

COUNTY OF CAMPBELL, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

PREPARED BY:
MANAGEMENT SERVICES DEPARTMENT

COUNTY OF CAMPBELL, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SUPERVISORS

**JAMES A. BORLAND
STANLEY I. GOLDSMITH
EDDIE GUNTER, JR.
J.D. PUCKETT
MIKE P. ROUSSEAU
STEVEN M. SHOCKLEY
ERIC R. ZEHR**

COUNTY OF CAMPBELL



BOARD OF SUPERVISORS
POST OFFICE BOX 100, RUSTBURG, VIRGINIA 24588
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**COUNTY ADMINISTRATOR
FRANCIS J. ROGERS, IV**

**ALTAVISTA (434) 592-9525
BROOKNEAL (434) 283-9525
LYNCHBURG (434) 592-9525
RUSTBURG (434) 332-9525
FAX NO. (434) 332-9617**

November 27, 2015

**To the Honorable Members of the Board of Supervisors
To the Citizens of Campbell County
County of Campbell, Virginia**

We are pleased to present the Comprehensive Annual Financial Report of the County of Campbell, Virginia, (the "County"), for the fiscal year ended June 30, 2015. This report was prepared by the County's Department of Management Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

RESPECTING THE PAST, ATTENDING THE PRESENT, CONCENTRATING ON THE FUTURE

The County adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Campbell report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board and the Industrial Development Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The IDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors. In addition, the IDA imposes a financial burden on the County.

COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

During FY 2015 Comfort Inn & Suites broke ground on their Hotel on Wards Road near the Lynchburg Regional Airport. The Walmart Neighborhood Market opened on Timberlake Road. We experienced the closing of Intersections, a call center located in Altavista, that resulted in 200 jobs lost. We were quite busy in FY 2015 as a result of increased prospect activity and requests for information on business locations. We made several out of state trips to meet with prospects.

Campbell County's existing industrial sectors include but are not limited to advanced manufacturing, agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile, and trucking.

In FY 2015, Campbell County's unemployment rate ranged from a high of 6.3% in August of 2014 to a low of 4.7% in April of 2015, with an average of 5.32%. During FY 2015 Virginia averaged 4.97% in unemployment rates and the national average was 5.69%. Again Campbell County trended slightly higher than the state but lower than the national averages.

Campbell County's estimated population for 2014 according to the Weldon Cooper Center for Public Service is 56,232 up 2.5% from the 2010 census count.

FY 2015 Major Economic Development Department Accomplishments/Initiatives

- **Business Appreciation Week** - During the week of June 15, Campbell County mailed approximately 2,200 appreciation letters to local businesses and hosted its 12th Annual BAW Luncheon. Approximately 80 people were in attendance at the luncheon, including major county employers and both local and state officials. Floyd Merryman from Sonny Merryman, Inc. was the featured speaker.
- **Tobacco Agriculture Grants** - We continued to administer the Tobacco Commission's Central Virginia Produce Program Grant. The grant will provide farmers from 14 different counties with reimbursements towards hay sheds, grain bins, produce/greenhouses structures, pasture shade structures for livestock, and commodity storage sheds.
- **Brookneal Campbell County Airport**- The Department of Economic Development provides administrative support to the Brookneal Campbell County Airport. During FY 15 the Airport completed the design work for an Electrical Lighting Rehab project for the runway lights and applied for grants from the FAA & Dept. of Virginia Aviation for the construction phase of that project.
- **Marketing**- Campbell County partnered with the Lynchburg and Altavista Economic Development Departments with new marketing initiatives to bring leads & prospects to our area. We continue working with a number of leads in hopes of attracting new businesses.
- **Product Development**- We continued to work on our existing county owned industrial parks to make them more attractive for prospects. We conducted a preliminary engineering study on property that we anticipate developing as a joint industrial park near the Lynchburg Regional Airport.
-

FY 2015 Other Initiatives:

For fiscal year 2015: The Priority Initiatives established by the Campbell County Board of Supervisors as guided by the County Administrator and implemented and completed by staff resulted in a more cost efficient government along with enhanced quality of life and increased employment opportunities.

Initiatives begun, continued, or completed during this fiscal year are as follows:

- The Department of Community Development successfully implemented new state stormwater management regulations effective July 1, 2014. As a result our environmental management staff adjusted local plan review and permit procedures accordingly and implemented the appropriate training and work assignments.
- The Department of Community Development worked with IT and with the software vendor to transfer existing permit and inspection records in a format that can be accessed by the new software (View Permit). In addition, Community Development staff trained on a practice version of the software so that potential problems and new procedures could be resolved before going live with the new View Permit software to commence in early FY 2016.
- Parks and Recreation working with Public Works constructed four new ballfields in the Altavista English Park.
- The Library and Public Works began construction on the new Timbrook Library to replace the existing smaller rented facility. The new Library construction is scheduled for completion in December 2015.
- Public Works completed the establishment of a 20+ acre preservation area to preserve wetlands adjacent to the Landfill.

- County Administration completed audio and visual improvements to the Board Room consisting of an updated audio system and a new digital visual system to enhance the Board meeting presentation to the public in attendance at the meetings.
- The Public Safety Department completed a radio communications system implementation that has resulted in a new and upgraded emergency radio structure that incorporates countywide simulcast. Additionally, the project includes a study that will include a fourth phase that looks at options on migration to the regional radio system.

PROPERTY TAX RATES

There were no changes in property tax rates for FY 2015 other than a reduction in the Real Estate Tax rate of 1 cent to 52 cents per 100 hundred dollar of assessed value.

GOVERNMENT'S FINANCIAL POLICIES AND LONG TERM FINANCIAL PLANNING

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct proportion to the reduction in State funding. During the FY 2010 budget in the spring of 2009 the Board of Supervisors adopted a strategy to build up fund reserves through the use of heightened expenditure controls. A portion of those additional fund reserves would be used as needed as part of a step-down strategy over a period of four years to offset revenue losses due to the weakened economy and due to funding reductions from the State in order to help offset service delivery reductions, primarily in the area of education, until the economy improved. This adopted fund reserve strategy served its purpose well and enabled the county to weather the adverse economic environment until the local economy showed significant improvement beginning in FY 2013. The local economy continued to show significant improvement in FY 2015.

The County has established a target unassigned general fund balance of 15% of the combined non-duplicated budgets of the General Fund and School Operating Fund. For the FY 2016 budget year this totals 15% of \$120.8 million or \$18.1 million. The minimum target set by the County is 10%, or \$12.1 million based on the FY 2016 budget. The 15% target of \$18.1 million represents approximately 60 days of operating reserve, and additionally serves to meet required financial assurance measures for solid waste activities, and demonstrates the County's fiscal soundness for borrowing capacity. The year-end unassigned general fund balance of \$16.3 million is below the targeted \$18.1 million. However, the unassigned general fund balance is now well above the 10% minimum.

The County utilizes an annual comprehensive planning process to look at long-term capital and operational needs. This process leads to the development of a formal Priority Initiative Plan and Timeline that identifies future funding requirements of up to ten years for Priority Initiatives. This plan is adopted by the Board of Supervisors in February of each year and used to develop the annual operating budget. Additionally, this same process yields a five-year Capital Improvement Plan (CIP) for the primary government and schools that is formally adopted by the Board in the spring of each year in conjunction with the annual operating budget.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Campbell's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

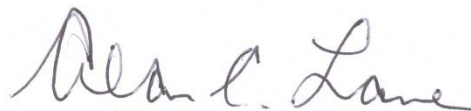
Certificate of Achievement: In order to be awarded a Certificate of Achievement from the Government Finance Officers Association, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The County has been the recipient of this prestigious award for the last eleven successive years.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Management Services. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Commissioner of the Revenue, Real Estate Office, Community Development, Economic Development and other employees for their assistance in the preparation of this report.

Respectfully submitted,



Frank J. Rogers
County Administrator



Alan C. Lane
Director of Management Services

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Campbell
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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COUNTY OF CAMPBELL, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2015

BOARD OF SUPERVISORS

James A. Borland, Chairman
Steven M. Shockley, Vice-Chairman

Stanley I. Goldsmith
Eddie Gunter, Jr.

James D. Puckett
Mike P. Rousseau
Eric R. Zehr

COUNTY SCHOOL BOARD

G. Roger Akers, Chairman
Mark A. Epperson, Vice-Chairman

R. Leon Brandt, Jr.
Barry A. Jones
Susan R. Hogg

Gary R. Mattox
Scott A. Miller

COUNTY LIBRARY BOARD

Karen Gunter, Chairwoman
Ernest Bender, Vice-Chairman

Kelly Griffen
Sandra Lichtenberger
Cindy Shockley

Charlotte Lane
Tamara Nuckols

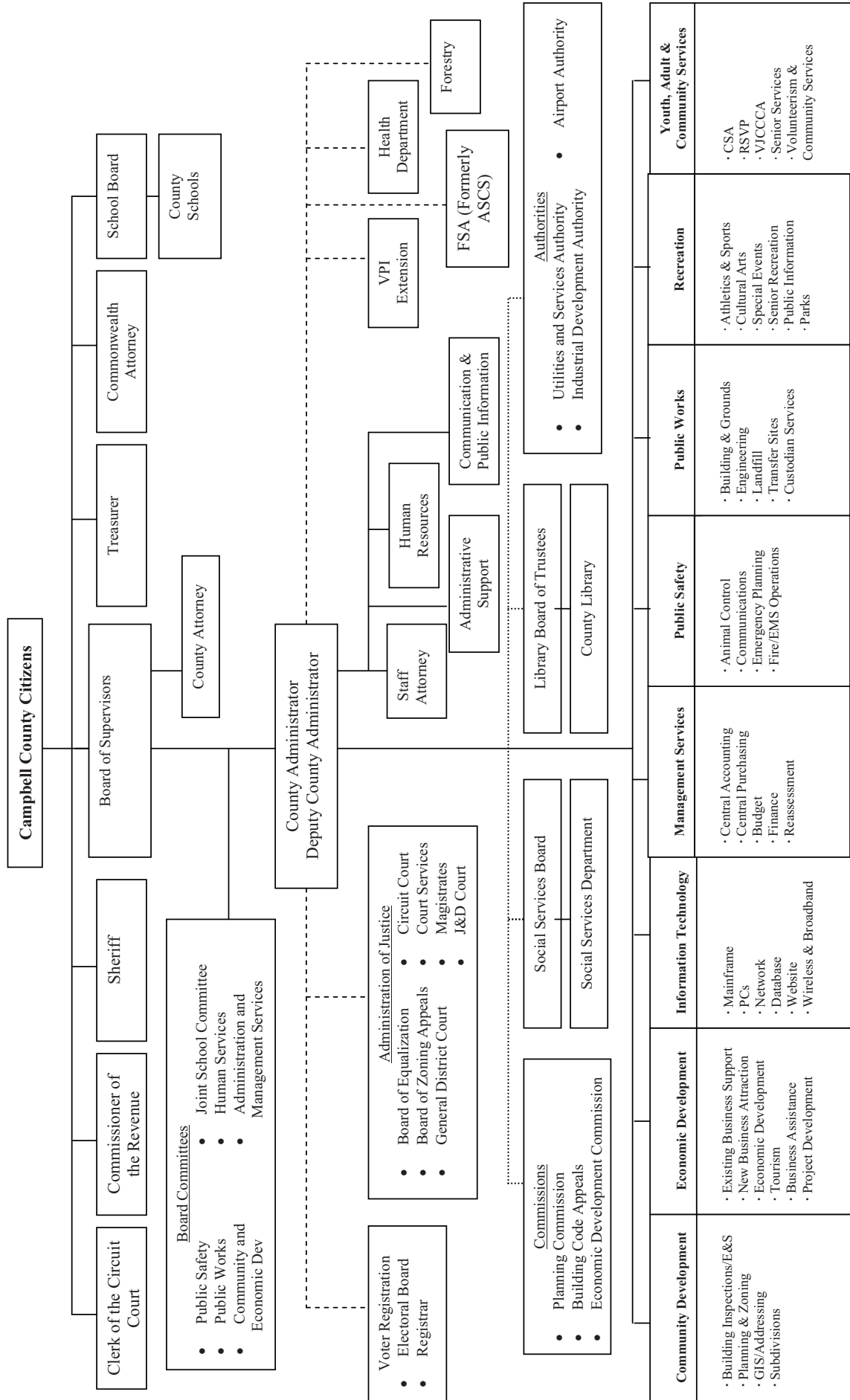
OTHER OFFICIALS

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

John T. Cook
Sheila Bosiger
Harold A. Black
R. Edwin Burnette, Jr.
Sam D. Eggleston, III
A. Ellen White
Paul McAndrews
David W. Shreve
Calvin C. Massie, Jr.
Robin T. Jefferson
Steve A. Hutcherson
Dr. Robert Johnson
Lisa Linthicum
Nan Carmack
Frank J. Rogers

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CAMPBELL COUNTY, VIRGINIA – ORGANIZATIONAL CHART



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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Campbell, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, 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 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 17-30, 107-110, and 111-116 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 Campbell, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information (continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015, on our consideration of the County of Campbell, 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 Campbell, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 27, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Campbell, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,832,737 (net position). During the current fiscal year, the County's net position increased by \$4,164,356, notwithstanding a restatement of beginning net position of \$17,240,067. One factor that increased the County's net position was the pay-down as scheduled of long-term debt principal of \$3.2 million of outstanding bonds and Literary Loans. Beginning net position was restated for two purposes; 1) School buildings reported as capital assets for the County totaling \$8.2 million were reclassified at year's end to School fixed assets rather than County capital assets based on the corresponding debt being paid off by the County and 2) Implementation of GASB Statement No. 68 accounting standards for accounting and financial reporting of pension which resulted in a decrease in County net position of \$9.1 million, which is the amount of the newly recorded liability for unfunded pensions. Reference Note 18 for additional details about the restatements.
- The County's combined governmental funds reported year-ending fund balances totaling \$32,784,323 and reflected an increase of \$1,952,229 or 6.3% from the previous year. The primary cause of this increase is the \$2.7 million held as cash for a new special revenue fund for Road Sharing Construction Projects that was contributed by Liberty University. Approximately fifty percent of the year-ending combined fund balances, or \$16,346,608, is available for spending at the County's discretion (unassigned fund balances).
- At the end of the current fiscal year 2015, the unassigned fund balance for the general fund of \$16,346,608 represented 23.8% of total general fund expenditures and transfers for the year. The unassigned fund balance for the general fund decreased by \$991,086. Additionally, \$573,564 of the unassigned fund balance was subsequently appropriated or assigned in FY 2016.
- The County has established a target unassigned general fund balance of 15% of the combined non-duplicated budget of the General Fund and School Operating Fund. For the FY 2016 budget year this totals 15% of \$120.8 million or \$18.1 million. The minimum target set by the County is 10%, or \$12.1 million, based on the FY 2016 budget. The 15% target represents approximately 60 days of operating reserve, and additionally serves to meet required financial assurance measures for solid waste activities, and demonstrates the County's fiscal soundness for borrowing capacity.
- While the year-end unassigned general fund balance of \$16,346,608 is less than the targeted \$18.1 million it does exceed the minimum target of \$12.1 million. As stated above this unassigned fund balance of \$16,346,608 was subsequently reduced in the form of \$573,564 that was appropriated or assigned in FY 2016.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - 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 Statement of Net Position is designed to display the financial position of the primary government (government 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.

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).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government administration, public safety, administration of justice, education, health and welfare, planning and community development and parks, recreation, and cultural activities.

The government-wide financial statements include not only the County of Campbell, Virginia itself (known as the primary government), but also a legally separate school district and an Industrial Development Authority for which the County of Campbell, Virginia has incurred a moral obligation to provide funding for the payment of debt. Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - 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 of Campbell, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements: (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management Fund, the General Capital Projects Fund, and the Road Construction Capital Projects Fund, all of which are considered to be major funds.

The County established a new Special Revenue Fund in FY 2015 for road sharing construction projects involving Liberty University and the Virginia Department of Transportation. The County does not provide funding for these road projects. The fund reports restricted cash of \$2.7 million as of June 30, 2015 that was contributed by Liberty University.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, the Special Revenue Fund the Capital Projects Funds, and the Road Construction fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains one proprietary fund - the Health Insurance Fund. The Health Insurance Fund is an internal service fund and is used to account for costs of providing health and dental insurance to county and school employees as well as employees of the Water Authority. Proprietary funds use the accrual basis of accounting, similar to a private sector business. These funds are restricted in their use for current and future health related costs only, including a reserve to meet future retiree obligations.

Fiduciary funds - The County is the trustee, or fiduciary agent, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the financial statements - The 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 statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for two discretely presented component units consisting of the School Board and the IDA. The School Board does not issue separate financial statements. The IDA also does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$ 45,832,737 at the close of the most recent fiscal year.

Summary of Net Position

	Governmental Activities	
	2015	2014
Assets		
Current and other assets	\$ 82,190,957	\$ 78,355,311
Capital assets	63,973,806	73,019,116
Total assets	\$ 146,164,763	\$ 151,374,427
Deferred outflows of resources	\$ 4,133,133	\$ 2,937,680
Liabilities		
Long-term liabilities	\$ 54,528,039	\$ 50,714,599
Current liabilities	7,160,867	6,609,928
Total liabilities	\$ 61,688,906	\$ 57,324,527
Deferred inflows of resources	\$ 42,776,253	\$ 38,079,132
Net position:		
Net investment in capital assets	\$ 22,853,751	\$ 28,719,429
Restricted	2,702,314	-
Unrestricted	20,276,672	30,189,019
Total net position	\$ 45,832,737	\$ 58,908,448

NOTE: There exists a derivative instrument liability in the amount of \$2,478,322 for interest rate swap related to the 2008 bond issue. For more information refer to Note 7.

The largest portion of the County's net position of \$22.9 million, (49.9 percent of total), reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. This year school buildings reported as capital assets for the County totaling \$8.2 million were reclassified as School capital assets based on the corresponding debt being paid off by the County. School Boards in the Commonwealth of Virginia do not have taxing authority and therefore do not have authority to issue long-term debt such as bonds and notes payable to be paid from property tax sources. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the County's net position is \$23 million (50.1 percent of total) and primarily consists of cash, cash equivalents and investments. \$2.7 million of the net position reported for the County is restricted to Road Sharing Construction Projects representing monies contributed by Liberty University. At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Government-wide Financial Analysis: (Continued)

During the fiscal year, the County's net position experienced an increase in the amount of \$4,164,356. As stated above, one factor that increased the County's net position was the pay-down as scheduled of long-term debt principal of \$3.2 million of outstanding bonds and Literary Loans. Capital assets net of depreciation decreased by \$5.9 million due primarily to the restatement this year of \$8.2 million of School buildings reported as fixed assets for the County that were reclassified as School fixed assets based on the corresponding debt being paid off by the County. Implementation of the new GASB 68 accounting standards for unfunded pension obligations resulted in a decrease in County net position of \$6.6 million which is the amount of the newly recorded liability. Landfill Closure/Post Closure liabilities increased slightly by \$36,911 due to inflation.

The net OPEB obligation for the primary government recorded as of June 30, 2015 was \$2,796,225 covering the liability for post retiree costs for health insurance benefits as required by GASB Statement No. 45. This represents an increase of \$251,754 for this obligation from the previous fiscal year end. The County has chosen not to fund the OPEB liability, but rather has changed its retirement benefits policy to no longer offer County subsidized health insurance premiums to retirees hired after July 1, 2010, and extended the policy for those hired between July 1, 2006 and June 30, 2010 to be eligible only after 20 years of service with the County rather than 10 years of service. These policy changes have dramatically reduced the OPEB liability and annual OPEB costs from what they would have been had these changes not been made. The OPEB liability and OPEB annual costs will still increase on the County's balance sheet going forward due to inflationary pressures of future health care costs for the foreseeable future. However, the OPEB liability and the OPEB annual costs would be increasing at a much higher amount had the county not made these changes to the health insurance retiree benefits program coverage for early retirees.

Health Insurance Fund: Health Insurance Fund net position of \$4,327,938 decreased by \$604,528 primarily as a result of the continued contribution from the Health Insurance Fund reserves for contributions to employee-owned HSA accounts of \$1,650,983 annually. Health and dental claims and administration costs totaled \$10,878,088 for the year and exceeded combined employer and employee premium contributions to the fund in the amount of \$15,152. During the year the Board of Supervisors authorized a transfer of appropriation from the General Fund to the Health Insurance Fund in the amount of \$1,120,000 to partially fund the continuing contribution from the Health Insurance Fund reserves made to employee-owned HSA accounts.

The County's policy is to maintain a targeted fund balance in the Health Insurance Fund that represents two years at 15% each of the total anticipated claims and administration costs for the upcoming year. The targeted fund balance for the Health Insurance Fund is \$3.2 million based on projected self-insured medical insurance claims and administration costs anticipated for next year. Additionally, the health insurance net position as reported in the Statement of Net Position of \$4.3 million also reflects a reduction in net position of \$1,033,642 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2015. The purpose of the targeted fund balance is to provide funding for the short-term self-insured liability of the Fund. Funds above this amount are utilized to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.

HSA contributions for the year totaled \$2,332,656 for the year on a combined basis for employer and employee contributions for County, Schools and Water Authority employees. The employees contributed \$681,673 of this amount. The County and Schools system implemented a high deductible plan coupled with an IRS qualified Health Savings Account (HSA) on January 1, 2012 and this has resulted in significantly lower claims and administrative costs than would be expected with a traditional guaranteed-cost health insurance program. Monthly contribution amounts paid into the Health Insurance Fund in the form of premiums increased by 9% for employer and 5% for employees effective January 1, 2015 mid-way through the fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities: As stated earlier Governmental Activities resulted in an increase in the County's net position of \$4,164,356 or 10%. Elements of the changes in net position of the Primary Government are summarized as follows:

Changes in Net Position - Statement of Activities			
		Governmental Activities	
		2015	2014
Program Revenues:			
Charges for services	\$	3,757,434	\$ 3,434,052
Operating grants and contributions		11,310,942	11,050,952
Capital grants and contributions		508,650	775,951
General Revenues:			
General property taxes		37,430,288	37,049,057
Other local taxes		10,160,937	9,722,828
Use of money and property		347,551	466,368
Grants and contributions not restricted		5,426,764	5,316,657
Miscellaneous revenue		3,397,589	390,512
Total revenues	\$	72,340,155	\$ 68,206,377
Expenses			
General government administration	\$	4,886,285	\$ 4,836,557
Judicial administration		1,672,627	1,742,957
Public safety		13,887,466	14,361,780
Public works		3,441,597	3,983,923
Health and welfare		10,090,691	9,882,472
Education		28,493,461	27,033,049
Parks, recreation and cultural		1,935,595	1,776,225
Community development		1,942,194	2,142,982
Interest and other fiscal charges		1,825,883	1,555,690
Total expenses	\$	68,175,799	\$ 67,315,635
Change in net position		4,164,356	890,742
Net position, beginning, as restated	\$	41,668,381	\$ 58,017,706
Net position, ending	\$	45,832,737	\$ 58,908,448

Actual revenues for governmental activities for all primary government funds for the year on a combined basis exceeded actual expenses in the amount of \$4,164,356 including current year depreciation on capital assets. Current year depreciation expense for capital assets for the primary government totaled \$3,096,686. Revenues for governmental activities increased by \$ 4,133,778 or 6.1%. It should be noted that \$2.7 million of this reported revenue increase stems from the new Special Revenue Fund established in FY 2015 for road sharing construction projects involving Liberty University and the Virginia Department of Transportation. This \$2.7 million of revenue was contributed by Liberty University for the expressed purpose of road construction projects for Liberty University's benefit.

Government-wide Financial Analysis: (Continued)

Governmental-Wide expenses, including current year depreciation on capital assets, increased by \$860,164 or 1.3% as is explained below.

EXPENSES - PRIMARY GOVERNMENT

- Education actual expenses for the primary government increased by \$1,460,412 or 5.4% primarily in the form of the transfer from the General Fund to the Schools Operating Fund. However, the actual transfer to the Schools from the General Fund was still well below what was budgeted in the fiscal year and the great majority of the difference was subsequently appropriated by the Board of Supervisors for the coming year in the form of encumbrances and carryovers.
- Public Works actual expenses decreased \$542,326 or 13.6% primarily due to a decrease in the Solid Waste Management Fund for the Landfill totaling \$549,188 as an upgrade to the closed landfill groundwater remediation system was completed in the previous year.
- Public Safety actual expenses decreased \$474,314 or 3.3% due primarily to the completion in the previous year of the Radio Communications Upgrade Project - Phase III. The great majority of the expenditures for this large project were paid for in the previous fiscal year.
- Actual Interest & Other Fiscal Charges increased \$270,193 or 17.4% primarily due to \$400,976 in one-time VPSA bond refinancing refunds being recorded in the previous fiscal year for bonds previously issued years ago for school construction projects.
- Health & Welfare expenses increased by \$208,219 or 2.1% primarily due to an increase in the amount of \$402,655 or 21.9% for the Children At Risk Program due to the need for increased services provided to children at risk. As additional information the Children At Risk Program is funded at 63% in terms of State/Federal funding provided.

PROGRAM/GENERAL REVENUES - PRIMARY GOVERNMENT

As stated above total revenues for governmental activities increased by \$4,133,778 or 6.1%, as compared to the previous year. However, \$2,722,628 of this revenue increase reported for Miscellaneous Revenue stems from the newly established Revenue Sharing Road Project Fund. \$2,714,000 was received from Liberty University for their share of the cost of these new road construction projects. VDOT will reimburse the County for the remaining cost. The County does not provide funding for these road projects. Apart from that all other revenues increased on a combined basis in the amount of \$1,419,778 or 2.1%

- General Property Taxes increased by a modest amount of \$381,231 or 1%. Public Service Corporation real estate taxes generated from utility company assets located within the County increased by \$286,406 or 19.8% due to the reassessment of utility company fixed assets that is conducted by the state each year. Tax revenue collected for Apportioned Vehicles for Hire increased \$95,195 or 29.4% due to additions to business fleet vehicles that are subject to this tax. All other general property taxes including real estate taxes and personal property taxes on a combined basis were flat as compared to the previous year.
- Other Local Taxes increased in the amount of \$438,109 or 4.5% due primarily to an increase of \$222,304 in Sales Tax revenue resulting from a continually improving local economy. Building Permits, Vehicle Licenses and E & S Stormwater Management Fee revenue also benefited from the improved local economy.

Government-wide Financial Analysis: (Continued)

- Miscellaneous Revenue other than the newly established Revenue Sharing Road Project Fund mentioned above increased in the amount of \$284,449. This additional revenue was generated from \$350,000 received as private donations for the new Timbrook Library which is now under construction.
- State/federal funding increased by \$295,514 or 26.3% for the Children At Risk Program due to the need for increased services provided to children at risk.

NOTE: Several years ago the County instituted a Transient Occupancy Tax of 2% of charges for occupancy. This new tax generated \$128,080 of revenue for the County for FY 2015. This revenue is expected to increase substantially next year and beyond as a new major chain hotel has recently opened for business.

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

Approximately fifty percent of the combined governmental fund balance or \$16,346,608 comprises the unassigned fund balances, which are available for spending at the County's discretion. The remainder of fund balances is *Committed*, *Assigned* or *Non-spendable* to indicate that it is not available for new spending because it has already been committed for:

- Capital improvement projects
- Education encumbrances and carryovers for expenditures
- Other encumbrances and carryovers for expenditures
- Prepaid Items

Unassigned fund balance of the General Fund was \$16,346,608, while the total general fund balance was \$24,114,601. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures on an annualized basis. Unassigned general fund balance represents 23.8 percent of total general fund expenditures and transfers, while total general fund balance represents 35.1 percent of total general fund expenditures and transfers.

GENERAL FUND: The general fund balance experienced a decrease in the amount of \$647,748 or 2.6%. The general fund unassigned fund balance decreased in the amount of \$991,086 or 5.7%. Additionally, \$573,564 of the unassigned fund balance was subsequently appropriated or assigned by the Board in FY 2016. \$132,361 of this amount was appropriated as a transfer from the General Fund to the Health Insurance Fund in order to continue to pay for contributions to employee-owned HSA accounts. \$308,842 was assigned to future debt service payments and \$132,361 was assigned to future economic incentives. General Fund expenditures and transfers to other funds increased \$3,811,682 or 5.9% from the previous year. The transfer to the Schools was up \$1,685,294 or 7%. The transfer to the Health Insurance Fund was increased by \$1,100,000. Actual General Fund revenues and transfers received increased by \$1,222,550 or 1.8% from the previous year. Total General Fund actual revenues and transfers combined exceeded total actual expenditures and transfers out by \$647,748.

Financial Analysis of the County's Funds: (Continued)

- Education expenditures as noted above in terms of the actual transfer to the School Operating Fund increased by \$1,685,294 or 7%.
- Health & Welfare actual expenditures increased by \$399,453 or 4.1% primarily due to an increase in the amount of \$402,655 or 21.9% for the Children At Risk Program due to the need for increased services provided to children at risk. As additional information the Children At Risk Program is funded at 63% in terms of State/Federal funding provided.
- Actual Debt Service expenditures increased by \$270,193 or 17.4% as \$400,976 in one-time VPSA bond refinancing refunds were recorded in the previous fiscal year for bonds previously issued years ago for school construction projects. Additionally, debt principal was paid down \$3.2 million during the year as scheduled thereby reducing interest expense for those obligations that were paid down. Remaining Debt Stabilization Reserve Funds in the amount of \$43,445 are available to help pay future debt service.

Actual General Fund revenues and transfers in from other funds combined increased by \$1,222,550 or 1.8% from the previous year. Transfers in from other funds totaled \$107,233 for the year.

The largest increases and decreases in General Fund revenue are explained above in Program/General Revenues - Primary Government for General Property Taxes, Other Local Taxes and State/Federal Funding. The County Real Estate Tax rate was reduced 1 cent from 53 cents per \$100 of assessed value to 52 cents per \$100 of assessed value. The Personal Property Tax rate remained the same at \$4.45 per \$100 of assessed value. All other tax rates remained the same as the previous year.

SOLID WASTE MANAGEMENT FUND: Funding for the Solid Waste Management Fund for FY 2015 totaled \$1,604,122 with \$683,935 of this amount coming from a transfer from the General Fund. The transfer in from the General Fund was up \$47,848 from the previous fiscal year. Additionally, revenue was received in the Solid Waste Management Fund in the amount of \$903,447 from the Region 2000 Regional Landfill Authority for Solid Waste Management representing the County's portion of the excess of actual revenues versus actual expenses for the year for operations as recorded by the Regional Services Authority. This revenue sharing source was up \$100,469 from the previous fiscal year due to the cost of service to operate the regional landfill coming in lower than anticipated. All other forms of revenue for this fund on a combined basis totaled \$16,740.

Expenditures and transfers out to other funds on a combined basis for the County's Solid Waste Management Fund totaled \$2,005,491 for the year. \$400,000 was transferred to the CIP Fund as was budgeted. Tipping fees of \$621,566 were paid to the Region 2000 Services Authority for solid waste received at the regional landfill generated from County citizens and businesses. Transfer site operations throughout the County cost \$486,711 for the year which included delivery costs of trash from transfer sites to the regional landfill. In-House Construction for small projects cost \$147,668 while landfill environmental compliance costs totaled \$314,316. All other actual expenditures for the Solid Waste Management Fund totaled \$35,229. Landfill environmental compliance costs are down \$549,188 from the previous fiscal year as the county implemented the DEQ required groundwater remediation system upgrade in the previous fiscal year.

There exists a year end fund balance of \$1,861,469 residing in the Solid Waste Management Fund (SWMF). The year-end fund balance is down in the amount of \$401,369 from the previous year. The remaining fund balance will be needed to pay for anticipated future environmental requirements.

Financial Analysis of the County's Funds: (Continued)

COUNTY CAPITAL PROJECTS FUND: The County Capital Projects (CIP) Fund balance reported an increase of \$299,032 from the previous year to \$4,105,939. The fund balance in the Capital Projects Fund is either reserved or designated in its entirety for capital projects already under construction or for future capital projects included in the adopted five-year Capital Improvement Plan.

General Fund Budgetary Highlights

Differences between the general fund original expenditure and transfer budget of \$67,123,242 and the final amended budget of \$77,976,212 amounted to an increase of \$10,852,970 in budgeted expenditure appropriations and can be briefly summarized as follows:

- \$5,611,345 increase in budget for the transfer to the Schools for additional funding consisting of budget encumbrances approved from FY2014 to FY2015. An additional transfer increase to the Schools in September 2015 was approved in the amount of \$450,000 for additional funding for school bus replacements assuming these funds actually existed as reversions at year's end FY2015. That was the case at year end FY2015.
- \$1,100,000 increase in the budget for the transfer to the Health Insurance Fund in order to assist in the continuing funding of the contributions paid to employee-owned HSA accounts at the current level.
- \$1,033,562 increase in the budget for encumbrances and carryovers for other general fund department expenditures approved from FY2014 to FY2015.
- \$700,000 increase in the budget for the transfer to the CIP Fund to fund the local cost portion of the new Timbrook Library. A federal grant in the amount of \$500,000 along with donations received from citizens will pay for the majority of the cost of construction for the new library. The county will recoup the local cost of \$700,000 over the next 20 years based on the termination of the existing lease of the current Timbrook library facility.
- \$324,403 Tax Relief for the Elderly and Disabled recognized as Real Estate Tax received due to a recent accounting regulation issued by the State to recognize as additional revenue Tax Relief for the Elderly and Disabled as well as a corresponding expenditure for the same amount. This is the corresponding expenditure. This required accounting transaction is handled each year in the form of a supplemental appropriation.
- \$275,000 increase in the expenditure budget in order to account for the elimination of the 180-day mandatory vacancy period hiring policy for filling vacant staff positions.
- \$200,000 increase in the Children At Risk Program for health & welfare based on increased needs for services provided to children at risk. Local funding comprises \$60,000 of this amount
- \$176,647 increase in expenditures for Tobacco Commission Grants for both new grants and renewals of existing grants. No local funding is involved.
- \$118,212 increase in the County Administrator budget in order to fund the consulting agreement with the departing County Administrator who retired this year.
- \$48,500 increase in the budget to pay for higher electrical utility and propane costs that were under budgeted in Maintenance of Buildings and Grounds.

General Fund Budgetary Highlights: (Continued)

- There were no new locally funded economic incentives appropriated by the Board of Supervisors during the fiscal year.
- The great majority of the remaining increases in the budget resulted from Public Safety, Law Enforcement and Court related grants approved throughout the year primarily funded by State/Federal sources.

Differences between the general fund original revenue budget of \$66,879,094 and the final amended revenue budget of \$68,177,451 amounted to an increase of \$1,298,357 in budgeted revenues and can be briefly summarized as follows:

- \$324,403 increase for Tax Relief for the Elderly and Disabled. As mentioned above \$324,403 of revenue was recognized as Real Estate Tax received due to a recent accounting regulation issued by the State to recognize as additional revenue Tax Relief for the Elderly and Disabled allowed as well as a corresponding expenditure for the same amount. The corresponding expenditure is noted above in the expenditure section for this required accounting transaction.
- \$212,591 increase in the budget due to revenue carryovers approved from FY2014 to FY2015. These revenue carryovers are associated with expenditure carryovers noted above in the expenditures section.
- \$176,647 increase in revenue budget for Tobacco Commission Grants for both new grants and renewals of existing grants.
- \$140,000 increase in revenue budget for Children At Risk Pool to pay for increase in expenses for Children At Risk Program (CSA) for at risk kids needing these services.
- \$92,952 decrease in the revenue budget due to reductions in funding from the State in order to assist the State to balance their own budget for the fiscal year just ended.
- The great majority of the remaining increases in budgeted revenues resulted from Public Safety, Law Enforcement and Court related grants approved throughout the year.

During the year general fund actual revenues exceeded original budget by \$1,163,662 and were below amended budget in the amount of \$134,695. As noted above the general fund revenue budget was supplemented in the amount of \$1,298,357 during the year for the reasons also noted above. Actual expenditures were less than original budget by \$254,234 and actual expenditures were less than amended budget by \$9,178,475.

Actual Transfers Out from the General Fund to funds other than to the School Operating Fund totaled \$3,957,664 versus \$2,810,870 for FY 2014. \$1,100,000 of the increase in the transfers stemmed from a supplemental appropriation to fund a transfer to the Health Insurance Fund to assist in the continuing funding of contributions to employee-owned HSA accounts.

General Fund Budgetary Highlights: (Continued)

Revenues & Expenditures General Fund - Budget to Actual				
General Fund Budget to Actual				
	Final Budget	Actual	Variance	
Revenues:				
Local revenue sources	\$ 50,929,208	\$ 51,319,439	\$ 390,231	
Intergovernmental revenues	17,248,243	16,723,317	(524,926)	
Total revenues	<u>\$ 68,177,451</u>	<u>\$ 68,042,756</u>	<u>\$ (134,695)</u>	
Expenditures:				
General government administration	\$ 5,238,408	\$ 4,471,685	\$ 766,723	
Judicial administration	1,701,806	1,632,723	69,083	
Public safety	13,685,517	12,940,855	744,662	
Public works	1,770,169	1,615,363	154,806	
Health and welfare	10,639,499	10,049,547	589,952	
Education	33,149,965	25,787,723	7,362,242	
Parks, recreation and cultural	1,834,984	1,731,715	103,269	
Community development	2,079,905	1,567,334	512,571	
Debt service	5,093,295	5,042,909	50,386	
Nondepartmental	(1,175,000)	219	(1,175,219)	
Total expenditures	<u>\$ 74,018,548</u>	<u>\$ 64,840,073</u>	<u>\$ 9,178,475</u>	

Revenues: As reported above total actual revenues were less than final budget by \$134,695. Total local revenue comprised 75.4% of total actual General Fund revenue while Intergovernmental Revenue (State/Federal) comprised the remaining 24.6% of total actual General Fund revenue. Intergovernmental revenue was \$524,926 less than final budget (3% less). Actual local revenue exceeded final budget by \$390,231 or 0.8%.

\$109,507 of final budgeted intergovernmental revenue not actually received during the year will be carried over into next fiscal year as these earned revenues will be received next fiscal year. These carryover revenues approved were for grant funded programs and purchases. The great majority of the revenue shortfall of \$524,926 in Intergovernmental revenue after adjusting for carryovers was caused by reimbursements from State/Federal being less than budget in Social Service programs and administration. The County's actual reimbursement revenue for these Health & Welfare programs is based on actual expenditures centered in these same programs and is not based on budgeted expenditures. The great majority of the Health & Welfare revenue shortfall for these programs of \$422,266 resulted from corresponding actual expenditures being less than budget by \$474,246 for these same Health & Welfare programs. This results in a favorable net cost variance to the county of \$51,980.

Expenditures: Total General Fund actual expenditures and transfers of \$68,797,737 on a combined basis were \$9,178,475 less than the final budget of \$77,976,212. The largest component of this difference in the level of actual expenditures verses amended budget is for Education. Actual education expenditures in the form of the transfer from the General Fund were \$7,362,242 less than the amended budget. The Board of Supervisors subsequently re-appropriated \$5,893,142 of this amount to the schools as encumbrances for FY2016 covering school contracts and obligations not completed as of June 30, 2015. The Board also re-appropriated in FY 2016 an additional \$300,000 to the Schools as a carry over to fund operating expenses. The Board also subsequently re-appropriated other General Fund non-school expenditures for encumbrances and carryovers totaling \$774,453 for FY 2016. This number is the net number after deducting carryovers of appropriated revenues totaling \$109,507 associated with these same expenditure carryover requests.

General Fund Budgetary Highlights: (Continued)

As mentioned above expenditures centered in Social Service programs reported expenditures of \$474,246 less than amended budget based on lower than anticipated utilization of these programs. As stated above revenue reimbursements for these same Social Services programs were also \$422,266 less than the final combined amended revenue budget due to corresponding expenditures being substantially less than budget for these programs.

Strong expense control throughout the government organization contributed substantially to overall expenditure savings for the fund. This was particularly true for vacancy position hiring savings in compensation and fringe benefits until vacant positions could be filled with qualified personnel. Year-end expenditure reversion savings continue to decline, but they are still significant. Year-end expenditure reversion savings are becoming increasingly difficult to achieve on top of very frugal budgeting processes when the budget is submitted each year to the Board.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2015 totals \$64 million (net of accumulated depreciation) for a decrease of \$9 million primarily as a result of School buildings reported as capital assets for the County totaling \$8.2 million being reclassified at year's end to School capital assets based on the corresponding debt being paid off by the County. Additionally, depreciation for existing capital assets for the year exceeded the amount of new purchases of capital assets. Depreciation expense for the year for all capital assets for all funds totaled \$3.1 million. The investment in County capital assets includes land and land improvements, buildings and improvements, vehicles and machinery and equipment. Readers interested in additional information relating to capital assets should refer to Note 6 to the financial statements.

Capital Assets - Condensed At June 30, 2015

Governmental Activities	Ending Balance Original Cost	Accumulated Depreciation	Net Capital Assets
Capital assets, not being depreciated:			
Land	\$ 2,477,080	\$ -	\$ 2,477,080
Construction in progress	340,431	-	340,431
Total capital assets, not being depreciated	\$ 2,817,511	\$ -	\$ 2,817,511
Other capital assets:			
Buildings and improvements	\$ 19,727,172	\$ 5,700,536	\$ 14,026,636
Other improvements	10,944,462	4,996,355	5,948,107
School buildings	54,166,843	15,523,289	38,643,554
Equipment	12,022,281	9,484,283	2,537,998
Total other capital assets	\$ 96,860,758	\$ 35,704,463	\$ 61,156,295
Total capital assets	\$ 99,678,269	\$ 35,704,463	\$ 63,973,806

School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

DEBT SCHEDULES

Of the \$40.8, excluding premium, million total principal balance of outstanding debt at the end of the year, \$35.1 million was for General Obligation Bonds and \$5.7 million was for State Literary Loans. General Obligation Bonds amounted to less than 1% of the County's assessed value for real estate, well below the maximum limit set by the State of 10% of assessed value for real estate. The County's total outstanding debt principal was paid down by \$3.2 million during the year.

Debt service paid during the year amounted to \$5,042,909 for principal, interest and bank service charges for the reporting period. There are no obligations for capitalized lease payments. Readers interested in additional information should refer to Note 7 to the financial statements.

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

Debt Service				
Year Ending June 30		Principal	Interest	Total
2016	\$	3,260,390	\$ 1,750,570	\$ 5,010,960
2017		3,372,540	1,607,464	4,980,004
2018		3,265,876	1,464,969	4,730,845
2019		3,198,565	1,327,299	4,525,864
2020		2,842,233	1,197,136	4,039,369
2021-2025		14,401,704	3,998,715	18,400,419
2026-2029		10,470,000	790,873	11,260,873
Total	\$	<u>40,811,308</u>	<u>\$ 12,137,026</u>	<u>\$ 52,948,334</u>

The County provides other postemployment benefits (OPEB) as described in Note 13 and reported in Note 7. The County has elected not to fund the outstanding OPEB liability and has instead reduced the benefits provided to employees hired after 2010. The County's OPEB cost was \$2.8 million for the year.

CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions concerning any information provided in this report or need additional financial information, contact:

Director of Management Services
Campbell County
P.O. Box 100
Rustburg, Virginia 24588
Phone number 434-332-9667

Phone Number - 434-332-9667
email - aclane@co.campbell.va.us
You may visit us on the web at:
www.co.campbell.va.us

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2015

	Primary Government	Component Units	
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	\$ 14,784,684	\$ 11,035,571	\$ 482,266
Investments	16,821,061	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	40,938,037	-	-
Accounts receivable	308,542	-	-
Interest receivable	58,914	-	-
Advance to primary government	-	-	106,666
Due from component unit	2,905,785	-	-
Due from other governmental units	3,441,687	2,604,322	-
Inventories	19,763	-	-
Prepaid expenses	217,439	452,950	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,695,045	104,568	-
Industrial assets held for industry	-	-	1,852,627
Capital assets (net of accumulated depreciation):			
Land	2,477,080	309,661	-
Buildings and improvements	14,026,636	10,434,159	-
Other improvements	5,948,107	615,884	-
Equipment	2,537,998	6,168,901	-
School buildings	38,643,554	-	-
Construction in progress	340,431	293,555	-
Total assets	<u>\$ 146,164,763</u>	<u>\$ 32,019,571</u>	<u>\$ 2,441,559</u>
DEFERRED OUTFLOWS OF RESOURCES			
Post measurement date employer pension contributions	\$ 1,654,811	\$ 5,802,365	\$ -
Changes in proportionate share of employer contributions	-	1,102,000	-
Accumulated decrease in fair value of interest rate swap agreement	2,478,322	-	-
Total deferred outflows of resources	<u>\$ 4,133,133</u>	<u>\$ 6,904,365</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 1,713,371	\$ 659,985	\$ -
Accrued liabilities	1,661,354	7,339,720	-
Accrued interest payable	282,597	-	-
Due to primary government	-	2,905,785	-
Advance from component unit	106,666	-	-
Unearned revenue	918,557	-	-
Derivative instrument - interest rate swap agreement	2,478,322	-	-
Long-term liabilities:			
Due within one year	3,510,158	62,345	195,318
Due in more than one year	51,017,881	69,867,629	1,598,829
Total liabilities	<u>\$ 61,688,906</u>	<u>\$ 80,835,464</u>	<u>\$ 1,794,147</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference of actual and expected pension liability earnings	\$ 3,254,793	\$ 10,057,739	\$ -
Deferred property taxes	39,521,460	-	-
Total deferred inflows of resources	<u>\$ 42,776,253</u>	<u>\$ 10,057,739</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 22,853,751	\$ 17,822,160	\$ -
Restricted:			
Capital projects - restricted by donors	-	104,568	-
Capital improvements - road construction, pass-through	2,702,314	-	-
Unrestricted (deficit)	20,276,672	(69,895,995)	647,412
Total net position	<u>\$ 45,832,737</u>	<u>\$ (51,969,267)</u>	<u>\$ 647,412</u>

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

COUNTY OF CAMPBELL, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,886,285	\$ 394,421	\$ 317,363	\$ -
Judicial administration	1,672,627	7,358	847,676	-
Public safety	13,887,466	2,044,946	2,836,984	215,964
Public works	3,441,597	923,792	16,424	-
Health and welfare	10,090,691	-	6,958,976	-
Education	28,493,461	-	-	-
Parks, recreation, and cultural	1,935,595	190,557	156,872	-
Community development	1,942,194	196,360	176,647	292,686
Interest on long-term debt	1,825,883	-	-	-
Total governmental activities	<u>\$ 68,175,799</u>	<u>\$ 3,757,434</u>	<u>\$ 11,310,942</u>	<u>\$ 508,650</u>
Total primary government	<u>\$ 68,175,799</u>	<u>\$ 3,757,434</u>	<u>\$ 11,310,942</u>	<u>\$ 508,650</u>
COMPONENT UNITS:				
School Board	\$ 78,953,940	\$ 1,270,197	\$ 51,604,316	\$ -
Industrial Development Authority	181,901	9,277	-	-
Total component units	<u>\$ 79,135,841</u>	<u>\$ 1,279,474</u>	<u>\$ 51,604,316</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility taxes				
Business license tax				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Contributions from Campbell County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government	Component Units		
Governmental Activities	School Board	Industrial Development Authority	
\$ (4,174,501)	\$ -	\$ -	
(817,593)	-	-	
(8,789,572)	-	-	
(2,501,381)	-	-	
(3,131,715)	-	-	
(28,493,461)	-	-	
(1,588,166)	-	-	
(1,276,501)	-	-	
(1,825,883)	-	-	
<u>\$ (52,598,773)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (52,598,773)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (26,079,427)	\$ -	
-	-	(172,624)	
<u>\$ -</u>	<u>\$ (26,079,427)</u>	<u>\$ (172,624)</u>	
\$ 37,430,288	\$ -	\$ -	
4,718,625	-	-	
869,648	-	-	
2,062,348	-	-	
1,526,663	-	-	
983,653	-	-	
347,551	5,158	195,424	
-	25,787,723	52,500	
3,397,589	251,573	-	
5,426,764	-	-	
<u>\$ 56,763,129</u>	<u>\$ 26,044,454</u>	<u>\$ 247,924</u>	
<u>\$ 4,164,356</u>	<u>\$ (34,973)</u>	<u>\$ 75,300</u>	
<u>41,668,381</u>	<u>(51,934,294)</u>	<u>572,112</u>	
<u>\$ 45,832,737</u>	<u>\$ (51,969,267)</u>	<u>\$ 647,412</u>	

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2015

	General	Special Revenue (Solid Waste)	Capital Projects	Road Construction	Total
ASSETS					
Cash and cash equivalents	\$ 7,474,455	\$ 1,082,503	\$ 1,684,040	\$ -	\$ 10,240,998
Investments	11,942,954	-	2,859,580	-	14,802,534
Receivables (net of allowance for uncollectibles):					
Taxes receivable	40,938,037	-	-	-	40,938,037
Accounts receivable	304,719	-	463	-	305,182
Interest receivable	40,477	-	10,808	-	51,285
Due from component units	2,905,785	-	-	-	2,905,785
Due from other governmental units	2,527,509	905,550	-	8,628	3,441,687
Inventories	19,763	-	-	-	19,763
Prepaid items	172,339	1,100	-	-	173,439
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	2,695,045	2,695,045
Total assets	\$ 66,326,038	\$ 1,989,153	\$ 4,554,891	\$ 2,703,673	\$ 75,573,755
LIABILITIES					
Liabilities:					
Accounts payable	\$ 747,619	\$ 126,300	\$ 448,952	\$ 1,359	\$ 1,324,230
Accrued liabilities	626,328	1,384	-	-	627,712
Unearned revenue	52,076	-	-	-	52,076
Total liabilities	\$ 1,426,023	\$ 127,684	\$ 448,952	\$ 1,359	\$ 2,004,018
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	\$ 40,785,414	\$ -	\$ -	\$ -	\$ 40,785,414
FUND BALANCES					
Nonspendable					
Inventories	\$ 19,763	\$ -	\$ -	\$ -	\$ 19,763
Prepaid items	172,339	1,100	-	-	173,439
Restricted for:					
Capital improvements - road construction, pass-through	-	-	-	2,702,314	2,702,314
Committed to:					
Education	6,227,874	-	-	-	6,227,874
Capital improvements	-	-	3,715,336	-	3,715,336
Economic development	132,361	-	-	-	132,361
Public works	-	47,521	-	-	47,521
Operations	1,215,656	-	-	-	1,215,656
Assigned to:					
Public works	-	1,812,848	-	-	1,812,848
Capital improvements	-	-	390,603	-	390,603
Unassigned	16,346,608	-	-	-	16,346,608
Total fund balances	\$ 24,114,601	\$ 1,861,469	\$ 4,105,939	\$ 2,702,314	\$ 32,784,323
Total liabilities, deferred inflows and fund balances	\$ 66,326,038	\$ 1,989,153	\$ 4,554,891	\$ 2,703,673	\$ 75,573,755

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds - per above	32,784,323
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (Cost of \$99,678,269 less accumulated depreciation of \$35,704,463)	63,973,806
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	
Unavailable revenue - property taxes	1,263,954
Items related to measurement of net pension liability	(3,254,793)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	1,654,811
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the self insurance internal service fund are included in the governmental activities in the Statement of Net Position	4,327,938
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Accrued interest payable	(282,597)
Long term commitments to IDA	(106,666)
General obligation bonds and literary fund loans	(40,811,308)
Bond premiums	(308,747)
Landfill closure/postclosure	(2,497,618)
Net OPEB obligation	(2,796,225)
Compensated absences	(1,528,403)
Net pension liability	(6,585,738)
Net position of governmental activities	\$ 45,832,737

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

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

	General	Special Revenue (Solid Waste)	County Capital Projects	Road Construction	Total
REVENUES					
General property taxes	\$ 37,439,459	\$ -	\$ -	\$ -	\$ 37,439,459
Other local taxes	10,160,937	-	-	-	10,160,937
Permits, privilege fees, and regulatory licenses	459,415	-	-	-	459,415
Fines and forfeitures	141,950	-	-	-	141,950
Revenue from the use of money and property	289,294	100	34,092	-	323,486
Charges for services	2,252,426	903,663	-	-	3,156,089
Miscellaneous	257,273	-	426,316	2,714,000	3,397,589
Recovered costs	318,685	-	-	-	318,685
Intergovernmental:					
Commonwealth	13,203,394	16,424	497,987	8,628	13,726,433
Federal	3,519,923	-	-	-	3,519,923
Total revenues	<u>\$ 68,042,756</u>	<u>\$ 920,187</u>	<u>\$ 958,395</u>	<u>\$ 2,722,628</u>	<u>\$ 72,643,966</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,471,685	\$ -	\$ -	\$ -	\$ 4,471,685
Judicial administration	1,632,723	-	-	-	1,632,723
Public safety	12,940,855	-	-	-	12,940,855
Public works	1,615,363	1,605,491	-	-	3,220,854
Health and welfare	10,049,547	-	-	-	10,049,547
Education	25,787,723	-	-	-	25,787,723
Parks, recreation, and cultural	1,731,715	-	-	-	1,731,715
Community development	1,567,334	-	-	-	1,567,334
Nondepartmental	219	-	-	-	219
Capital projects	-	-	3,105,859	20,314	3,126,173
Debt service:					
Principal retirement	3,159,124	-	-	-	3,159,124
Interest and other fiscal charges	1,883,785	-	-	-	1,883,785
Total expenditures	<u>\$ 64,840,073</u>	<u>\$ 1,605,491</u>	<u>\$ 3,105,859</u>	<u>\$ 20,314</u>	<u>\$ 69,571,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,202,683</u>	<u>\$ (685,304)</u>	<u>\$ (2,147,464)</u>	<u>\$ 2,702,314</u>	<u>\$ 3,072,229</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 107,233	\$ 683,935	\$ 2,553,729	\$ -	\$ 3,344,897
Transfers out	(3,957,664)	(400,000)	(107,233)	-	(4,464,897)
Total other financing sources (uses)	<u>\$ (3,850,431)</u>	<u>\$ 283,935</u>	<u>\$ 2,446,496</u>	<u>\$ -</u>	<u>\$ (1,120,000)</u>
Net change in fund balances	\$ (647,748)	\$ (401,369)	\$ 299,032	\$ 2,702,314	\$ 1,952,229
Fund balances - beginning	24,762,349	2,262,838	3,806,907	-	30,832,094
Fund balances - ending	<u>\$ 24,114,601</u>	<u>\$ 1,861,469</u>	<u>\$ 4,105,939</u>	<u>\$ 2,702,314</u>	<u>\$ 32,784,323</u>

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

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

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

Net change in fund balances - total governmental funds	\$ 1,952,229
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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 depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 2,216,696	
Depreciation expense	<u>(3,096,686)</u>	(879,990)

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

Property taxes	(9,171)	
Change in deferred inflows related to the measurement of the net pension liability	<u>(3,254,793)</u>	(3,263,964)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.

(604,528)

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retired on long-term debt	3,159,124
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase)/decrease in landfill closure, postclosure liability	\$ (36,911)	
(Increase)/decrease in premium on bond issuance	20,508	
(Increase)/decrease in accrued interest	37,394	
(Increase)/decrease in compensated absences	(118,669)	
(Increase)/decrease in long term commitments to IDA	7,097	
(Increase)/decrease in other net OPEB obligation	(251,754)	
Increase/(decrease) in deferred outflow - pension contributions subsequent to measurement date	14,370	
(Increase)/decrease in net pension liability	<u>4,129,450</u>	<u>3,801,485</u>

Change in net position of governmental activities	\$ <u><u>4,164,356</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Health Insurance Fund
 June 30, 2015

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,543,686
Investments	2,018,527
Accounts receivable	3,360
Interest receivable	7,629
Prepaid claims expense	<u>44,000</u>
 Total assets	 \$ <u><u>6,617,202</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 389,141
Claims incurred but not reported	1,033,642
Unearned revenue	<u>866,481</u>
 Total liabilities	 \$ <u><u>2,289,264</u></u>
NET POSITION	
Unrestricted	\$ <u>4,327,938</u>
Total net position	\$ <u><u>4,327,938</u></u>

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

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

	Health Insurance Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 11,544,610
Total operating revenues	<u>\$ 11,544,610</u>
OPERATING EXPENSES	
Insurance claims and employer provided insurance expenses	\$ 13,293,203
Total operating expenses	<u>\$ 13,293,203</u>
Operating income (loss)	<u>\$ (1,748,593)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	\$ 24,065
Total nonoperating revenues (expenses)	<u>\$ 24,065</u>
Income before transfers	\$ (1,724,528)
Transfers in	<u>\$ 1,120,000</u>
Change in net position	\$ (604,528)
Total net position - beginning	4,932,466
Total net position - ending	<u><u>\$ 4,327,938</u></u>

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

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

	Health Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 11,407,828
Payments for premiums	(12,960,073)
Net cash provided by (used for) operating activities	<u>\$ (1,552,245)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 1,120,000
Net cash provided by (used for) noncapital financing activities	<u>\$ 1,120,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	\$ 23,048
Sale of investments	(726)
Net cash provided by (used for) investing activities	<u>\$ 22,322</u>
Net increase (decrease) in cash and cash equivalents	\$ (409,923)
Cash and cash equivalents - beginning	4,953,609
Cash and cash equivalents - ending	<u><u>\$ 4,543,686</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (1,748,593)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ (3,360)
Increase (decrease) in accounts payable	180,263
Increase (decrease) in claims incurred but not reported	152,867
Increase (decrease) in unearned revenue	(133,422)
Total adjustments	<u>\$ 196,348</u>
Net cash provided by (used for) operating activities	<u><u>\$ (1,552,245)</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 350,574
Receivables	
Accounts receivable	523
Total assets	\$ <u>351,097</u>
LIABILITIES	
Accounts payable	\$ 500
Amounts held for social services clients	38,675
Amounts held for others	311,922
Total liabilities	\$ <u>351,097</u>

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

Campbell County, Virginia (the “County”) is a political subdivision of the Commonwealth of Virginia governed under the County Administrator – Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

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

Discretely Presented Component Units: Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationship with the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Campbell County School Board

The Campbell County School Board (the “School Board”) is responsible for elementary and secondary education within the County’s jurisdiction. The School Board is comprised of seven members elected by County voters. The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements.

Campbell County Industrial Development Authority

The Campbell County Industrial Development Authority (the “IDA”) was created to encourage and provide financing for economic development in the County. The IDA’s directors are appointed by the Board of Supervisors and the County is financially accountable for the IDA in that it provides local funding for the IDA’s activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The IDA is presented as a proprietary fund type and does not issue separate financial statements.

Related Organizations: The following entities are excluded from the accompanying financial statements:

Campbell County Utilities and Service Authority

The Campbell County Utilities and Service Authority was created by the Board of Supervisors to operate the County’s water and sewer systems. This Authority is excluded from the accompanying financial statements as the County neither exercises oversight responsibility nor has accountability for the fiscal affairs of the Authority. All obligations of the Authority are payable from and secured by revenues derived from the operation of the water and sewer systems.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015 (CONTINUED)

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

A. Financial Reporting Entity (Continued)

Horizon Behavioral Health

The County, in conjunction with the Counties of Amherst, Appomattox, and Bedford, and the Cities of Bedford and Lynchburg, supports Horizon Behavioral Health, which is composed of two members from each of the participating localities. The County contributed \$172,010 to Horizon Behavioral Health for the current year.

Blue Ridge Regional Jail Authority

The County, in conjunction with the Counties of Halifax and Bedford, and the Cities of Bedford and Lynchburg, participates in the Blue Ridge Regional Jail Authority (the "Authority"). Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$3,100,000 for the current year.

Region 2000 Services Authority

The County, in conjunction with the Cities of Lynchburg and Bedford, and the Counties of Appomattox and Nelson, participates in the Region 2000 Services Authority for solid waste disposal. The County paid the Authority tipping fees of \$621,566 for solid waste transferred to the Authority, and received \$903,447 in distributions from the Authority for 2015 profits.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County reports no business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (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.

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

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

B. Government-Wide and Fund Financial Statements

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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, the proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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.

Agency funds, a type of fiduciary fund, report only assets and liabilities; therefore, they do not have a measurement focus. Agency funds use the accrual basis of accounting to recognize assets and liabilities.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

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

Governmental fund financial statements use 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 when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows of resources and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 60 days after year end are included in tax revenues, with the related amount reduced from deferred inflows of resources. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. 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 financial statements.

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.

The County reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. 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.

Special Revenue Fund - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Solid Waste Fund is a special revenue fund which accounts for revenues from landfill operations and related expenditures.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

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

Capital Projects Funds - The County Capital Projects Fund and Road Construction 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.

Proprietary Funds are used to account for the reporting entity's activities similar to those often found in the private sector. The County reports the following major proprietary fund:

Internal Service Fund - Health Insurance Fund - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The County's internal service fund is the Health Insurance Fund, through which the County self-insures the costs of providing health insurance to employees.

In addition to its major funds, the County reports the following fund category:

Fiduciary Funds - Fiduciary funds are used to account for assets held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds which consist of the following: Special Welfare, Drug Enforcement, Commonwealth Attorney Drug, Flexible Benefits, and the County Agency Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's health insurance fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Operating revenues and expenses in the proprietary fund result from providing services in connection with its principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges for health investment services. Nonoperating revenues consist of interest income. Operating expenses include the costs of claims and administrative expenses.

D. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 15, 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 related financing.
- Public hearings are conducted to obtain citizen comments.
- Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

D. Budgetary Information (Continued)

- The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories. The Board of Supervisors approved supplemental appropriations in the General Fund totaling \$9,182,065 for additional requests from various departments including contribution to the School Board and transfers to other funds. The Board of Supervisors also approved additional appropriations to the Solid Waste Fund of \$160,193 and the County Capital Projects fund of \$5,337,492.
- Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the two Capital Project Funds.
- All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Appropriations lapse on June 30 for all County and School Board units.
- All budgetary data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity date within three months of the date acquired.

Investments

Investments are reported at fair value.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis, and management's judgment. The allowance for uncollectibles was comprised of property taxes in the amount of \$305,711.

Inventories

Inventories generally are recorded at the lower of cost (first-in/first-out (FIFO) method) or market except for any commodities received from the U.S. Department of Agriculture, which are valued at market. Inventories of the County's governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist of expendable supplies in the General Fund and USDA commodities in the Component Unit - School Board.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(Continued)

Prepaid Items

Payments made for services that will benefit periods beyond June 30 are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

Capital assets include property, plant, and equipment and are reported in the government-wide financial statements. The County does not own infrastructure assets. Capital assets are defined as items with an initial individual cost of more than \$5,000 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 the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Other improvements	2-40 years
Equipment	5-10 years

Compensated Absences

County and School Board employees are granted a specified number of days of leave with pay each year. The statements reflect, as of June 30, the amount payable for all unused vacation, sick and compensatory leave, payable upon termination. Employer related taxes payable are also included. The cost of accumulated leave is accounted for as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only when the amounts have become due and payable.

Deferred/Unearned Revenue

Deferred/Unavailable revenue consists primarily of property taxes receivable not collected within 60 days of year end, as well as property taxes, either receivable or already collected, intended to finance a future fiscal period. Unearned revenue includes grants which have been advanced to the County but have not yet been earned.

Unearned revenue in the internal service fund represents advances by other funds, component units, and outside entities for the cost of insurance for periods after June 30.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

Economic Incentive Grants Payable

Economic incentive grants payable are recorded when, in management’s opinion, failure by the grantee to meet the performance criteria is unlikely. Refunds of these incentives are reflected as revenues when collection is determined to be likely.

Long-Term Obligations

Long-term debt obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or bonds outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period but no long-term liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Repayments are reported as debt service expenditures.

Encumbrances

The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of fund balance.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Net Position

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

Net Position Flow Assumption

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

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance
(Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the accumulated decrease in the fair market value of the interest rate swap agreement in the government-wide statement of net position. The fair market value of the interest rate swap agreement is adjusted annually. The other item is comprised of certain items related to the measurement of the net pension liability. These include changes in proportion to the cost-sharing teachers' pension plan and 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.

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 items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. 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.

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;

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The County's policy establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. 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).

IDA Transactions and Conduit Obligations

In addition to disbursing incentives to promote the expansion of business initiatives in the County, the IDA may also structure ownership of properties through lease purchase arrangements or issue Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest. However, all rights to payments on these bonds have been assigned to the trustees, agents, or the holders of the bonds, and purchasers have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases the IDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the IDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the IDA does not recognize associated assets, liabilities, income or interest expense in its financial statements.

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 of Campbell, Virginia's Retirement Plan and the additions to/deductions from the County of Campbell, Virginia's Retirement Plan 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS:

Deposits

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

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool).

Pursuant to Sec. 2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share).

Credit Risk of Debt Securities

As required by state statute or by the County, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service.

County's Rated Debt Investments' Values - Standard & Poor's Rating		
Rated Debt Investments	Fair Quaity Ratings	Amount at June 30
U.S. Agency Securities	AA+	\$ 4,226,838
Commercial Paper	AA-	4,703,005
Fixed Income - Municipal	AA+	4,852,881
Federated Prime Money Market	AAAm	28,910
LGIP	AAAm	4,004,778

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The County's current Policy places restrictions on the diversification by type of investments. The Policy provides the following restrictions on diversification as a percentage of the County's total investments. The maximum allowable concentration by investment type is as follows:

US Treasury Bills, Notes and Bonds	50%
Certificates of Deposit	70%
LGIP	50%
Bankers Acceptances	35%
Prime Quality Commercial Paper	35%
High Quality Commercial Notes	35%
Overnight Repurchase Agreement	50%

In accordance with GASB 40, the County reports the following single investment held at June 30, 2015 greater than 5% of total investments.

Security	Investment Type	Amount	Percent of Total Investments
Commonwealth Bank Australia	Commercial paper	\$ 2,503,425	12%
Westpac Bank Corporation	Commercial paper	2,199,580	11%
Federal Farm Credit Bank	U.S. Agency Security	2,000,120	10%
Federal National Mortgage Note	U.S. Agency Security	4,226,838	20%
Hampton VA Ref Pub Impt Bds	Fixed Income - Municipal	999,650	5%
Virginia St Housing Dev Auth Bds	Fixed Income - Municipal	3,416,759	16%
LGIP	Money Market	4,004,778	19%

Interest Rate Risk

The County's current Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to fifteen years for any single corporate security; and five years for any single asset-backed security.

The carrying values and weighted average maturity were as follows:

Investment Type	Investment Maturity*		
	Fair Value	Less than 1	1 - 5
U.S. Agency Securities	\$ 4,226,838	\$ -	4,226,838
Fixed Income - Municipal	4,852,881	-	4,852,881
Money market & other similar investments	3,038,337	3,038,337	-
Commercial Paper	4,703,005	-	4,703,005
Total investments	\$ 16,821,061	\$ 3,038,337	13,782,724

* Weighted average maturity in years.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk

The Policy requires that all investment securities be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, all investments are held in a bank's trust department in the County's name.

Cash and investments are reflected in the financial statements as follows:

	Primary Government	Component Units	
		School Board	IDA
Deposits and investments:			
Cash on hand	\$ 3,150	\$ -	\$ -
Deposits	17,476,579	11,140,139	482,266
Investments	16,821,061	-	-
Total	<u>\$ 34,300,790</u>	<u>\$ 11,140,139</u>	<u>\$ 482,266</u>
Statement of net position:			
Cash and cash equivalents	\$ 14,784,684	\$ 11,035,571	\$ 482,266
Investments	16,821,061	-	-
Restricted cash and equivalents	2,695,045	104,568	-
Total	<u>\$ 34,300,790</u>	<u>\$ 11,140,139</u>	<u>\$ 482,266</u>

NOTE 3—RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Receivables consist of the following:

	General Fund	Capital Projects	Health Insurance	Total
Receivables:				
Taxes	\$ 41,243,748	\$ -	\$ -	\$ 41,243,748
Accounts	304,719	463	3,360	308,542
Interest	40,477	10,808	7,629	58,914
Gross receivables	<u>\$ 41,588,944</u>	<u>\$ 11,271</u>	<u>\$ 10,989</u>	<u>\$ 41,611,204</u>
Less:				
Allowance for uncollectible amounts	<u>\$ 305,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,711</u>
Net receivables	<u>\$ 41,283,233</u>	<u>\$ 11,271</u>	<u>\$ 10,989</u>	<u>\$ 41,305,493</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 3-RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE: (CONTINUED)

The taxes receivable account represents the current and past four years of uncollected tax levies on personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Real estate taxes are recorded as receivable when they attach as an enforceable lien, therefore, real estate taxes based on the January 1, 2015, assessment date are included in taxes receivable at June 30, 2015, even though taxpayers had not yet been billed. Additionally personal property taxes are assessed on January 1, 2015 and the County does not prorate assessments, therefore the assessment is included in taxes receivable. However, since the January 1, 2015 levy is intended to finance a future period, these amounts have been included in unavailable revenue as discussed below.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, as well as for receivables which are considered unearned in that they are intended to finance a future period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, the components of unavailable/unearned revenue were as follows:

Exhibit 3 Reconciliation

Advance payments of state and federal grants - unearned	\$ 52,076
Total unearned revenue - governmental funds (Exhibit 3)	\$ 52,076
Property taxes receivable - due after June 30	\$ 39,433,845
Property taxes receivable - due prior to June 30	1,504,191
Advance collection of 2015-2016 property taxes	87,615
Less amounts collected within 60 days	(240,237)
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$ 40,785,414

Exhibit 1 Reconciliation

Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$ 40,785,414
Less property taxes due prior to June 30 (net of 60 day collections)	(1,263,954)
Deferred property taxes - Deferred Inflows of Resources - Statement of Net Position (Exhibit 1)	\$ 39,521,460
Advance payments of state and federal grants - unearned	\$ 52,076
Internal service fund deferrals related to discretely presented component units and outside entities	866,481
Unearned revenue - Statement of Net Position (Exhibit 1)	\$ 918,557

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 4–DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments consist of the following:

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 861,461	\$ -
State sales tax	-	1,523,170
Comprehensive Services Act	335,373	-
Public assistance	183,383	-
Motor vehicle rental tax	44,196	-
Mobile home titling tax	22,015	-
Shared expenses and grants	350,787	-
Railroad rolling stock	166,645	-
Communications tax	227,900	-
Recordation tax	22,734	-
Other state funds	51,240	40,922
<u>Local Governments:</u>		
Region 2000 Services Authority	905,550	-
Laurel Regional Program	-	226,803
<u>Federal Government</u>		
Public assistance	247,093	-
Crimes Victims Assistance	-	-
Title I	-	338,590
Title II, Part A	-	57,364
Title VI-B special education cluster	-	335,720
Title II, Part D	-	27,724
School nutrition program	-	46,993
Other federal grants	23,310	7,036
Total	\$ 3,441,687	\$ 2,604,322

NOTE 5–INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES:

Interfund and Intra-Entity transfers are as follows:

Transfer Out Fund	Transfers In Fund	Amount
General Fund	Capital Projects Fund	\$ 2,153,729
General Fund	Solid Waste Fund	683,935
Capital Projects Fund	General Fund	107,233
General Fund	Health Insurance Fund	1,120,000
Solid Waste Fund	Capital Projects Fund	400,000

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 5-INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES: (CONTINUED)

The transfer from the General Fund to the Capital Projects Fund was to support general government capital projects. Transfers from the General Fund to the Solid Waste Fund were to offset shortfalls in operating revenues. Transfers between the Solid Waste Fund and the General Fund were to reimburse for operating costs. Transfers from Solid Waste Fund to the Capital Projects Fund were to fund landfill project costs. Transfers from the General Fund to the Health Insurance Fund are to provide funding for health benefits.

Balances due to and from the primary government and its component units consist of the following:

The Component Unit-School Board owed \$2,905,785 to the General Fund at year end as a result of appropriated local funds in excess of actual school expenditures in the current and previous years.

The primary government owed the Component Unit-IDA \$106,666 for economic incentive grants awarded by the IDA for which the County is ultimately responsible. This is discussed further in Note 16.

NOTE 6-CAPITAL ASSETS:

Primary Government

Capital asset activity for the year was as follows:

Governmental Activities	(Restated) * Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 2,477,080	\$ -	\$ -	\$ 2,477,080
Construction in progress	-	340,431	-	340,431
Total capital assets, nondepreciable	\$ 2,477,080	\$ 340,431	\$ -	\$ 2,817,511
Capital assets, depreciable:				
Buildings and improvements	\$ 19,643,657	\$ 83,515	\$ -	\$ 19,727,172
Other improvements	9,909,207	1,035,255	-	10,944,462
Equipment	11,409,343	757,495	144,557	12,022,281
School buildings	54,166,843	-	-	54,166,843
Total capital assets, depreciable	\$ 95,129,050	\$ 1,876,265	\$ 144,557	\$ 96,860,758
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,179,430	\$ 521,106	\$ -	\$ 5,700,536
Other improvements	4,446,781	549,574	-	4,996,355
Equipment	8,957,005	671,835	144,557	9,484,283
School buildings	14,169,118	1,354,171	-	15,523,289
Total accumulated depreciation	\$ 32,752,334	\$ 3,096,686	\$ 144,557	\$ 35,704,463
Capital assets, depreciable, net	\$ 62,376,716	\$ (1,220,421)	\$ -	\$ 61,156,295
Governmental activities capital assets, net	\$ 64,853,796	\$ (879,990)	\$ -	\$ 63,973,806

* Reference Note 18

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 6-CAPITAL ASSETS: (CONTINUED)

Primary Government: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 428,207
Judicial administration	79,428
Public safety	855,460
Public works	173,529
Health and welfare	64,381
Education	1,372,459
Parks, recreation, and cultural	65,959
Community development	57,263
Total depreciation	<u>\$ 3,096,686</u>

Discretely Presented Component Unit-School Board

Capital asset activity for the year was as follows:

Governmental Activities	(Restated) * Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 309,661	\$ -	\$ -	\$ 309,661
Construction in progress	201,340	92,215	-	293,555
Total capital assets, nondepreciable	<u>\$ 511,001</u>	<u>\$ 92,215</u>	<u>\$ -</u>	<u>\$ 603,216</u>
Capital assets, depreciable:				
Buildings and improvements	\$ 35,073,121	\$ -	\$ -	\$ 35,073,121
Other improvements	1,898,014	154,149	-	2,052,163
Equipment	14,695,950	1,867,850	87,664	16,476,136
Total capital assets, depreciable	<u>\$ 51,667,085</u>	<u>\$ 2,021,999</u>	<u>\$ 87,664</u>	<u>\$ 53,601,420</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 23,833,975	\$ 804,987	\$ -	\$ 24,638,962
Other improvements	1,304,700	131,579	-	1,436,279
Equipment	9,459,948	934,951	87,664	10,307,235
Total accumulated depreciation	<u>\$ 34,598,623</u>	<u>\$ 1,871,517</u>	<u>\$ 87,664</u>	<u>\$ 36,382,476</u>
Capital assets, depreciable, net	<u>\$ 17,068,462</u>	<u>\$ 150,482</u>	<u>\$ -</u>	<u>\$ 17,218,944</u>
Governmental activities capital assets, net	<u>\$ 17,579,463</u>	<u>\$ 242,697</u>	<u>\$ -</u>	<u>\$ 17,822,160</u>

* Reference Note 18

All depreciation expense in the School Board was charged to the Education function.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities:

	(Restated) *				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
General obligation bonds	\$ 37,395,330	\$ -	\$ 2,286,891	\$ 35,108,439	\$ 2,388,157
Literary fund loans	6,575,102	-	872,233	5,702,869	872,233
Bond premiums	329,255	-	20,508	308,747	20,508
Total bonds payable	\$ 44,299,687	\$ -	\$ 3,179,632	\$ 41,120,055	\$ 3,280,898
Landfill closure/postclosure (Note 8)	2,460,707	36,911	-	2,497,618	-
Compensated absences	1,409,734	1,244,181	1,125,512	1,528,403	229,260
Net pension liability (Note 12)	10,715,188	5,445,681	9,575,131	6,585,738	-
Net OPEB obligation (Note 13)	2,544,471	569,977	318,223	2,796,225	-
Total Primary Government	\$ 61,429,787	\$ 7,296,750	\$ 14,198,498	\$ 54,528,039	\$ 3,510,158
Component Unit-School Board:					
Compensated absences	\$ 379,244	\$ 616,078	\$ 579,691	\$ 415,631	\$ 62,345
Net pension liability (Note 12)	72,137,817	19,665,328	28,016,073	63,787,072	-
Net OPEB obligation (Note 13)	4,800,464	2,251,613	1,324,806	5,727,271	-
Total Component Unit- School Board	\$ 77,317,525	\$ 22,533,019	\$ 29,920,570	\$ 69,929,974	\$ 62,345
Component Unit-IDA:					
Notes payable	\$ 2,158,016	\$ 1,757,755	\$ 2,228,290	\$ 1,687,481	\$ 88,652
Economic incentive grants payable (Note 9)	113,763	-	7,097	106,666	106,666
Total Component Unit - IDA	\$ 2,271,779	\$ 1,757,755	\$ 2,235,387	\$ 1,794,147	\$ 195,318

* Reference Note 18

Debt service requirements of general obligation bonds and literary fund loans are paid by the General Fund. Costs related to landfill closure/postclosure are paid by the General Capital Projects Fund or the Solid Waste Fund. Requirements of the compensated absences and other postemployment benefits are paid by the General Fund for the primary government and the school operating and school cafeteria fund for the component unit-school board. Requirements of the notes payable incurred by the IDA are payable by the IDA supported by a lease agreement with an industry.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 7-LONG-TERM LIABILITIES: (CONTINUED)

The primary government's and component unit IDA annual debt service requirements to maturity are as follows:

Year Ended June 30	Governmental Activities				Component Unit - IDA	
	General Obligation Bonds		Literary Fund Loans		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,388,157	\$ 1,617,263	\$ 872,233	\$ 133,307	\$ 88,652	\$ 74,105
2017	2,500,307	1,494,351	872,233	113,113	91,935	70,067
2018	2,393,643	1,372,051	872,233	92,918	1,506,894	65,843
2019	2,326,332	1,254,576	872,233	72,723	-	-
2020	2,220,000	1,144,607	622,233	52,529	-	-
2021-2025	12,810,000	3,932,297	1,591,704	66,418	-	-
2026-2030	10,470,000	790,873	-	-	-	-
Total	\$ 35,108,439	\$ 11,606,018	\$ 5,702,869	\$ 531,008	\$ 1,687,481	\$ 210,015

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities
<u>General Obligation Bonds:</u>					
School Construction	5.10-6.10%	Nov 1996	July 2016	3,202,504 \$	409,390
School Construction	4.35-5.23%	Nov 1997	July 2017	2,709,756	504,556
School Construction	3.60-5.10%	Nov 1998	Jan 2019	3,323,952	789,493
School Construction	4.35-5.10%	April 2005	July 2030	8,685,000	5,805,000
VML/VACO Bonds-School	4.61%	June 2008	July 2029	16,000,000	12,890,000
VML/VACO Bonds-County	4.61%	June 2008	July 2029	5,475,000	4,405,000
VML/VACO Bonds-County	4.61%	June 2008	July 2029	12,800,000	10,305,000
Total General Obligation Bonds				\$	<u>35,108,439</u>
<u>Literary Fund Loans</u>					
School Construction	2.00%	Aug 1998	Aug 2018	\$ 5,000,000	\$ 1,000,000
School Construction	3.00%	Nov 2001	Nov 2021	5,500,000	1,925,000
School Construction	2.00%	July 2002	July 2022	6,944,667	2,777,869
Total Literary Fund Loans				\$	<u>5,702,869</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term indebtedness are as follows: (Continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Component Unit - IDA</u>
<u>Notes Payable:</u>					
Real Estate Loan - Industry	4.50%	Sept 2014	June 2018	\$ 1,757,755	\$ <u>1,687,481</u>
Total Notes Payable					\$ <u><u>1,687,481</u></u>

Interest rate swap

Objective of the interest rate swap.

As a means to lower its borrowing costs, when compared against fixed-rate loans at the time of issuance in June 2008 the County entered into an interest rate swap in connection with its \$34,275,000 VACO / VML variable rate demand revenue bonds. The intention of the swap was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate of 4.055%. Utilizing the synthetic instrument method, the County has determined that the swap is an effective hedging derivative instrument and hedge accounting applies.

Terms - The bonds and the related swap agreement mature on August 1, 2028. The swap's market value of \$30,078,322 is more than the balance outstanding on the bonds payable of \$27,600,000. The difference of \$2,478,322 is reported in these financial statements as a derivative instrument liability.

A corresponding deferred outflow of resources is reported on the statement of net position as a reduction to total liabilities before computing net position. The swap was entered into at the same time as the bonds were issued.

The fair value and changes in fair value of the swap are as follows:

Fair value at June 30, 2015	\$ 2,478,322
Change in fair value	(459,358)

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 8—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County's landfill consists of four phases described as follows: Phase I of the landfill has never been intended to be used for actual waste disposal and serves only as a storage area. Phase II of the landfill was closed in 1995. Phase III opened in 1995 and Phase IV was never opened. The remaining capacity of Phase III and all of Phase IV were sold to the regional landfill authority, Region 2000 Services Authority, during fiscal year 2012.

In accordance with state and Federal laws, the County placed a final cover on Phase II of the landfill in 1995 and is required to perform certain maintenance and monitoring functions at this site for a minimum of thirty years after closure. The cumulative amount of estimated postclosure care costs and corrective action costs for this site, less amounts expended for such costs to date were \$810,481 and \$1,687,137, respectively. The liability for Phase II reported is equal to 100% of the estimated liability.

The closure and postclosure care costs for Phase III were assumed by the Region 2000 Services Authority as part of the purchase of Phase III and IV. The cumulative amount reported as postclosure care costs and corrective action liability is \$2,497,618 as of June 30, 2015, all of which is for Phase II. The liability reported is based on what it would cost to perform all postclosure care in 2015.

The County demonstrates financial assurance requirements for closure and postclosure care through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA-20-70 of the Virginia Administrative Code.

NOTE 9—IDA ECONOMIC INCENTIVE GRANTS PAYABLE:

As discussed in Note 16, the IDA has awarded certain economic incentive grants to businesses within the County; typically the grants are paid over a 1-3 year period. Outstanding grants approved by the governing body as of June 30, 2015 that have been substantially earned by the business.

NOTE 10—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - SCHOOL BOARD:

Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

- A. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. The proceeds from the debt issued "on behalf" of the School Board and related capital expenditures are recorded in the County's funds.
- B. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 10—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - SCHOOL BOARD:

- C. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. When the debt related to a particular capital asset is completely retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
- D. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board - Component Unit (Exhibit 22)	\$ 79,160,314
School-related principal and other debt service expenditures included in primary government (Exhibit 4)	<u>2,345,393</u>
Total expenditures for school activities	<u><u>\$ 81,505,707</u></u>

NOTE 11—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - IDA:

The IDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the IDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the IDA but ultimately are long-term obligations reported in the County’s government-wide statement of net position. When the underlying requirements have been substantially met, these amounts are recorded by the IDA as payable to the grant recipient and as receivable from the County. At year end the IDA reported economic incentive grants payable of \$106,666 and an equal amount was reported as receivable from the County.

Amounts reported as payable to the IDA by the County consist of the following:

Long-term commitments to IDA, reported in the government-wide Statement of Net Position	\$ <u>106,666</u>
Total payable to IDA	<u><u>\$ 106,666</u></u>

The County also provides personnel and office space to the IDA at no charge.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN:

Plan Description

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

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>	<p>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.</p>	<p>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")</p> <ul style="list-style-type: none"> • 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 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • 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.
<p>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.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>	<p>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.</p>	<p>*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.</p>
<p>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.</p>	<p>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.</p>	<p>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.</p>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. 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.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>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.</p>	<p>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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>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.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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%.</p> <p><u>Eligibility:</u> 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.</p> <p>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.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.).	Disability Coverage (Cont.)	Disability Coverage (Cont.) 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 <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • 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. <u>Defined Contribution Component:</u> Not applicable.

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	185	154
Inactive members:		
Vested inactive members	42	13
Non-vested inactive members	79	47
Inactive members active elsewhere in VRS	129	17
Total inactive members	250	77
Active members	305	169
Total covered employees	740	400

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 12.62% 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 \$1,654,811 and \$1,640,441 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 10.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Contributions (Continued)

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 \$310,595 and \$318,487 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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 57,068,131	\$ 46,352,943	\$ 10,715,188
Changes for the year:			
Service cost	\$ 1,506,011	\$ -	\$ 1,506,011
Interest	3,900,665	-	3,900,665
Contributions - employer	-	1,640,441	(1,640,441)
Contributions - employee	-	637,244	(637,244)
Net investment income	-	7,297,446	(7,297,446)
Benefit payments, including refunds of employee contributions	(2,688,703)	(2,688,703)	-
Administrative expenses	-	(39,389)	39,389
Other changes	-	384	(384)
Net changes	\$ 2,717,973	\$ 6,847,423	\$ (4,129,450)
Balances at June 30, 2014	\$ 59,786,104	\$ 53,200,366	\$ 6,585,738

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 13,337,611	\$ 11,189,794	\$ 2,147,817
Changes for the year:			
Service cost	\$ 347,629	\$ -	\$ 347,629
Interest	903,387	-	903,387
Contributions - employer	-	318,487	(318,487)
Contributions - employee	-	147,336	(147,336)
Net investment income	-	1,732,436	(1,732,436)
Benefit payments, including refunds of employee contributions	(864,159)	(864,159)	-
Administrative expenses	-	(9,589)	9,589
Other changes	-	91	(91)
Net changes	\$ 386,857	\$ 1,324,602	\$ (937,745)
Balances at June 30, 2014	\$ 13,724,468	\$ 12,514,396	\$ 1,210,072

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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Campbell			
Net Pension Liability (Asset)	\$ 14,719,248	\$ 6,585,738	\$ (128,991)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,613,714	\$ 1,210,072	\$ 14,815

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—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 \$765,784 and \$151,481, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,254,793	\$ -	\$ 770,739
Employer contributions subsequent to the measurement date	1,654,811	-	310,595	-
Total	<u>\$ 1,654,811</u>	<u>\$ 3,254,793</u>	<u>\$ 310,595</u>	<u>\$ 770,739</u>

\$1,654,811 and \$310,595 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)
2016	\$ (813,698)	\$ (192,685)
2017	(813,698)	(192,685)
2018	(813,698)	(192,685)
2019	(813,699)	(192,684)
Thereafter	-	-

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$5,491,770 and \$4,415,408 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 \$62,577,000 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 .51782% as compared to .50806% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$5,187,408. 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—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)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,102,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	9,287,000
Employer contributions subsequent to the measurement date	<u>5,491,770</u>	<u>-</u>
Total	<u>\$ 6,593,770</u>	<u>\$ 9,287,000</u>

\$5,491,770 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	\$ (2,079,000)
2017	(2,079,000)
2018	(2,079,000)
2019	(2,079,000)
Thereafter	131,000

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* 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%.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 91,888,000	\$ 62,577,000	\$ 38,444,000

Pension Plan Fiduciary Net Position

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:

The Governmental Accounting Standards Board ("GASB") Statement No. 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes standards for the measurement, recognition and display of other postemployment benefits ("OPEB") expense and related liabilities in the financial statements. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

County and School Board Health Insurance

A. Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

A Campbell County retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. County employees hired prior to July 1, 2006 and School employees hired for the 2006-2007 school year and before must have 10 years of service with Campbell County in order to be eligible for postretirement medical coverage. All subsequently hired employees must have 20 years of service with Campbell County to be eligible. Retired employees, hired on or after July 1, 2010, eligible for VRS retirement benefits with at least 20 years of consecutive County service may continue their health insurance under the County insurance plan until age 65 if they elect to pay the entire insurance premium established for regular employees in that classification. The Schools allow dependents to be covered if eligible employees are hired on or after July 1, 2010; employees hired prior to July 1, 2010 are also provided dependent coverage if they meet the previously stated eligibility requirements. Coverage for County employees will be limited to the retired employee and will not include dependents.

Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan.

The number of participants at June 30, 2015 was as follows:

	Primary Government	School Board
Retirees currently receiving benefits	27	115
Active employees	235	865
Total	262	980

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

County and School Board Health Insurance: (Continued)

B. Funding Policy

The County and Schools currently fund postemployment health care benefits on a pay-as-you-go basis. During fiscal year 2015, neither the County nor the Schools designated any funding for the OPEB liability.

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

C. Annual Required Contribution (ARC):

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC an amount actuarially determined with the parameters of GASB 45. The estimated pay as you go cost for OPEB benefits for fiscal year 2015 was \$569,977 for the County and \$2,251,613 for the School Board. The County and School Board have paid \$318,223 and \$1,324,806, respectively towards this obligation during the fiscal year. 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 on an open basis. The components of the annual OPEB cost are depicted in the following table.

	Primary Government	School Board
Annual required contribution	\$ 576,234	\$ 2,263,419
Interest on net OPEB obligation	101,779	192,018
Adjustment to annual required contribution	(108,036)	(203,824)
Annual OPEB cost	\$ 569,977	\$ 2,251,613
Contributions made	318,223	1,324,806
Increase in net OPEB obligation	\$ 251,754	\$ 926,807
Net OPEB obligation-beginning of year	2,544,471	4,800,464
Net OPEB obligation-end of year	\$ 2,796,225	\$ 5,727,271

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.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 569,977	55.83%	\$ 2,796,225
June 30, 2014	728,709	41.93%	2,544,471
June 30, 2013	707,536	39.25%	2,121,277

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

County and School Board Health Insurance: (Continued)

Annual Other Postemployment Benefit Cost and Net OPEB Obligation: (Continued)

C. Annual Required Contribution (ARC): (Continued)

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 2,251,613	58.84%	\$ 5,727,271
June 30, 2014	2,088,398	58.69%	4,800,464
June 30, 2013	2,005,468	55.56%	3,937,725

D. Funded Status and Funding Progress

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

	<u>Primary Government</u>	<u>School Board</u>
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Actuarial Accrued Liability (AAL)	\$ 6,920,366	\$ 27,562,020
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	6,920,366	27,562,020
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-	-
Covered Payroll (Active Plan Members)	9,532,439	33,496,559
UAAL as a Percentage of Covered Payroll	72.60%	82.28%

Information about annual covered payroll is unavailable.

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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

County and School Board Health Insurance: (Continued)

Annual Other Postemployment Benefit Cost and Net OPEB Obligation: (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 the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, the post-retirement health costs are assumed to be earned ratably from the date of hire to the participant's full eligibility age. The actuarial assumptions used a 4% discount, 3% inflation rate and an initial annual healthcare cost trend of 9% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5.0%. The unfunded accrued liability is being amortized as a level percentage over 30 years on an open basis. The remaining amortization period at July 1, 2014 (actuarial valuation date) is 30 years.

School Board Health Insurance Credit Program

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2015 was .57% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

School Board Health Insurance Credit Program: (Continued)**C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The School Board is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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, on an open basis.

For 2015, the School Board's contribution of \$16,588 was equal to the ARC and 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:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 16,588	100.00%	\$ -
June 30, 2014	22,952	100.00%	-
June 30, 2013	21,112	100.00%	-

D. Funded Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	\$ 390,889
Actuarial Value of Plan Assets	197,437
Unfunded Actuarial Accrued Liability (UAAL)	193,452
Funded Ratio (Actuarial Value of Plan Assets/AAL)	50.51%
Covered Payroll (Active Plan Members)	2,931,951
UAAL as a Percentage of Covered Payroll	6.60%

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

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

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

School Board Health Insurance Credit Program: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2014 was 29 years.

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014 and 2013 were \$402,543, \$420,336, and \$404,986, respectively, and equaled the required contributions for each year.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015 (CONTINUED)

NOTE 14-PROPERTY TAXES:

The County levies real estate taxes on all real property within its boundaries, except that exempted by statute, at a rate enacted by the Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue. Public utility property is assessed by the Commonwealth. All real property is assessed at 100 percent of fair market value and reassessed every four years as of January 1. The Commissioner of Revenue, by authority of County ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in annual installments due December 5. The taxes receivable balance at June 30, 2015 includes amounts not yet received from the January 1, 2015 levy. Property taxes attach as an enforceable lien on property as of January 1.

In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The real estate tax rate was \$.52 and \$.53 per \$100 of assessed value for calendar years 2015 and 2014, respectively.

Personal property tax assessments on all motor vehicles is \$4.45 per \$100 assessed value. Personal property tax on business machinery and tools is \$3.25 per \$100 of assessed value. Personal property taxes for the calendar year are due on December 5. Personal property tax assessments are not prorated. Property is assessed as of January 1st of each year.

NOTE 15-RISK MANAGEMENT:

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

The County contracts with VACorp to provide insurance coverage for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the League, the League may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage consists of \$1 million primary and \$4 million excess coverage.

The School Board contracts with private insurers for property and liability coverage.

Unemployment Insurance

The County and School Board are fully self-insured for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance

The County is self-insured for medical coverage for County and School employees. Anthem serves as the administrator of a group medical insurance program in which the County and School Board's participating employees are combined into one overall funding program. The program includes a specific stop loss of \$125,000 for the program year ending September 30, 2014, and a maximum aggregate liability of 115% of Anthem's estimate of the expected liability.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 15–RISK MANAGEMENT: (CONTINUED)

Employee Health Insurance: (Continued)

Liabilities for unpaid claims and claims incurred but not reported (IBNR) are estimated based on the estimated ultimate costs of settling the claims. Changes in the balances of claim liabilities are as follows:

<u>Fiscal Year Ending</u>	<u>Beginning of Year</u>	<u>Insured Claims (Including IBNR)</u>	<u>Claim Payments</u>	<u>End of Year</u>
June 30, 2015	\$ 880,775	\$ 11,030,955	\$ 10,878,088	\$ 1,033,642
June 30, 2014	889,776	8,875,356	8,884,357	880,775
June 30, 2013	906,004	8,429,283	8,445,511	889,776

In fiscal year 2012 the County started offering health benefits with a health savings account. The County has provided an annual contribution to each employee's health savings account.

NOTE 16–COMMITMENTS AND CONTINGENCIES:

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required they will be immaterial.

Revenue Bonds of Campbell County Utilities and Service Authority

The County Board of Supervisors has issued expressions of intent to provide the debt service payments on certain revenue bonds issued by the Campbell County Utilities and Service Authority (CCUSA). This support agreement is a non-binding obligation to appropriate to the CCUSA such funds as may be requested from time to time to pay these debt service costs for the life of the bonds, or 20 years. The County paid CCUSA \$98,668 for debt service in fiscal year 2015. In turn, the County receives water and sewer access fees related to these projects. In 2015, the County received approximately \$66,244 in such fees.

Library Foundation

The County has agreed to provide \$700,000 in financing for the construction of a new library and recreation center. Additionally, the County is the recipient of a grant from the Department of Housing and Urban Development in the amount of \$500,000. The Library Foundation, an independent organization from the County will provide the remaining amounts necessary to fund the total estimated cost of construction in the amount of \$1.85 million. Expenses in the amount of \$281,501 were incurred during fiscal year 2015 toward the construction of the Timbrook Library.

IDA - Adverse IRS Determination

The Internal Revenue Service (IRS) has concluded that certain revenue bonds issued in 1994 by the IDA on behalf of a private company do not qualify as tax exempt bonds. No estimate of any potential liability under this finding has been provided to the IDA, and the company is legally obligated to indemnify the IDA for any assessments. Management does not believe this action will result in any expense to the IDA, and accordingly no liability has been recorded.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 16—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Leesville Road Waterline

The County financed the construction of the Leesville Road waterline. Campbell County Utility Service (CCUSA) will own and operate the assets. All connection fees received as a result of the waterline will be remitted to the County until the costs are recovered. If the total costs are not recovered, CCUSA is not responsible for the difference.

The County reports the following encumbrances and/or commitments as of June 30, 2015

	Primary Government			Component Unit - School Board	
	General Fund	Solid Waste Fund	Capital Projects Fund	School Operating Fund	School Capital Projects Fund
Education	\$ 6,227,874	\$ -	\$ -	\$ 6,227,874	\$ -
Economic development	132,361	-	-	-	-
General operations	1,215,656	-	-	-	-
Capital projects	-	-	3,715,336	-	454,568
Public works	-	47,521	-	-	-
Total	<u>\$ 7,575,891</u>	<u>\$ 47,521</u>	<u>\$ 3,715,336</u>	<u>\$ 6,227,874</u>	<u>\$ 454,568</u>

The County had outstanding significant construction contracts in the amount of \$1,419,098 at June 30, 2015.

NOTE 17—RESTRICTED ASSETS:

The County and School Board reports the following restricted assets:

County - Cash: Contributions - Road construction project	<u>\$ 2,695,045</u>
School Board - Cash: Donations - Brookville High School Fieldhouse	<u>\$ 104,568</u>

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLES & OTHER RESTATEMENT:

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 this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of net position.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLES & OTHER RESTATEMENT: (CONTINUED)

Additionally, during fiscal year 2015 the County transferred capital assets and related accumulated depreciation for joint tenancy assets with debt previously extinguished. This transfer resulted in a restatement of net position.

The following table reports the effects of the restatements of net position:

	<u>County</u>	<u>School Board</u>
Net Position as reported at June 30, 2014	\$ 58,908,448	\$ 7,304,308
Implementation of GASB Statement No. 68	(9,074,747)	(67,403,922)
Transfer of joint tenancy assets	<u>(8,165,320)</u>	<u>8,165,320</u>
Net Position as restated at June 30, 2014	<u>\$ 41,668,381</u>	<u>\$ (51,934,294)</u>

NOTE 19—UPCOMING PRONOUNCEMENTS:

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

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

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 (CONTINUED)

NOTE 19–UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 37,047,919	37,387,718	\$ 37,439,459	\$ 51,741
Other local taxes	9,661,330	9,640,415	10,160,937	520,522
Permits, privilege fees, and regulatory licenses	315,208	415,608	459,415	43,807
Fines and forfeitures	121,266	121,266	141,950	20,684
Revenue from the use of money and property	202,410	202,410	289,294	86,884
Charges for services	2,600,209	2,637,624	2,252,426	(385,198)
Miscellaneous	91,380	205,600	257,273	51,673
Recovered costs	318,567	318,567	318,685	118
Intergovernmental:				
Commonwealth	12,930,175	13,467,001	13,203,394	(263,607)
Federal	3,590,630	3,781,242	3,519,923	(261,319)
Total revenues	\$ 66,879,094	\$ 68,177,451	\$ 68,042,756	\$ (134,695)
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	\$ 94,321	\$ 94,321	\$ 87,934	\$ 6,387
County administrator	361,881	484,414	472,310	12,104
Independent auditor	61,800	61,800	61,800	-
Business auditor	106,334	112,193	108,629	3,564
Commissioner of the Revenue	397,511	398,445	355,804	42,641
Reassessment	393,108	459,492	384,217	75,275
Central purchasing	163,677	164,677	152,351	12,326
Legal services	267,714	268,277	253,685	14,592
Treasurer	551,314	556,954	528,074	28,880
Information systems	862,725	950,391	666,443	283,948
Management services	388,194	390,602	378,773	11,829
Vehicle licensing	27,152	27,152	24,582	2,570
Human resources	224,016	263,134	204,791	58,343
Other	944,876	677,260	517,712	159,548
Registrar	206,857	208,544	191,862	16,682
Public information	120,121	120,752	82,718	38,034
Total general government administration	\$ 5,171,601	\$ 5,238,408	\$ 4,471,685	\$ 766,723
Judicial administration				
Circuit court	\$ 83,222	\$ 95,308	\$ 80,182	\$ 15,126
General district court	15,042	16,880	12,778	4,102
Magistrates	1,411	1,411	971	440
Juvenile and domestic relations court	15,574	16,016	13,660	2,356
Clerk of the circuit court	533,267	574,729	546,976	27,753
Victim witness program	147,621	149,176	147,607	1,569
Commissioner of accounts	1,320	1,320	1,106	214
Commonwealth attorney	824,877	846,966	829,443	17,523
Total judicial administration	\$ 1,622,334	\$ 1,701,806	\$ 1,632,723	\$ 69,083

General Fund

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

For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES (CONTINUED)				
Public safety				
Sheriff	\$ 4,866,203	\$ 5,224,806	\$ 4,968,047	\$ 256,759
E - 911 system	1,016,242	1,092,517	1,003,970	88,547
Fire departments	619,348	631,415	573,977	57,438
Ambulance and rescue services	437,925	478,421	403,388	75,033
Paid EMT services	1,789,438	1,870,092	1,733,767	136,325
Forest fire extinction service	20,781	20,781	20,780	1
Jail	3,100,000	3,100,000	3,100,000	-
Probation office	4,700	5,255	4,907	348
Local corrections	459,404	399,979	342,402	57,577
Building inspections	318,853	322,340	302,460	19,880
Animal control	249,880	261,020	244,059	16,961
Medical examiner	800	800	860	(60)
Emergency services	247,937	278,091	242,238	35,853
Total public safety	\$ 13,131,511	\$ 13,685,517	\$ 12,940,855	\$ 744,662
Public works				
Highway services	\$ 22,000	\$ 22,000	\$ 20,857	\$ 1,143
Street lights	9,100	9,100	8,587	513
Maintenance of buildings and grounds	1,373,690	1,446,230	1,336,393	109,837
Public works administration	286,838	292,839	249,526	43,313
Total public works	\$ 1,691,628	\$ 1,770,169	\$ 1,615,363	\$ 154,806
Health and welfare				
Health department	\$ 409,181	\$ 409,181	\$ 409,181	\$ -
Chapter X board	172,010	172,010	172,010	-
Welfare assistance and administration	6,936,072	6,969,991	6,500,215	469,776
At risk youth program	2,340,510	2,543,857	2,467,047	76,810
Property tax relief for elderly/handicapped	-	324,403	320,428	3,975
Housing assistance	126,134	129,119	109,761	19,358
Strategic prevention framework incentive	1,290	75,909	55,876	20,033
Other health and welfare	15,029	15,029	15,029	-
Total health and welfare	\$ 10,000,226	\$ 10,639,499	\$ 10,049,547	\$ 589,952
Education				
Contribution to School Board				
Component unit	\$ 27,183,695	\$ 33,149,965	\$ 25,787,723	\$ 7,362,242
Total education	\$ 27,183,695	\$ 33,149,965	\$ 25,787,723	\$ 7,362,242

General Fund

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

For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES (CONTINUED)				
Parks, recreation, and cultural				
Parks and recreation	\$ 523,085	\$ 539,158	\$ 514,744	\$ 24,414
Community recreation	194,749	198,855	152,101	46,754
Library	1,033,446	1,063,260	1,031,744	31,516
Literacy	30,275	33,711	33,126	585
Total parks, recreation, and cultural	\$ 1,781,555	\$ 1,834,984	\$ 1,731,715	\$ 103,269
Community Development				
Zoning	\$ 479,163	\$ 492,308	\$ 449,101	\$ 43,207
Economic development	454,465	944,193	699,410	244,783
Planning	110,100	110,100	110,100	-
Campbell County Utility Service Authority	18,384	208,471	99,268	109,203
Environmental management program	131,862	207,424	109,708	97,716
Soil and water conservation district	16,000	16,000	15,218	782
Cooperation extension program	102,909	101,409	84,529	16,880
Total community development	\$ 1,312,883	\$ 2,079,905	\$ 1,567,334	\$ 512,571
Debt Service				
Principal	\$ 3,159,125	\$ 3,202,570	\$ 3,159,124	\$ 43,446
Interest and fiscal charges	1,890,725	1,890,725	1,883,785	6,940
Total debt service	\$ 5,049,850	\$ 5,093,295	\$ 5,042,909	\$ 50,386
Nondepartmental	\$ (1,850,976)	\$ (1,175,000)	219	(1,175,219)
Total expenditures	\$ 65,094,307	\$ 74,018,548	\$ 64,840,073	\$ 9,178,475
Excess (deficiency) of revenues over (under) expenditures	\$ 1,784,787	\$ (5,841,097)	\$ 3,202,683	\$ 9,043,780
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 107,233	\$ 107,233	\$ -
Transfers out	(2,028,935)	(3,957,664)	(3,957,664)	-
Total other financing sources (uses)	\$ (2,028,935)	\$ (3,850,431)	\$ (3,850,431)	\$ -
Net change in fund balances	\$ (244,148)	\$ (9,691,528)	\$ (647,748)	\$ 9,043,780
Fund balance - beginning	244,148	9,691,528	24,762,349	15,070,821
Fund balance - ending	\$ -	\$ -	\$ 24,114,601	\$ 24,114,601

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Solid Waste Fund

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 100	\$ (1,900)
Charges for services	870,000	870,000	903,663	33,663
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	16,418	16,418	16,424	6
Total revenues	<u>\$ 888,418</u>	<u>\$ 888,418</u>	<u>\$ 920,187</u>	<u>\$ 31,769</u>
EXPENDITURES				
Current:				
Public Works - Solid Waste	<u>\$ 1,572,353</u>	<u>\$ 1,732,546</u>	<u>\$ 1,605,491</u>	<u>\$ 127,055</u>
Total expenditures	<u>\$ 1,572,353</u>	<u>\$ 1,732,546</u>	<u>\$ 1,605,491</u>	<u>\$ 127,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (683,935)</u>	<u>\$ (844,128)</u>	<u>\$ (685,304)</u>	<u>\$ 158,824</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 683,935	\$ 683,935	\$ 683,935	\$ -
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 283,935</u>	<u>\$ 283,935</u>	<u>\$ 283,935</u>	<u>\$ -</u>
Net change in fund balances	\$ (400,000)	\$ (560,193)	\$ (401,369)	\$ 158,824
Fund balance - beginning	<u>400,000</u>	<u>560,193</u>	<u>2,262,838</u>	<u>1,702,645</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,861,469</u>	<u>\$ 1,861,469</u>

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 1,506,011
Interest	3,900,665
Benefit payments, including refunds of employee contributions	<u>(2,688,703)</u>
Net change in total pension liability	\$ 2,717,973
Total pension liability - beginning	57,068,131
Total pension liability - ending (a)	<u>\$ 59,786,104</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,640,441
Contributions - employee	637,244
Net investment income	7,297,446
Benefit payments, including refunds of employee contributions	<u>(2,688,703)</u>
Administrative expense	(39,389)
Other	<u>384</u>
Net change in plan fiduciary net position	\$ 6,847,423
Plan fiduciary net position - beginning	46,352,943
Plan fiduciary net position - ending (b)	<u>\$ 53,200,366</u>
 County's net pension liability - ending (a) - (b)	\$ 6,585,738
 Plan fiduciary net position as a percentage of the total pension liability	88.98%
 Covered-employee payroll	\$ 12,703,891
 County's net pension liability as a percentage of covered-employee payroll	51.84%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 347,629
Interest	903,387
Benefit payments, including refunds of employee contributions	(864,159)
Net change in total pension liability	<u>\$ 386,857</u>
Total pension liability - beginning	<u>13,337,611</u>
Total pension liability - ending (a)	<u><u>\$ 13,724,468</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 318,487
Contributions - employee	147,336
Net investment income	1,732,436
Benefit payments, including refunds of employee contributions	(864,159)
Administrative expense	(9,589)
Other	91
Net change in plan fiduciary net position	<u>\$ 1,324,602</u>
Plan fiduciary net position - beginning	<u>11,189,794</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 12,514,396</u></u>
 School Board's net pension liability - ending (a) - (b)	 \$ 1,210,072
 Plan fiduciary net position as a percentage of the total pension liability	 91.18%
 Covered-employee payroll	 \$ 2,950,955
 School Board's net pension liability as a percentage of covered-employee payroll	 41.01%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

		<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)		0.52%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	62,577,000
Employer's Covered-Employee Payroll		37,818,503
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		165.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
County:					
2015	\$ 1,654,811	\$ 1,654,811	\$ -	\$ 13,172,665	13%
School Board - Non-Professionals:					
2015	\$ 310,595	\$ 310,595	\$ -	\$ 2,910,102	11%
School Board - Professionals:					
2015	\$ 5,491,770	\$ 5,491,770	\$ -	\$ 38,004,120	14%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

Component Unit School Board - Professional Employees

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

Required Supplementary Information
Schedule of OPEB Funding Progress

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll (1)	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 7,920,240	\$ 7,920,240	0.00%	\$ N/A	N/A
7/1/2013	-	8,311,631	8,311,631	0.00%	N/A	N/A
7/1/2014	-	6,920,366	6,920,366	0.00%	9,532,439	72.60%

School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll (1)	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 23,641,170	\$ 23,641,170	0.00%	\$ N/A	N/A
7/1/2013	-	24,454,112	24,454,112	0.00%	N/A	N/A
7/1/2014	-	27,562,020	27,562,020	0.00%	33,496,559	82.28%

School Board - Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 172,231	\$ 397,316	\$ 225,085	43.35%	\$ 2,758,337	8.16%
6/30/2013	180,848	389,304	208,456	46.45%	2,995,330	6.96%
6/30/2014	197,437	390,889	193,452	50.51%	2,931,951	6.60%

(1) Information about annual covered payroll was unavailable for the 7/1/2012 and 7/1/2013 actuarial valuations.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF CAMPBELL, VIRGINIA

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

County Capital Projects Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 15,000	\$ 15,000	\$ 34,092	\$ 19,092
Miscellaneous	-	479,455	426,316	(53,139)
Intergovernmental revenues:				
Commonwealth	420,800	1,107,027	497,987	(609,040)
Federal	-	500,000	-	(500,000)
Total revenues	\$ 435,800	\$ 2,101,482	\$ 958,395	\$ (1,143,087)
EXPENDITURES				
Current:				
Capital projects	\$ 3,134,428	\$ 8,364,687	\$ 3,105,859	\$ 5,258,828
Total expenditures	\$ 3,134,428	\$ 8,364,687	\$ 3,105,859	\$ 5,258,828
Excess (deficiency) of revenues over (under) expenditures				
	\$ (2,698,628)	\$ (6,263,205)	\$ (2,147,464)	\$ 4,115,741
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,725,000	\$ 2,553,729	\$ 2,553,729	\$ -
Transfers out	-	(107,233)	(107,233)	-
Total other financing sources (uses)	\$ 1,725,000	\$ 2,446,496	\$ 2,446,496	\$ -
Net change in fund balances				
	\$ (973,628)	\$ (3,816,709)	\$ 299,032	\$ 4,115,741
Fund balance - beginning				
	973,628	3,816,709	3,806,907	(9,802)
Fund balance - ending				
	\$ -	\$ -	\$ 4,105,939	\$ 4,105,939

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Road Construction Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
2,714,000	2,714,000	2,714,000	-
2,714,000	2,714,000	8,628	(2,705,372)
-	-	-	-
<u>\$ 5,428,000</u>	<u>\$ 5,428,000</u>	<u>\$ 2,722,628</u>	<u>\$ (2,705,372)</u>
\$ -	\$ 5,428,000	\$ 20,314	\$ 5,407,686
<u>\$ -</u>	<u>\$ 5,428,000</u>	<u>\$ 20,314</u>	<u>\$ 5,407,686</u>
<u>\$ 5,428,000</u>	<u>\$ -</u>	<u>\$ 2,702,314</u>	<u>\$ 2,702,314</u>
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,428,000	\$ -	\$ 2,702,314	\$ 2,702,314
<u>(5,428,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702,314</u>	<u>\$ 2,702,314</u>

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

	Special Welfare	Drug Enforcement	Commonwealth Attorney Drug Fund	Flexible Benefits	County Agency	Total
ASSETS						
Cash and cash equivalents	\$ 38,675	\$ 143,724	\$ 84,440	\$ 41,924	\$ 41,811	\$ 350,574
Receivables						
Accounts receivable	-	-	-	523	-	523
Total assets	<u>\$ 38,675</u>	<u>\$ 143,724</u>	<u>\$ 84,440</u>	<u>\$ 42,447</u>	<u>\$ 41,811</u>	<u>\$ 351,097</u>
LIABILITIES						
Accounts payable	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
Amounts held for social service clients	38,675	-	-	-	-	38,675
Amounts held for others	-	143,224	84,440	42,447	41,811	311,922
Total liabilities	<u>\$ 38,675</u>	<u>\$ 143,724</u>	<u>\$ 84,440</u>	<u>\$ 42,447</u>	<u>\$ 41,811</u>	<u>\$ 351,097</u>

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 53,878	\$ 138,554	\$ 153,757	\$ 38,675
Liabilities:				
Amounts held for social service clients	\$ 53,878	\$ 138,554	\$ 153,757	\$ 38,675
Drug Enforcement:				
Assets:				
Cash and cash equivalents	\$ 142,973	\$ 1,951	\$ 1,200	\$ 143,724
Liabilities:				
Accounts payable	\$ -	\$ 500	\$ -	\$ 500
Amounts held for others	142,973	1,951	1,700	143,224
Total liabilities	\$ 142,973	\$ 2,451	\$ 1,700	\$ 143,724
Commonwealth Attorney Drug Fund:				
Assets:				
Cash and cash equivalents	\$ 84,776	\$ 1,977	\$ 2,313	\$ 84,440
Total assets	\$ 84,776	\$ 1,977	\$ 2,313	\$ 84,440
Liabilities:				
Amounts held for others	\$ 84,776	\$ 1,977	\$ 2,313	\$ 84,440
Flexible Benefits:				
Assets:				
Cash and cash equivalents	\$ 42,033	\$ 3,271,127	\$ 3,271,236	\$ 41,924
Accounts receivable	123	400	-	523
Total assets	\$ 42,156	\$ 3,271,527	\$ 3,271,236	\$ 42,447
Liabilities:				
Amounts held for others	\$ 42,156	\$ 3,271,527	\$ 3,271,236	\$ 42,447
County Agency:				
Assets:				
Cash and cash equivalents	\$ 36,552	\$ 5,259	\$ -	\$ 41,811
Liabilities:				
Amounts held for others	\$ 36,552	\$ 5,259	\$ -	\$ 41,811
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 360,212	\$ 3,418,868	\$ 3,428,506	\$ 350,574
Accounts receivable	123	400	-	523
Total assets	\$ 360,335	\$ 3,419,268	\$ 3,428,506	\$ 351,097
Liabilities:				
Accounts payable	\$ -	\$ 500	\$ -	\$ 500
Amounts held for social service clients	53,878	138,554	153,757	38,675
Amounts held for others	306,457	3,280,714	3,275,249	311,922
Total liabilities	\$ 360,335	\$ 3,419,768	\$ 3,429,006	\$ 351,097

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,124,707	\$ 1,406,459	\$ 1,504,405	\$ 11,035,571
Due from other governmental units	2,557,329	46,993	-	2,604,322
Prepaid items	438,674	14,276	-	452,950
Restricted assets:				
Cash and cash equivalents	-	-	104,568	104,568
Total assets	<u>\$ 11,120,710</u>	<u>\$ 1,467,728</u>	<u>\$ 1,608,973</u>	<u>\$ 14,197,411</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 634,613	\$ 25,372	\$ -	\$ 659,985
Accrued liabilities	7,137,412	202,308	-	7,339,720
Due to primary government	2,905,785	-	-	2,905,785
Total liabilities	<u>\$ 10,677,810</u>	<u>\$ 227,680</u>	<u>\$ -</u>	<u>\$ 10,905,490</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 438,674	\$ 14,276	\$ -	\$ 452,950
Restricted:				
BHS fieldhouse construction	-	-	104,568	104,568
Committed:				
Education	6,227,874	-	-	6,227,874
Education - capital projects	-	-	454,568	454,568
Assigned:				
Education	4,226	1,225,772	-	1,229,998
Education - capital projects	-	-	1,049,837	1,049,837
Unassigned	(6,227,874)	-	-	(6,227,874)
Total fund balances	<u>\$ 442,900</u>	<u>\$ 1,240,048</u>	<u>\$ 1,608,973</u>	<u>\$ 3,291,921</u>
Total liabilities and fund balances	<u>\$ 11,120,710</u>	<u>\$ 1,467,728</u>	<u>\$ 1,608,973</u>	<u>\$ 14,197,411</u>

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

Total fund balances per above	\$ 3,291,921
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds (Cost of \$54,204,636 and accumulated depreciation of \$36,382,476)	17,822,160
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	
Items related to measurement of net pension liability	(10,057,739)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	5,802,365
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Net OPEB obligation	\$ (5,727,271)
Changes in proportionate share of employer contributions to the cost-sharing pension plan	1,102,000
Net pension liability	(63,787,072)
Compensated absences	(415,631)
Net position of governmental activities	<u>\$ (51,969,267)</u>

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	School Capital Projects Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 3,159	\$ 1,251	\$ 748	\$ 5,158
Charges for services	120,619	1,149,578	-	1,270,197
Miscellaneous	27,031	6,362	218,180	251,573
Recovered costs	463,395	-	-	463,395
Intergovernmental:				
Local government	25,787,723	-	-	25,787,723
Commonwealth	45,669,302	58,040	-	45,727,342
Federal	3,651,333	2,225,641	-	5,876,974
Total revenues	<u>\$ 75,722,562</u>	<u>\$ 3,440,872</u>	<u>\$ 218,928</u>	<u>\$ 79,382,362</u>
EXPENDITURES				
Current:				
Education	\$ 75,673,071	\$ 3,441,151	\$ 46,092	\$ 79,160,314
Total expenditures	<u>\$ 75,673,071</u>	<u>\$ 3,441,151</u>	<u>\$ 46,092</u>	<u>\$ 79,160,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 49,491</u>	<u>\$ (279)</u>	<u>\$ 172,836</u>	<u>\$ 222,048</u>
Net change in fund balances	\$ 49,491	\$ (279)	\$ 172,836	\$ 222,048
Fund balances - beginning	393,409	1,240,327	1,436,137	3,069,873
Fund balances - ending	<u>\$ 442,900</u>	<u>\$ 1,240,048</u>	<u>\$ 1,608,973</u>	<u>\$ 3,291,921</u>

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

Net change in fund balances - total governmental funds - per above \$ 222,048

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

Capital outlay	\$ 2,114,214	
Depreciation expense	<u>(1,871,517)</u>	242,697

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

Change in deferred inflows related to the measurement of the net pension liability	(10,057,739)
--	--------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

(Increase)/decrease in compensated absences	\$ (36,387)	
(Increase)/decrease in net pension liability	8,350,745	
Increase/(decrease) in deferred outflow - pension related items	2,170,470	
(Increase)/decrease in net OPEB obligation	<u>(926,807)</u>	9,558,021

Change in net position of governmental activities	\$ <u>(34,973)</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

School Operating Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 3,159	\$ (341)
Charges for services	121,500	121,500	120,619	(881)
Miscellaneous	26,500	34,521	27,031	(7,490)
Recovered costs	290,500	478,895	463,395	(15,500)
Intergovernmental:				
Local government	27,183,695	33,149,965	25,787,723	(7,362,242)
Commonwealth	46,053,171	46,090,341	45,669,302	(421,039)
Federal	4,373,446	5,034,992	3,651,333	(1,383,659)
Total revenues	<u>\$ 78,052,312</u>	<u>\$ 84,913,714</u>	<u>\$ 75,722,562</u>	<u>\$ (9,191,152)</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 56,406,094	\$ 59,302,560	\$ 54,570,170	\$ 4,732,390
Administration, attendance and health	4,096,987	4,272,650	3,911,549	361,101
Pupil transportation	5,051,839	5,648,996	5,112,851	536,145
Operation and maintenance services	8,015,050	9,705,191	7,784,708	1,920,483
Technology	4,482,342	5,986,523	4,293,793	1,692,730
Total expenditures	<u>\$ 78,052,312</u>	<u>\$ 84,915,920</u>	<u>\$ 75,673,071</u>	<u>\$ 9,242,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (2,206)</u>	<u>\$ 49,491</u>	<u>\$ 51,697</u>
Net change in fund balances	\$ -	\$ (2,206)	\$ 49,491	\$ 51,697
Fund balance - beginning	<u>-</u>	<u>2,206</u>	<u>393,409</u>	<u>391,203</u>
Fund balance - ending	\$ -	\$ -	\$ 442,900	\$ 442,900

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Statement of Net Position

Discretely Presented Component Unit - Industrial Development Authority

June 30, 2015

	<u>Enterprise Fund</u>
ASSETS	
Cash and cash equivalents	\$ 482,266
Due from primary government	106,666
Industrial assets held for industry - real property	<u>1,852,627</u>
Total assets	<u>\$ 2,441,559</u>
LIABILITIES	
Long-term liabilities:	
Due within one year	\$ 195,318
Due in more than one year	<u>1,598,829</u>
Total liabilities	<u>\$ 1,794,147</u>
NET POSITION	
Unrestricted	<u><u>\$ 647,412</u></u>

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

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ 8,059
Revenue from the use of property	190,451
Miscellaneous	1,218
Total operating revenues	<u>\$ 199,728</u>
OPERATING EXPENSES	
Economic incentive grants	\$ 80,883
Other operating costs	1,752
Total operating expenses	<u>\$ 82,635</u>
Operating income (loss)	<u>\$ 117,093</u>
NONOPERATING REVENUES (EXPENSES)	
Contributions from Campbell County	\$ 52,500
Interest income	4,973
Interest expense	<u>(99,266)</u>
Net nonoperating revenues (expenses)	<u>\$ (41,793)</u>
Change in net position	\$ 75,300
Net position - beginning	\$ 572,112
Net position - ending	<u><u>\$ 647,412</u></u>

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

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from grantors and customers	\$ 199,728
Payments to grantees and suppliers	379,581
Net cash provided by (used for) operating activities	\$ <u>579,309</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from Campbell County	\$ 52,500
Interest Income	4,973
Net cash provided by (used for) noncapital financing activities	\$ <u>57,473</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on long term debt	\$ (2,228,290)
Proceeds from indebtedness	1,757,755
Interest paid on long term debt	(106,000)
Net cash provided by (used for) capital and related financing activities	\$ <u>(576,535)</u>
Net increase (decrease) cash and cash equivalents	\$ 60,247
CASH AND CASH EQUIVALENTS	
Cash balance - beginning	422,019
Cash balance - ending	\$ <u><u>482,266</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 117,093
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(1,030)
(Increase) decrease in industrial assets held for industry - equipment	463,246
Net cash provided by (used for) operating activities	\$ <u><u>579,309</u></u>

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Other Statistical Information

Contents

Tables

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.

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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.

5 - 7

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.

8 - 9

Demographic and Economic Information

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

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

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COUNTY OF CAMPBELL, VIRGINIA

Table 1

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)
Primary government										
Governmental activities										
Net investment in capital assets	\$ 28,478,148	\$ 30,237,231	\$ 39,715,828	\$ 31,775,484	\$ 28,284,570	\$ 27,643,364	\$ 25,710,879	\$ 26,658,220	\$ 28,719,429	\$ 22,853,751
Restricted	1,239,449	-	-	-	-	-	-	-	-	2,702,314
Unrestricted	11,235,965	16,516,792	11,756,092	20,312,047	23,778,379	24,548,926	31,368,847	31,359,486	30,189,019	20,276,672
Total governmental activities net position	\$ 40,953,562	\$ 46,754,023	\$ 51,471,920	\$ 52,087,531	\$ 52,062,949	\$ 52,192,290	\$ 57,079,726	\$ 58,017,706	\$ 58,908,448	\$ 45,832,737

(1) - The County implemented GASB Statement Nos. 63 and 65, effective fiscal year 2013

(2) - The County implemented GASB Statement Nos. 68 and 71, effective fiscal year 2015

COUNTY OF CAMPBELL, VIRGINIA

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

	2006	2007	2008	2009	2010	2011	2012	2013***	2014	2015
Expenses										
Governmental activities:										
General government administration	\$ 10,769,897	\$ 10,442,305	\$ 10,558,342	\$ 13,001,378	\$ 12,928,427	\$ 12,555,596	\$ 14,367,571	\$ 4,832,503	\$ 4,836,557	\$ 4,886,285
Judicial administration	1,790,192	1,442,333	1,528,774	1,637,800	1,708,920	1,686,219	1,634,401	1,678,561	1,742,957	1,672,627
Public safety	8,660,249	9,595,475	10,869,255	11,261,624	13,092,272	13,228,773	12,712,040	14,282,692	14,361,780	13,887,466
Public works	4,573,187	4,547,485	5,432,700	7,721,687	5,397,503	4,568,411	3,431,997	3,299,182	3,983,923	3,441,597
Health and welfare	9,699,537	11,038,564	11,738,042	10,582,093	9,613,637	9,556,302	9,329,764	9,816,547	9,882,472	10,090,691
Education	21,872,581	18,929,774	20,812,779	18,207,914	19,502,314	21,571,119	21,786,877	26,144,199	27,033,049	28,493,461
Parks, recreation and cultural	1,755,200	1,871,066	1,933,983	1,866,239	2,083,747	1,822,030	1,762,788	1,723,223	1,776,225	1,935,595
Community development	3,002,164	2,134,058	2,139,589	2,139,309	1,572,293	2,967,441	2,316,684	2,745,880	2,142,982	1,942,194
Interest on long-term debt	1,275,358	1,185,531	1,123,787	2,568,222	2,515,923	2,384,806	2,244,465	2,108,383	1,555,690	1,825,883
Total governmental activities expenses	\$ 63,398,365	\$ 61,186,591	\$ 66,137,251	\$ 68,986,266	\$ 68,415,036	\$ 70,340,697	\$ 69,586,587	\$ 66,631,170	\$ 67,315,635	\$ 68,175,799
Total primary government expenses	\$ 63,398,365	\$ 61,186,591	\$ 66,137,251	\$ 68,986,266	\$ 68,415,036	\$ 70,340,697	\$ 69,586,587	\$ 66,631,170	\$ 67,315,635	\$ 68,175,799
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 7,728,331	\$ 8,569,047	\$ 9,541,595	\$ 9,319,950	\$ 8,895,934	\$ 8,763,016	\$ 8,852,653	\$ 390,947	\$ 414,893	\$ 394,421
Judicial administration	136,082	118,653	111,540	85,601	122,019	121,039	31,272	28,690	10,163	7,358
Public safety	511,544	1,322,373	1,348,131	1,706,266	1,958,620	1,683,597	1,841,768	2,031,695	1,954,759	2,044,946
Public works	1,295,080	1,343,752	1,105,008	945,665	1,005,159	945,976	636,348	823,993	803,031	923,792
Health and welfare	-	-	-	-	34,680	-	-	-	-	-
Parks, recreation and cultural	223,948	226,963	234,040	227,362	249,297	274,777	209,061	209,368	200,099	190,557
Community development	-	-	-	-	48,943	32,052	46,174	43,957	51,107	196,360
Operating grants and contributions	11,212,583	12,571,430	13,171,193	12,425,500	11,558,109	11,512,825	10,765,466	11,243,741	11,050,952	11,310,942
Capital grants and contributions	1,366,882	659,373	1,181,992	246,851	585,146	704,737	480,513	450,560	775,951	508,650
Total governmental activities program revenues	\$ 22,474,450	\$ 24,811,591	\$ 26,693,499	\$ 24,957,195	\$ 24,457,907	\$ 24,038,019	\$ 22,863,255	\$ 15,222,951	\$ 15,260,955	\$ 15,577,026
Total primary government program revenues	\$ 22,474,450	\$ 24,811,591	\$ 26,693,499	\$ 24,957,195	\$ 24,457,907	\$ 24,038,019	\$ 22,863,255	\$ 15,222,951	\$ 15,260,955	\$ 15,577,026
Net (expense) / revenue										
Governmental activities	\$ (40,923,915)	\$ (36,375,000)	\$ (39,443,752)	\$ (44,029,071)	\$ (43,957,129)	\$ (46,302,678)	\$ (46,723,332)	\$ (51,408,219)	\$ (52,054,680)	\$ (52,598,773)
Total primary government net expense	\$ (40,923,915)	\$ (36,375,000)	\$ (39,443,752)	\$ (44,029,071)	\$ (43,957,129)	\$ (46,302,678)	\$ (46,723,332)	\$ (51,408,219)	\$ (52,054,680)	\$ (52,598,773)

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

	2006	2007	2008	2009	2010	2011	2012	2013**	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 25,384,031	\$ 26,181,462	\$ 27,801,209	\$ 29,695,573	\$ 29,816,678	\$ 30,846,372	\$ 31,620,082	\$ 36,936,888	\$ 37,049,057	\$ 37,430,288
Other local taxes **	9,001,449	9,985,749	10,409,697	10,044,925	8,520,653	8,455,611	8,871,212	9,571,055	9,722,828	10,160,937
Interest and Investment income	1,321,908	1,641,200	1,406,527	1,047,057	397,787	351,069	241,235	153,943	466,368	347,551
Unrestricted grants and contributions	3,947,082	4,092,302	4,051,899	4,013,350	4,914,103	5,460,420	5,373,618	5,275,066	5,316,657	5,426,764
Other	236,053	274,748	344,739	351,051	283,326	1,318,547	183,127	406,963	390,512	3,397,589
Gain (loss) on sale of capital assets *	-	-	147,578	(507,274)	-	-	5,321,494	62,284	-	-
Total governmental activities	\$ 39,890,523	\$ 42,175,461	\$ 44,161,649	\$ 44,644,682	\$ 43,932,547	\$ 46,432,019	\$ 51,610,768	\$ 52,406,199	\$ 52,945,422	\$ 56,763,129
Total primary government	\$ 39,890,523	\$ 42,175,461	\$ 44,161,649	\$ 44,644,682	\$ 43,932,547	\$ 46,432,019	\$ 51,610,768	\$ 52,406,199	\$ 52,945,422	\$ 56,763,129
Change in Net Position										
Governmental activities	\$ (1,033,392)	\$ 5,800,461	\$ 4,717,897	\$ 615,611	\$ (24,582)	\$ 129,341	\$ 4,887,436	\$ 997,980	\$ 890,742	\$ 4,164,356
Total primary government	\$ (1,033,392)	\$ 5,800,461	\$ 4,717,897	\$ 615,611	\$ (24,582)	\$ 129,341	\$ 4,887,436	\$ 997,980	\$ 890,742	\$ 4,164,356

* As of fiscal year 2010 (loss) on sale of capital assets is reported within the expense function.

** As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.

*** The County implemented GASB Statement 63 and 65, effective July 1, 2012 -

Certain revenue and expense items were reclassified and netted to to reflect changes in the allocation of the internal service fund

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
General fund										
Reserved	\$ 461,700	\$ 805,534	\$ 1,205,792	\$ 1,302,297	\$ 1,251,774					
Unreserved:										
Designated	5,647,091	5,300,955	5,326,719	7,212,014	8,540,762					
Undesignated	8,858,777	9,068,757	10,170,316	12,884,404	13,760,966					
Total general fund	<u>\$ 14,967,568</u>	<u>\$ 15,175,246</u>	<u>\$ 16,702,827</u>	<u>\$ 21,398,715</u>	<u>\$ 23,553,502</u>					
All other governmental funds										
Reserved	\$ 2,779,309	\$ 2,052,726	\$ 11,790,190	\$ 7,524,054	\$ 916,524					
Unreserved, reported in:										
Special revenue funds	559,314	502,654	2,837,950	3,355,746	2,301,181					
Capital projects funds	4,214,182	6,690,341	19,908,448	2,247,383	3,070,446					
Total all other governmental funds	<u>\$ 7,552,805</u>	<u>\$ 9,245,721</u>	<u>\$ 34,536,588</u>	<u>\$ 13,127,183</u>	<u>\$ 6,288,151</u>					
Total fund balance, governmental funds	<u>\$ 22,520,373</u>	<u>\$ 24,420,967</u>	<u>\$ 51,239,415</u>	<u>\$ 34,525,898</u>	<u>\$ 29,841,653</u>					
General fund										
Nonspendable	\$ 141,964	\$ 1,461,885	\$ 137,125	\$ 141,363	\$ 192,102					
Committed	6,494,918	7,226,668	7,082,941	7,283,292	7,575,891					
Assigned	2,029,391	-	-	-	-					
Unassigned	13,857,696	14,140,923	15,601,083	17,337,694	16,346,608					
Total general fund	<u>\$ 22,523,969</u>	<u>\$ 22,829,476</u>	<u>\$ 22,821,149</u>	<u>\$ 24,762,349</u>	<u>\$ 24,114,601</u>					
All other governmental funds										
Nonspendable	\$ 873	\$ 873	\$ 542	\$ 1,012	\$ 1,100					
Restricted	-	-	-	-	2,702,314					
Committed	1,073,022	2,507,129	2,694,012	3,028,201	3,762,857					
Assigned	6,569,201	5,996,277	4,846,534	3,040,532	2,203,451					
Unassigned	(13,778)	-	-	-	-					
Total all other governmental funds	<u>\$ 7,629,318</u>	<u>\$ 8,504,279</u>	<u>\$ 7,541,088</u>	<u>\$ 6,069,745</u>	<u>\$ 8,669,722</u>					
Total fund balance, governmental funds	<u>\$ 30,153,287</u>	<u>\$ 31,333,755</u>	<u>\$ 30,362,237</u>	<u>\$ 30,832,094</u>	<u>\$ 32,784,323</u>					

(1) - The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

COUNTY OF CAMPBELL, VIRGINIA

Table 4

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	\$ 25,646,344	\$ 26,191,914	\$ 27,687,218	\$ 29,656,273	\$ 29,878,623	\$ 30,862,061	\$ 31,394,666	\$ 36,483,531	\$ 37,019,002	\$ 37,439,459
Other local taxes	9,001,449	9,985,749	10,409,697	10,044,925	8,520,653	8,455,611	8,871,212	9,571,055	9,722,828	10,160,937
Permits, privilege fees and regulatory licenses	382,254	397,580	373,627	295,858	260,941	267,595	309,389	309,438	254,802	459,415
Fines and forfeitures	122,262	137,224	160,047	157,178	215,515	260,671	178,962	161,464	136,015	141,950
Revenue from use of money and property	1,263,526	1,534,263	1,334,532	998,803	386,752	326,240	230,873	150,512	428,749	323,486
Charges for services	2,109,654	2,787,445	2,977,786	2,977,873	3,130,057	2,937,777	2,793,238	3,057,748	3,043,235	3,156,089
Miscellaneous	236,053	274,748	344,740	358,953	283,326	1,318,547	308,612	347,112	380,190	3,397,589
Recovered costs	278,295	292,641	303,760	302,932	311,572	345,738	295,141	314,854	302,814	318,685
Intergovernmental	16,251,097	17,260,605	18,405,084	16,685,701	17,057,358	18,026,749	16,424,139	16,969,367	17,143,560	17,246,356
Total revenues	\$ 55,290,934	\$ 58,862,169	\$ 61,956,491	\$ 61,478,496	\$ 60,044,797	\$ 62,800,989	\$ 60,806,232	\$ 67,365,081	\$ 68,431,195	\$ 72,643,966
Expenditures										
General government administration	\$ 3,378,466	\$ 3,638,781	\$ 3,934,042	\$ 4,016,873	\$ 3,915,300	\$ 4,089,668	\$ 4,073,250	\$ 4,283,849	\$ 4,306,051	\$ 4,471,685
Judicial administration	1,713,703	1,415,742	1,498,818	1,569,234	1,600,405	1,575,260	1,507,600	1,559,058	1,611,258	1,632,723
Public safety	8,132,163	9,148,605	9,891,105	10,177,131	11,985,338	12,605,698	11,905,232	12,422,719	12,968,541	12,940,855
Public works	2,108,693	2,473,011	3,673,818	3,566,034	4,226,429	3,308,866	3,113,380	3,229,978	3,675,089	3,220,854
Health and welfare	9,575,423	10,973,695	11,836,735	10,521,422	9,390,648	9,422,479	8,980,678	9,586,967	9,650,094	10,049,547
Education	19,650,698	17,418,375	19,286,028	16,633,517	17,718,603	20,034,312	20,022,771	23,902,801	24,102,429	25,787,723
Parks, recreation and cultural	1,657,866	1,721,718	1,806,558	1,766,398	1,972,890	1,723,843	1,654,803	1,617,241	1,653,349	1,731,715
Community development	1,422,436	1,991,215	1,605,571	1,805,956	1,512,187	2,430,107	1,931,433	2,096,644	1,579,983	1,567,334
Non-departmental	-	-	-	-	-	-	357	96	-	219
Capital projects	10,950,983	4,422,204	13,095,157	23,220,618	6,826,686	1,472,522	1,057,458	2,741,894	3,665,156	3,126,173
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	2,262,480	2,513,356	2,483,080	2,656,078	3,007,153	3,457,196	3,259,527	3,252,633	3,124,117	3,159,124
Interest and other fiscal charges	1,189,582	1,244,873	1,257,691	2,617,944	2,573,403	2,438,998	2,301,424	2,170,990	1,615,593	1,883,785
Total expenditures	\$ 62,042,493	\$ 56,961,575	\$ 70,368,603	\$ 78,551,205	\$ 64,729,042	\$ 62,558,949	\$ 59,807,913	\$ 66,864,870	\$ 67,951,660	\$ 69,571,737
Excess (deficiency) of revenues over (under) expenditures	\$ (6,751,559)	\$ 1,900,594	\$ (8,412,112)	\$ (17,072,709)	\$ (4,684,245)	\$ 242,040	\$ 998,319	\$ 500,211	\$ 479,535	\$ 3,072,229
Other financing sources (uses)										
Transfers in	\$ 3,370,764	\$ 5,678,421	\$ 7,902,569	\$ 2,340,457	\$ 2,846,052	\$ 4,091,288	\$ 2,383,573	\$ 4,173,957	\$ 2,791,054	\$ 3,344,897
Transfers out	(3,870,764)	(5,678,421)	(7,902,569)	(2,340,457)	(2,846,052)	(4,091,288)	(2,382,573)	(5,773,957)	(2,811,054)	(4,464,897)
Sale of capital assets	-	-	355,560	359,192	-	69,594	181,149	128,271	10,322	-
Bond proceeds	-	-	34,875,000	-	-	-	-	-	-	-
Capital lease proceeds	142,397	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (357,603)	\$ -	\$ 35,230,560	\$ 359,192	\$ -	\$ 69,594	\$ 182,149	\$ (1,471,729)	\$ (9,678)	\$ (1,120,000)
Net change in fund balances	\$ (7,109,162)	\$ 1,900,594	\$ 26,818,448	\$ (16,713,517)	\$ (4,684,245)	\$ 311,634	\$ 1,180,468	\$ (971,518)	\$ 469,857	\$ 1,952,229
Debt service as a percentage of noncapital expenditures	6.30%	7.00%	6.20%	8.70%	9.47%	9.53%	9.35%	8.23%	7.21%	7.49%

* As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF CAMPBELL, VIRGINIA

Table 5

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

Fiscal Year	Real Estate (1)	Personal Property (5)	Mobile Homes	Machinery and Tools	Merchants' Capital (2)	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate (4)	Overlapping Tax Rates		Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
									Town of Brookneal	Altavista		
2006	\$ 2,601,326,824	\$ 244,399,720	\$ 37,759,625	\$ 161,101,468	\$ -	\$ 200,396,983	\$ 3,244,984,620	\$ 0.91	\$ N/A	\$ N/A	\$ 3,489,384,340	93.00%
2007	2,651,326,904	263,432,872	38,559,730	166,449,183	-	188,588,574	3,308,357,263	0.92	N/A	N/A	3,571,790,135	92.62%
2008	3,544,470,652	283,008,367	35,253,947	165,736,642	-	218,197,839	4,246,667,447	0.77	N/A	N/A	4,529,675,814	93.75%
2009	3,627,444,441	290,675,456	35,812,054	178,158,301	-	227,290,354	4,359,380,606	0.80	N/A	N/A	4,650,056,062	93.75%
2010	3,446,391,746	275,659,287	38,104,148	181,371,640	-	225,843,782	4,167,370,603	0.80	N/A	N/A	4,443,029,890	93.80%
2011	3,481,544,084	290,493,898	38,124,281	178,812,591	-	229,811,578	4,218,786,432	0.80	N/A	N/A	4,509,280,330	93.56%
2012	3,569,563,504	293,444,818	33,350,485	176,187,896	-	227,802,743	4,300,349,446	0.80	N/A	N/A	4,593,794,264	93.61%
2013	3,603,683,524	329,262,195	33,492,140	162,685,289	-	233,962,523	4,363,085,671	0.87	N/A	N/A	4,692,347,866	92.98%
2014	3,912,428,038	323,800,332	33,896,613	164,990,259	-	269,437,638	4,704,552,880	0.87	N/A	N/A	5,028,353,212	93.56%
2015	3,948,966,754	322,558,248	34,559,213	164,892,424	-	331,742,101	4,802,718,740	0.82	N/A	N/A	5,125,276,988	93.71%

(1) Assessed value is as of January 1 of the previous fiscal year; does not include tax exempt property

(2) Merchants' capital is no longer assessed as of fiscal year 2004

(3) Real estate, mobile homes, and machinery and tools taxes are assessed on a taxable property value which is 100% of estimated fair market value

Personal property taxes are assessed on a taxable property value which is 50% of fair market.

(4) Per \$100 of assessed value.

(5) Includes recreational and apportioned vehicles

Source: Commissioner of Revenue

COUNTY OF CAMPBELL, VIRGINIA

Table 6

Principal Property Taxpayers
Current Year and the Nine Years Prior

Taxpayer	Fiscal Year 2015				Fiscal Year 2006			
	Taxable		% of Total		Taxable		% of Total	
	Assessed	Valuation	Rank	Assessed	Valuation	Rank	Assessed	Valuation
BWX Tech, Inc	\$	89,542,015	1	1.97%	\$	55,121,313	2	1.78%
Abbott Laboratories (Ross)		67,563,622	2	1.49%		59,488,251	1	1.92%
AREVA NP Inc (Framatone)		29,714,561	3	0.65%		22,903,620	5	0.74%
BGF Industries Inc		26,795,406	4	0.59%		23,188,763	4	0.75%
Georgia Pacific Wood Prod LLC		24,996,512	5	0.55%		23,642,211	3	0.76%
Timken Company		19,046,221	6	0.42%		20,109,625	6	0.65%
Progress Printing Company		16,405,534	7	0.36%		12,598,190	7	0.41%
Schrader-Bridgeport International		11,319,989	8	0.25%		11,167,998	8	0.36%
Graham Packaging Plastic Products		10,013,192	9	0.22%		5,019,291	na	0.16%
Boxley Materials Company Inc		8,496,942	10	0.19%		3,750,249	na	0.12%
	\$	303,893,994		6.69%	\$	236,989,511		7.65%

Source: Commissioner of Revenue

COUNTY OF CAMPBELL, VIRGINIA

Table 7

Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended June 30	Current Tax Levy (1)	Collections in Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Amount	Percent of Levy Collected		Total Tax Collections	Percent of Levy Collected
2006	\$ 29,425,081	\$ 28,544,069	97.01%	\$ 847,558	\$ 29,391,627	99.89%
2007	30,130,010	29,453,668	97.76%	595,627	30,049,295	99.73%
2008	31,437,939	30,569,832	97.24%	346,686	30,916,518	98.34%
2009	33,407,401	32,226,034	96.46%	603,081	32,829,115	98.27%
2010	33,210,365	32,310,883	97.29%	565,476	32,876,359	98.99%
2011	33,876,914	33,329,195	98.38%	470,995	33,800,190	99.77%
2012	34,291,683	33,598,099	97.98%	662,175	34,260,274	99.91%
2013	36,438,020	35,105,656	96.34%	733,430	35,839,086	98.36%
2014	36,680,581	35,493,051	96.76%	1,073,226	36,566,277	99.69%
2015	40,359,558	39,551,215	98.00%	-	39,551,215	98.00%

(1) Exclusive of penalties and interest.

COUNTY OF CAMPBELL, VIRGINIA

Table 8

Ratios of Total Outstanding Debt
Last Ten Fiscal Years

Fiscal Years	Governmental Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General		Literary		Capital				
	Obligation	Bonds	Fund Loans	Leases					
2006	\$	19,033,693	\$	14,203,978	\$	137,215	\$	2.5%	651
2007		17,583,127		13,153,056		104,840		2.2%	593
2008		51,023,657		12,118,623		70,156		2.4%	1,213
2009		49,415,066		11,087,788		32,994		2.6%	1,151
2010		47,411,159		10,064,034		-		2.9%	1,100
2011		44,805,688		9,191,801		-		3.2%	985
2012		42,397,886		8,319,568		-		3.0%	922
2013		39,996,978		7,447,335		-		2.8%	862
2014		37,395,331		6,575,101		-		2.6%	796
2015		35,108,439		5,702,869		-		2.4%	726

Note: All of the County's debt is a direct obligation of the County; the County has no overlapping debt.

Debt is net of premiums and discounts

(1) Source - U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available. Personal income was last updated for calendar year 2008.

COUNTY OF CAMPBELL, VIRGINIA

Table 9

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

Fiscal Year	Net General Bonded Debt			Percentage of Actual Value of Taxable Property (2)	Total Net General Bonded Debt Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Total		
2006	\$ 18,540,374	\$ 14,203,978	\$ 32,744,352	0.94%	\$ 638
2007	17,110,316	13,153,056	30,263,372	0.85%	582
2008	50,571,354	12,118,623	62,689,977	1.38%	1,203
2009	48,983,271	11,087,788	60,071,059	1.29%	1,142
2010	47,411,159	10,064,034	57,475,193	1.29%	1,100
2011	44,805,688	9,191,801	53,997,489	1.20%	985
2012	42,397,886	8,319,568	50,717,454	1.10%	922
2013	39,996,978	7,447,335	47,444,313	1.01%	862
2014	37,395,331	6,575,101	43,970,432	0.87%	796
2015	35,108,439	5,702,869	40,811,308	0.80%	726

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans; excludes capital leases and compensated absences. Debt is net of premiums and discounts.

COUNTY OF CAMPBELL, VIRGINIA

Table 10

Principal Employers
Current Year

Employer	Industry	2014		
		Employees	Rank	% of Total Employment
BWX	Nuclear	1,000 +	1	4% +
Campbell County Schools	Public Education	1,000 +	1	4% +
Areva NP	Nuclear	500-999	3	2% - 4%
Abbott Industries	Pharmaceuticals	500-999	3	2% - 4%
BGF Industries	Fiberglass Fabric	500-999	3	2% - 4%
Campbell County Govt	Local Government	250-499	6	1% - 2%
Moore's At Home Electrical and Mechanical	Specialty Trade Contractors	250-499	6	1% - 2%
Wal Mart - Supercenter	General Merchandise Stores	250-499	6	1% - 2%
Timken Company	Automotive Parts	250-499	6	1% - 2%
Schrader International	Transportation Equipment Manufacturing	250-499	6	1% - 2%
Totals		4,750 +		19% +

Total employed 25,677

Note: Information from nine years ago is not available. Statistics include part time employees.

Source: Virginia Employment Commission, LMI, Largest Employers

COUNTY OF CAMPBELL, VIRGINIA

Table 11

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income		Per Capita Income (2)	School Enrollment(3)	Unemployment Rate (2)
		(in thousands)	(4)			
2005	51,300	\$	1,408,808	\$ 27,462	8,630	3.40%
2006	52,016		1,408,808	27,084	8,557	3.20%
2007	52,112		1,488,006	29,445	8,517	3.40%
2008	52,595		1,682,830	31,996	8,485	4.00%
2009	52,237		n/a*	30,229	8,341	7.20%
2010	54,842		n/a*	29,899	8,140	6.20%
2011	55,032		n/a*	33,664	8,029	6.70%
2012	55,030		n/a*	33,180	7,995	6.00%
2013	55,235		n/a*	n/a*	7,876	5.47%
2014	56,232		n/a*	n/a*	7,786	5.30%

(1) Population is based on figures available from Weldon Cooper Center, University of Virginia. 2010 and 2011 is based on US Census.

(2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, for Campbell + Lynchburg MSA

(3) Source - Campbell County School Administration.

(4) Source - U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available.

* Updated information not available

COUNTY OF CAMPBELL, VIRGINIA

Table 12

Full-Time Equivalent County Government Employees By Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government										
Function:										
General government administration	42	44	43	43	42	42	44	44	44	52
Judicial administration *	18	18	20	20	20	20	20	20	21	21
Public safety **	93	99	103	106	116	122	122	122	123	122
Public works	30	33	33	33	33	33	33	33	34	26
Health and welfare	82	82	82	82	82	82	82	82	82	78
Culture and recreation	22	22	22	22	22	22	20	20	20	22
Community development	8	8	8	9	9	9	9	9	10	12
Totals	295	306	311	315	324	330	330	330	334	333
Component Unit - School Board										
Function:										
Education - full and part-time	1324	1347	1328	1343	1362	1303	1319	1311	1312	1312

* Staff increases

** Staff increases in Public Safety in FY08 resulted from the hiring of two additional deputy sheriffs and two additional E-911 dispatchers. Staff increases in Public Safety from FY06 thru FY11 resulted from the hiring of seventeen career EMT technicians, one EMT program manager and one assistant fire marshal in line with the County transitioning away from an all all-volunteer rescue squad program. The Schools reduced positions in FY2011 due to reductions in State funding.

Source: Human Resources and annual fiscal year budget

COUNTY OF CAMPBELL, VIRGINIA

Table 13

Operating Indicators By Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Sheriffs department:										
Physical arrests	2,309	2,677	2,649	2,683	4,398	5,192	4,533	3,390	3,351	3,673
Parking violations	66	60	56	21	21	148	50	8	18	20
Traffic violations	1,129	1,618	1,592	1,306	1,561	2,631	1,620	807	858	1,058
Court security manhours worked	6,024	6,438	6,216	6,420	7,532	7,618	7,618	7,748	6,858	6,482
Prisoner transports	254	357	269	285	435	298	371	235	286	348
Code enforcement violations	141	251	216	1,358	87	25	27	26	41	48
DUIs	75	96	97	91	94	103	80	59	70	105
Culture and recreation										
Parks and recreation attendees/participants:										
Youth sports participants	3,697	3,053	3,026	2,807	2,792	2,317	2,393	2,245	2,241	2,535
Dance and crafts - youth and adult	452	340	482	359	348	362	310	350	300	398
Trips	158	157	263	311	269	303	310	30	6	-
Senior centers	270	289	258	286	618	695	616	1,619	1,028	989
Playground programs	404	278	171	230	-	-	-	-	-	-
Registered special events	322	420	439	177	500	236	386	368	678	504
Open special events	N/A	2,978	3,125	2,172	3,840	1,198	1,500	2,914	1,035	2,519
Cooperative events	1,980	1,360	2,025	1,796	1,484	2,086	2,564	2,835	4,281	4,370
Ticket sales	N/A	2,091	3,109	1,042	3,801	2,954	2,692	3,040	2,538	2,340
Library:										
Volumes in collection *	185,271	184,428	190,330	106,381	168,219	169,710	167,616	160,391	174,666	160,990
Total volumes borrowed	241,225	245,487	248,132	253,816	257,650	259,321	231,449	211,068	236,142	267,089
Number of borrowers	17,325	16,181	17,563	19,535	22,079	21,799	13,905	19,949	19,123	17,178
Number of new borrowers added	2,642	2,560	2,564	2,198	2,512	2,976	2,191	2,378	2,551	7,236
Family and children's programs attendance	5,550	3,989	7,010	7,609	8,359	4,997	5,725	6,204	8,582	6,914
Public computer usage	16,503	18,563	20,724	41,757	44,792	47,031	45,630	39,760	38,809	40,439
Library visits	190,205	188,364	208,999	219,840	233,606	231,091	223,477	213,556	209,107	205,251
Number of adult and family programs	27	40	32	69	72	147	762	588	365	748
Adult program attendance	N/A	N/A	N/A	446	1,192	1,709	4,665	1,547	2,199	23,768
Number of children's programs	154	183	206	233	376	254	-	-	-	-
Component Unit - School Board										
Education:										
Actual school enrollment	8,630	8,557	8,517	8,485	8,353	8,140	8,029	7,995	7,876	7,786

Source: Library, Recreation & Parks and Sheriff's annual report to the Board of Supervisors

* Note: Library volumes in collection declined in 2009 as inventory was reduced by either selling books or donating them to the public.

In 2012 inactive library cards were purged, thus the reduction in the number of borrowers reported for 2012.

Additionally, the Library now reports programs on a combined basis rather than breaking them down between adult and children programs.

COUNTY OF CAMPBELL, VIRGINIA

Table 14

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety - insured vehicles										
Law enforcement vehicles	81	80	75	77	89	84	76	84	84	86
Other public safety	12	18	19	21	22	22	19	17	18	18
Public works										
Vehicles	27	29	32	19	19	19	18	16	14	14
Health and welfare										
Vehicles	29	29	29	29	28	28	28	26	28	28
Parks, recreation and cultural										
Vehicles	7	7	7	7	7	7	7	7	7	7
Other										
Vehicles	4	7	8	8	7	7	7	7	8	8

Source: Motor vehicle registration and Purchasing Department motor vehicle insurance reports

Increase in Law Enforcement vehicles in 2010 due to a late year purchase of vehicles where the vehicles being replaced were not disposed of until after the end of the fiscal year. The Sheriff's Dept retained several older vehicles in FY11 to be used for parts.

Decrease in Public Works in 2009 due to the County landfill merged with the Region 2000 Services Authority

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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
the Board of Supervisors
County of Campbell, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Campbell, 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 Campbell, Virginia's basic financial statements, and have issued our report thereon dated November 27, 2015.

Internal Control over Financial Reporting

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

Purpose of this Report

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

Robinson, Farney Cox Associates
Charlottesville, Virginia
November 27, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Honorable Members of
the Board of Supervisors
County of Campbell, Virginia

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, County of Campbell, 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 the County of Campbell, 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 Campbell, 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 Campbell, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer Cox Associates
(Charlottesville, Virginia)
November 27, 2015

COUNTY OF CAMPBELL, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950113/0950114	\$ 29,089
Temporary Assistance for Needy Families (TANF)	93.558	0400115/0400114	597,597
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500114	861
Low-Income Home Energy Assistance Program	93.568	0600415/0600414	57,092
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760114	80,596
Adoption and Legal Guardianship Incentive Payments	93.603	1130113	2,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900114	3,591
Foster Care - Title IV-E	93.658	1100115/1100114	287,997
Adoption Assistance	93.659	1120115/1120114	491,852
Social Services Block Grant	93.667	1000115/1000114	435,164
Chafee Foster Care Independence Program	93.674	9150115/9150114	7,879
Children's Health Insurance Program	93.767	0540115/0540114	17,519
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200115/1200114	623,179
Total Department of Social Services			\$ 2,634,416
Virginia Commonwealth University:			
Substance Abuse and Mental Health Services-Projects of Regional/National Significance	93.243	PT110769-SC106019	\$ 109,435
Total Department of Health and Human Services			\$ 2,743,851
Corporation for National and Community Service:			
Direct Payments:			
Retired and Senior Volunteer Program	94.002		\$ 30,582
Total Corporation for National and Community Service			\$ 30,582
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	unknown	\$ 4,172
Total Department of Homeland Security			\$ 4,172
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program - Food distribution	10.555	2015IN10994/2014IN10994	\$ 233,188
National School Lunch Program	10.555	2015IN10994/2014IN10994	1,507,092
Subtotal CFDA 10.555			1,740,280
School Breakfast Program	10.553	2015IN10994/2014IN10994	485,360
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040115/0040114	560,889
Total Department of Agriculture			\$ 2,786,529

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607		\$ 2,035
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	14WFAX0038/13WFAX0043	23,809
Joint Law Enforcement Operations	16.111	unknown	5,740
Crime Victim Assistance	16.575	1VAGX0051/13VAGX0025	82,414
Total Department of Justice			\$ 113,998
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2015-55149-5888	\$ 5,852
National Priority Safety Program	20.616	M2HVE-2015-55145-5884	1,235
Alcohol Open Container Requirements	20.607	154AL-2015-55137-5876	14,284
Total Department of Transportation			\$ 21,371
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers	14.871	unknown	\$ 45,057
Total Department of Housing and Urban Development			\$ 45,057
Library of Congress:			
Direct Payments:			
Teaching With Primary Sources	42.000		\$ 303
Total Library of Congress			\$ 303
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A140046/S010A130046	\$ 1,511,473
Adult Education Basic Grants to States	84.002	unknown	69,119
Advanced Placement Program	84.330	S330B140002	8,066
Career and Technical Education - Basic Grants to States	84.048	V048A140046/V048A130046	125,690
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	H027A140107/H027A130107	1,522,250
Title VI-B: Special Education Preschool Grants	84.173	H173A140112/H173A130112	37,619
Title II, Part A: Improving Teacher Quality State Grants	84.367	S367A140044/S367A130044	281,302
Twenty-First Century Community Learning Centers	84.287	S287C120047/S287C130047	82,451
English Language Acquisition Grants	84.365	S365A120046	13,064
Total Department of Education			\$ 3,651,034
Total Expenditures of Federal Awards			\$ 9,396,897

COUNTY OF CAMPBELL, VIRGINIA

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 ("Schedule") includes the federal grant activity of the County of Campbell, 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 Campbell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Campbell, Virginia.

Note 2 - Basis of Accounting

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

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

Note 3 - Food Commodities

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 3,519,923
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Total primary government	\$ 3,519,923
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Component Unit School Board:

School Operating Fund	\$ 3,651,333
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School Cafeteria Fund	2,225,641
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Total Component Unit School Board	\$ 5,876,974
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Total federal expenditures per basic financial statements	\$ 9,396,897
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,396,897
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COUNTY OF CAMPBELL, VIRGINIA

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?	No
Significant Deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	School Nutrition Cluster:
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program - Food distribution
93.778	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 Findings

There are no prior year findings to report.