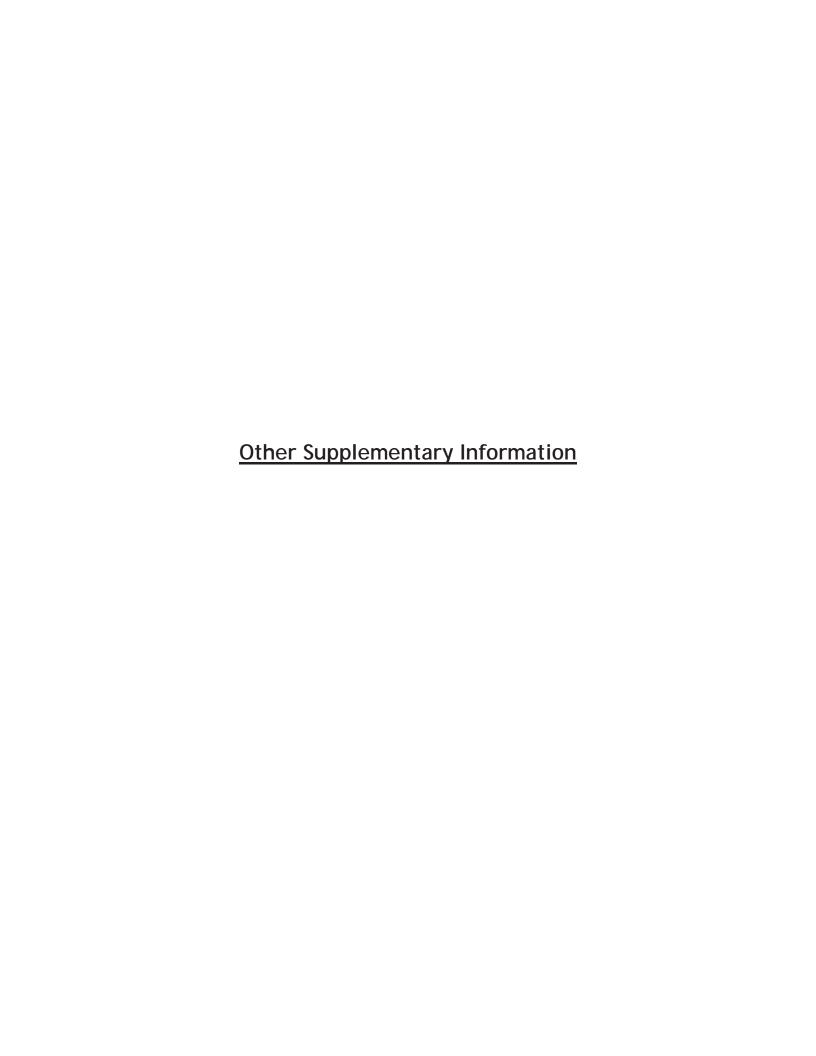
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Schedule of OPEB Funding Progress Last Three Fiscal Years

Co	un	ty	

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	 Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2010 \$ 7/1/2012	- -	\$ 401,600 \$ 517,400	401,600 517,400	0.00% \$ 0.00%	4,193,600 4,947,603	9.58% 10.46%
7/1/2014	-	477,800	477,800	0.00%	2,879,543	16.59%
School Board:	Actuarial	Actuarial	Unfunded			UAAL as %
Actuarial	Value of	Accrued	AAL			of Covered
Valuation	Assets	Liability	(UAAL)	Funded Ratio	Covered	Payroll
as of	(AVA)	(AAL)	(3) - (2)	(2)/(3)	Payroll	(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2010 \$	-	\$ 1,605,900 \$	1,605,900	0.00% \$	12,088,700	13.28%
7/1/2012	-	2,044,900	2,044,900	0.00%	12,307,397	16.62%
7/1/2014	-	1,816,700	1,816,700	0.00%	12,568,357	14.45%









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

		Budgeted	d A	mounts				Variance with Final Budget -	
	Original			Final		Actual Amounts		Positive (Negative)	
REVENUES									
Revenue from the use of money and property	\$	5,000	\$	5,000	\$	8,107	\$	3,107	
Charges for services	_	233,143	_	233,143		299,593		66,450	
Total revenues	\$_	238,143	\$_	238,143	\$_	307,700	\$	69,557	
EXPENDITURES									
Current:									
Capital projects	\$_	1,212,000	\$_	1,212,000	\$_	-	\$_	1,212,000	
Total expenditures	\$_	1,212,000	\$_	1,212,000	\$	-	\$	1,212,000	
Excess (deficiency) of revenues over (under)									
expenditures	\$	(973,857)	\$_	(973,857)	\$_	307,700	\$	1,281,557	
Net change in fund balances	\$	(973,857)	\$	(973,857)	\$	307,700	\$	1,281,557	
Fund balances - beginning	_	973,857	_	973,857		1,784,386		810,529	
Fund balances - ending	\$_		\$_	-	\$	2,092,086	\$	2,092,086	

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

		Special Revenue Funds  Piedmont Court Services		Capital Projects		Total
	_			Recreation Fund		Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$_	307,385	\$	20,492	\$	327,877
Total assets	\$_	307,385	\$	20,492	\$	327,877
LIABILITIES AND FUND BALANCES Liabilities:						
Accounts payable	\$_	5,440	\$	-	\$	5,440
Total liabilities	\$	5,440	\$	-	\$	5,440
Fund balances: Assigned:						
Recreation capital projects	\$	-	\$	20,492	\$	20,492
Special revenue	_	301,945		-		301,945
Total fund balances	\$_	301,945	\$	20,492	\$	322,437
Total liabilities and fund balances	\$_	307,385	\$	20,492	\$	327,877

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2015

	Special Revenue Funds			Capital Projects Funds	 Total
		Piedmont Court Services		Recreation Fund	Nonmajor Governmental Funds
REVENUES					 
Revenue from the use of money and property	\$	964	\$	24	\$ 988
Charges for services		61,147		-	61,147
Miscellaneous		1,074		-	1,074
Intergovernmental:					
Commonwealth	_	447,927		-	 447,927
Total revenues	\$	511,112	\$	24	\$ 511,136
EXPENDITURES					
Public Safety	\$_	546,292	\$		\$ 546,292
Total expenditures	\$	546,292	\$	-	\$ 546,292
Excess (deficiency) of revenues over (under)					
expenditures	\$_	(35,180)	\$	24	\$ (35,156)
Net change in fund balances	\$	(35,180)	\$	24	\$ (35,156)
Fund balances - beginning	_	337,125		20,468	 357,593
Fund balances - ending	\$	301,945	\$	20,492	\$ 322,437

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

		No	nm	ajor Capita	al Proje	ects	Fu	nds	Special Revenue Funds								
				Recreat	ion Fur	nd				Р	iedmont Cou	ırt Servic	es				
	•						,	Variance with Final Budget						Variance with Final Budget			
			ed <i>F</i>	Amounts				Positive			Amounts			Positive			
		Original	-	Final	Actu	ıaı	_	(Negative)	Origina	<u>'</u> -	Final	Actual		(Negative)			
REVENUES Revenue from the use of money																	
and property	\$	50	\$	50 \$	\$	24	\$	(26) \$	1,20	00 \$	1,200 \$	964	\$	(236)			
Charges for services		-		-		-		=	100,49	94	100,494	61,147		(39,347)			
Miscellaneous		-		-		-		-	1,00	00	1,000	1,074		74			
Intergovernmental:																	
Commonwealth		-		-		-			447,92	27	447,927	447,927					
Total revenues	\$	50	\$_	50_9	§	24	\$_	(26) \$	550,62	21 \$	550,621 \$	511,112	_\$_	(39,509)			
EXPENDITURES																	
Public safety	\$	-	\$_		<u> </u>	-	\$_	- \$	550,37	71 \$	564,001 \$	546,292	_\$_	17,709			
Total expenditures	\$	-	\$_	- 9	<u> </u>	-	\$_	- \$	550,37	71 \$	564,001 \$	546,292	_\$_	17,709			
Excess (deficiency) of revenues																	
over (under) expenditures	\$	50	\$_	50 9	<u> </u>	24	\$_	(26) \$	25	<u></u> \$_	(13,380) \$	(35,180)	_\$_	(21,800)			
Net change in fund balances Fund balances - beginning	\$	50 (50)	\$	50 § (50)	20,4	24 168	\$	(26) \$ 20,518	25 (25)	0 \$ 0)	(13,380) \$ 13,380	(35,180) 337,125	\$	(21,800) 323,745			
Fund balances - ending	\$	-	\$		20,4	192	\$	20,492 \$		- \$	\$	301,945	\$_	301,945			

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

			Piedmont Alcohol			
		Special Welfare	 Safety Action Program	 Sales Tax Fund		Total
ASSETS						
Cash and cash equivalents	\$	3,456	\$ 426,044	\$ 30	\$	429,530
Total assets	\$	3,456	\$ 426,044	\$ 30	\$	429,530
LIABILITIES						
Amounts held for social services clients	\$	3,456	\$ -	\$ -	\$	3,456
Amounts held as sales tax to towns  Amounts held for Piedmont Alcohol Safety Action		-	-	30		30
Program	_	-	 426,044	 -	_	426,044
Total liabilities	\$	3,456	\$ 426,044	\$ 30	\$	429,530

Combining Statement of Changes in Assets and Liabilities Agency Funds June 30, 2015

		Balance Beginning of Year		Additions		Deletions		Balance End of Year
Special Welfare:	_		_		_			
Assets:  Cash and cash equivalents	\$	6,774	¢	10,613	¢	13,931	φ	2 454
Casif and Casif equivalents	<sub>Φ</sub> =	0,774	• <sup>=</sup>	10,013	• =	13,731	• •	3,456
Liabilities:				40 (40	_	40.004	_	0.457
Amounts held for social service clients	\$_	6,774	\$ =	10,613	\$ =	13,931	\$ =	3,456
Sales Tax:								
Assets:	ф		ф	240.022	ф	240.002	ф	20
Cash and cash equivalents	\$_	-	\$ =	349,023	,	348,993	<sup>⇒</sup> =	30
Liabilities:								
Sales tax payable to towns	\$_	-	\$ =	349,023	\$	348,993	\$ <b>=</b>	30
Piedmont Alcohol Safety Action Program:								
Assets:	_				_			
Cash and cash equivalents	\$_	392,209	\$ =	404,299	\$	370,464	\$ =	426,044
Liabilities:								
Amounts held for Piedmont ASAP	\$_	392,209	\$_	404,299	\$_	370,464	\$ <b>=</b>	426,044
Totals All agency funds								
Assets:								
Cash and cash equivalents	\$	398,983	\$	763,935	\$	733,388	\$	429,530
Total assets	\$	398,983	\$	763,935	\$	733,388	\$	429,530
			: =		= =	,	_	
Liabilities: Amounts held for social service clients	\$	6,774	¢	10,613	¢	13,931	φ	3,456
Amounts held as sales tax payable to towns	φ	0,774	φ	349,023	Φ	348,993	Φ	3,430
Amounts held for Piedmont ASAP		392,209		404,299		370,464		426,044
Total liabilities	\$	398,983	\$	763,935	\$	733,388	_ \$	429,530
Total habilities	Ψ=	370,703	:	, 00, 700	· Ψ	, 55, 566	<b>*</b> =	127,000

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

	_	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS	Φ.	•	220 757 6	Φ.	20 000 ¢	250 757
Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	- \$	338,757 \$	- \$	20,000 \$	358,757
Accounts receivable		60,875	-	-	-	60,875
Due from other governmental units		1,205,032	-	-	-	1,205,032
Prepaid items		205,623	-	-	-	205,623
Restricted assets:						
Cash and cash equivalents	_	<del>-</del> -	<del>-</del>	3,621,941		3,621,941
Total assets	\$_	1,471,530 \$	338,757 \$	3,621,941 \$	20,000 \$	5,452,228
LIABILITIES AND FUND BALANCES Liabilities:						
Accounts payable	\$	- \$	- \$	35,300 \$	- \$	35,300
Accrued liabilities		1,145,874	32,455	-	-	1,178,329
Due to primary government	-	325,656		-	<u> </u>	325,656
Total liabilities	\$_	1,471,530 \$	32,455 \$	35,300 \$	\$	1,539,285
Fund balances:						
Nonspendable:						
Prepaid items	\$	205,623 \$	- \$	- \$	- \$	205,623
Restricted:				2 /21 041		2 /21 041
Construction Assigned:		-	-	3,621,941	-	3,621,941
Cafeteria		_	306,302	_	_	306,302
Capital projects		-	-	(35,300)	_	(35,300)
Underground storage		-	_	-	20,000	20,000
Unassigned		(205,623)	-			(205,623)
Total fund balances	\$	- \$	306,302 \$	3,586,641 \$	20,000 \$	3,912,943
Total liabilities and fund balances	\$	1,471,530 \$	338,757 \$	3,621,941 \$	20,000 \$	5,452,228
Amounts reported for governmental acti because:	vities	in the stateme	ent of net pos	ition (Exhibit	1) are different	
Total fund balances per above					\$	3,912,943
Capital assets used in governmental activitare not reported in the funds.	ties ar	re not financial	resources and,	therefore,		
Capital assets Less: accumulated depreciation				\$	26,831,908 (18,135,698)	8,696,210
Other long-term assets are not available to therefore, are deferred in the funds.  Items related to the measurement of the second of the secon			·	es and,		(3,745,581)
			,			( , , , , , , , , , , , , , , , , , , ,
Pension contributions subsequent to the m the net pension liability in the next fisca					S	1,715,519
Long-term liabilities, including bonds paya period and, therefore, are not reported			payable in the	current		
Net pension liability Net OPEB obligation						(21,323,874) (271,100)
Net position of governmental activities					\$	(11,015,883)

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

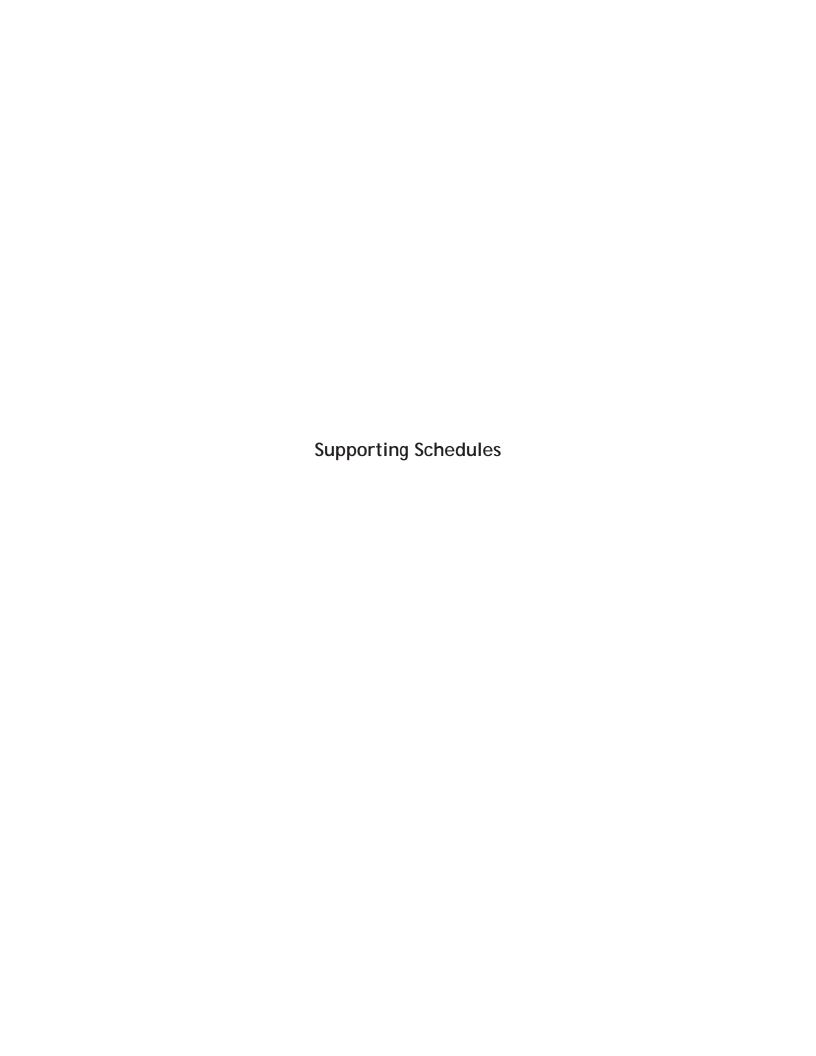
		School Operating Fund	School Cafeteria Fund		Capital Projects Fund	Underground Storage Tank Fund		Total Governmental Funds
REVENUES	-	Turiu	1 dila		T dild	- T dild		T dilas
Revenue from the use of money and property	\$	9,524 \$	414	\$	285 \$	-	\$	10,223
Charges for services		359,503	212,456		-	-		571,959
Miscellaneous		1,656	-		-	-		1,656
Recovered costs Intergovernmental:		36,891	-		-	-		36,891
Local government		7,992,419	26,583		-	-		8,019,002
Commonwealth		13,662,070	17,699		-	-		13,679,769
Federal	_	1,722,959	882,979		<u> </u>		_	2,605,938
Total revenues	\$_	23,785,022 \$	1,140,131	\$	285 \$	-	\$	24,925,438
EXPENDITURES								
Current:								
Education	\$	23,461,216 \$	1,147,495	\$	- \$	-	\$	24,608,711
Capital projects Debt service:		-	-		1,537,026	-		1,537,026
Principal retirement		282,319	-		-	-		282,319
Interest and other fiscal charges	_	73,940	-					73,940
Total expenditures	\$_	23,817,475 \$	1,147,495	\$	1,537,026 \$		\$_	26,501,996
Excess (deficiency) of revenues over (under) expenditures	\$_	(32,453) \$	(7,364)	\$	(1,536,741) \$	-	\$	(1,576,558)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	\$	- \$	-	\$	5,123,382 \$	-	\$	5,123,382
Transfers in		32,455	(22.455)		-	-		32,455
Transfers out	_		(32,455)		<del></del> .			(32,455)
Total other financing sources (uses)	\$_	32,455 \$	(32,455)		5,123,382 \$	-		5,123,382
Net change in fund balances Fund balances - beginning	\$	2 \$	(39,819) 346,121	\$	3,586,641 \$ 	20,000	<b>\$</b> 	3,546,824 366,121
Fund balances - ending	\$_	2 \$	306,302	\$	3,586,641 \$	20,000	\$	3,912,945
Amounts reported for governmental activitie different because:	s in	the statement	of activities	(E	xhibit 2) are			
Net change in fund balances - total government	tal fu	ınds - per above					\$	3,546,824
Governmental funds report capital outlays a activities the cost of those assets is allocated depreciation expense. This is the amount by with current period.	ove	their estimate	d useful lives	and	d reported as			
Capital asset additions					\$	201,178		
Net transfer of joint tenancy assets						404,320		
Depreciation expense						(873,381)		(267,883)
Revenues in the statement of activities that do not reported as revenues in the funds.	not	provide current	financial resc	urc	es are			
Deferred inflows related to the measuremen	nt of	the net pension	liability					(3,745,579)
Some expenses reported in the statement of a therefore are not reported as expenditures in g		· · · · · · · · · · · · · · · · · · ·	uire the use o	f cu	ırrent financial	resources and,		
(Increase) decrease in net pension liability						3,678,008		
(Increase) decrease in deferred outflows of	reso	urces related to	the net nensi	on I	iability	184,238		
(Increase) decrease in net OPEB obligation	. 550	555 / 5/4/54	o .iot poilsi	-111		(23,900)		3,838,346
. ,						(20,700)		
Change in net position of governmental activiti	es						\$	3,371,708

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

	_	School Operating Fund									
	_	Budgete Original	ed Am	ounts Final		Actual	Variance with Final Budget Positive (Negative)				
	_	Original		гиа		Actual		(Negative)			
REVENUES											
Revenue from the use of											
money and property	\$	10,000	\$	10,000	\$	9,524	\$	(476)			
Charges for services		221,500		221,500		359,503		138,003			
Miscellaneous		81,700		81,700		1,656		(80,044)			
Recovered costs		102,090		102,090		36,891		(65, 199)			
Intergovernmental:											
Local government		8,346,800		8,317,182		7,992,419		(324,763)			
Commonwealth		14,298,187		14,298,187		13,662,070		(636,117)			
Federal		1,736,963		1,736,963		1,722,959		(14,004)			
Total revenues	\$	24,797,240	\$	24,767,622	\$	23,785,022	\$	(982,600)			
EXPENDITURES											
Current:											
Education	\$	24 274 144	¢	24 244 524	¢	22 441 214	¢	00E 210			
	Ф	24,376,144	Ф	24,346,526	Ф	23,461,216	\$	885,310			
Capital projects		-		-		-		-			
Debt service:		004.070		004.070		000 010		440 550			
Principal retirement		394,872		394,872		282,319		112,553			
Interest and other fiscal charges	_	73,940	_	73,940	_	73,940					
Total expenditures	\$ _	24,844,956	\$	24,815,338	\$	23,817,475	\$	997,863			
Excess (deficiency) of revenues											
over (under) expenditures	\$	(47,716)	\$	(47,716)	\$	(32,453)	\$	15,263			
OTHER FINANCING SOURCES (USES)											
Issuance of debt	\$	_	\$	_	\$	_	\$	_			
Transfers in	*	-	*	_	*	32,455	•	32,455			
Transfers out		_		_		,		,			
Total other financing	_		_								
sources (uses)	\$	-	\$	-	\$	32,455	\$	32,455			
Net change in fund balances	\$	(47,716)	\$	(47,716)	\$	2	\$	47,718			
Fund balances - beginning	<del>*</del>	47,716	*	47,716	*			(47,716)			
Fund balances - ending	\$	-	\$	-	\$	2	\$	2			
	_				_						

_		School Cafe	eteria Fund		School Capital Projects Fund								
<u>-</u>	Budgeted A	mounts Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted <i>F</i> Original	Amounts Final	Actual	Variance with Final Budget Positive (Negative)					
\$	- \$ 236,324	- \$ 236,324	414 \$ 212,456	414 \$ (23,868)	- \$ -	- \$ -	285 \$ -	285					
	5,000	5,000	-	(5,000)	-	-	-	-					
	- 23,710 810,000	- 23,710 810,000	26,583 17,699 882,979	26,583 (6,011) 72,979	- - -	- - -	- -	- - -					
\$_	1,075,034 \$	1,075,034 \$	1,140,131 \$	65,097 \$	- \$	- \$	285 \$	285					
\$	1,075,034 \$	1,075,034 \$	1,147,495 \$ -	(72,461) \$ -	- \$ -	- \$ 5,122,982	- \$ 1,537,026	- 3,585,956					
	-	-	-	-	-	-	-	-					
\$_	1,075,034 \$	1,075,034 \$	1,147,495 \$	(72,461) \$	- \$	5,122,982 \$	1,537,026 \$	3,585,956					
\$_	\$_	\$_	(7,364) \$	(7,364) \$	\$_	(5,122,982) \$	(1,536,741) \$	3,586,241					
\$	- \$	- \$	- \$	- \$	- \$	- \$	5,123,382 \$	5,123,382					
_	<u> </u>	<u> </u>	(32,455)	(32,455)	<u> </u>	<u> </u>	<u> </u>						
\$_	- \$_	- \$_	(32,455) \$	(32,455) \$	- \$	\$_	5,123,382 \$	5,123,382					
\$	- \$ -	- \$ -	(39,819) \$ 346,122	(39,819) \$ 346,122	- \$	(5,122,982) \$ 5,122,982	3,586,641 \$ 	8,709,623 (5,122,982)					
\$_	\$	\$	306,303 \$	306,303 \$	\$	- \$	3,586,641 \$	3,586,641					







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

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund:								
Revenue from local sources: General property taxes: Real property taxes Real and personal public service corporation taxes	\$	7,357,073 410,000	\$	7,357,073 410,000	\$	7,567,883 456,694	\$	210,810 46,694
Personal property taxes  Mobile home taxes		3,262,000		3,262,000 34,000		3,332,458 40,500		70,458 6,500
Machinery and tools taxes Merchants' capital taxes		31,000 394,000		31,000 394,000		32,424 413,507		1,424 19,507
Penalties Interest		157,015 105,000		157,015 105,000		181,110 139,748		24,095 34,748
Total general property taxes	\$_	11,750,088	\$	11,750,088	\$	12,164,324	\$	414,236
Other local taxes: Local sales and use taxes Consumers' utility taxes Gross receipts tax Motor vehicle licenses Taxes on recordation and wills	\$	2,616,975 300,000 70,000 460,000 119,000	\$	2,616,975 300,000 70,000 460,000 119,000	\$	2,722,713 307,372 66,729 541,664 157,890	\$	105,738 7,372 (3,271) 81,664 38,890
Total other local taxes	\$	3,565,975	\$	3,565,975	\$	3,796,368	\$	230,393
Permits, privilege fees, and regulatory licenses: Animal licenses Permits and other licenses	\$	10,000 50,350	\$	10,000 50,350	\$	10,891 68,448	\$	891 18,098
Total permits, privilege fees, and regulatory licenses	\$_	60,350	\$	60,350	\$	79,339	\$	18,989
Fines and forfeitures: Court fines and forfeitures	\$	162,000	\$	162,000	\$	171,827	\$_	9,827
Revenue from use of money and property: Revenue from use of money Revenue from use of property	\$	30,250 265,748	\$	30,250 265,748	\$	63,949 264,949	\$	33,699 (799)
Total revenue from use of money and property	\$_	295,998	\$	295,998	\$	328,898	\$	32,900
Charges for services: Court costs	\$	2,700	\$	2,700	\$	1,995	\$	(705)
Charges for law library Charges for courthouse maintenance	Ψ	8,000 8,000	Ψ	8,000 8,000	Ψ	6,618 11,774	Ψ	(1,382) 3,774
Charges for Commonwealth's Attorney		2,000		2,000		2,868		868
Miscellaneous fees Charges for cannery		5,500 12,500		5,500 12,500		5,319 14,992		(181) 2,492
Charges for other protection		53,000		53,000		71,572		18,572
Charges for sanitation and waste removal	_	268,902		268,902		259,145		(9,757)
Total charges for services	\$_	360,602	\$_	360,602	\$_	374,283	\$	13,681

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	 Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Miscellaneous:							
Expenditure refunds	\$	41,827	\$	41,827	\$	40,320	\$ (1,507)
Insurance recoveries		-		20,275		31,947	11,672
Sale of property		- 22 000		-		13,839	13,839
Miscellaneous	_	23,000		23,850		196,211	 172,361
Total miscellaneous	\$_	64,827	\$_	85,952	\$_	282,317	\$ 196,365
Recovered costs:							
Other recovered costs	\$	71,664	\$	90,381	\$	90,911	\$ 530
Circuit court judge	_	32,000		32,000		10,500	 (21,500)
Total recovered costs	\$_	103,664	\$_	122,381	\$_	101,411	\$ (20,970)
Total revenue from local sources	\$_	16,363,504	\$_	16,403,346	\$_	17,298,767	\$ 895,421
Intergovernmental:							
Revenue from the Commonwealth:							
Noncategorical aid:							
Motor vehicle carriers' tax	\$	65,000	\$	65,000	\$	141,020	\$ 76,020
Mobile home titling tax		15,000		15,000		33,915	18,915
Motor vehicle rental tax		3,000		3,000		326	(2,674)
State recordation tax		30,000		30,000		57,048	27,048
Communications tax		310,000		310,000		310,437	437
Personal property tax relief funds	_	1,305,350		1,305,350		1,305,350	 -
Total noncategorical aid	\$	1,728,350	\$_	1,728,350	\$_	1,848,096	\$ 119,746
Categorical aid:							
Shared expenses:							
Commonwealth's attorney	\$	408,131	\$	408,131	\$	402,069	\$ (6,062)
Sheriff		1,011,241		1,011,241		1,009,981	(1,260)
Commissioner of revenue		90,176		90,176		88,608	(1,568)
Treasurer		88,484		88,484		87,377	(1,107)
Registrar/electoral board		36,231		36,231		35,163	(1,068)
Clerk of the Circuit Court	_	291,179		291,179		287,821	 (3,358)
Total shared expenses	\$_	1,925,442	\$_	1,925,442	\$_	1,911,019	\$ (14,423)
Other categorical aid:							
Emergency medical services	\$	26,436	\$	26,436	\$	16,268	\$ (10,168)
Welfare administration and assistance		855,842		855,842		853,813	(2,029)
Litter control grant		7,452		7,452		7,445	(7)

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Intergovernmental: (Continued) Revenue from the Commonwealth: (Continued) Categorical aid: (Continued) Other Categorical aid: (Continued) Sheriff - jails	\$		\$	17,010	¢	13,718	\$	(3,292)
Comprehensive services act Tobacco commission grant Victim-witness grant Fire program funds	Φ	651,950 - 46,709	Ψ	651,950 93,345 46,709 48,150	Ψ	634,460 97,578 48,110 55,198	Ψ	(3,242) (17,490) 4,233 1,401 7,048
Other categorical	_	43,600		420,226		94,217		(326,009)
Total other categorical aid	\$_	1,631,989	\$_	2,167,120	\$_	1,820,807	\$_	(346,313)
Total categorical aid	\$_	3,557,431	\$_	4,092,562	\$_	3,731,826	\$_	(360,736)
Total revenue from the Commonwealth	\$_	5,285,781	\$_	5,820,912	\$_	5,579,922	\$_	(240,990)
Revenue from the federal government: Payments in lieu of taxes	\$_	15,000	\$_	15,000	\$_	2,631	\$_	(12,369)
Categorical aid: Welfare administration and assistance Emergency management performance grant Bulletproof vest partnership program Other federal revenue	\$	1,316,391 - -	\$	1,316,391 - 2,765 -	\$	1,364,519 9,415 - 41,748	\$	48,128 9,415 (2,765) 41,748
Total categorical aid	\$_	1,316,391	\$_	1,319,156	\$_	1,415,682	\$	96,526
Total revenue from the federal government	\$_	1,331,391	\$_	1,334,156	\$_	1,418,313	\$	84,157
Total General Fund	\$_	22,980,676	\$	23,558,414	\$	24,297,002	\$	738,588
Capital Projects Funds: Landfill Construction Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	\$	5,000	\$	5,000	\$	8,107	\$	3,107
,	<b>-</b>	0,000	_ ~ _	0,000	- ~ -	0,107	-*-	0/107
Charges for services: Tipping fees - non-county users	\$_	233,143	\$_	233,143	\$_	299,593	\$	66,450
Total revenue from local sources	\$_	238,143	\$_	238,143	\$_	307,700	\$_	69,557
Total Landfill Construction Fund	\$_	238,143	\$_	238,143	\$_	307,700	\$_	69,557

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

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)								
Recreation Fund: Revenue from local sources:								
Revenue from use of money and property:								
Revenue from the use of money	\$_	50	\$	50	\$	24	\$_	(26)
Total revenue from local sources	\$_	50	\$_	50	\$_	24	\$_	(26)
Total Recreation Fund	\$_	50	\$	50	\$	24	\$_	(26)
Special Revenue Funds: Piedmont Court Services Fund: Revenue from local sources: Revenue from use of money and property:	_			4.000			_	(00.1)
Revenue from the use of money	\$_	1,200	- \$ -	1,200	-\$_	964	\$_	(236)
Total revenue from use of money and property	\$_	1,200	\$	1,200	\$_	964	\$_	(236)
Charges for services:								(
Other charges for services	\$_	100,494	\$_	100,494	\$_	61,147	\$_	(39,347)
Total charges for services	\$_	100,494	\$_	100,494	\$_	61,147	\$_	(39,347)
Miscellaneous: Other miscellaneous	\$	1,000	\$	1,000	\$	1,074	\$	74
Total miscellaneous	\$	1,000	\$	1,000	\$	1,074	\$	74
Total revenue from local sources	\$	102,694	\$	102,694	\$	63,185	\$_	(39,509)
Intergovernmental: Revenue from the Commonwealth: Categorical aid								
DCJS - community corrections	\$	447,927	\$	447,927	\$	447,927	\$	-
Total categorical aid	\$	447,927	\$	447,927	\$	447,927	\$_	-
Total revenue from the Commonwealth	\$	447,927	\$	447,927	\$	447,927	\$	-
Total Piedmont Court Services Fund	\$	550,621	\$	550,621	\$	511,112	\$_	(39,509)
Debt Service Fund: School Debt Service Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	<b>-</b> \$		\$		\$	22,964	¢	22,964
•	· -				- ' -		-	_
Total revenue from local sources	\$_	-	\$_	-	_\$_	22,964	-	22,964
Total School Debt Service Fund	\$_	-	\$	-	\$	22,964	\$_	22,964
Total Primary Government	\$_	23,769,490	\$_	24,347,228	\$_	25,138,802	\$_	791,574

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: School Operating Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of money Revenue from the use of property	\$	- 10,000	\$	- 10,000	\$	340 9,184	\$	340 (816)
Total revenue from use of money and property	\$_	10,000	\$_	10,000	\$_	9,524	\$	(476)
Charges for services: Charges for education	\$_	221,500	_\$_	221,500	\$_	359,503	\$	138,003
Miscellaneous: Other miscellaneous	\$_	81,700	\$_	81,700	\$_	1,656	\$_	(80,044)
Recovered costs: Other recovered costs	\$_	102,090	\$_	102,090	\$_	36,891	\$	(65,199)
Total revenue from local sources	\$_	415,290	\$_	415,290	\$_	407,574	\$	(7,716)
Intergovernmental: Revenues from local governments: Contribution from County of Prince Edward, Virginia	\$	8,346,800	\$	8,317,182	\$	7,992,419	\$	(324,763)
Total revenues from local governments	\$	8,346,800		8,317,182		7,992,419		(324,763)
Revenue from the Commonwealth: Categorical aid: Share of state sales tax Basic school aid Other state funds	\$	2,841,519 6,357,742 5,098,926	\$	2,841,519 6,357,742 5,098,926	\$	2,863,823 5,954,410 4,843,837	\$	22,304 (403,332) (255,089)
Total categorical aid	\$	14,298,187	\$	14,298,187	\$	13,662,070	\$	(636,117)
Revenue from the federal government: Categorical aid:	¢	074 042	¢	074 042	¢	000 242	¢	12 400
Title I Title I, neglected and delinquent children Title II Title VI B. special education flow through	\$	874,863 - 171,660	<b>Þ</b>	874,863 - 171,660	Þ	888,343 5,953 174,192	Þ	13,480 5,953 2,532
Title VI-B, special education flow-through Title VI-B, pre-school Title V-A		615,543 18,637 -		615,543 18,637 -		515,741 18,637 62,080		(99,802) - 62,080
JROTC Vocational education		- 56,260		- 56,260		1,139 56,874		1,139 614
Total categorical aid	\$	1,736,963	\$	1,736,963	\$	1,722,959	\$	(14,004)
Total School Operating Fund	\$	24,797,240	\$	24,767,622	\$	23,785,022	\$	(982,600)

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		ariance with inal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: Special Revenue Fund: School Cafeteria Fund: Revenue from local sources: Revenue from use of money and property:	(Cor	ntinued)						
Revenue from the use of money	\$_	-	\$	-	\$	414 \$	§	414
Charges for services: Cafeteria sales	\$_	236,324	\$_	236,324	\$_	212,456 \$	<u> </u>	(23,868)
Recovered costs: Other recovered costs	\$	5,000	\$	5,000	\$	- \$	1	(5,000)
Total revenue from local sources	* <u>-</u> \$	241,324		241,324		 212,870 \$		(28,454)
Intergovernmental	· <del>-</del>	, , , , , ,		, , ,	- ' -			( 2/22 3/
Intergovernmental: Contribution from County of Prince Edward, Virginia	\$_	-	\$	-	\$	26,583 \$	\$	26,583
Revenue from the Commonwealth: Categorical aid:								
School food program grant	\$	23,710	\$	23,710	\$_	17,699 \$	\$	(6,011)
Total categorical aid	\$	23,710	\$	23,710	\$	17,699 \$	\$	(6,011)
Total revenue from the Commonwealth	\$	23,710	\$	23,710	\$	17,699 \$	\$	(6,011)
Revenue from the federal government: Categorical aid:	_		_		_			<u></u>
School nutrition program	\$_	810,000	\$_	810,000	\$_	882,979 \$	<u> </u>	72,979
Total categorical aid	\$_	810,000	\$_	810,000	\$_	882,979 \$	\$ <u></u>	72,979
Total School Cafeteria Fund	\$_	1,075,034	\$_	1,075,034	\$	1,140,131 \$	<u> </u>	65,097
Capital Projects Fund: School Capital Projects Fund: Revenue from local sources:								
Revenue from use of money and property:  Revenue from the use of money	\$	_	\$	_	\$	285 \$		285
Revenue from the use of money	Ψ_		- Ψ_		-Ψ-		_	200
Total School Capital Projects Fund	\$_	-	\$	-	\$	285	<u> </u>	285
Total Discretely Presented Component Unit - School Board	\$_	25,872,274	\$_	25,842,656	\$_	24,925,438 \$	<u> </u>	(917,218)

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

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	\$	121,776	\$	121,776	\$	112,726 \$	9,050
General and financial administration:							
County administrator	\$	521,427	\$	521,427	\$	512,638 \$	8,789
Legal services	Ψ	42,673	Ψ	42,673	Ψ	35,910	6,763
Commissioner of revenue		288,819		288,819		260,420	28,399
Treasurer		345,248		345,248		355,913	(10,665)
Independent Auditor		42,988		42,988		36,500	6,488
Assessor		31,000		31,000		34,811	(3,811)
Other general and financial administration		78,615		78,615		81,466	(2,851)
Total general and financial administration	\$	1,350,770	\$	1,350,770	\$	1,317,658 \$	33,112
Board of elections:	_						
Electoral board and officials	\$	28,495	ф	28,495	¢	27 2E4 ¢	1,241
Registrar	Ф	98,774	Ф	26,495 98,774	Ф	27,254 \$ 98,792	(18)
registi di	_	70,774		70,774	_	90,192	(10)
Total board of elections	\$	127,269	\$_	127,269	\$	126,046 \$	1,223
Total general government administration	\$	1,599,815	\$	1,599,815	\$	1,556,430 \$	43,385
Judicial administration:							
Courts:							
Circuit court	\$	51,914	\$	51,914	\$	59,828 \$	(7,914)
General district court		9,150		9,150		7,695	1,455
Office of the magistrates		3,700		3,700		2,433	1,267
Clerk of the circuit court		502,547		502,547		491,265	11,282
Law library		6,300		6,300		7,154	(854)
Sheriff - courts		369,619		369,619		366,462	3,157
Victim and witness assisstance		61,091		61,091		63,927	(2,836)
Total courts	\$	1,004,321	\$	1,004,321	\$	998,764 \$	5,557
Commonwealth's attorney:							
Commonwealth's attorney	\$	631,472	\$	672,962	\$	642,167 \$	30,795
Total judicial administration	\$	1,635,793	\$	1,677,283	\$	1,640,931 \$	36,352
D.111	_						
Public safety:							
Law enforcement and traffic control:  Sheriff	¢	1 007 040	ф	2 007 402	φ	1 007 452 ¢	11 021
Emergency services	\$	1,887,040 19,632	Ф	2,007,483 19,632	Ф	1,996,452 \$ 16,047	11,031 3,585
Line of Duty Act payments		19,000		19,000		18,506	494
Line of Buty Net payments	_	17,000		17,000	_	10,500	777
Total law enforcement and traffic control	\$	1,925,672	\$_	2,046,115	\$	2,031,005 \$	15,110
Fire and rescue services:							
Fire department	\$	534,600	\$	663,751	\$	539,692 \$	124,059
Ambulance and rescue services		85,000		85,000		85,000	-
Forestry service		12,040		12,040	_	11,687	353
Total fire and rescue services	\$	631,640	\$	760,791	\$	636,379 \$	124,412
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Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity, and Elements	 Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Public safety: (Continued) Correction and detention: Regional jail and juvenile detention	\$ 1,460,000	\$	1,460,000	\$	1,280,498 \$	179,502
Inspections: Building	\$ 99,502		99,502		59,759 \$	39,743
Other protection: Animal control Medical examiner (coroner)	\$ 133,159 500	\$	133,419 500	\$	126,544 \$ 220	6,875 280
Total other protection	\$ 133,659	\$	133,919	\$	126,764 \$	7,155
Total public safety	\$ 4,250,473	\$	4,500,327	\$	4,134,405 \$	365,922
Public works: Sanitation and waste removal: Refuse collection and disposal Litter control Biosolids	\$ 1,237,063 7,452 69,960	\$	1,400,575 7,452 69,960	\$	1,345,903 \$ 2,250 55,913	54,672 5,202 14,047
Total sanitation and waste removal	\$ 1,314,475	\$	1,477,987	\$	1,404,066 \$	73,921
Maintenance of general buildings and grounds: General properties	\$ 652,155	\$	662,055	\$	670,342 \$	(8,287)
Total public works	\$ 1,966,630	\$	2,140,042	\$	2,074,408 \$	65,634
Health and welfare: Health: Supplement of local health department	\$ 169,643	\$_	169,643	_\$_	157,994_\$	11,649
Mental health and mental retardation: Chapter X board	\$ 60,000	\$_	60,000	\$_	60,000 \$	
Welfare: Welfare administration and assistance Comprehensive services act Other welfare programs	\$ 2,752,555 851,000 66,350	\$	2,752,555 851,000 80,838	\$	2,780,856 \$ 893,018 78,838	(28,301) (42,018) 2,000
Total welfare	\$ 3,669,905	\$	3,684,393	\$	3,752,712 \$	(68,319)
Total health and welfare	\$ 3,899,548	\$	3,914,036	\$	3,970,706 \$	(56,670)
Education: Other instructional costs: Contributions to community college Contribution to County School Board	\$ 12,500 8,346,800	\$	12,500 8,317,182	\$	12,500 \$ 8,019,003	- 298,179
Total education	\$ 8,359,300	\$	8,329,682	\$	8,031,503 \$	298,179

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

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:						
Supervision of parks and recreation	\$_	123,500	\$_	123,500 \$	73,500 \$	50,000
Cultural enrichment: Museums	\$_	11,000	\$_	11,000_\$	10,727_\$	273
Contribution to regional library	\$_	204,663	\$_	204,663 \$	204,663 \$	-
Total parks, recreation, and cultural	\$_	339,163	\$_	339,163 \$	288,890 \$	50,273
Community development: Planning and community development: Planning Community development Contribution to Industrial Development Auth. Economic development Tourism Other community development	\$	194,483 59,500 (664,286) 96,890 90,035 23,368		176,258 \$ 59,500 (664,286) 96,890 90,152 23,368	76,757 \$ 59,500 84,732 87,981 86,248 23,368	99,501 - (749,018) 8,909 3,904
Total planning and community development	\$	(200,010)	\$	(218,118) \$	418,586 \$	(636,704)
Environmental management: Soil and water conservation	\$	13,740	\$	13,740 \$	18,821 \$	(5,081)
Cooperative extension program: Cooperative extension program Cannery	\$	62,591 83,693	\$	62,591 \$ 83,693	62,122 \$ 79,919	469 3,774
Total cooperative extension program	\$_	146,284	\$	146,284 \$	142,041 \$	4,243
Total community development	\$_	(39,986)	\$_	(58,094) \$	579,448 \$	(637,542)
Nondepartmental: Other nondepartmental	\$	102,750	\$	102,750 \$	65,554 \$	37,196
Total nondepartmental	\$	102,750		102,750 \$	65,554 \$	37,196
Capital projects:	· <del>-</del>	<u> </u>		<u> </u>		<u> </u>
Sandy River reservoir project Other capital projects	\$	7,400 74,900	\$	7,400 \$ 576,611	2,450 \$ 78,252	4,950 498,359
Total capital projects	\$	82,300	\$	584,011 \$	80,702 \$	503,309
Debt service: Principal retirement Interest and other fiscal charges	\$	572,840 322,858	\$	572,840 \$ 322,858	573,861 \$ 321,800	(1,021) 1,058
Total debt service	\$	895,698	\$	895,698 \$	895,661 \$	37
Total General Fund	\$	23,091,484	\$	24,024,713 \$	23,318,638 \$	706,075
Special Revenue Fund: Piedmont Court Services: Public safety: Correction and detention: Piedmont Court Services Total other protection	\$_ \$_	550,371 550,371		564,001 \$ 564,001 \$	546,292 546,292 \$	17,709 17,709
Total public safety	\$	550,371		564,001 \$	546,292 \$	17,709
Total Piedmont Court Services Fund	Ψ_ \$	550,371		564,001 \$	546,292 \$	17,709
rotar ricamont court scrytes runa	φ=	330,371	Ψ=	JU4,001 \$	J+U, Z7Z Þ	17,109

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

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
Capital Projects Fund: Landfill Construction Fund								
Capital projects expenditures:								
Landfill construction	\$	1,212,000	\$	1,212,000	\$	-	\$	1,212,000
Total Landfill Construction Fund	\$	1,212,000		1,212,000		-	\$	1,212,000
Total Capital Projects Fund	\$	1,212,000	\$	1,212,000	\$	-	\$	1,212,000
Total Primary Government	\$	24,853,855	\$	25,800,714	\$	23,864,930	\$	1,935,784
Discretely Presented Component Unit - School Board School Operating Fund:	=		= =				= =	
Education: Instruction Administration, attendance, and health Pupil transportation services Operation and maintenance services Technology Facilities	\$	18,009,187 1,490,026 2,005,291 1,730,860 990,780 150,000	\$	18,009,187 1,460,408 2,005,291 1,730,860 990,780 150,000	\$	17,195,050 1,414,702 1,899,898 1,835,517 930,085 185,964	\$	814,137 45,706 105,393 (104,657) 60,695 (35,964)
Total education	\$	24,376,144	\$	24,346,526	\$	23,461,216	\$	885,310
Debt service: Principal retirement Interest and other fiscal charges	\$	394,872 73,940	\$	394,872 73,940	\$	282,319 73,940	\$	112,553
Total debt service	\$	468,812	\$	468,812	\$	356,259	\$	112,553
Total School Operating Fund	\$	24,844,956		24,815,338	\$	23,817,475	\$	997,863
Special Revenue Funds: School Cafeteria Fund: Education: School food services: Administration of school food program Total School Cafeteria Fund	= \$ _ \$	1,075,034 1,075,034		1,075,034 1,075,034	\$_	1,147,495 1,147,495	_\$_	(72,461) (72,461)
	Ψ=	1,075,054	= " =	1,075,054	= =	1,147,475	= "=	(12,401)
School Capital Projects Fund: Capital projects expenditures: Capital projects expenditures	\$	_	\$	5,122,982	\$	1,537,026	\$	3,585,956
Total School Capital Projects Fund	\$	-	\$	5,122,982		1,537,026		3,585,956
Total Discretely Presented Component Unit - School Board	\$ _	25,919,990	= = = \$ = =	31,013,354	= = = \$ = =	26,501,996	\$	4,511,358

## **Statistical Section**

Contents	<u>Tables</u>
Financial Trends  These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
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.	7 - 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 debt in the future.	11 - 12
Demographic and Economic Information  This table offers 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.	13
Operating Information  These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

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

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

	_	2006	2007	2008	2009	2010
Governmental activities  Net investment in capital assets  Restricted	\$	1,975,166 \$	2,339,985 \$	2,912,203 \$	2,459,199 \$	2,534,819
Unrestricted	_	3,658,083	6,428,310	3,215,901	1,428,178	1,538,199
Total governmental activities net position	\$_	5,633,249 \$	8,768,295 \$	6,128,104 \$	3,887,377 \$	4,073,018
Business-type activities  Net investment in capital assets  Unrestricted	\$	- \$ 	- \$ -	- \$ 	(31,482) \$ 821	851,144 (149,653)
Total business-type activities net position	\$_	\$	\$	<u> </u>	(30,661) \$	701,491
Primary government						
Net investment in capital assets Restricted	\$	1,975,166 \$ -	2,339,985 \$	2,912,203 \$	2,427,717 \$	3,385,963
Unrestricted	_	3,658,083	6,428,310	3,215,901	1,428,999	1,388,546
Total primary government net position	\$	5,633,249 \$	8,768,295 \$	6,128,104 \$	3,856,716 \$	4,774,509

	2011	 2012		2013		2014		2015
\$	2,584,694	\$ 1,520,646	\$	2,079,106	\$	2,080,125	\$	2,289,146
	-	-		-		-		95,258
	4,090,425	6,750,994		9,844,776		6,126,366		(476,746)
\$	6,675,119	\$ 8,271,640	\$_	11,923,882	\$	8,206,491	\$	1,907,658
\$	480,268	\$ (499,787)	\$	(428,489)	\$	(353,000)	\$	(275,337)
	52,852	755,314		319,991	_	(4,056)		(324,456)
\$	533,120	\$ 255,527	\$_	(108,498)	\$	(357,056)	\$	(599,793)
_					_			
\$	3,064,962	\$ 1,020,859	\$	1,650,617	\$	1,727,125	\$	2,013,809
	-	-		-		-		95,258
_	4,143,277	 7,506,308	_	10,164,767	_	6,122,310		(801,202)
\$	7,208,239	\$ 8,527,167	\$_	11,815,384	\$	7,849,435	\$_	1,307,865

(door dar basis or doodanting)								
Expenses	_	2006		2007	_	2008		2009
Governmental activities:								
General government administration	\$	1,553,538	\$	1,613,434	\$	1,888,328	\$	1,878,951
Judicial administration		1,337,676		1,060,878		1,247,739		1,557,012
Public safety		2,714,749		2,886,070		2,920,779		2,718,405
Public works		2,555,224		2,745,353		4,498,020		2,641,623
Health and welfare		3,331,152		3,699,915		4,009,487		3,948,690
Education		7,571,463		5,517,861		7,558,263		7,039,437
Parks, recreation and cultural		237,633		253,326		1,842,051		3,274,724
Community development		1,237,317		556,620		1,201,635		1,618,525
Interest on long-term debt	_	556,628		559,142	_	521,152	_	701,954
Total governmental activities expenses	\$ _	21,095,380	\$_	18,892,599	\$	25,687,454	\$_	25,379,321
Business-type activities:			_		_			04 540
Water	\$	-	\$	-	\$	-	\$	31,512
Sewer	_	-		-	_	-	-	29,800
Total business-type activities expenses	\$ _	-	\$_	-	\$_	-	\$_	61,312
Total primary government expenses	\$ _	21,095,380	\$ _	18,892,599	\$	25,687,454	\$_	25,440,633
Program Revenues								
Governmental activities:								
Charges for services:								
General government administration	\$	93,202	\$	92,490	\$	100	\$	100
Judicial administration		92,089		80,026		62,306		79,865
Public safety		2,472		99,282		207,114		161,311
Public works		722,738		740,406		888,006		758,965
Community development		4,680		5,319		12,044		19,396
Operating grants and contributions Capital grants and contributions		4,683,367		4,885,349		5,567,251 180,000		5,662,902
Total governmental activities program revenues	\$	5,598,548	- <sub>\$</sub> -	5,902,872	<u> </u>	6,916,821	<u> </u>	6,682,539
	Ψ_	3,370,340	- Ψ <b>-</b>	3,702,072	Ψ _	0,710,021	Ψ_	0,002,007
Business-type activities: Charges for services:								
Water	\$	_	\$	_	\$	_	\$	_
Sewer	Φ		Φ	-	Ф	-	Φ	_
Capital grants and contributions		_		_		_		6,000
	\$	_	 \$		\$		\$	6,000
Total business-type activities program revenues  Total primary government program revenues	, —	5,598,548	- ³ - \$	5,902,872	\$ _ \$	6,916,821		6,688,539
	<sup>Ψ</sup> =	3,370,340	= <sup>Ψ</sup> =	3,702,072	Ψ =	0,710,021	Ψ =	0,000,337
Net (expense) / revenue Governmental activities	\$	(15,496,832)	\$	(12,989,727)	\$	(18,770,633)	\$	(18,696,782)
Total primary government net expense	\$	(15,496,832)		(12,989,727)	_	(18,770,633)	-	(18,752,094)
General Revenues and Other Changes in Net Position		(10)1101000	=	(	· =	(12/112/222)	·	(12)112
Governmental activities:								
Taxes	¢	0 107 /55	ď	0.000.050	ď	0.000.100	ď	10 220 /7/
Property taxes  Local sales and use taxes	\$	8,197,655 2,402,247	Э	8,988,258 2,555,696	\$	9,898,122 2,890,586	Þ	10,338,674 2,683,336
Taxes on recordation and wills		207,670		2,555,696		201,608		159,537
Motor vehicle licenses taxes		232,757		223,727		201,203		276,176
Consumer utility taxes		476,527		438,853		344,009		371,824
Other local taxes		86,162		190,653		357,262		324,603
Unrestricted grants and contributions		1,655,009		3,086,888		1,467,887		1,325,103
Unrestricted revenues from use of money and property		493,043		593,476		639,211		450,348
Miscellaneous		45,126		116,470		130,554		451,992
Gain (loss) on disposal of capital assets		-		-		-		99,113
Transfers					_	-	_	(24,651)
Total governmental activities	\$	13,796,196	\$	16,470,493	\$	16,130,442	\$	16,456,055
Business-type activities:	_		_				_	
Miscellaneous	\$	-	\$	-	\$	-	\$	-
Transfers		-	_	-	_	-		24,651
Total business-type activities	\$	-	\$	-	\$	-	\$	24,651
Total primary government	\$	13,796,196	\$	16,470,493	\$	16,130,442	\$	16,480,706
Change in Net Position	_						_	
Governmental activities	\$	(1,700,636)	\$	3,480,766	\$	(2,640,191)	\$	(2,240,727)
Business-type activities	_	<u>-</u>		-	_	-	_	(30,661)
Total primary government	\$	(1,700,636)	\$	3,480,766	\$	(2,640,191)	\$	(2,271,388)
	_				_		-	

2010	_	2011	_	2012	_	2013	_	2014	_	2015
1.795.153	\$	1,869,443	\$	1.960.555	\$	1.940.807	\$	4.967.094	\$	1,836,885
1,175,955		1,147,492		1,137,299		1,215,821		1,320,809		1,228,338
2,910,454		3,118,622		3,270,479		4,159,935		5,243,483		4,988,167
2,105,782		2,228,299		2,058,022		2,065,013		2,032,088		1,991,833
3,894,723		4,382,927		4,094,036		3,741,349		3,810,158		3,873,482
7,082,604		7,695,814		7,440,879		7,728,685		8,126,108		11,968,460
				•		302,000		365,365		284,325
										572,714
676,992	_	514,419	_	500,719	_	385,095	_	344,386	_	315,615
20,656,824	\$_	21,709,756	\$_	21,400,012	\$_	22,261,284	\$_	27,116,128	\$_	27,059,819
	\$		\$	200,571	\$	188,411	\$	•	\$	178,144
	_		. –		. –		. —		. —	67,707
	_		_		_		_	·	_	245,851
20,809,777	φ =	21,899,830	<sup>&gt;</sup> =	21,079,452	<sup>3</sup> =	22,520,596	<sup>3</sup> =	27,307,244	<sup>→</sup> =	27,305,670
	\$	-	\$	-	\$		\$	-	\$	
										200,947
		,						•		194,988
										575,946 14,308
										5,595,435
5,272,030										5,575,435
6 245 901	s –		s –		s —		<u> </u>	·	<u> </u>	6,581,624
0,243,701	Ψ_	0,001,033	Ψ_	0,107,000	Ψ_	0,020,703	Ψ_	0,010,031	Ψ_	0,301,024
	\$		\$		\$		\$		\$	1,134
				1,219		1,790		1,780		1,980
	s –		<u> </u>	1.847	<u> </u>	6.122	<u> </u>	2.558	<u> </u>	3,114
6,276,653	\$	6,823,536	\$	6,111,647	\$	8,632,887	\$	6,621,209	\$	6,584,738
(14,410,923)	\$	(14,907,923)	\$	(15,290,212)	\$	(13,634,519)	\$	(20,497,477)	\$	(20,478,195
(14,533,124)	\$	(15,076,294)	\$	(15,567,805)	\$	(13,887,709)	\$	(20,746,035)	\$	(20,720,932
9,925,117	\$	10,796,720	\$	10,919,152	\$	11,103,740	\$	11,076,090	\$	11,877,989
2,526,302		2,558,209		2,614,512		2,691,630		2,585,962		2,722,713
121,912		109,777		95,354		165,224		140,040		157,890
313,778						464,581		460,643		548,133
		375,945								307,372
		-								60,260
										1,850,727
										360,957
		169,346		125,734		165,620		103,941		128,268
(854,103)	_	-	_	-	_	-		-		
14,596,564	\$_	16,525,548	\$_	16,491,147	\$_	17,049,643	\$_	16,780,086	\$_	18,014,309
	\$	-	\$	-	\$	-	\$	-	\$	-
854,353	\$	-	\$	-	\$	-	\$	-	\$	-
15,450,917	\$	16,525,548	\$	16,491,147	\$	17,049,643	\$	16,780,086	\$	18,014,309
	\$		\$		\$		\$		\$	(2,463,886
732,152	_		_		_		_	(248,558)	_	(242,737
917,793	\$_	1,449,254	\$	923,342	\$	3,161,934	\$	(3,965,949)	\$	(2,706,623
	1,795,153 1,175,955 2,910,454 2,105,782 3,894,723 7,082,604 293,485 721,676 676,992 20,656,824  69,875 83,078 152,953 20,809,777  100 77,250 135,014 749,031 12,456 5,272,050 - 6,245,901  1,289 7,713 21,750 30,752 6,276,653  (14,410,923) (14,533,124)  9,925,117 2,526,302 121,912 313,778 387,557 12 1,619,326 329,506 126,820 100,277 (854,103) 14,596,564  250 854,103 854,353 15,450,917	1,795,153	1,795,153 \$ 1,869,443 1,175,955	1,795,153 \$ 1,869,443 \$ 1,175,955	1,795,153         \$ 1,869,443         \$ 1,960,555           1,175,955         1,147,492         1,137,299           2,910,454         3,118,622         3,270,479           2,105,782         2,228,299         2,058,022           3,894,723         4,382,927         4,094,036           7,082,604         7,695,814         7,404,879           293,485         94,271         290,155           721,676         658,469         647,868           676,992         514,419         500,719           20,656,824         \$ 21,709,756         \$ 21,400,012           69,875         \$ 127,189         \$ 200,571           83,078         62,885         78,869           152,953         \$ 190,074         \$ 279,440           20,809,777         \$ 21,899,830         \$ 21,679,452           100         \$ - \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,795,153 \$ 1,869,443 \$ 1,960,555 \$ 1,175,955	1,795,153         \$ 1,869,443         \$ 1,960,555         \$ 1,940,807           1,175,955         1,147,492         1,137,299         1,215,821           2,910,454         3,118,622         3,270,479         4,159,935           2,105,782         2,228,299         2,058,022         2,065,013           3,894,723         4,382,927         4,094,036         3,741,349           7,082,604         7,695,814         7,440,879         7,728,685           293,485         94,271         290,155         302,000           271,676         658,469         647,868         722,2579           676,992         514,419         500,719         385,095           20,656,824         \$ 21,709,756         \$ 21,400,012         \$ 22,261,284           69,875         \$ 127,189         \$ 200,571         \$ 188,411           83,078         62,885         78,869         70,901           152,953         \$ 190,074         \$ 279,440         \$ 25,9312           20,809,777         \$ 21,899,830         \$ 21,679,452         \$ 22,520,596           100         \$ -         \$ -         \$ -         \$ -           77,250         64,241         63,456         127,690         12,446         12,476	1,795,153 \$ 1,869,443 \$ 1,960,555 \$ 1,940,807 \$ 1,175,955	1,795,153 \$ 1,869,443 \$ 1,960,555 \$ 1,940,807 \$ 4,967,094   1,175,955	1,795,153 \$ 1,869,443 \$ 1,960,555 \$ 1,940,807 \$ 4,967,094 \$ 1,175,955



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	Recordation and Wills Tax	Total
2015	\$ 11,877,989	2,722,713 \$	307,372	548,133	\$ 157,890 \$	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547
2008	9,898,122	2,890,586	344,009	201,203	201,608	13,535,528
2007	8,988,258	2,555,696	438,853	223,727	276,472	12,483,006
2006	8,197,655	2,402,247	476,527	232,757	207,670	11,516,856

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

	_	2006	_	2007	_	2008		2009	2010
General fund									
Nonspendable:									
Prepaid items	\$	-	\$	-	\$	-	\$	- \$	-
Restricted for:									
Retiree benefits		-		-		-		-	-
Unassigned		-		-		-		-	-
Reserved		-		8,074		11,486		12,078	1,106
Unreserved	_	6,009,170		8,765,971	_	8,788,927	_	9,207,233	8,774,360
Total general fund	\$	6,009,170	\$	8,774,045	\$	8,800,413	\$	9,219,311	8,775,466
All other governmental funds									
Restricted:									
Debt service	\$	-	\$	-	\$	-	\$	- \$	-
Assigned:									
Landfill construction		-		-		-		-	-
Recreation capital projects		-		-		-		-	-
Special revenue		-		-		-		-	-
Reserved		-		61,153		174,097		289,712	408,069
Unreserved, reported in:									
Capital projects funds	_	129,375	_	425,644	_	77,047		377,012	639,629
Total all other governmental funds	\$	129,375	\$	486,797	\$	251,144	\$	666,724	1,047,698

<sup>(1)</sup> The County implemented GASB 54 in fiscal year 2011.

	2011 (1)		2012 (1)		2013 (1)		2014 (1)		2015 (1)
_		_			.,				
\$	13,899	\$	-	\$	-	\$	-	\$	=
	399		5,479		1,974		-		-
	9,603,023		9,998,619		10,720,302		9,038,328		-
	-		-		-		-		95,258
_	-		-		-		-		9,811,281
\$_	9,617,321	\$_	10,004,098	\$	10,722,276	\$_	9,038,328	\$	9,906,539
_		_		_		_		-	
\$	529,233	\$	653,285	\$	780,277	\$	910,353	\$	1,043,470
	898,059		1,225,075		1,482,743		1,784,386		2,092,086
	27,002		27,116		28,414		20,468		20,492
					330,858		337,125		301,945
	-		-		-		-		-
_	-		-		-		-		-
\$	1,454,294	\$	1,905,476	\$	2,622,292	\$	3,052,332	\$	3,457,993

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

		2006		2007		2008		2009
Revenues	_						_	
General property taxes	\$	8,201,124	\$	8,781,315	\$	9,869,179	\$	10,097,051
Other local taxes		3,405,363		3,672,974		3,994,668		3,815,476
Permits, privilege fees and regulatory licenses		93,202		107,344		100,805		106,200
Fines and forfeitures		59,473		46,112		29,824		44,006
Revenue from use of money and property		493,044		593,477		639,211		450,348
Charges for services		762,506		818,345		985,037		869,431
Miscellaneous		45,126		1,674,879		201,265		1,041,105
Recovered costs		60,363		51,218		236,973		99,018
Intergovernmental:								
Commonwealth		5,171,085		5,079,154		5,744,492		5,674,148
Federal		1,190,522		1,392,823		1,290,645		1,313,858
Total revenues	\$	19,481,808		22,217,641		23,092,099	¢ —	23,510,641
Total Tevenues	Φ_	19,401,000	_ <sub>_</sub> _	22,217,041	- Φ _	23,092,099	Φ_	23,310,041
Expenditures								
General government administration	\$	1,238,135	\$	1,416,441	\$	1,626,034	\$	1,620,699
Judicial administration		1,404,563		1,084,329		1,178,889		1,382,779
Public safety		2,651,956		2,815,986		3,020,666		2,846,153
Public works		1,688,418		1,723,931		2,033,140		1,864,186
Health and welfare		3,377,252		3,714,420		4,061,932		3,915,282
Education		6,600,608		6,669,651		7,749,894		7,446,574
Parks, recreation and cultural		237,633		243,368		230,159		307,159
Community development		449,727		501,123		1,018,825		1,409,598
Capital projects		1,062,351		324,432		1,675,064		3,911,158
Nondepartmental		-		-		1,517		-
Debt service								
Principal		330,766		323,958		431,078		438,613
Interest and other fiscal charges		305,828		277,705		274,186		309,311
·	_						_	
Total expenditures	\$_	19,347,237		19,095,344		23,301,384	_	25,451,512
Excess (deficiency) of revenues over (under) expenditures	\$_	134,571	\$_	3,122,297	\$_	(209,285)	\$_	(1,940,871)
Other financing sources (uses)								
Transfers in	\$	-	\$	60,425	\$	310,153	\$	332,153
Transfers out		-		(60,425)		(310,153)		(356,804)
Refunding bonds issued		-		-		-		-
Premium on bonds issued		-		-		-		-
Payments to refunded bond escrow agent		-		-		-		-
Issuance of debt	_	-		-	_	-	_	2,800,000
Total other financing sources (uses)	\$	-	\$_	-	\$	-	\$	2,775,349
Net change in fund balances	\$	134,571	\$_	3,122,297	\$	(209,285)	\$	834,478
Debt service as a percentage of	_						_	
		2 400/		2 210/		2 170/		2 04%
noncapital expenditures		3.48%		3.21%		3.17%		3.06%

Note: Does not include discretely presented component unit.

_	2010	2011	2012	_	2013		2014	_	2015
\$	9,911,626 \$ 3,349,561	10,548,439 \$ 3,519,926	10,561,257 3,502,678	\$	10,949,252 3,716,129	\$	10,868,709 3,564,610	\$	12,164,324 3,796,368
	86,207	67,681	62,437		70,344		69,529		79,339
	47,822	38,770	41,216		106,409		156,204		171,827
	329,506	374,912	379,217		356,455		341,618		360,957
	839,822	809,785	834,375		940,261		774,097		735,023
	231,167 45,111	216,177 266,220	200,465 130,380		268,908 122,337		236,145 119,153		283,391 101,411
	5,432,928	5,594,185	5,019,333		7,917,815		5,899,638		6,027,849
_	1,458,448	1,956,056	1,716,801	_	1,299,635		1,413,010		1,418,313
\$_	21,732,198 \$	23,392,151 \$	22,448,159	\$_	25,747,545	\$_	23,442,713	\$_	25,138,802
\$	1,453,038 \$	1,443,953 \$	1,525,092	\$	1,577,327	\$	1,788,018	\$	1,556,430
	1,482,540	1,494,170	1,480,002		1,581,018		1,712,847		1,640,931
	2,516,411	2,672,181	2,914,040		3,675,254		4,720,230		4,680,697
	1,786,034	1,776,525	1,665,056		1,909,601		1,926,912		2,074,408
	3,890,975	4,398,020	4,103,322		3,732,134		3,806,903		3,970,706
	7,451,833	7,955,280	7,696,610		7,899,254		8,301,411		8,031,503
	293,159	274,659	295,383		299,506		362,013		288,890
	478,134	526,537	754,145		687,859		844,138		579,448
	592,857 136,046	533,202 126,189	1,925,793 155,200		2,288,200 73,454		247,877 74,015		80,702 65,554
	589,253	552,298	296,615		571,714		565,424		573,861
	390,686	390,686	456,027		356,331		346,833		321,800
\$	21,060,966 \$	22,143,700 \$	23,267,285	\$	24,651,652	\$	24,696,621	\$	23,864,930
\$_	671,232 \$	1,248,451 \$	(819,126)	\$_	1,095,893	\$	(1,253,908)	\$_	1,273,872
\$	110,153 \$	110,153 \$	110,153	\$	110,153	\$	110,153	\$	110,153
	(964,256)	(110,153)	(110,153)		(110,153)		(110,153)		(110,153)
	-	-	7,203,798		-		-		-
	-	-	983,512		-		-		-
	120,000	-	(6,530,225)		-		-		-
\$	(734,103) \$	- \$	1,657,085	\$_	-	\$	-	\$	
\$	(62,871) \$	1,248,451 \$	837,959	\$	1,095,893	\$	(1,253,908)	\$	1,273,872
	4.89%	4.47%	3.53%		4.15%		3.73%		3.77%



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

						Motor				
			Local sales		Consumer	Vehicle	Recordation		Gross	
Fiscal		Property	and use	Communication	Utility	License	and	E911	Receipts	
Year	_	Tax	Tax	Taxes (1)(2)	Tax (1)	Tax	Wills Tax	Tax (1)	Tax	Total
2015	\$	12,164,324 \$	2,722,713 \$	- \$	307,372 \$	541,664 \$	157,890	\$ - \$	66,729 \$	15,960,692
2014		10,868,709	2,585,962	-	306,197	460,643	140,040	-	71,768	14,433,319
2013		10,949,252	2,691,630	-	324,910	464,581	165,224	-	69,784	14,665,381
2012		10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011		10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010		9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009		10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527
2008		9,869,179	2,890,586	357,262	281,464	201,203	201,608	-	-	13,801,302
2007		8,781,315	2,555,696	153,199	382,290	223,727	276,472	19,542	-	12,392,241
2006		8,201,124	2,402,247	-	476,527	232,757	207,670	33,792	-	11,554,117

<sup>(1)</sup> Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commonwealth representing the respective share of the communication taxes.

<sup>(2)</sup> Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

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

Fiscal Year	 Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2005	\$ 1,593,856,675 \$	105,257,875 \$	9,292,235 \$	737,600
2014	1,584,918,225	105,312,817	9,283,568	910,900
2013	1,576,717,255	104,873,820	9,574,543	623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300
2006	997,370,300	89,093,880	11,629,405	1,653,500

<sup>(1)</sup> Real estate and personal property are assessed at 100% of fair market value.

Source: Commissioner of Revenue

<sup>(2)</sup> Assessed values are established by the State Corporation Commission.

 Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 57,499,650 \$	94,140,180 \$	1,860,784,215 \$	1,860,784,215	100.00%
56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%
54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%
59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%
64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%
62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%
52,094,300	58,424,956	1,210,266,341	1,204,266,341	100.00%

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

#### **Direct Rates**

Fiscal Years	 Real Estate	 Personal Property	 Mobile Homes	 Machinery and Tools	 Merchants' Capital
2005	\$ 0.47	\$ 4.50	\$ 0.47	\$ 4.20	\$ 0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70
2008	0.57	4.50	0.57	4.20	0.70
2007	0.50	4.20	0.50	4.20	0.70
2006	0.50	4.20	0.50	4.20	0.70

<sup>(1)</sup> Per \$100 of assessed value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2015 \$	13,263,062 \$	11,367,301	85.71% \$	797,023	\$ 12,164,324	91.72% \$	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%

<sup>(1)</sup> Exclusive of penalties and interest. Includes personal property tax relief funds.

<sup>(2)</sup> Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers Current Year and the Period Nine Years Prior

		Fiscal Year	r 2014	Fiscal Year 2005			
Taxpayer		2013 Assessed Valuation	% of Total Assessed Valuation		2004 Assessed Valuation	% of Total Assessed Valuation	
Southside Holding	\$	4,549,700	0.25%	\$	2,921,700	0.16%	
Southside Community Nursing		17,362,500	0.95%		9,636,700	0.52%	
Statewide Realty Co.		2,637,900	0.14%		2,386,300	0.13%	
Southgate Associates II		4,588,100	0.25%		4,505,100	0.24%	
Wright, Shelton		3,754,300	0.21%		1,534,400	0.08%	
Davis Real Properties LLC		4,353,700	0.24%		4,463,500	0.24%	
Garnett, James		1,444,500	0.08%		1,546,600	0.08%	
Landon G. Atkins Revocable Trust		61,700	0.00%		1,329,000	0.07%	
Longwood Village Shopping Center		7,742,700	0.42%		6,832,300	0.37%	
Farmville Partners, LLC	_	6,803,800	0.37%	_	-	0.00%	
	\$	53,298,900	2.91%	\$	35,155,600	1.90%	

Note: Information was not available for Fiscal Year 2015 and Fiscal Year 2006

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types Last Ten Fiscal Years

			Governmental	Activities			Business- Type Activities			
Fiscal Years	_	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds		Capital Leases	Other Notes/ Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2015	\$	5,852,125	\$ - \$	4,991,985	5 \$	5,123,382 \$	4,176,457 \$	20,143,949	4.04%	873
2014		6,569,847	-	5,182,084	ļ	-	4,341,086	16,093,017	3.23%	706
2013		7,297,699	-	5,427,677	,	-	4,503,541	17,228,917	5.10%	879
2012		8,028,021	-	5,668,629	)	-	4,661,803	18,358,453	3.68%	781
2011		5,157,837	-	7,696,025	)	-	3,750,000	16,603,862	4.10%	742
2010		5,778,724	-	8,181,343	3	-	2,500,000	16,460,067	4.06%	736
2009		6,426,063	-	8,552,832	)	-	1,281,482	16,260,377	4.01%	745
2008		7,890,333	52,500	5,296,677	,	-	-	13,239,510	3.49%	623
2007		8,654,633	105,000	4,036,409	)	-	-	12,796,042	3.37%	614
2006		9,380,224	157,500	2,444,551		-	-	11,982,275	4.44%	587

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

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2005 \$	7,968,982 \$	734,327 \$	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	441
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	438
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	453
2007	10,876,490	69,227	10,807,263	0.87%	508
2006	11,982,275	-	11,982,275	0.96%	575

<sup>(1)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

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

<sup>(3)</sup> Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemploy- ment Rate
2015	23,074 \$	498,422,000 \$	21,601	30.0	2,016	6.10%
2014	22,802	498,422,000	21,859	30.0	2,129	9.80%
2013	23,238	498,422,000	21,449	30.9	2,282	10.60%
2012	23,518	498,422,000	21,193	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%

Souce: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

<sup>(1)</sup> Information is not updated annually

<sup>(2)</sup> School enrollment includes pre-K

Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010
General government administration	19.0	17.0	17.0	17.0	17.0
Judicial administration	23.0	25.0	25.0	25.0	22.5
Public safety					
Sheriffs department	26.0	30.5	30.5	30.5	31.0
Animal control	2.0	2.0	2.0	2.0	2.0
Building official	-	2.0	2.0	2.0	2.0
Public works					
General maintenance	7.0	7.5	7.5	7.5	6.5
Refuse Collection & Disposal	2.0	15.5	15.5	15.5	13.0
Biosolids	-	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	31.0	31.0	31.0	31.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	1.0	2.0	2.0	2.0	2.0
Economic Development	1.0	1.5	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	1.0	1.0	1.0	1.0	1.0
Totals	114.5	137.5	138.0	138.0	133.5

Source: Individual County departments

Table 14

2011	2012	2013	2014	2015
17.0	18.0	18.0	17.0	17.0
22.5	22.5	22.5	23.0	23.0
0.1.0		00.0	00.0	
31.0	32.0	32.0	32.0	32.0
2.0	1.5	1.5	2.0	2.0
2.0	2.0	2.0	1.0	1.0
6.5	6.5	6.5	6.0	6.0
13.0	13.0	13.0	13.0	13.0
				13.0
1.0	1.0	1.0	1.0	-
32.0	32.0	32.0	32.0	32.0
-	-	-	-	-
2.0	2.0	2.0	_	1.0
2.0	2.0	2.0	2.0	2.0
1.5	1.5	1.5	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
133.5	135.0	135.0	131.0	131.0

Operating Indicators by Function Last Ten Fiscal Years (1)

2006	2007	2008	2009	2010
1,167.0	1,127.0	1,629.0	2,164.0	1,396.0
9,660.0	9,700.0	7,718.0	9,890.0	9,124.0
430.0	416.0	558.0	784.0	642.0
76.9	91.0	89.0	80.0	78.0
12.0	11.0	9.0	13.0	13.0
5,114.0	5,298.0	7,065.0	8,100.0	8,817.0
246.0	242.0	194.0	119.0	112.0
238.0	229.5	235.7	228.0	224.0
2,506.2	2,623.0	2,840.0	2,718.0	2,858.0
	1,167.0 9,660.0 430.0 76.9 12.0 5,114.0	1,167.0 1,127.0 9,660.0 9,700.0 430.0 416.0 76.9 91.0 11.0 5,114.0 5,298.0 242.0 238.0 229.5	1,167.0       1,127.0       1,629.0         9,660.0       9,700.0       7,718.0         430.0       416.0       558.0         76.9       91.0       89.0         12.0       11.0       9.0         5,114.0       5,298.0       7,065.0         246.0       242.0       194.0         238.0       229.5       235.7	1,167.0       1,127.0       1,629.0       2,164.0         9,660.0       9,700.0       7,718.0       9,890.0         430.0       416.0       558.0       784.0         76.9       91.0       89.0       80.0         12.0       11.0       9.0       13.0         5,114.0       5,298.0       7,065.0       8,100.0         246.0       242.0       194.0       119.0         238.0       229.5       235.7       228.0

Source: Individual County departments

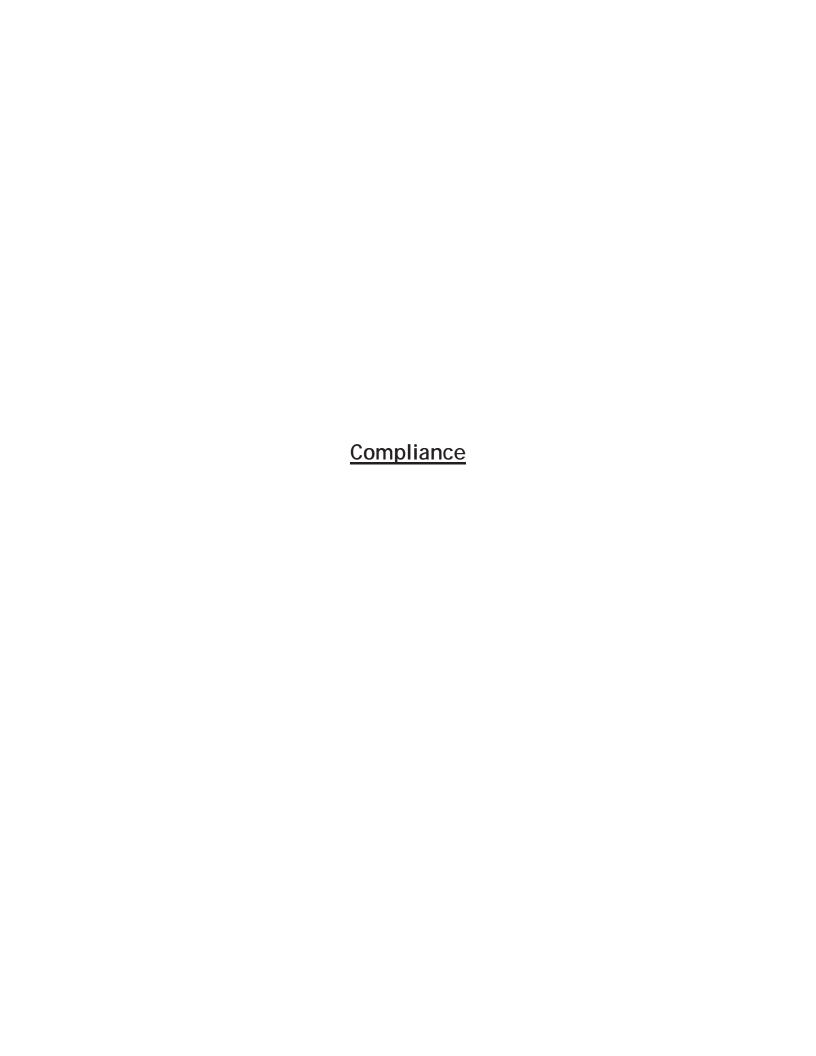
<sup>(1)</sup> Information has been reported where available.

<sup>(2)</sup> The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2011	2012	2013	2014	2015
1,325.0	335.0	353.0	393.0	377.0
8,812.0	8,994.0	8,664.0	8,820.0	8,637.0
438.0	434.0	453.0	535.0	40E 0
430.0	434.0	455.0	333.0	485.0
71.0	85.0	77.0	54.6	43.7
39.0	9.0	4.3	4.4	8.2
8,058.0	7,548.0	8,162.0	8,503.0	9,127.0
93.0	75.0	67.0	81.0	74.0
75.0	73.0	07.0	01.0	71.0
224.0	214.0	214.0	211.0	207.0
2,927.0	3,359.0	3,707.0	3,789.0	3,774.0







# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with Government Auditing Standards

To the Honorable Members of Board of Supervisors County of Prince Edward, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated February 19, 2016.

#### Internal Control over Financial Reporting

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

Mobinson, farmer, Cox Associates Charlottesville, Virginia

February 19, 2016

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

# 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 Board of Supervisors County of Prince Edward, Virginia

# Report on Compliance for Each Major Federal Program

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

#### Opinion on Each Major Federal Program

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

#### Report on Internal Control over Compliance

Management of County of Prince Edward, 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 Prince Edward, 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 Prince Edward, 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.

Mobinson, Farmer, Cox Associates Charlottesville, Virginia

February 19, 2016

Department of Health and Human Services: Pass Through Payments: Department of Social Services: Promoting Safe and Stable Families Temporary Assistance to Needy Families (TANF)				<u></u>
Department of Social Services: Promoting Safe and Stable Families				
Promoting Safe and Stable Families				
· · · · · · · · · · · · · · · · · · ·				
Temporary Assistance to Needy Families (TANF)	93.556	0950114	\$	6,207
	93.558	0400114/0400115		292,298
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115		359
Low-income Home Energy Assistance	93.568	0600414/0600415		25,677
Child Care Mandatory and Matching Funds of the Child Care and				
Development Fund	93.596	0760114/0760115		36,808
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900114/0900115		1,620 122,536
Foster Care - Title IV-E	93.658 93.659	1100114/1100115		
Adoption Assistance Social Services Block Grant	93.667	1120114/1120115 1000114/1000115		132,063 183,62
Chafee Foster Care Independence Program	93.674	9150114/9150115		1,68
Children's Health Insurance Program	93.767	0540114/0540115		8,78
Medical Assistance Program	93.778	1200114/1200115		309,050
· ·	75.770	12001147 1200113	_	
Total Department of Health and Human Services			\$	1,120,71
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Food Distribution - Child Nutrition Cluster	10.555	Unknown	\$	78,153
Department of Education:				
National School Lunch Program - Child Nutrition Cluster	10.555	2014IN109941/2015IN109941	. —	556,254
Subtotal CFDA 10.555			\$	634,40
School Breakfast Program - Child Nutrition Cluster	10.553	2014IN109941/2015IN109941		188,98
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	Unknown		1,43
Fresh Fruit and Vegetable Program	10.582	2014IL160341/2015IL160341		58,15
Department of Social Services:				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program	10.561	0010114/0010115/0040114/0040115		275,362
Total Department of Agriculture			\$	1,158,342
·			Ψ	1,130,342
Department of the Defense:				
Direct payments:				
Bureau of Land Management:  JROTC	12.000	N/A	\$	1,13
	12.000	IV/A	Φ_	1,13
Department of Transportation:				
Pass through payments:				
Department of Motor Vehicles:	00 /1/			0.4
National Priority Safety Programs	20.616	Unknown	\$	36!
State and Community Highway Safety	20.600	SC2010501093729		1,793
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Unknown	_	8,03
Total Department of Transportation			\$	10,195
Department of Homeland Security				
Pass Through Payments:				
Department of Homeland Security:				
Emergency Management Performance Grants	97.042	7750100	\$	9,413
	77.042	7730100	Ψ	7,41.
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	S010A130046/S101A140046/S010A150046	\$	888,34
Special Education Cluster:				
Special Education-Grants to States	84.027	H027A140107/H027A150107		515,74
Special Education-Preschool Grants	84.173	H173A140112		18,63
Career and Technical Education Basic Grants to States	84.048	V048A140046		56,87
Rural Education	84.358	S358B140046/S358B150046		62,08
Improving Teacher Quality State Grants	84.367	S367A140044/S367A150044		174,19
Title I State Agency Program for Neglected and Delinquent				
Children and Youth	84.013	Unknown	_	5,95
			\$	1,721,82
			Ψ	., 1,02
Total Department of Education  Total Expenditures of Federal Awards			\$ \$	4,021,62



Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince Edward, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Prince Edward, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Prince Edward, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-81, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements: Primary government: General Fund \$ 1,418,313 Less: Amounts not recorded on Schedule of Expenditures of Federal Awards Payment in Lieu of Taxes (2,631)Total primary government 1,415,682 Component Unit School Board: School Operating Fund 1,722,959 School Cafeteria Fund 882,979 Total Component Unit School Board 2,605,938 Total federal expenditures per basic financial statements 4,021,620 Total federal expenditures per the Schedule of Expenditures of Federal Awards 4.021.620

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

#### Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

No

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

Unmodified

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster	
10.553 / 10.555 / 10.559 93.778	Child Nutrition Cluster Medical Assistance Program	
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 300,000
Auditee qualified as low-risk auditee?		Yes

#### Section II - Financial Statement Findings

There are no financial statement findings to report.

# Section III - Federal Award Findings and Questioned Costs

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

#### Section IV - Prior Year Audit Findings

There are no prior year audit findings.