



COUNTY  
OF  
SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2015

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**COUNTY OF SHENANDOAH, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by  
Mandy R. Belyea, Finance Director  
Shenandoah County, Virginia

**COUNTY OF SHENANDOAH, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

# County of Shenandoah

## BOARD OF SUPERVISORS

DISTRICT 1 - DICK NEESE 540.740.3414  
DISTRICT 2 - STEVE BAKER 540.477.3550  
DISTRICT 3 - DAVID FERGUSON 540.984.8777  
DISTRICT 4 - CINDY BAILEY 540.481.0471  
DISTRICT 5 - MARSHA SHRUNTZ 540.333.1042  
DISTRICT 6 - CONRAD HELSLEY 540.481.6167

600 N. Main Street, Ste 102  
WOODSTOCK, VA 22664



Tel: 540.459.6165 Fax: 540.459.6168  
[www.shenandoahcountyva.us](http://www.shenandoahcountyva.us)

## OFFICE OF COUNTY ADMINISTRATION

MARY T. PRICE  
COUNTY ADMINISTRATOR

EVAN L. VASS  
ASSISTANT COUNTY ADMINISTRATOR

December 22, 2015

### ***To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of the County of Shenandoah, Virginia:***

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Shenandoah (County) for the fiscal year ended 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The financial reporting entity (*the County*) includes all funds of the primary government (*i.e., the County of Shenandoah as legally defined*), as well as all of its component units. The County provides a full range of services including police and fire protection, sanitation services, recreational activities, cultural events, and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. 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, results of operations and cash flows from those of the primary government. The discretely presented component units included in this report are the Shenandoah County School Board and the Shenandoah County Library.



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

## □ The Reporting Entity and Economic Outlook □

The County of Shenandoah was formed in 1772 from Frederick County, and was originally named Dunmore County in honor of Governor Dunmore. In 1778, the name was changed to Shenandoah after the Shenandoah River, an Indian name meaning "Daughter of the Stars."

Situated in the scenic northern Shenandoah Valley of Virginia, the County is 34 miles long and an average of 16 miles wide and contains a land area of 512 square miles. Within the boundaries of the County of Shenandoah are the towns of Edinburg, Mt. Jackson, New Market, Strasburg, Toms Brook and Woodstock. The County is a political subdivision of the Commonwealth of Virginia administered by a six-member board elected by magisterial district for four year concurrent terms. The Board of Supervisors elects one of its own to serve as Chairman and appoints a County Administrator to oversee the general administration of the County.

Although a rural county, the County's 2015 population was 43,021. Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 25% of the jobs in the County. Agriculture accounts for less than 1% of the employment in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. Despite the fact that consumer confidence in the economy continues to remain relatively sluggish, sales and transient occupancy taxes for the County continued to improve in fiscal year 2015. Moreover, the County's unemployment is lower than the State average, and from June 2014 to June 2015, Shenandoah County saw its unemployment rates decrease from 5.6 percent to 4.7 percent.

The County is also pleased to report several significant economic development projects that began during fiscal year 2015. Andros Foods North America (Andros), a subsidiary of France-based Andros Food Products, began its investment of \$73 million over the next three years to expand its operations in Shenandoah County; Andros plans to add production and warehouse space and equipment to increase apple processing capacity for pouch products as well as process additional fruits. The project will create 160 new jobs within Shenandoah County. Additionally, Route 11 Potato Chips commenced its expansion of its existing potato chip production facility located within the County during fiscal year 2015; it has begun its investment of \$1.2 million, which includes the installation of a second production line in its current facility, and will create 13 new jobs.

## □ Major Initiatives and Goals □

The mission statement of the County of Shenandoah is as follows:

*The government of Shenandoah County is to promote an organizational environment that emphasizes the efficient delivery of high quality services to the public, assist the Board of Supervisors in carrying out its strategic objectives, and effectively communicate information about County operations and services to citizens, the Board of Supervisors, the public, the employees, and the media.*

In 2010, Rappahannock, Shenandoah and Warren counties formed the RSW Regional Jail Authority. The RSW Jail Authority hired an architectural firm to design a 375 bed regional jail to be constructed on land purchased in Warren County, Virginia. Plans for the RSW Regional Jail were completed in the fall of 2011. Construction of the RSW Regional Jail was funded by a 50 percent match from the Commonwealth of Virginia while the remaining portion was funded by each locality based on their proportional share of beds utilized. Construction began in June 2012, and the County is pleased to

report that the jail officially opened in July 2014. As a result, each of the member jurisdictions closed their local jails and moved prisoners into the RSW Regional Jail. This was a significant initiative for the County.

During fiscal year 2015, the County began the design and engineering of a new landfill cell at the County's landfill. The County's sanitary landfill is an 80-acre property that has been the sole repository of solid waste within Shenandoah County since the late 1970s. Construction of the nearly 5.5 acre landfill cell began in the late summer of 2015 and is slated to be completed by early 2016; it is anticipated that the new lined cell will begin receiving solid waste in the spring of 2016 as the current active cells are closed and decommissioned.

## □ Financial Information □

The management of the County of Shenandoah is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Shenandoah's accounting system, consideration is given to the adequacy of internal accounting controls. Internal 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 control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

### **Single Audit**

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2015 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

### **Budgeting Controls**

In addition to internal accounting controls, the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. Budgetary control is maintained at the function level and any unspent appropriations at the fiscal year end may be reappropriated as part of the following year's revised budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

### **Relevant financial policies**

The County of Shenandoah, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). Anticipated fiscal year 2015 revenues were less than appropriations and transfers to other funds by \$3,467,011 as a result of several large, one-time capital projects. In such cases, the policy allows for appropriation of fund balance to close the gap. However, because of measures taken during the year to control expenditures and an increase in certain revenue sources, the County was able to increase the fund balance by \$375,311 for the year.

### **Independent Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of federal Single Audit Act of 1984, as amended in 1997, and related OMB Circular A-133. The auditors' report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

### **Awards**

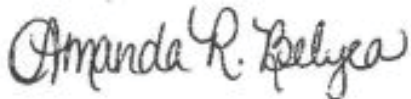
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Shenandoah, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mary Beth Price, County Administrator, Cindy George, Treasurer, the School Board and the members of their staff. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

Moreover, without the leadership and support of the Board of Supervisors, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in dark ink, reading "Amanda R. Belyea". The signature is written in a cursive, flowing style.

Amanda R. Belyea, CPA  
Director of Finance



Government Finance Officers Association

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

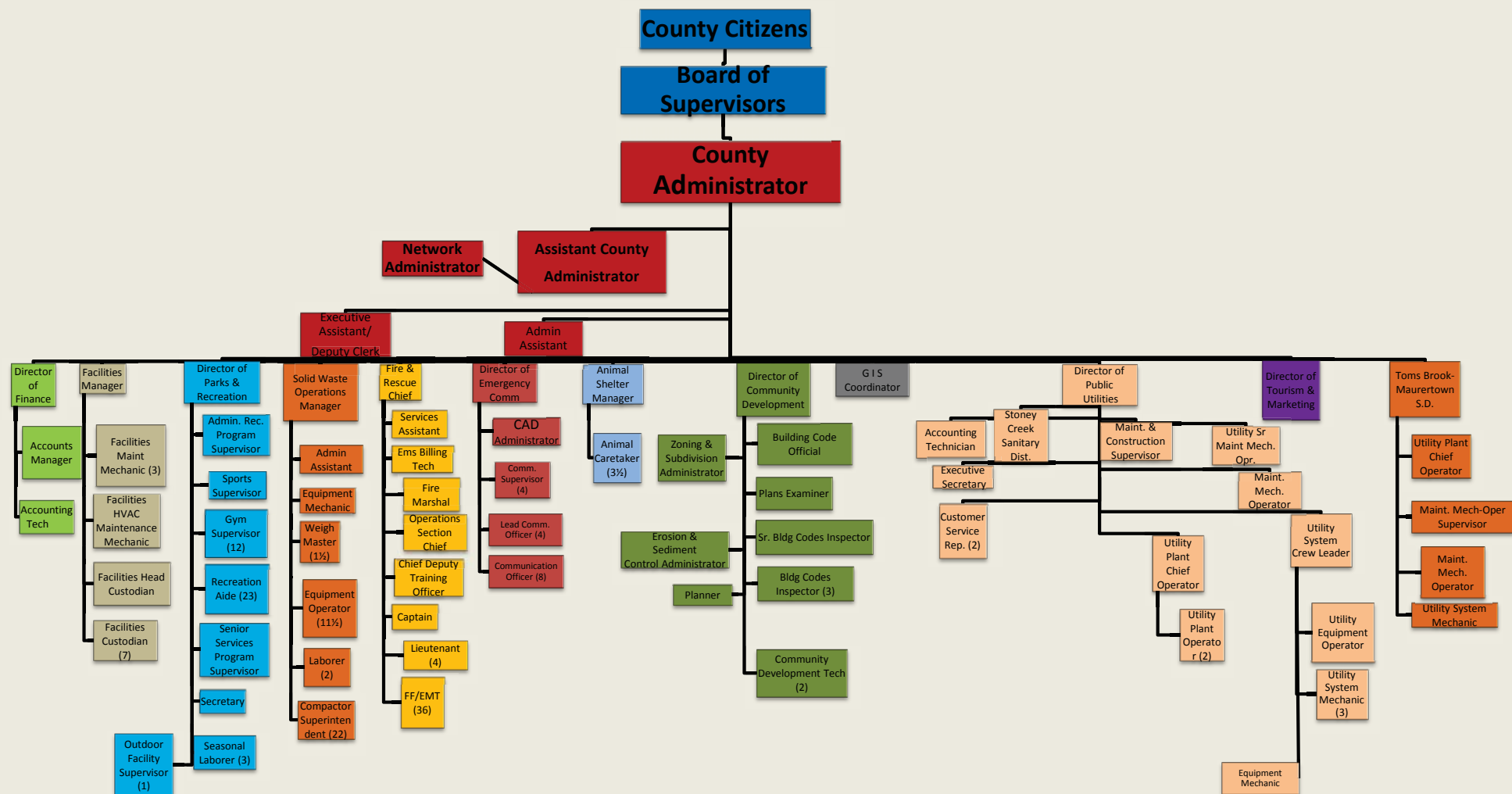
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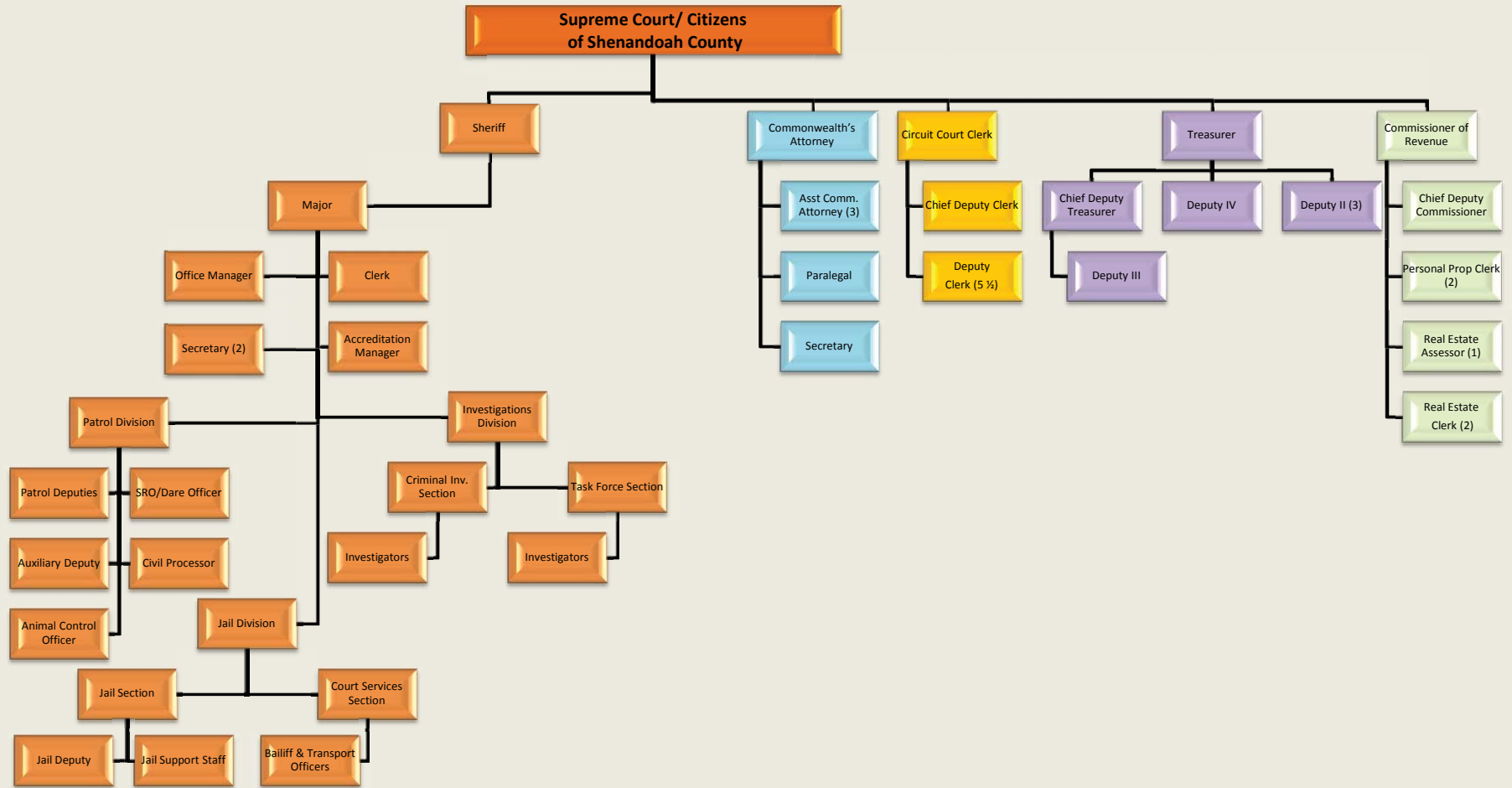
**County of Shenandoah  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO





## COUNTY OF SHENANDOAH, VIRGINIA

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### BOARD OF SUPERVISORS

---

David E. Ferguson, Chairman, District 3  
Dr. Conrad A. Helsley, Vice Chairman, District 6

Dick Neese, District 1  
Steven A. Baker, District 2

Cindy Bailey, District 4  
Marsha Shruntz, District 5

### COUNTY SCHOOL BOARD

---

Richard L. Koontz, Jr., Chairman, District 2  
Karen S. Whetzel, Vice Chairman, District 1

Irving L. Getz, District 5  
Katheryn A. Freakley, District 4

Kathryn G. Holsinger, District 3  
Sonya Williams-Giersch, District 6

### OTHER OFFICIALS

---

Judge of the Circuit Court .....	Dennis Hupp
Judge of the General District Court .....	Amy Tisinger
Judge of the Juvenile & Domestic Court.....	William Logan
Clerk of the General District Court.....	Tammy Heishman
Clerk of the Juvenile & Domestic Court.....	Nikki Taylor
Clerk of the Circuit Court .....	Denise Barb-Estep
Commonwealth's Attorney.....	Amanda McDonald Wiseley
Commissioner of the Revenue .....	Kathy Black
Treasurer .....	Cindy George
Sheriff .....	Timothy Carter
Superintendent of Schools.....	Dr. Jeremy J. Raley
Director of Sanitary Districts .....	Rodney McClain
Director of Social Services.....	Carla Taylor
General Registrar .....	Lisa McDonald
County Administrator .....	Mary T. Price
Assistant County Administrator.....	Evan L. Vass
County Attorney .....	J. Jay Litten
Finance Director .....	Mandy R. Belyea
Director of Economic Development .....	Brandon Davis
Chief Building Inspector.....	Michael Dellinger
Director of Parks and Recreation.....	Jered Hoover
Chief of Fire and Rescue .....	Gary Yew
Director of Emergency Communications Center .....	Jason Malloy
Maintenance Manager .....	Duane Williams
Library Director .....	Sandy Whitesides

## **FINANCIAL SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### **TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, VIRGINIA**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, 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 business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, 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 1 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 12-19, 99, and 100-105, 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 Shenandoah, Virginia's basic financial statements. The introductory section, other supplementary information, 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 financial statements.

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

The 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 December 18, 2015, on our consideration of the County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shenandoah, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 18, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia (County), 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. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2014.

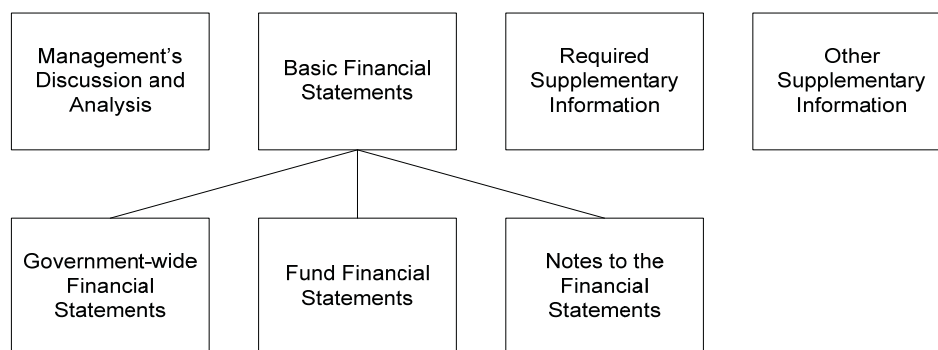
### **Financial Highlights**

- 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 \$23,005,861 (net position). Of this amount, \$7,869,585 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$27,029,880, an increase of \$171,156 in comparison with the prior year. Approximately \$13,577,568 or 50 percent of the total fund balance is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$13,577,568 represents 25 percent of total general fund expenditures.
- The County's total long-term obligations decreased by \$6,818,962 during the current fiscal year, primarily due to the investment earnings on its net pension assets which reduced the liability, and payment of principal on its other indebtedness.

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

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains required supplementary information and other supplementary information.

#### **Components of the Financial Report**



**Government-wide financial statements** - The government-wide financial statements provide financial statement users with a general overview of the County's finances. The statements provide both long-term and short-term information about the County's financial status. Two financial statements are used to present this information: 1) the statement of net position, and 2) the statement of activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, which is similar to the accounting used by private-sector companies.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 (business-type activities). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant fund, and the Landfill fund.

The government-wide financial statements include not only the County of Shenandoah, Virginia (known as the primary government), but also a legally separate school district and a legally separate library for which the County of Shenandoah, Virginia is financially accountable. 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 Shenandoah, 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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balance of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 eight 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 debt service fund and the capital projects fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant and the Landfill. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater and the Landfill all of which are considered to be major funds of the County.

Fiduciary funds - The County is the trustee, or fiduciary, 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. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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 concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in the connection with nonmajor governmental funds are also presented as required supplementary information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,005,861 at the close of the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Shenandoah County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 50 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



## Summary Statement of Net Position

### County of Shenandoah, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 50,894,976	\$ 51,541,664	\$ 2,120,278	\$ 2,357,120	\$ 53,015,254	\$ 53,898,784
Capital assets	50,096,535	52,188,642	9,766,677	9,448,541	59,863,212	61,637,183
Total assets	<u>\$ 100,991,511</u>	<u>\$ 103,730,306</u>	<u>\$ 11,886,955</u>	<u>\$ 11,805,661</u>	<u>\$ 112,878,466</u>	<u>\$ 115,535,967</u>
Total deferred outflows of resources	\$ 1,169,479	\$ -	\$ 167,752	\$ -	\$ 1,337,231	\$ -
Current liabilities	\$ 1,918,223	\$ 2,578,271	\$ 240,171	\$ 219,750	\$ 2,158,394	\$ 2,798,021
Long-term liabilities	54,054,094	54,489,034	12,673,890	11,934,060	66,727,984	66,423,094
Total liabilities	<u>\$ 55,972,317</u>	<u>\$ 57,067,305</u>	<u>\$ 12,914,061</u>	<u>\$ 12,153,810</u>	<u>\$ 68,886,378</u>	<u>\$ 69,221,115</u>
Total deferred inflows of resources	\$ 21,757,294	\$ 19,607,225	\$ 566,164	\$ 280,758	\$ 22,323,458	\$ 19,887,983
Net position:						
Net investment in capital assets	\$ 3,945,296	\$ 2,474,405	\$ 7,613,307	\$ 7,182,189	\$ 11,558,603	\$ 9,656,594
Restricted:						
Capital projects	68,610	621,544	-	-	68,610	621,544
Asset forfeiture	3,509,063	3,820,769	-	-	3,509,063	3,820,769
Unrestricted	16,908,410	20,139,058	(9,038,825)	(7,811,096)	7,869,585	12,327,962
Total net position	<u>\$ 24,431,379</u>	<u>\$ 27,055,776</u>	<u>\$ (1,425,518)</u>	<u>\$ (628,907)</u>	<u>\$ 23,005,861</u>	<u>\$ 26,426,869</u>

Note: Due to the implementation in fiscal year 2015 of Accounting Pronouncements issued by the Governmental Accounting Standards Board, beginning net position was restated for items related to net pension liability and its measurement. However, due to lack of available information to categorize these changes, comparative tables included in this discussion and analysis do not reflect this in the fiscal year 2014 data. This accounts for the tables reporting a lower restated net position compared to the previous year's ending net position.

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, except for business-type unrestricted net position, both for the County as a whole and for its separate governmental and business-type activities.

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## Summary of Changes in Net Position

### County of Shenandoah, Virginia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,039,879	\$ 2,279,110	\$ 2,936,436	\$ 2,792,674	\$ 4,976,315	\$ 5,071,784
Operating grants and contributions	7,492,689	8,941,953	-	-	7,492,689	8,941,953
Capital grants and contributions	492,667	1,190,549	104,333	202,000	597,000	1,392,549
General revenues:						
Property taxes	39,124,452	37,418,269	569,402	572,600	39,693,854	37,990,869
Other local taxes	6,540,794	6,498,009	-	6,084	6,540,794	6,504,093
Other	5,260,408	5,533,535	61,824	48,904	5,322,232	5,582,439
Total revenues	<u>\$ 60,950,889</u>	<u>\$ 61,861,425</u>	<u>\$ 3,671,995</u>	<u>\$ 3,622,262</u>	<u>\$ 64,622,884</u>	<u>\$ 65,483,687</u>
Expenses:						
General						
government administration	\$ 2,668,706	\$ 1,969,430	\$ -	\$ -	\$ 2,668,706	\$ 1,969,430
Judicial						
administration	2,083,473	2,073,679	-	-	2,083,473	2,073,679
Public safety	12,701,606	13,932,695	-	-	12,701,606	13,932,695
Public works	1,677,832	1,228,217	-	-	1,677,832	1,228,217
Health and welfare	6,513,167	6,420,661	-	-	6,513,167	6,420,661
Education	27,252,564	25,808,176	-	-	27,252,564	25,808,176
Parks, recreation and culture	1,589,374	1,548,584	-	-	1,589,374	1,548,584
Community development	732,115	1,086,801	-	-	732,115	1,086,801
Interest	2,187,944	2,285,296	-	-	2,187,944	2,285,296
Business-type activities	-	-	5,183,076	2,777,559	5,183,076	2,777,559
Total expenses	<u>\$ 57,406,781</u>	<u>\$ 56,353,539</u>	<u>\$ 5,183,076</u>	<u>\$ 2,777,559</u>	<u>\$ 62,589,857</u>	<u>\$ 59,131,098</u>
Increase (decrease) in net position before transfers	\$ 3,544,108	\$ 5,507,886	\$ (1,511,081)	\$ 844,703	\$ 2,033,027	\$ 6,352,589
Transfers	<u>(1,363,318)</u>	<u>(1,571,745)</u>	<u>1,363,318</u>	<u>1,571,745</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 2,180,790	\$ 3,936,141	\$ (147,763)	\$ 2,416,448	\$ 2,033,027	\$ 6,352,589
Net position beginning, as restated	<u>22,250,589</u>	<u>23,119,635</u>	<u>(1,277,755)</u>	<u>(3,045,355)</u>	<u>20,972,834</u>	<u>20,074,280</u>
Net position ending	<u>\$ 24,431,379</u>	<u>\$ 27,055,776</u>	<u>\$ (1,425,518)</u>	<u>\$ (628,907)</u>	<u>\$ 23,005,861</u>	<u>\$ 26,426,869</u>

Governmental activities – Governmental activities increased the County's net position by \$2,180,790.

Key elements of this increase are as follows:

- Property taxes increased \$1,706,183 during the year. This is primarily due to the rise in real property taxes due to an increase in the tax rate of \$0.03.
- Operating grants and contributions as well as capital grants and contributions decreased \$1,449,264 and \$697,882, respectively, which is largely a result of the decrease in federal and state aid due to



the closure of the County's local jail. Beginning July 1, 2014, the County began participating in the Rappahannock-Shenandoah-Warren (RSW) Regional Jail. The decrease is also attributed to a reduction of approximately \$874,793 in federal asset sharing funds that the Sheriff's Department received in fiscal year 2014 that was not received in fiscal year 2015.

- Charges for services and other local taxes did not change significantly from the prior year to the current year.
- Public safety expenses decreased by \$1,231,089 due to the reduction in spending of federal asset sharing funds.
- Education expenses increased by \$1,444,388, which is primarily due to the County's increased local contribution to the operations of the Shenandoah County Public Schools.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities – Business-type activities of the two Sanitary Districts increased the Shenandoah County Government's net position by \$198,495. This was a decrease of \$91,617 from the previous fiscal year. This decrease is primarily contributed to an increase in maintenance expenses by both the Stoney Creek Sanitary District and the Toms Brook Maurertown Sanitary District as compared to the prior fiscal year.

Two other enterprise funds are included in the business-type activities. First is the North Fork Wastewater Treatment Plant and the second is the Landfill Enterprise Fund. In fiscal year 2011, the North Fork Wastewater Treatment Plant fund was created and the shift generated an increase in assets. In fiscal year 2015, this fund experienced a decrease in assets of \$102,083. The Landfill Enterprise Fund was created in fiscal year 2012 in response to the leachate line project. The creation of this fund required significant changes to the financial statements as assets moved from the General Fund to the Landfill Fund. The landfill had a negative impact on the business-type activities of \$7,297,547 for fiscal year 2015; however, the General Fund assets benefits from this transfer.

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

As noted earlier, the County used 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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$27,029,880 an increase of \$171,156 in comparison with the prior year. Approximately 50% of the total fund balance or \$13,577,568 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is assigned to indicate that is not available to finance operations as it has been designated by the Board of Supervisors for future capital projects.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,577,568, while the total fund balance was \$18,652,502. 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. Unassigned fund balance represents 24.8 percent of total general fund expenditures, while total fund balance represents 34.1 percent of that same amount.

The General Fund's fund balance increased \$375,311 during the current fiscal year.

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

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were a \$672,247 increase in appropriations and can be briefly summarized as follows:

- \$58,547 increase in judicial administration expenditures due largely to the receipt of a records restoration grant in the amount of \$30,106.
- \$473,139 increase in public safety expenditures due in part to the receipt and expenditures associated with various grant and other law enforcement programs including the State and Community Highway Safety, U.S. Forest Service Patrol, Federal Equitable Asset Sharing, Project Lifesaver, Project Backpack, and Triad programs.
- \$390,430 increase in capital projects funding due primarily to the Shenandoah Valley Battlefields (SVP) project; the County receives pass-through grant funding from the Virginia Department of Transportation to support various SVP project initiatives.

Fiscal year 2015 actual revenues were approximately \$361,982 more than the fiscal year 2015 final budgeted revenues. Fiscal year 2015 actual expenditures were approximately \$218,879 less than the fiscal year 2015 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were \$1,669,735 more than the final budgeted revenues primarily due to increased real property tax and machinery and tools tax collections that were higher than anticipated.
- Intergovernmental revenues from the Federal government were \$532,162 more than the budgeted revenues due in part to additional highway planning and construction funding of \$371,823.
- Public safety expenditures were \$1,259,545 more than final budgeted expenditures due in part to additional expenditures of \$706,508 transferred to the new RSW Regional Jail facility; the facility began operations at the beginning of fiscal year 2015, and the County anticipated expenditures less than what was spent.
- Health and welfare expenditures were \$681,742 less than the final budgeted expenditures due in part to a \$471,275 decrease in Comprehensive Services Act expenditures.

## **Capital Asset and Debt Administration**

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$50,096,535 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total of the County's investment in capital assets for the current fiscal year did not significantly change from the prior fiscal year.

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**County of Shenandoah, Virginia's Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,592,816	\$ 4,079,816	\$ 503,500	\$ 503,500	\$ 5,096,316	\$ 4,583,316
Building and improvements	52,170,422	54,478,020	-	-	52,170,422	54,478,020
Utility plant in service	-	-	27,783,841	27,448,056	27,783,841	27,448,056
Equipment	8,466,011	8,198,021	-	-	8,466,011	8,198,021
Construction in progress	647,581	-	576,250	112,613	1,223,831	112,613
Subtotal	\$ 65,876,830	\$ 66,755,857	\$ 28,863,591	\$ 28,064,169	\$ 94,740,421	\$ 94,820,026
Accumulated depreciation	(15,780,295)	(14,567,215)	(19,096,914)	(18,615,628)	(34,877,209)	(33,182,843)
Net capital assets	<u>\$ 50,096,535</u>	<u>\$ 52,188,642</u>	<u>\$ 9,766,677</u>	<u>\$ 9,448,541</u>	<u>\$ 59,863,212</u>	<u>\$ 61,637,183</u>

Additional information on the County's capital assets can be found in Note 9.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$50,268,548. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's long-term debt decreased by \$6,818,962.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 12 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The June 2015 unemployment rate for the County was 4.7 percent, which is a decrease from a rate of 5.6 percent in June 2014. The County's rate is slightly lower than the region's average unemployment rate of 5.1 percent, the state average of 5.0 percent and the national average rate of 5.5 percent.
- Growth in the County is expected to continue to remain slow, which will continue to cause general property and other local tax revenues to experience minimal growth.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its funding to localities, particularly given the impact of federal government budgetary cuts to the Commonwealth.

All of these factors were considered in preparing the County's budget for fiscal year 2016.

**Requests for Information**

This financial report is designed to provide a general overview of the finances of the County of Shenandoah, Virginia. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Shenandoah Department of Finance, 600 N. Main Street; Suite 102, Woodstock, Virginia 22664.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Net Position**  
**June 30, 2015**

**Exhibit 1**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Library
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,984,734	\$ 1,397,033	\$ 25,381,767	\$ 6,251,881	\$ 169,159
Cash in custody of others	10,975	-	10,975	-	-
Restricted cash - customer deposits	-	26,200	26,200	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	21,201,605	370,382	21,571,987	-	-
Accounts receivable	1,278,923	406,289	1,685,212	30,000	16,569
Internal balances	84,581	(84,581)	-	-	-
Due from component unit	2,273,813	-	2,273,813	-	-
Due from other governmental units	1,920,977	-	1,920,977	2,037,661	-
Inventories	-	-	-	102,099	-
Prepaid items	70,758	4,955	75,713	45,245	33,352
Deposits	-	-	-	5,000	-
Restricted assets:					
Cash and cash equivalents	68,610	-	68,610	-	-
Capital assets (net of accumulated depreciation):					
Land	4,592,816	503,500	5,096,316	5,725,275	-
Buildings and improvements	42,496,831	1,512,255	44,009,086	37,076,652	194,280
Wells, lines, reservoirs	-	4,189,230	4,189,230	-	-
Machinery and equipment	2,359,307	2,985,442	5,344,749	1,571,960	15,632
Construction in progress	647,581	576,250	1,223,831	325,047	-
Total assets	\$ 100,991,511	\$ 11,886,955	\$ 112,878,466	\$ 53,170,820	\$ 428,992
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions subsequent to measurement date	\$ 1,169,479	\$ 167,752	\$ 1,337,231	\$ 4,800,010	\$ -
<b>LIABILITIES</b>					
Accounts payable	\$ 903,094	\$ 203,610	\$ 1,106,704	\$ 5,282,410	\$ -
Retainage payable	17,461	-	17,461	-	-
Accrued interest payable	648,523	10,361	658,884	-	-
Due to primary government	-	-	-	2,273,813	-
Unearned revenue	349,145	-	349,145	-	-
Deposits payable-restricted assets	-	26,200	26,200	-	-
Long-term liabilities:					
Due within one year	4,397,708	424,258	4,821,966	221,826	-
Due in more than one year	49,656,386	12,249,632	61,906,018	55,857,251	-
Total liabilities	\$ 55,972,317	\$ 12,914,061	\$ 68,886,378	\$ 63,635,300	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue-property taxes	\$ 19,466,068	\$ 281,233	\$ 19,747,301	\$ -	\$ -
Deferred charge refunding	305,794	-	305,794	-	-
Items related to measurement of net pension liability	1,985,432	284,931	2,270,363	9,279,196	-
Total deferred inflows of resources	\$ 21,757,294	\$ 566,164	\$ 22,323,458	\$ 9,279,196	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 3,945,296	\$ 7,613,307	\$ 11,558,603	\$ 44,698,934	\$ 209,912
Restricted:					
Capital projects	68,610	-	68,610	-	-
Asset forfeiture	3,509,063	-	3,509,063	-	-
Unrestricted (deficit)	16,908,410	(9,038,825)	7,869,585	(59,642,600)	219,080
Total net position	\$ 24,431,379	\$ (1,425,518)	\$ 23,005,861	\$ (14,943,666)	\$ 428,992

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		
		<b><u>Charges for</u></b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>
		<b><u>Services</u></b>	<b><u>Grants and</u></b>	<b><u>Grants and</u></b>
			<b><u>Contributions</u></b>	<b><u>Contributions</u></b>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,668,706	\$ -	\$ 202,372	\$ -
Judicial administration	2,083,473	231,627	704,368	-
Public safety	12,701,606	622,799	2,319,986	-
Public works	1,677,832	8,022	19,044	371,823
Health and welfare	6,513,167	-	4,056,404	-
Education	27,252,564	367,829	-	-
Parks, recreation, and cultural	1,589,374	383,428	5,000	-
Community development	732,115	426,174	185,515	120,844
Interest on long-term debt	2,187,944	-	-	-
Total governmental activities	<u>\$ 57,406,781</u>	<u>\$ 2,039,879</u>	<u>\$ 7,492,689</u>	<u>\$ 492,667</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,472,774	\$ 1,055,331	\$ -	\$ 31,000
Toms Brook Maurertown Sanitary District	727,214	607,593	-	73,333
North Fork Wastewater	256,978	66,336	-	-
Landfill	2,726,110	1,207,176	-	-
Total business-type activities	<u>5,183,076</u>	<u>2,936,436</u>	<u>-</u>	<u>104,333</u>
Total primary government	<u>\$ 62,589,857</u>	<u>\$ 4,976,315</u>	<u>\$ 7,492,689</u>	<u>\$ 597,000</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 65,866,751	\$ 3,218,067	\$ 36,860,754	\$ 10,334
Library	1,104,851	28,656	874,521	-
Total component units	<u>\$ 66,971,602</u>	<u>\$ 3,246,723</u>	<u>\$ 37,735,275</u>	<u>\$ 10,334</u>

General revenues:

- General property taxes
- Local sales tax
- Consumer utility taxes
- Motor vehicle licenses
- Tax on recordation and wills
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning, as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	
\$ (2,466,334)	\$ -	\$ (2,466,334)	\$ -	\$ -	
(1,147,478)	-	(1,147,478)	-	-	
(9,758,821)	-	(9,758,821)	-	-	
(1,278,943)	-	(1,278,943)	-	-	
(2,456,763)	-	(2,456,763)	-	-	
(26,884,735)	-	(26,884,735)	-	-	
(1,200,946)	-	(1,200,946)	-	-	
418	-	418	-	-	
(2,187,944)	-	(2,187,944)	-	-	
<u>\$ (47,381,546)</u>	<u>\$ -</u>	<u>\$ (47,381,546)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (386,443)	\$ (386,443)	\$ -	\$ -	
-	(46,288)	(46,288)	-	-	
-	(190,642)	(190,642)	-	-	
-	(1,518,934)	(1,518,934)	-	-	
-	(2,142,307)	(2,142,307)	-	-	
<u>\$ (47,381,546)</u>	<u>\$ (2,142,307)</u>	<u>\$ (49,523,853)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (25,777,596)	\$ -	
-	-	-	-	(201,674)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,777,596)</u>	<u>\$ (201,674)</u>	
\$ 39,124,452	\$ 569,402	\$ 39,693,854	\$ -	\$ -	
3,262,733	-	3,262,733	-	-	
1,955,209	-	1,955,209	-	-	
864,693	-	864,693	-	-	
291,431	-	291,431	-	-	
166,728	-	166,728	-	-	
452,848	2,685	455,533	16,403	14	
771,242	59,139	830,381	179,209	11,280	
4,036,318	-	4,036,318	26,841,025	9,622	
(1,363,318)	1,363,318	-	-	-	
<u>\$ 49,562,336</u>	<u>\$ 1,994,544</u>	<u>\$ 51,556,880</u>	<u>\$ 27,036,637</u>	<u>\$ 20,916</u>	
\$ 2,180,790	\$ (147,763)	\$ 2,033,027	\$ 1,259,041	\$ (180,758)	
22,250,589	(1,277,755)	20,972,834	(16,202,707)	609,750	
<u>\$ 24,431,379</u>	<u>\$ (1,425,518)</u>	<u>\$ 23,005,861</u>	<u>\$ (14,943,666)</u>	<u>\$ 428,992</u>	



## **FUND FINANCIAL STATEMENTS**

COUNTY OF SHENANDOAH, VIRGINIA  
Balance Sheet  
Governmental Funds  
June 30, 2015

Exhibit 3

	Primary Government				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,645,911	\$ 182,987	\$ 7,967,233	\$ 188,603	\$ 23,984,734
Cash in custody of others	10,975	-	-	-	10,975
Receivables (net of allowance for uncollectibles):					
Taxes receivable	21,201,605	-	-	-	21,201,605
Accounts receivable	1,278,923	-	-	-	1,278,923
Due from other funds	84,581	-	-	-	84,581
Due from component unit	2,273,813	-	-	-	2,273,813
Due from other governmental units	1,920,977	-	-	-	1,920,977
Prepaid items	70,758	-	-	-	70,758
Restricted assets:					
Cash and cash equivalents	-	-	68,610	-	68,610
Total assets	<u>\$ 42,487,543</u>	<u>\$ 182,987</u>	<u>\$ 8,035,843</u>	<u>\$ 188,603</u>	<u>\$ 50,894,976</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 873,039	\$ -	\$ 30,055	\$ -	\$ 903,094
Retainage payable	17,461	-	-	-	17,461
Unearned revenue	349,145	-	-	-	349,145
Total liabilities	<u>\$ 1,239,645</u>	<u>\$ -</u>	<u>\$ 30,055</u>	<u>\$ -</u>	<u>\$ 1,269,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	<u>\$ 22,595,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,595,396</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 70,758	\$ -	\$ -	\$ -	\$ 70,758
Restricted	3,509,063	182,987	68,610	-	3,760,660
Assigned	1,495,113	-	7,937,178	188,603	9,620,894
Unassigned	13,577,568	-	-	-	13,577,568
Total fund balances	<u>\$ 18,652,502</u>	<u>\$ 182,987</u>	<u>\$ 8,005,788</u>	<u>\$ 188,603</u>	<u>\$ 27,029,880</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,487,543</u>	<u>\$ 182,987</u>	<u>\$ 8,035,843</u>	<u>\$ 188,603</u>	<u>\$ 50,894,976</u>

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

COUNTY OF SHENANDOAH, VIRGINIA  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2015

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Exhibit 4

**Primary  
Government**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	27,029,880
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,096,535
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		838,102
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.		1,169,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(54,702,617)</u>
Net position of governmental activities	\$	<u><u>24,431,379</u></u>

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

**Exhibit 5**

	Primary Government				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 39,515,727	\$ -	\$ -	\$ -	\$ 39,515,727
Other local taxes	6,540,794	-	-	-	6,540,794
Permits, privilege fees, and regulatory licenses	445,277	-	-	-	445,277
Fines and forfeitures	83,303	-	-	-	83,303
Revenue from the use of money and property	451,702	-	1,015	131	452,848
Charges for services	1,511,299	-	-	-	1,511,299
Miscellaneous	580,080	511,935	-	97	1,092,112
Recovered costs	512,397	-	-	-	512,397
Intergovernmental:					
Commonwealth	9,562,497	-	-	-	9,562,497
Federal	2,459,177	-	-	-	2,459,177
Total revenues	\$ 61,662,253	\$ 511,935	\$ 1,015	\$ 228	\$ 62,175,431
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,735,318	\$ -	\$ -	\$ -	\$ 2,735,318
Judicial administration	1,890,580	-	-	-	1,890,580
Public safety	13,795,977	-	-	-	13,795,977
Public works	1,088,347	-	-	-	1,088,347
Health and welfare	6,836,916	-	-	-	6,836,916
Education	24,856,868	-	-	-	24,856,868
Parks, recreation, and cultural	1,465,408	-	-	-	1,465,408
Community development	1,058,542	-	-	-	1,058,542
Nondepartmental	14,152	-	-	-	14,152
Capital projects	620,218	-	52,379	-	672,597
Debt service:					
Principal retirement	332,974	3,497,060	-	-	3,830,034
Interest and other fiscal charges	22,945	2,373,273	-	-	2,396,218
Total expenditures	\$ 54,718,245	\$ 5,870,333	\$ 52,379	\$ -	\$ 60,640,957
Excess (deficiency) of revenues over (under) expenditures	\$ 6,944,008	\$ (5,358,398)	\$ (51,364)	\$ 228	\$ 1,534,474
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 5,541,385	\$ -	\$ 24,308	\$ 5,565,693
Transfers out	(6,568,697)	-	(360,314)	-	(6,929,011)
Total other financing sources (uses)	\$ (6,568,697)	\$ 5,541,385	\$ (360,314)	\$ 24,308	\$ (1,363,318)
Net change in fund balances	\$ 375,311	\$ 182,987	\$ (411,678)	\$ 24,536	\$ 171,156
Fund balances - beginning	18,277,191	-	8,417,466	164,067	26,858,724
Fund balances - ending	\$ 18,652,502	\$ 182,987	\$ 8,005,788	\$ 188,603	\$ 27,029,880

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

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

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Exhibit 6

**Primary  
Government**

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

Net change in fund balances - total governmental funds	\$ 171,156
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(2,092,107)
---	-------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,376,707)
--	-------------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,988,374
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>2,490,074</u>
--	------------------

Change in net position of governmental activities	<u>\$ 2,180,790</u>
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The notes to the financial statements are an integral part of this statement.

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

**Exhibit 7**

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 457,381	\$ 918,918	\$ 20,734	\$ -	\$ 1,397,033
Restricted cash-customer deposits	10,200	16,000	-	-	26,200
Taxes receivable, net of allowances for uncollectibles	341,706	28,676	-	-	370,382
Accounts receivable, net of allowances for uncollectibles	200,625	76,400	5,830	123,434	406,289
Due from other funds	-	7,006	-	-	7,006
Prepaid items	2,587	2,368	-	-	4,955
Total current assets	<u>\$ 1,012,499</u>	<u>\$ 1,049,368</u>	<u>\$ 26,564</u>	<u>\$ 123,434</u>	<u>\$ 2,211,865</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 37,251	\$ 84,047	\$ 4,950	\$ 377,252	\$ 503,500
Building and improvements	-	-	43,504	1,468,751	1,512,255
Wells, lines, reservoirs	2,499,752	1,689,478	-	-	4,189,230
Machinery and equipment	766,920	56,629	1,245,145	916,748	2,985,442
Construction in progress	148,324	49,701	17,911	360,314	576,250
Total noncurrent assets	<u>\$ 3,452,247</u>	<u>\$ 1,879,855</u>	<u>\$ 1,311,510</u>	<u>\$ 3,123,065</u>	<u>\$ 9,766,677</u>
Total assets	<u>\$ 4,464,746</u>	<u>\$ 2,929,223</u>	<u>\$ 1,338,074</u>	<u>\$ 3,246,499</u>	<u>\$ 11,978,542</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions subsequent to measurement date	\$ 72,595	\$ 25,683	\$ -	\$ 69,474	\$ 167,752
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 37,443	\$ 16,772	\$ 25,046	\$ 124,349	\$ 203,610
Compensated absences	14,306	2,950	-	11,571	28,827
Deposits payable-restricted assets	10,200	16,000	-	-	26,200
Accrued interest payable	4,750	657	2,879	2,075	10,361
Due to other funds	7,006	84,581	-	-	91,587
Bonds payable	260,000	20,738	54,406	-	335,144
Capital leases	-	-	-	60,287	60,287
Total current liabilities	<u>\$ 333,705</u>	<u>\$ 141,698</u>	<u>\$ 82,331</u>	<u>\$ 198,282</u>	<u>\$ 756,016</u>
Noncurrent liabilities:					
Compensated absences	\$ 42,918	\$ 8,850	\$ -	\$ 34,713	\$ 86,481
Bonds payable	150,000	359,862	1,061,070	-	1,570,932
Capital leases	-	-	-	187,007	187,007
Landfill closure and post-closure care	-	-	-	9,834,809	9,834,809
Net pension liability	214,544	75,861	-	205,456	495,861
Net OPEB Obligations	33,116	6,232	-	35,194	74,542
Total noncurrent liabilities	<u>\$ 440,578</u>	<u>\$ 450,805</u>	<u>\$ 1,061,070</u>	<u>\$ 10,297,179</u>	<u>\$ 12,249,632</u>
Total liabilities	<u>\$ 774,283</u>	<u>\$ 592,503</u>	<u>\$ 1,143,401</u>	<u>\$ 10,495,461</u>	<u>\$ 13,005,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue-property taxes	\$ 254,523	\$ 26,710	\$ -	\$ -	\$ 281,233
Items related to measurement of net pension liability	123,281	43,591	-	118,059	284,931
Total deferred inflows of resources	<u>\$ 377,804</u>	<u>\$ 70,301</u>	<u>\$ -</u>	<u>\$ 118,059</u>	<u>\$ 566,164</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 3,042,247	\$ 1,499,255	\$ 196,034	\$ 2,875,771	\$ 7,613,307
Unrestricted	343,007	792,847	(1,361)	(10,173,318)	(9,038,825)
Total net position	<u>\$ 3,385,254</u>	<u>\$ 2,292,102</u>	<u>\$ 194,673</u>	<u>\$ (7,297,547)</u>	<u>\$ (1,425,518)</u>

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

**Exhibit 8**

	<b>Enterprise Funds</b>				
	<b>Stoney Creek Sanitary District</b>	<b>Toms Brook Mauertown Sanitary District</b>	<b>North Fork Wastewater</b>	<b>Landfill</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services:					
Water sales	\$ 441,850	\$ 230,648	\$ -	\$ -	\$ 672,498
Sewer sales	613,481	361,570	-	-	975,051
Septage income	-	15,375	66,336	-	81,711
Waste collection charges	-	-	-	1,207,176	1,207,176
Total operating revenues	<u>\$ 1,055,331</u>	<u>\$ 607,593</u>	<u>\$ 66,336</u>	<u>\$ 1,207,176</u>	<u>\$ 2,936,436</u>
<b>OPERATING EXPENSES</b>					
Treatment and purification	\$ 712,398	\$ 291,091	\$ -	\$ -	\$ 1,003,489
Maintenance	214,003	91,651	175,455	-	481,109
Administration	92,116	67,867	-	-	159,983
Other	254,646	83,377	8,378	-	346,401
Refuse collection	-	-	-	693,874	693,874
Refuse disposal	-	-	-	1,348,453	1,348,453
Landfill closure and post-closure costs	-	-	-	334,325	334,325
Depreciation and amortization	176,948	174,778	37,562	346,998	736,286
Total operating expenses	<u>\$ 1,450,111</u>	<u>\$ 708,764</u>	<u>\$ 221,395</u>	<u>\$ 2,723,650</u>	<u>\$ 5,103,920</u>
Operating income (loss)	<u>\$ (394,780)</u>	<u>\$ (101,171)</u>	<u>\$ (155,059)</u>	<u>\$ (1,516,474)</u>	<u>\$ (2,167,484)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
General property taxes	\$ 514,334	\$ 55,068	\$ -	\$ -	\$ 569,402
Investment earnings	1,081	1,604	-	-	2,685
Other	39,772	19,367	-	-	59,139
Interest expense	(22,663)	(18,450)	(35,583)	(2,460)	(79,156)
Total nonoperating revenues (expenses)	<u>\$ 532,524</u>	<u>\$ 57,589</u>	<u>\$ (35,583)</u>	<u>\$ (2,460)</u>	<u>\$ 552,070</u>
Income before contributions and transfers	<u>\$ 137,744</u>	<u>\$ (43,582)</u>	<u>\$ (190,642)</u>	<u>\$ (1,518,934)</u>	<u>\$ (1,615,414)</u>
Capital contributions	\$ 31,000	\$ 73,333	\$ -	\$ -	\$ 104,333
Transfers in	-	-	88,559	1,274,759	1,363,318
Change in net position	<u>\$ 168,744</u>	<u>\$ 29,751</u>	<u>\$ (102,083)</u>	<u>\$ (244,175)</u>	<u>\$ (147,763)</u>
Total net position - beginning, as restated	<u>\$ 3,216,510</u>	<u>\$ 2,262,351</u>	<u>\$ 296,756</u>	<u>\$ (7,053,372)</u>	<u>\$ (1,277,755)</u>
Total net position - ending	<u>\$ 3,385,254</u>	<u>\$ 2,292,102</u>	<u>\$ 194,673</u>	<u>\$ (7,297,547)</u>	<u>\$ (1,425,518)</u>

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

**Exhibit 9**

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,094,815	\$ 603,361	\$ 71,368	\$ 1,249,882	\$ 3,019,426
Payments to suppliers	(466,772)	(313,331)	(165,142)	(948,138)	(1,893,383)
Payments to employees	(839,504)	(248,585)	-	(1,097,455)	(2,185,544)
Net cash provided (used for) operating activities	<u>\$ (211,461)</u>	<u>\$ 41,445</u>	<u>\$ (93,774)</u>	<u>\$ (795,711)</u>	<u>\$ (1,059,501)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	\$ -	\$ -	\$ 88,559	\$ 1,274,759	\$ 1,363,318
General property taxes	500,786	57,460	-	-	558,246
Net cash provided (used for) noncapital financing activities	<u>\$ 500,786</u>	<u>\$ 57,460</u>	<u>\$ 88,559</u>	<u>\$ 1,274,759</u>	<u>\$ 1,921,564</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase and construction of capital assets	\$ (250,229)	\$ (49,701)	\$ (28,536)	\$ (725,957)	\$ (1,054,423)
Capital leases	-	-	-	311,285	311,285
Principal paid on capital debt	(240,000)	(67,429)	(52,847)	(63,991)	(424,267)
Interest paid on capital debt	(25,663)	(18,531)	(35,712)	(385)	(80,291)
Capital contributions	31,000	73,333	-	-	104,333
Net cash provided (used for) capital and related financing activities	<u>\$ (484,892)</u>	<u>\$ (62,328)</u>	<u>\$ (117,095)</u>	<u>\$ (479,048)</u>	<u>\$ (1,143,363)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	\$ 1,081	\$ 1,604	\$ -	\$ -	\$ 2,685
Net cash provided (used for) investing activities	<u>\$ 1,081</u>	<u>\$ 1,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,685</u>
Net increase (decrease) in cash and cash equivalents	\$ (194,486)	\$ 38,181	\$ (122,310)	\$ -	\$ (278,615)
Cash and cash equivalents (including restricted cash)- beginning	662,067	896,737	143,044	-	1,701,848
Cash and cash equivalents (including restricted cash)- ending	<u>\$ 467,581</u>	<u>\$ 934,918</u>	<u>\$ 20,734</u>	<u>\$ -</u>	<u>\$ 1,423,233</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>					
Operating income (loss)	\$ (394,780)	\$ (101,171)	\$ (155,059)	\$ (1,516,474)	\$ (2,167,484)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities:					
Depreciation and amortization expense	\$ 176,948	\$ 174,778	\$ 37,562	\$ 346,998	\$ 736,286
Other non-operating income	39,772	19,367	-	-	59,139
Non-cash closure and post closure costs (recovery)	-	-	-	334,325	334,325
(Increase) decrease in accounts receivable	(3,420)	(16,100)	5,032	42,706	28,218
(Increase) decrease in prepaid items	132	(2,368)	-	-	(2,236)
(Increase) decrease in due from other funds	7,006	(7,006)	-	-	-
(Increase) decrease in deferred outflows of resources	15,863	5,595	-	15,238	36,696
Increase (decrease) in accounts payable and accrued liabilities	(8,470)	(2,683)	18,691	9,143	16,681
Increase (decrease) in due to other funds	-	(15,375)	-	-	(15,375)
Increase (decrease) in compensated absences	(13,313)	1,347	-	3,500	(8,466)
Increase (decrease) in deposits payable	3,000	1,875	-	-	4,875
Increase (decrease) in net pension liability	(172,281)	(60,917)	-	(164,985)	(398,183)
Increase (decrease) in deferred inflows of resources	123,281	43,591	-	118,059	284,931
Increase (decrease) in net OPEB obligation	14,801	512	-	15,779	31,092
Total adjustments	<u>\$ 183,319</u>	<u>\$ 142,616</u>	<u>\$ 61,285</u>	<u>\$ 720,763</u>	<u>\$ 1,107,983</u>
Net cash provided (used for) operating activities	<u>\$ (211,461)</u>	<u>\$ 41,445</u>	<u>\$ (93,774)</u>	<u>\$ (795,711)</u>	<u>\$ (1,059,501)</u>
Schedule of non-cash capital and related financing activities:					
Landfill closure and post-closure costs (recovery)	\$ -	\$ -	\$ -	\$ 334,325	\$ -

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



COUNTY OF SHENANDOAH, VIRGINIA  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

Exhibit 10

	Private- Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,110	\$ 676,689
Receivables:		
Accounts receivable	-	350,837
Total assets	<u>\$ 10,110</u>	<u>\$ 1,027,526</u>
<b>LIABILITIES</b>		
Amounts held for social service clients	\$ -	\$ 1,175
Amounts held for locality rescue agencies	-	1,026,351
Total liabilities	<u>\$ -</u>	<u>\$ 1,027,526</u>
<b>NET POSITION</b>		
Restricted for scholarships	<u>\$ 10,110</u>	<u>\$ -</u>

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

COUNTY OF SHENANDOAH, VIRGINIA  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015

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Exhibit 11

	<u>Private-Purpose Trust</u>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 16
Total additions	<u>\$ 16</u>
 Change in net position	 \$ 16
 Net position - beginning	 10,094
Net position - ending	<u><u>\$ 10,110</u></u>

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

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015

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#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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##### A. Financial Reporting Entity

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

**Blended component units.** The Stoney Creek and Toms Brook-Maurertown Sanitary Districts account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. The Sanitary Districts are governed by the County Board of Supervisors, and are reported as blended component units.

**Discretely presented component units.** The Shenandoah County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Shenandoah County School Board does not prepare separate financial statements.

The Shenandoah County Library operates to provide services to the citizens of the County. The Board of Supervisors appoints the Library Trustees as well as provides significant funding to the Library. Complete financial statements for the Library can be obtained from their offices in Edinburg, Virginia.

##### Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

**Joint Venture** – The County of Rappahannock, the County of Shenandoah, and the County of Warren participate in supporting the Rappahannock-Shenandoah-Warren (RSW) Regional Jail, which serves as the localities' regional adult detention center. The RSW Regional Jail became operational on July 1, 2014. The RSW Regional Jail is governed by a nine-member board, an Authority, consisting of three members each from the three participating counties. The participating localities pay a per diem charge each year based on the participating localities' usage of the jail for the preceding three years. In April 2012, the RSW Regional Jail Authority issued \$45,240,000 in moral obligation bonds with varying annual payments, with a final maturity at April 1, 2043. The bonds were issued at a premium of \$4,992,732. The outstanding principal portion and unamortized premium of the bonds for the RSW Regional Jail at June 30, 2015 total \$50,232,732. While the participating localities have an ongoing financial responsibility to fund the RSW Regional Jail debt should it lack sufficient funds to make scheduled debt service payments, the participating localities do not have an equity interest in the jail. During fiscal year 2015, the County contributed \$1,756,603 for the operations of the jail.

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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

##### A. Financial Reporting Entity (Continued)

###### Other Organizations (Continued)

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

Summary financial information for the RSW Regional Jail at June 30, 2015 is provided below:

	RSW Regional Jail
Total assets and deferred outflows of resources	\$ 80,128,226
Total liabilities and deferred inflows of resources	51,571,548
Total net position	<u>\$ 28,556,678</u>
For the year ended June 30, 2015	
Operating revenue	\$ 10,553,231
Operating expenses	(11,194,469)
Nonoperating income (expense)	31,894,166
Change in net position	<u>\$ 31,252,928</u>
Net position at beginning of year	(2,696,250)
Net position at end of year	<u>\$ 28,556,678</u>

Complete financial statements for the RSW Regional Jail can be obtained from the Jail Superintendent at 6601 Winchester Road, Front Royal, Virginia 22630.

**Jointly Governed Organizations** – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$241,646 for operations to the Northwestern Community Services Board and \$428,011 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$1,703,989 to the Shenandoah Valley Regional Program for operations. The County does not maintain an ongoing financial interest in these organizations.

##### B. Government-wide and fund financial statements

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

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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

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##### **B. Government-wide and fund financial statements (continued)**

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, 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.

##### **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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities for Virginia Public Assistance, Forfeited Drug Assets, Sheriff Federal Case, Jail Canteen, Law Library, Transient Occupancy, Gypsy Moth, Spay/Neuter, Pump and Haul, Seven Bends Day Care, Jail Telephone, Purchase Development Rights, Project Lifesaver, Triad, Crime Prevention, DARE, Sludge Disposal and Landfill Recovery Funds.

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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

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

The *debt service fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. It also is used to report the financial resources being accumulated for future debt service. The County Debt Service Fund is a major fund of the County.

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

The government reports the following major proprietary funds:

The *Stoney Creek Sanitary District and Toms Brook-Maurertown Sanitary District funds* account for the activities of the Districts blended component units of the government. The Districts operate the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution systems of the County.

The *North Fork Wastewater fund* accounts for the activity of the leachate services provided at the sewage treatment plant. It was created on June 30, 2011 to account for this activity and to segregate operations for the 2011 general obligation bond issue.

The *Landfill fund* accounts for the activity of the refuse disposal services provided to the residents of the County. It was created on June 30, 2012 to account for this activity and to segregate operations for the 2011 general obligation bond issue.

The government reports the following governmental fund types:

*Special revenue fund* accounts for and reports the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Landfill Contingency Fund is a nonmajor special revenue fund of the County.

*Capital projects fund* accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Industrial Park Water and Sewer Fund is a nonmajor capital projects fund of the County.

The government reports the following fiduciary fund types:

The *private-purpose trust fund* is used to account for resources legally held in trust to be used to award scholarships to selected recipients. Private-purpose funds consist of the Scholarship funds. All resources of the fund, including any earnings on invested resources, may be used to support the County's scholarship activities.

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare, ambulance recovery, and jail inmate accounts are the County's agency funds.

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's enterprise funds 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.

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

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

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

**1. Cash and cash equivalents**

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

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**2. Receivables and payables**

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



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

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

**3. *Property taxes***

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

**4. *Allowance for uncollectible accounts***

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,791,859 at June 30, 2015 and is comprised solely of property taxes. This allowance represents 0.9732% of the total levies for the previous six years.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$535 for Toms Brook-Maurertown Sanitary District and \$6,354 for Stoney Creek Sanitary District at June 30, 2015.

**5. *Inventories and prepaid items***

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

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

**6. *Restricted assets***

At June 30, 2015, the County's restricted assets consisted of unspent bond proceeds in the Capital Projects fund in the amount of \$68,610 and enterprise funds customer deposits in the amount of \$26,200.

**7. *Capital assets***

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

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



## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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

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

##### 7. Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Wells, lines and reservoirs	40-50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

##### 8. Compensated absences

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

##### 9. Long-term obligations

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

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

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

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

**10. Fund equity**

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

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

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 12.5% of the actual GAAP basis expenditures and other financing sources and uses.

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

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

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

##### 10. Fund equity (continued)

The detail of the County's primary government fund balances is detailed below:

	General Fund	Debt Service Fund	Major Capital Projects Fund	Other Funds	Total
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 70,758	\$ -	\$ -	\$ -	\$ 70,758
<b>Restricted:</b>					
Debt service proceeds	\$ -	182,987	\$ 68,610	\$ -	\$ 251,597
Asset forfeiture proceeds-Virginia	64,760	-	-	-	64,760
Asset forfeiture proceeds-Federal	3,444,303	-	-	-	3,444,303
<b>Total Restricted Fund Balance</b>	<b>\$ 3,509,063</b>	<b>\$ 182,987</b>	<b>\$ 68,610</b>	<b>\$ -</b>	<b>\$ 3,760,660</b>
<b>Assigned:</b>					
Capital projects	\$ -	-	\$ 7,937,178	\$ 100,084	\$ 8,037,262
Transient occupancy	315,386	-	-	-	315,386
Seven Bends Student Center	101,873	-	-	-	101,873
Sludge disposal	360,249	-	-	-	360,249
Landfill recovery	226,849	-	-	-	226,849
Telephone commissions	185,114	-	-	-	185,114
Other purposes	305,642	-	-	88,519	394,161
<b>Total Assigned Fund Balance</b>	<b>\$ 1,495,113</b>	<b>\$ -</b>	<b>\$ 7,937,178</b>	<b>\$ 188,603</b>	<b>\$ 9,620,894</b>
<b>Unassigned Fund Balance</b>	<b>\$ 13,577,568</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,577,568</b>
<b>Total Fund Balances</b>	<b>\$ 18,652,502</b>	<b>\$ 182,987</b>	<b>\$ 8,005,788</b>	<b>\$ 188,603</b>	<b>\$ 27,029,880</b>

##### 11. Net position

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

##### 12. Net position flow assumption

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

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

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

**13. Reclassifications**

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

**E. Investments**

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents.

**F. Use of Estimates**

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

**G. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The County has one item that qualifies for reporting in this category. The County shows a deferred outflow which is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, 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 three types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. The County also shows a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources.

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

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

#### G. Deferred Outflows/Inflows of Resources (continued)

These include differences between expected and actual experience, change in assumptions, the net differences between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

#### H. 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 Primary Government's Retirement Plan and the additions to/deductions from the Primary Government's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### I. Adoption of Accounting Principles/Restatement of Beginning Net Position

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

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

	Governmental Activities	Business-type Activities			Total Primary Government	Component Unit School Board
		Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	Landfill Fund		
Net Position as reported at June 30, 2014	\$ 27,055,776	\$ 3,485,577	\$ 2,356,403	\$ (6,767,643)	\$ 26,130,113	\$ 41,737,182
Correction of prior year accounts receivable	-	29,300	11,449	-	40,749	-
Implementation of GASB 68	(4,805,187)	(298,367)	(105,501)	(285,729)	(5,494,784)	(57,939,889)
Net Position as restated at June 30, 2014	\$ 22,250,589	\$ 3,216,510	\$ 2,262,351	\$ (7,053,372)	\$ 20,676,078	\$ (16,202,707)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
General obligation bonds	\$ (37,603,118)	\$ -
Lease revenue bonds payable	(7,265,000)	-
Unamortized bond premium	(1,607,354)	-
Literary loans payable	(1,887,000)	-
Accrued interest payable	(648,523)	-
Capital leases payable	(863,395)	-
Net pension liability	(3,455,221)	(52,768,159)
Net OPEB obligation	(536,458)	(2,408,000)
Compensated absences	(836,548)	(902,918)
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities</i>	<u>\$ (54,702,617)</u>	<u>\$ (56,079,077)</u>

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.” The details of these \$838,102 and (\$9,279,196) differences are as follows:

	Primary Government	Component Unit School Board
Unavailable revenue - property taxes	\$ 3,129,328	\$ -
Deferred charge on refunding	(305,794)	-
Items related to measurement of net pension liability	(1,985,432)	(9,279,196)
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental</i>	<u>\$ 838,102</u>	<u>\$ (9,279,196)</u>

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences are as follows:

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Capital outlay	\$ 1,649,018	\$ 1,020,299
Depreciation expense	(1,375,329)	(2,317,962)
Primary government capital asset allocation	(2,365,796)	2,365,796
<i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (2,092,107)</u>	<u>\$ 1,068,133</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences are on the following page.

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

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

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

	<u>Primary Government</u>
Principal repayments:	
Amortization of premium on bond issue	\$ 139,432
Amortization of deferred amount on refunding	18,908
Principal repayments:	
General obligation bonds	3,012,560
Lease revenue bonds	170,000
Literary loans	314,500
Capital leases	<u>332,974</u>
<i>Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 3,988,374</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these differences are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ (49,397)	\$ (8,371)
Accrued interest payable	49,934	-
Net pension liability	2,774,587	9,267,230
Deferred outflows related to pension payments subsequent to the measurement date	(255,142)	704,510
Net OPEB obligation	<u>(29,908)</u>	<u>(457,000)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 2,490,074</u>	<u>\$ 9,506,369</u>

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of these differences are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Property Taxes	\$ (391,275)	\$ -
Changes in deferred inflows related to the measurement of the net pension liability	<u>(1,985,432)</u>	<u>(9,279,196)</u>
<i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (2,376,707)</u>	<u>\$ (9,279,196)</u>



## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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##### A. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each function can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories. The legal level of budgetary control is at the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2015. Several supplemental appropriations were necessary during the year.

#### NOTE 4—DEPOSITS AND INVESTMENTS:

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##### Deposits

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

##### Investments

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

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

#### NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):

##### Custodial Credit Risk (Investments)

The County of Shenandoah, Virginia sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Shenandoah, Virginia shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

##### Credit Risk of Debt Securities

The County of Shenandoah, Virginia may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Local Government Investment Pool (LGIP) Fund is comprised of legal investments authorized for public funds and has an average maturity of 30 days.

#### **County's Rated Debt Investments' Values**

<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 16,441,046
State Non-Arbitrage Program	68,190
Total	\$ <u>16,509,236</u>

##### External Investment Pool

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

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 5—INTERFUND OBLIGATIONS:**

	Receivable Primary Government/ Component Unit	Payable Primary Government/ Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 2,273,813	\$ -	\$ 84,581	\$ -
Toms Brook-Maurertown Sanitary District	-	-	-	84,581
Sub-total	\$ 2,273,813	\$ -	\$ 84,581	\$ 84,581
Discretely Presented Component Units:				
School Operating Fund	\$ -	\$ 2,273,813	\$ 105,022	\$ -
School Cafeteria Fund	-	-	-	105,022
Sub-total	\$ -	\$ 2,273,813	\$ 105,022	\$ 105,022
Total reporting entity	\$ 2,273,813	\$ 2,273,813	\$ 189,603	\$ 189,603

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

**NOTE 6—INTERFUND TRANSFERS:**

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ (6,568,697)
County Debt Service	5,541,385	-
Landfill Contingency	24,308	-
County Capital Projects	-	(360,314)
North Fork Wastewater	88,559	-
Landfill	1,274,759	-
Total	\$ 6,929,011	\$ (6,929,011)

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

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)**

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**NOTE 7—DUE FROM TOMS BROOK-MAURERTOWN SANITARY DISTRICT:**

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During fiscal year 1994, the General Fund built a septage handling facility at the Toms Brook-Maurertown Sanitary District location for \$235,240. This amount is being repaid to the General Fund from tipping fees that are collected by Toms Brook and from septic application fees collected by the General Fund on behalf of the District. The balance as of June 30, 2015 was \$84,581.

**NOTE 8—DUE FROM OTHER GOVERNMENTAL UNITS:**

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	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 1,174,592
Local sales taxes	577,478	-
Comprehensive services act funds	381,101	-
Public assistance and welfare	114,146	-
Fringe benefits	249,459	-
Other funds	282,002	139,888
Federal Government:		
Public assistance and welfare	147,613	-
Other funds	169,178	-
School funds	-	663,886
Cafeteria funds	-	59,295
Total	\$ <u>1,920,977</u>	\$ <u>2,037,661</u>

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# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 9—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,079,816	\$ 513,000	\$ -	\$ 4,592,816
Construction in progress	-	705,779	(58,198)	647,581
Total capital assets not being depreciated	\$ 4,079,816	\$ 1,218,779	\$ (58,198)	\$ 5,240,397
Capital assets being depreciated:				
Buildings and improvements	\$ 54,478,020	\$ 58,198	\$ (2,365,796)	\$ 52,170,422
Machinery and equipment	8,198,021	430,239	(162,249)	8,466,011
Total capital assets being depreciated	\$ 62,676,041	\$ 488,437	\$ (2,528,045)	\$ 60,636,433
Accumulated depreciation:				
Buildings and improvements	\$ (9,022,516)	\$ (651,075)	\$ -	\$ (9,673,591)
Machinery and equipment	(5,544,699)	(724,254)	162,249	(6,106,704)
Total accumulated depreciation	\$ (14,567,215)	\$ (1,375,329)	\$ 162,249	\$ (15,780,295)
Total capital assets being depreciated, net	\$ 48,108,826	\$ (886,892)	\$ (2,365,796)	\$ 44,856,138
Governmental activities capital assets, net	\$ 52,188,642	\$ 331,887	\$ (2,423,994)	\$ 50,096,535
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 503,500	\$ -	\$ -	\$ 503,500
Construction in progress	112,613	674,531	(210,894)	576,250
Total capital assets not being depreciated	\$ 616,113	\$ 674,531	\$ (210,894)	\$ 1,079,750
Capital assets being depreciated:				
Buildings and infrastructure	\$ 3,711,445	\$ 10,625	\$ -	\$ 3,722,070
Water distribution system	12,727,679	163,218	-	12,890,897
Machinery and equipment	11,008,932	416,942	(255,000)	11,170,874
Total capital assets being depreciated	\$ 27,448,056	\$ 590,785	\$ (255,000)	\$ 27,783,841
Accumulated depreciation:				
Buildings and improvements	\$ (2,013,619)	\$ (196,196)	\$ -	\$ (2,209,815)
Wells, lines and reservoirs	(8,496,684)	(204,983)	-	(8,701,667)
Machinery and equipment	(8,105,325)	(335,107)	255,000	(8,185,432)
Total accumulated depreciation	\$ (18,615,628)	\$ (736,286)	\$ 255,000	\$ (19,096,914)
Business-type activities, capital assets, net	\$ 9,448,541	\$ 529,030	\$ (210,894)	\$ 9,766,677

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 9—CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:	
General government administration	\$ 246,771
Judicial administration	241,554
Public safety	620,039
Public works	6,266
Health and welfare	27,830
Education	93,894
Culture and recreation	138,975
Total depreciation expense-governmental activities	\$ <u>1,375,329</u>
Business-type Activities:	
Stoney Creek Sanitary District	\$ 176,948
Toms Brook-Maurertown Sanitary District	174,778
North Fork Wastewater Fund	37,562
Landfill	346,998
Total depreciation expense business-type activities	\$ <u>736,286</u>

#### Capital Leases:

The government has entered into lease agreements as lessee for financing school buses for the school board and a bulldozer for the landfill. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 1,196,368	\$ 311,285
Less: Accumulated depreciation	(692,733)	(25,940)
Total	\$ <u>503,635</u>	\$ <u>285,345</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2015, are as follows:

Year Ended June 30,	Governmental Activities	Business-type Activities
2016	\$ 350,834	\$ 64,442
2017	269,784	64,442
2018	157,261	64,442
2019	75,544	64,441
2020	37,578	-
Total minimum lease payments	\$ 891,001	\$ 257,767
Less: Amount representing interest	(27,606)	(10,473)
Present value of minimum lease payments	\$ <u>863,395</u>	\$ <u>247,294</u>

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 9—CAPITAL ASSETS (CONTINUED):

#### Discretely presented component units:

Activity for the School Board for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Construction in progress	-	598,442	(273,395)	325,047
Total capital assets not being depreciated	\$ 5,725,275	\$ 598,442	\$ (273,395)	\$ 6,050,322
Capital assets being depreciated:				
Buildings and improvements	\$ 62,500,154	\$ 2,400,942	\$ -	\$ 64,901,096
Machinery and equipment	8,623,793	660,106	(365,146)	8,918,753
Total capital assets being depreciated	\$ 71,123,947	\$ 3,061,048	\$ (365,146)	\$ 73,819,849
Accumulated depreciation:				
Buildings and improvements	\$ (26,069,816)	\$ (1,754,628)	\$ -	\$ (27,824,444)
Machinery and equipment	(7,148,605)	(563,334)	365,146	(7,346,793)
Total accumulated depreciation	\$ (33,218,421)	\$ (2,317,962)	\$ 365,146	\$ (35,171,237)
Total capital assets being depreciated, net	\$ 37,905,526	\$ 743,086	\$ -	\$ 38,648,612
School Board capital assets, net	\$ 43,630,801	\$ 1,341,528	\$ (273,395)	\$ 44,698,934

Depreciation expense for the Component Unit School Board was \$2,411,856 and a net transfer of (\$93,894) was transferred in accumulated depreciation to the primary government due to debt repayments for the year ended June 30, 2015.

Activity for the Shenandoah County Library for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and system	\$ 285,197	\$ -	\$ -	\$ 285,197
Machinery and equipment	148,549	8,819	-	157,368
Total capital assets being depreciated	\$ 433,746	\$ 8,819	\$ -	\$ 442,565
Accumulated depreciation:				
Buildings and system	\$ (83,787)	\$ (7,130)	\$ -	\$ (90,917)
Machinery and equipment	(138,126)	(3,610)	-	(141,736)
Total accumulated depreciation	\$ (221,913)	\$ (10,740)	\$ -	\$ (232,653)
Total Library capital assets being depreciated, net	\$ 211,833	\$ (1,921)	\$ -	\$ 209,912

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 10—UNEARNED REVENUE:

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$349,145 is comprised of the following:

- A. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$231,456 was outstanding at June 30, 2015. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee's personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- B. Asset Forfeiture Proceeds – Assets seized as a result of law enforcement raids awaiting approval from the federal government totaled \$117,689 at June 30, 2015.

#### NOTE 11—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$19,466,068 and \$22,595,396 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2015, but paid in advance by the taxpayers totaled \$1,884,002 in the general fund at June 30, 2015.
- B. Unbilled Property Taxes – Property taxes for the second half of 2015 that had not been billed as of June 30, 2015 amounted to \$17,582,066.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,129,328 at June 30, 2015.



# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 12—LONG-TERM OBLIGATIONS:

#### Changes in long-term obligations

The following is a summary of changes in long-term obligation transactions of the Primary Government for the year ended June 30, 2015:

	Balance July 1, 2014, as Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015
<b>Governmental Activities:</b>				
General Obligation Bonds	\$ 40,615,678	\$ -	\$ 3,012,560	\$ 37,603,118
Bond Premium	1,746,786	-	139,432	1,607,354
Literary Loan Funds	2,201,500	-	314,500	1,887,000
Lease Revenue Bonds	7,435,000	-	170,000	7,265,000
Capital Leases	1,196,369	-	332,974	863,395
Compensated Absences	787,151	521,687	472,290	836,548
Net pension liability	6,229,808	3,683,229	6,457,816	3,455,221
Net OPEB Obligation	506,550	52,930	23,022	536,458
Total Governmental Activities	<u>\$ 60,718,842</u>	<u>\$ 4,257,846</u>	<u>\$ 10,922,594</u>	<u>\$ 54,054,094</u>
<b>Business-type Activities:</b>				
General Obligation/Revenue Bonds	\$ 2,266,352	\$ -	\$ 360,276	\$ 1,906,076
Capital Leases	-	311,285	63,991	247,294
Compensated Absences	123,774	65,798	74,264	115,308
Net Pension Liability	894,044	528,583	926,766	495,861
Net OPEB Obligation	43,450	80,070	48,978	74,542
Landfill Closure and Post-Closure Care	9,500,484	334,325	-	9,834,809
Total Business-type Activities	<u>\$ 12,828,104</u>	<u>\$ 1,320,061</u>	<u>\$ 1,474,275</u>	<u>\$ 12,673,890</u>
Total Long-Term Obligations	<u>\$ 73,546,946</u>	<u>\$ 5,577,907</u>	<u>\$ 12,396,869</u>	<u>\$ 66,727,984</u>

For governmental activities, the liability for compensated absences, net pension liability and the net OPEB obligation are fully liquidated by the general fund.

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows:

Year Ending June 30,	Governmental Activities			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 336,816	\$ 14,018	\$ 265,000	\$ 289,666
2017	261,961	7,823	280,000	277,825
2018	153,506	3,755	285,000	265,047
2019	73,871	1,673	300,000	252,281
2020	37,241	337	315,000	239,097
2021	-	-	330,000	224,369
2022	-	-	345,000	208,172
2023	-	-	365,000	190,328
2024	-	-	385,000	171,935
2025	-	-	405,000	153,415
2026	-	-	415,000	135,478
2027	-	-	365,000	118,041
2028	-	-	220,000	104,716
2029	-	-	175,000	10,095
2030	-	-	160,000	89,725
2031	-	-	165,000	83,497
2032	-	-	170,000	77,663
2033	-	-	180,000	70,969
2034	-	-	185,000	64,641
2035	-	-	190,000	58,781
2036	-	-	195,000	52,728
2037	-	-	205,000	46,403
2038	-	-	210,000	39,844
2039	-	-	215,000	33,125
2040	-	-	225,000	26,169
2041	-	-	230,000	18,975
2042	-	-	240,000	11,544
2043	-	-	245,000	3,875
Total	\$ 863,395	\$ 27,606	\$ 7,265,000	\$ 3,318,404

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows: (continued)

Year Ending June 30,	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2016	\$ 3,121,250	\$ 1,885,158	\$ 314,500	\$ 56,610
2017	3,245,277	1,756,699	314,500	47,174
2018	3,379,655	1,619,034	314,500	37,740
2019	3,509,398	1,479,771	314,500	28,306
2020	3,649,519	1,332,368	314,500	18,870
2021	3,788,880	1,173,813	314,500	9,434
2022	3,932,564	1,007,332	-	-
2023	4,072,128	833,193	-	-
2024	2,162,469	703,893	-	-
2025	2,218,180	622,133	-	-
2026	2,032,314	538,513	-	-
2027	2,094,789	452,190	-	-
2028	262,490	9,947	-	-
2029	134,205	2,015	-	-
Total	\$ 37,603,118	\$ 13,416,059	\$ 1,887,000	\$ 198,134

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

Primary government – Annual requirements to amortize long-term obligations and related interest are as follows: (continued)

Year Ending June 30,	Business-type Activities					
	Stoney Creek Sanitary District Bonds		Toms Brook-Maurertown Sanitary District Bonds		North Fork Wastewater VRA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 260,000	\$ 12,500	\$ 20,738	\$ 16,702	\$ 54,406	\$ 34,153
2017	150,000	3,000	21,691	15,749	56,012	32,547
2018	-	-	22,687	14,753	57,665	30,894
2019	-	-	23,729	13,711	59,367	29,192
2020	-	-	24,819	12,621	61,120	27,440
2021	-	-	25,960	11,480	62,924	25,636
2022	-	-	27,152	10,288	64,781	23,779
2023	-	-	28,400	9,040	66,693	21,867
2024	-	-	29,704	7,736	68,661	19,898
2025	-	-	31,069	6,371	70,688	17,872
2026	-	-	32,496	4,944	72,774	15,785
2027	-	-	33,989	3,451	74,922	13,637
2028	-	-	35,550	1,890	77,133	11,426
2029	-	-	22,616	337	79,410	9,150
2030	-	-	-	-	81,753	6,806
2031	-	-	-	-	84,166	4,393
2032	-	-	-	-	23,001	1,909
	<u>\$ 410,000</u>	<u>\$ 15,500</u>	<u>\$ 380,600</u>	<u>\$ 129,073</u>	<u>\$ 1,115,476</u>	<u>\$ 326,384</u>

Year Ending June 30,	Business-type Activities	
	Landfill	
	Capital	Lease
	Principal	Interest
2016	\$ 60,287	\$ 4,155
2017	61,300	3,142
2018	62,330	2,112
2019	63,377	1,065
	<u>\$ 247,294</u>	<u>\$ 10,474</u>

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):****PRIMARY GOVERNMENT**

Details of long-term obligations:

Governmental Activities:

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$377,850 issued June 20, 2011, due in quarterly installments of \$20,286 beginning December 1, 2011, through December 1, 2015, for the purchase of six school buses	\$ 79,768	\$ 79,768
\$148,883 issued December 8, 2011, due in quarterly installments of \$8,031-\$10,809 beginning July 15, 2012, through April 15, 2017, for the purchase of field lighting	62,098	30,725
\$381,985 issued June 25, 2012, due in quarterly installments of \$20,123 beginning August 15, 2012, through May 15, 2017, for the purchase of five school buses	157,187	77,792
\$393,907 issued June 20, 2013, due in quarterly installments of \$20,429 beginning August 15, 2013, through May 15, 2018, for the purchase of five school buses	239,202	78,528
\$396,970 issued June 17, 2014, due in semi-annual installments of \$37,772 beginning July 24, 2014, through July 24, 2019, for the purchase of five school buses	<u>325,140</u>	<u>70,005</u>
Total capital leases	\$ <u>863,395</u>	\$ <u>336,818</u>
Lease Revenue Bonds:		
\$3,255,000 2011B refunding bonds were issued on November 26, 2011, due in varying annual installments beginning June 1, 2012, through June 1, 2029, bearing interest at 2.97%	\$ 2,770,000	\$ 170,000
\$4,495,000 2012C lease revenue bonds were issued on December 6, 2012, due in varying annual installments beginning October 1, 2015 through October 1, 2042, bearing interest at varying rates ranging from 3.125%-4.845%	<u>4,495,000</u>	<u>95,000</u>
Total lease revenue bonds	\$ <u>7,265,000</u>	\$ <u>265,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, semi-annual payments of \$136,219 maturing January 1, 2029, with interest payable at 3%.	\$ 3,006,018	\$ 183,621
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments totaling \$1,539,334 maturing October 1, 2026, with interest payable at 5.125%	13,335,000	875,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, annual payments of \$2,019,563 through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	13,255,000	1,375,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	2,232,100	207,629
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, annual payments of \$480,000 through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest subsidy.	<u>5,775,000</u>	<u>480,000</u>
Total general obligation bonds	\$ <u>37,603,118</u>	\$ <u>3,121,250</u>

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**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):**

## PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	Total Amount Due	Amount Due Within One Year
Literary Fund Loans:		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%.	\$ 387,000	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%.	579,300	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%.	920,700	153,450
Total Literary Fund Loans	\$ 1,887,000	\$ 314,500
Unamortized Bond Premium	\$ 1,607,354	\$ 139,432
Compensated absences	\$ 836,548	\$ 220,708
Net pension liability	\$ 3,455,221	\$ -
Net OPEB obligation	\$ 536,458	\$ -
Total Governmental Activities Long-term Obligation	\$ 54,054,094	\$ 4,397,708

Business-type Activities:Stoney Creek Sanitary District:Revenue bond:

\$2,660,000 Water and Sewer Revenue Bonds issued August 7, 2003, due in annual principal installments of \$35,000 to \$260,000 from October 1, 2003, through October 1, 2016, interest rates from 2.0% to 5.0% payable semi-annually.

	\$ 410,000	\$ 260,000
Compensated absences	\$ 57,224	\$ 14,306
Net pension liability	\$ 214,544	-
Net OPEB obligation	\$ 33,116	-
Total Stoney Creek Sanitary District	\$ 714,884	\$ 274,306

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities: (continued)

	Total Amount Due	Amount Due Within One Year
<u>Toms Brook-Maurertown Sanitary District:</u>		
<u>General Obligation Revenue Bonds:</u>		
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029.	\$ 380,600	\$ 20,738
Compensated absences	\$ 11,800	\$ 2,950
Net pension liability	\$ 75,861	\$ -
Net OPEB obligation	\$ 6,232	\$ -
Total Toms Brook-Maurertown Sanitary District	\$ 474,493	\$ 23,688
<u>North Fork Wastewater:</u>		
<u>Lease Revenue Bond:</u>		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032.	\$ 1,115,476	\$ 54,406
<u>Landfill:</u>		
Capital lease:		
\$311,285 issued December 23, 2014, due in quarterly installments of \$64,376 beginning January 1, 2015, through January 1, 2019, for the purchase of a bulldozer	\$ 247,294	\$ 60,287
Landfill closure and post-closure care	\$ 9,834,809	\$ -
Compensated absences	\$ 46,284	\$ 11,571
Net pension liability	\$ 205,456	\$ -
Net OPEB obligation	\$ 35,194	\$ -
Total landfill	\$ 10,369,037	\$ 71,858
Total Business-type Activities	\$ 12,673,890	\$ 424,258



**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):****DISCRETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Changes in long-term obligations:

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

	Balance July 1, 2014, as Restated	Increases	Decreases	Balance June 30, 2015	Amount Due Within One Year
Compensated absences	\$ 894,547	\$ 545,099	\$ 536,728	\$ 902,918	\$ 221,826
Net pension liability	62,035,389	5,188,804	14,456,034	52,768,159	-
Net OPEB obligation	<u>1,951,000</u>	<u>727,000</u>	<u>270,000</u>	<u>2,408,000</u>	<u>-</u>
Total	<u>\$ 2,845,547</u>	<u>\$ 6,460,903</u>	<u>\$ 15,262,762</u>	<u>\$ 56,079,077</u>	<u>\$ 221,826</u>

**NOTE 13—OTHER LIABILITIES – ENTERPRISE FUNDS:**

The other liabilities of the Sanitary Districts at June 30, 2015, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ <u>10,200</u>	\$ <u>16,000</u>	\$ <u>26,200</u>
Total	<u>\$ 10,200</u>	<u>\$ 16,000</u>	<u>\$ 26,200</u>

**NOTE 14—DEFERRED COMPENSATION PLAN:**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The County does not match the employee's contributions. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under the provisions of the Small business Job Protection Act of 1996, all amounts currently or thereafter held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan participants and beneficiaries in annuity contracts, or in trust or in one or more custodial accounts pursuant to one or more separate written instruments.

Investments are managed by the plan's trustee under one of twenty-seven investment options, or a combination thereof. The choice of the investment option is made solely by the participants.

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 15—PENSION PLAN:

#### Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the 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><b>About Plan 1</b></p> <p>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><b>About Plan 2</b></p> <p>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><b>About the Hybrid Retirement Plan</b></p> <p>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"> <li>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>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.</li> </ul>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> 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><b>Hybrid Opt-In Election (Cont.)</b> 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><b>*Non-Eligible Members (Cont.)</b> 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><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> 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 SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> 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><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> 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>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p><b>Vesting (Cont.)</b>  <b><u>Defined Contributions Component: (Cont.)</u></b>  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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>  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.</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>  See definition under Plan 1</p>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> 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.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b> <b><u>Defined Contribution Component:</u></b> 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.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component:</u></b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>



COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> 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><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> 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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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> <p>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.</p>
<p><b>Purchase of Prior Service</b> 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.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• 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.</li> </ul> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p>

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

#### NOTE 15—PENSION PLAN: (CONTINUED)

##### Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <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.

##### 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	112	108
Inactive members:		
Vested inactive members	32	14
Non-vested inactive members	64	39
Inactive members active elsewhere in VRS	116	15
Total inactive members	212	68
Active members	283	217
Total covered employees	607	393

##### 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 11.03% 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 \$1,337,231 and \$1,629,069 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 8.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 15—PENSION PLAN: (CONTINUED)

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##### 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 \$369,589 and \$425,500 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, 2015. 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 SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 15—PENSION PLAN: (CONTINUED)

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##### 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, 2015.

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 SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 15—PENSION PLAN: (CONTINUED)

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##### 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 SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 15—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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
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 SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—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	\$ 39,074,838	\$ 31,950,986	\$ 7,123,852
Changes for the year:			
Service cost	\$ 1,508,647	\$ -	\$ 1,508,647
Interest	2,676,488	-	2,676,488
Contributions - employer	-	1,629,069	(1,629,069)
Contributions - employee	-	660,270	(660,270)
Net investment income	-	5,094,975	(5,094,975)
Benefit payments, including refunds of employee contributions	(1,678,590)	(1,678,590)	-
Administrative expenses	-	(26,677)	26,677
Other changes	-	268	(268)
Net changes	\$ 2,506,545	\$ 5,679,315	\$ (3,172,770)
Balances at June 30, 2014	\$ 41,581,383	\$ 37,630,301	\$ 3,951,082

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2015 (Continued)**

**NOTE 15—PENSION PLAN: (CONTINUED)**

**Changes in Net Pension Liability (Continued)**

	<b>Component Unit School Board (nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2013	\$ 11,782,606	\$ 10,030,217	\$ 1,752,389
Changes for the year:			
Service cost	\$ 457,061	\$ -	\$ 457,061
Interest	804,295	-	804,295
Contributions - employer	-	425,500	(425,500)
Contributions - employee	-	201,912	(201,912)
Net investment income	-	1,583,539	(1,583,539)
Benefit payments, including refunds of employee contributions	(585,358)	(585,358)	-
Administrative expenses	-	(8,448)	8,448
Other changes	-	83	(83)
Net changes	\$ 675,998	\$ 1,617,228	\$ (941,230)
Balances at June 30, 2014	\$ 12,458,604	\$ 11,647,445	\$ 811,159

**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:

	<b>Rate</b>		
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
County			
Net Pension Liability (Asset)	\$ 10,033,832	\$ 3,951,082	\$ (1,030,785)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,209,480	\$ 811,159	\$ (373,627)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2015 (Continued)

NOTE 15—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 \$726,662 and \$188,466, 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:

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,270,363	\$ -	\$ 704,196
Employer contributions subsequent to the measurement date	<u>1,337,231</u>	<u>-</u>	<u>369,589</u>	<u>-</u>
Total	<u>\$ 1,337,231</u>	<u>\$ 2,270,363</u>	<u>\$ 369,589</u>	<u>\$ 704,196</u>

\$1,337,231 and \$369,589 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:

<u>Year ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (567,591)	\$ (176,049)
2017	(567,591)	(176,049)
2018	(567,591)	(176,049)
2019	(567,590)	(176,049)
Thereafter	-	-

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 15—PENSION PLAN: (CONTINUED)

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##### 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 \$4,430,421 and \$3,670,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$51,957,000 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 .42994% as compared to .43760% at June 30, 2013.

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 15—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2015, the school division recognized pension expense of \$3,919,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 7,711,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	864,000
Employer contributions subsequent to the measurement date	<u>4,430,421</u>	<u>-</u>
Total	\$ <u><u>4,430,421</u></u>	\$ <u><u>8,575,000</u></u>

\$4,430,421 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:

<u>Year ended June 30,</u>	
2016	\$ (2,119,000)
2017	(2,119,000)
2018	(2,119,000)
2019	(2,119,000)
Thereafter	(99,000)

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 15—PENSION PLAN: (CONTINUED)

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##### 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 SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2015 (Continued)

### NOTE 15—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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
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 SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

#### NOTE 15—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)	\$ 76,293,653	\$ 51,957,000	\$ 31,919,992

###### 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.

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS:**

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

**Primary Government:**

**Health Insurance Program**

**A. Plan Description**

The County's retiree health insurance program is a single employer defined benefit healthcare plan. A retired employee of the County, who is participating in the employer's medical and dental program, is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 30 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.

**B. Funding Policy**

The Shenandoah County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retiree has selected a specific medical plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post employment benefits under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$133,000 for fiscal year 2015. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years on an open basis.

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****Primary Government: (Continued)****Health Insurance Program (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 134,000
Interest on OPEB Obligation	23,000
Adjustment to ARC	<u>(24,000)</u>
Annual OPEB cost	\$ 133,000
Contributions Made	<u>(72,000)</u>
Increase in Net OPEB Obligation	\$ 61,000
Net OPEB Obligation - beginning of year	<u>550,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 611,000</u></u>

The County's net OPEB obligation was reported as \$536,458 and \$74,542 in the governmental and business-type activities, respectively. The general fund is responsible for the payment of the governmental activities net OPEB obligation. Likewise, the Stoney Creek and Toms Brook-Maurertown Sanitary Districts and the landfill fund are responsible for the business-type activities net OPEB cost.

The County made an OPEB contribution of \$72,000 during fiscal year 2015 which did not equal the required annual OPEB cost of \$133,000. 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:

**Primary Government:**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 133,000	54.1%	\$ 611,000
June 30, 2014	128,000	41.4%	550,000
June 30, 2013	121,000	27.3%	475,000

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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##### Primary Government: (Continued)

##### Health Insurance Program (continued)

##### 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:

		Primary Government
Actuarial accrued liability (AAL)	\$	1,219,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	1,219,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	11,558,000
UAAL as a percentage of covered payroll		10.55%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### E. Actuarial Methods and Assumptions

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

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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##### Primary Government (Continued)

##### Health Insurance Program (continued)

##### E. Actuarial Methods and Assumptions (Continued)

###### *Cost Method*

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

###### Actuarial Assumptions:

Amortization method	Level percentage of payroll, open
Funding interest rate	4.25%
Annual amortization increase rate	2.50%
Medical trend rate	9% graded down to 5.0%
Amortization period	30 years
Asset valuation method	5-year smooth market
Inflation rate	2.50%

##### VRS Health Insurance Credit Program

##### A. Plan Description

The County 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. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee, 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 \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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##### Primary Government: (Continued)

##### VRS Health Insurance Credit Program (continued)

###### A. Plan Description (continued)

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

###### B. Funding Policy

The County is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.19% of annual covered payroll.

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

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

**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****Primary Government: (Continued)****VRS Health Insurance Credit Program (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For 2015, the County's contribution of \$8,567 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2015	\$ 8,567	100%	\$ -
June 30, 2014	11,740	100%	-
June 30, 2013	6,731	100%	-

**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)	\$	208,455
Actuarial value of plan assets	\$	195,039
Unfunded actuarial accrued liability	\$	13,416
Funded ratio (actuarial value of plan assets/AAL)		93.56%
Covered payroll (active plan members)	\$	6,541,352
UAAL as a percentage of covered payroll		0.21%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

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**Primary Government: (Continued)**

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

The Retiree Health Insurance Credit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit 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 the benefit is a flat dollar amount multiplied by the member's years of service and the maximum benefit is assumed, no assumption relating to health care cost trend rates is needed or applied.

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 amortization period at June 30, 2014 was 20-29 years.

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 healthcare cost trend rates is needed or applied.

**Component Unit School Board:**

**A. Plan Description**

The Component Unit School Board's retiree health Insurance Plan is a single employer defined benefit plan. A retired employee of the Component Unit School Board, who is participating in the employer's medical and dental program, is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 5 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.



**COUNTY OF SHENANDOAH, VIRGINIA****Notes to the Financial Statements  
June 30, 2015 (Continued)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****Component Unit School Board: (Continued)****B. Funding Policy**

The Component Unit School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The Component Unit School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when the retiree reaches the age of 65 unless the retiree has selected a specific medical plan.

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

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is \$727,000 for fiscal year 2015. The Component Unit School Board has elected not to pre-fund OPEB liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years on an open basis.

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 728,000
Interest on OPEB Obligation	83,000
Adjustment to ARC	(84,000)
Annual OPEB cost	\$ 727,000
Contributions Made	(270,000)
Increase in Net OPEB Obligation	\$ 457,000
Net OPEB Obligation - beginning of year	1,951,000
Net OPEB Obligation - end of year	\$ 2,408,000

The Component Unit School Board made an OPEB contribution of \$270,000 during fiscal year 2015 which did not equal the required annual OPEB cost of \$727,000. The Component Unit School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

Component Unit School Board:			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 727,000	37.1%	\$ 2,408,000
June 30, 2014	650,000	50.0%	1,951,000
June 30, 2013	627,000	40.7%	1,626,000

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

##### **D. Funded Status and Funding Progress**

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

		Component Unit School Board
Actuarial accrued liability (AAL)	\$	7,197,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	7,197,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	33,608,000
UAAL as a percentage of covered payroll		21.41%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### **E. Actuarial Methods and Assumptions**

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

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**

**Component Unit School Board: (Continued)**

**E. Actuarial Methods and Assumptions (Continued)**

*Cost Method*

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

*Actuarial Assumptions:*

	Component Unit School Board Unfunded
Amortization method	Level percentage of payroll, open
Funding interest rate	4.25%
Annual amortization increase rate	2.50%
Medical trend rate	9% graded down to 5.0%
Amortization period	30 years
Asset valuation method	5-year smooth market
Inflation rate	2.50%

**VRS Health Insurance Credit Program**

**A. Plan Description**

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

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 \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

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#### NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

##### VRS Health Insurance Credit Program (Continued)

###### A. Plan Description (continued)

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

###### 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 \$345,012, \$348,819, and \$348,660, respectively and equaled the required contributions for each year.

#### NOTE 17—CONTINGENT LIABILITIES:

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Federal programs in which the county and its component units participate were audited in accordance with the provisions of the U. S. Office of Management and Budget (OMB) A-133 Compliance Supplement. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures, if any, would be immaterial.

While \$380,600 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

#### NOTE 18—RISK MANAGEMENT:

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The County is a member the Virginia Municipal Group Self Insurance Association for worker's compensation insurances. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The county pays Virginia Municipal Group contributions and assessments based upon classifications and rates. These amounts are deposited into a designated cash reserve fund of the association out of which

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2015 (Continued)

#### NOTE 18—RISK MANAGEMENT: (CONTINUED)

expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

#### NOTE 19—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

State and federal laws and regulations require that the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and post-closure care costs has a balance of \$9,834,809 as of June 30, 2015, which is based on the estimated number of years remaining, which is zero for the old landfill and four years for the new landfill cells and the capacity used to date which is estimated to be 99.9% for the new landfill. The estimated total current cost of the landfill closure and post-closure care of \$9,836,778 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

#### NOTE 20—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Landfill Fund	Total Enterprise Funds
Operating revenue	\$ 1,055,331	\$ 607,593	\$ 66,336	\$ 1,207,176	\$ 2,936,436
Depreciation and amortization	176,948	174,778	37,562	346,998	736,286
Operating income (loss)	(394,780)	(101,171)	(155,059)	(1,516,474)	(2,167,484)
Current connection fees	31,000	73,333	-	-	104,333
Property, plant and equipment additions, net of retirements	(250,229)	(49,701)	(28,536)	(725,957)	(1,054,423)
Net working capital	678,794	907,670	(55,767)	(74,848)	1,455,849
Total assets	4,464,746	2,929,223	1,338,074	3,246,499	11,978,542
Long-term liabilities	440,578	450,805	1,061,070	10,297,179	12,249,632
Net position	3,385,254	2,292,102	194,673	(7,297,547)	(1,425,518)

#### NOTE 21—LITIGATION:

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

## General Fund

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 37,845,992	\$ 37,845,992	\$ 39,515,727	\$ 1,669,735
Other local taxes	6,544,500	6,544,500	6,540,794	(3,706)
Permits, privilege fees, and regulatory licenses	329,478	329,478	445,277	115,799
Fines and forfeitures	75,000	75,000	83,303	8,303
Revenue from the use of money and property	397,576	421,862	451,702	29,840
Charges for services	2,968,741	2,910,313	1,511,299	(1,399,014)
Miscellaneous	186,400	295,202	580,080	284,878
Recovered costs	560,579	572,654	512,397	(60,257)
Intergovernmental:				
Commonwealth	9,872,130	10,378,691	9,562,497	(816,194)
Federal	1,912,000	1,926,579	2,459,177	532,598
Total revenues	<u>\$ 60,692,396</u>	<u>\$ 61,300,271</u>	<u>\$ 61,662,253</u>	<u>\$ 361,982</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,877,921	\$ 3,010,560	\$ 2,735,318	\$ 275,242
Judicial administration	1,792,583	1,851,130	1,890,580	(39,450)
Public safety	12,063,293	12,536,432	13,795,977	(1,259,545)
Public works	1,112,385	1,190,433	1,088,347	102,086
Health and welfare	7,868,165	7,518,658	6,836,916	681,742
Education	25,380,552	25,380,552	24,856,868	523,684
Parks, recreation, and cultural	1,384,394	1,476,012	1,465,408	10,604
Community development	985,708	1,020,444	1,058,542	(38,098)
Nondepartmental	799,876	562,473	14,152	548,321
Capital projects	-	390,430	620,218	(229,788)
Debt service:				
Principal retirement	-	-	332,974	(332,974)
Interest and other fiscal charges	-	-	22,945	(22,945)
Total expenditures	<u>\$ 54,264,877</u>	<u>\$ 54,937,124</u>	<u>\$ 54,718,245</u>	<u>\$ 218,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,427,519</u>	<u>\$ 6,363,147</u>	<u>\$ 6,944,008</u>	<u>\$ 580,861</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (6,571,776)</u>	<u>\$ (9,830,158)</u>	<u>\$ (6,568,697)</u>	<u>\$ 3,261,461</u>
Total other financing sources (uses)	<u>\$ (6,571,776)</u>	<u>\$ (9,830,158)</u>	<u>\$ (6,568,697)</u>	<u>\$ 3,261,461</u>
Net change in fund balances	\$ (144,257)	\$ (3,467,011)	\$ 375,311	\$ 3,842,322
Fund balances - beginning	144,257	3,467,011	18,277,191	14,810,180
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,652,502</u>	<u>\$ 18,652,502</u>

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

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 1,508,647
Interest	2,676,488
Benefit payments, including refunds of employee contributions	(1,678,590)
<b>Net change in total pension liability</b>	<b>\$ 2,506,545</b>
<b>Total pension liability - beginning</b>	<b>39,074,838</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 41,581,383</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,629,069
Contributions - employee	660,270
Net investment income	5,094,975
Benefit payments, including refunds of employee contributions	(1,678,590)
Administrative expense	(26,677)
Other	268
<b>Net change in plan fiduciary net position</b>	<b>\$ 5,679,315</b>
<b>Plan fiduciary net position - beginning</b>	<b>31,950,986</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 37,630,301</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 3,951,082</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>90.50%</b>
<b>Covered-employee payroll</b>	<b>\$ 13,041,755</b>
<b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>30.30%</b>

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



Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 Year Ended June 30, 2015

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 457,061
Interest	804,295
Benefit payments, including refunds of employee contributions	(585,358)
<b>Net change in total pension liability</b>	<b>\$ 675,998</b>
<b>Total pension liability - beginning</b>	<b>11,782,606</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 12,458,604</b>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 425,500
Contributions - employee	201,912
Net investment income	1,583,539
Benefit payments, including refunds of employee contributions	(585,358)
Administrative expense	(8,448)
Other	83
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,617,228</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,030,217</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,647,445</b>
 <b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 811,159</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.49%</b>
 <b>Covered-employee payroll</b>	<b>\$ 4,045,494</b>
 <b>School Division's net pension liability as a percentage of covered-employee payroll</b>	<b>20.05%</b>

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

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

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	<b>2015</b>
Employer's Proportion of the Net Pension Liability	0.42994%
Employer's Proportionate Share of the Net Pension Liability	\$ 51,957,000
Employer's Covered-Employee Payroll	\$ 31,425,129
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

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

Schedule of Employer Contributions  
Year Ended June 30, 2015

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<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
<b>Primary Government</b>					
2015	\$ 1,337,231	\$ 1,337,231	\$ -	\$ 11,520,734	11.61%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 369,589	\$ 369,589	\$ -	\$ 3,820,684	9.67%
<b>Component Unit School Board (professional)</b>					
2015	\$ 4,430,421	\$ 4,430,421	\$ -	\$ 30,554,628	14.50%

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

Notes to Required Supplementary Information  
Year Ended June 30, 2015

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**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

**Schedule of OPEB Funding Progress**  
**June 30, 2015**

**PRIMARY GOVERNMENT:****County Other Postemployment Benefit Program**

Actuarial Valuation Date*	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/14	\$ -	\$ 1,219,000	\$ 1,219,000	0.00%	\$ 11,558,000	10.55%
06/30/12	-	1,017,000	1,017,000	0.00%	8,948,000	11.37%
06/30/10	-	967,000	967,000	0.00%	10,409,000	9.30%

**Virginia Retirement System-Health Insurance Credit**

Actuarial Valuation Date*	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/14	\$ 195,039	\$ 208,455	\$ 13,416	93.56%	\$ 6,541,352	0.21%
06/30/13	175,211	200,168	24,957	87.53%	6,122,090	0.41%
06/30/12	160,317	196,589	36,272	81.55%	5,407,186	0.67%

**DISCRETELY PRESENTED COMPONENT UNIT:****School Board Other Postemployment Benefit Program**

Actuarial Valuation Date*	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/14	\$ -	\$ 7,197,000	\$ 7,197,000	0.00%	\$ 33,608,000	21.41%
06/30/12	-	5,877,000	5,877,000	0.00%	26,517,000	22.16%
06/30/10	-	5,410,000	5,410,000	0.00%	27,004,000	20.03%

## **OTHER SUPPLEMENTARY INFORMATION**

COUNTY OF SHENANDOAH, VIRGINIA

Exhibit 19

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

County Debt Service Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 511,935	\$ 511,935
Total revenues	\$ -	\$ -	\$ 511,935	\$ 511,935
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 3,597,772	\$ 3,597,772	\$ 3,497,060	\$ 100,712
Interest and other fiscal charges	1,807,770	1,807,770	2,373,273	(565,503)
Total expenditures	\$ 5,405,542	\$ 5,405,542	\$ 5,870,333	\$ (464,791)
Excess (deficiency) of revenues over (under) expenditures	\$ (5,405,542)	\$ (5,405,542)	\$ (5,358,398)	\$ 47,144
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,405,542	\$ 5,405,542	\$ 5,541,385	\$ 135,843
Total other financing sources (uses)	\$ 5,405,542	\$ 5,405,542	\$ 5,541,385	\$ 135,843
Net change in fund balances	\$ -	\$ -	\$ 182,987	\$ 182,987
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 182,987	\$ 182,987

## COUNTY OF SHENANDOAH, VIRGINIA

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

## County Capital Projects Fund

For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 1,219	\$ 1,015	\$ (204)
Total revenues	\$ -	\$ 1,219	\$ 1,015	\$ (204)
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 258,758	\$ 52,379	\$ 206,379
Total expenditures	\$ -	\$ 258,758	\$ 52,379	\$ 206,379
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (257,539)	\$ (51,364)	\$ 206,175
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (1,900,000)	\$ (2,095,830)	\$ (360,314)	\$ 1,735,516
Total other financing sources (uses)	\$ (1,900,000)	\$ (2,095,830)	\$ (360,314)	\$ 1,735,516
Net change in fund balances	\$ (1,900,000)	\$ (2,353,369)	\$ (411,678)	\$ 1,941,691
Fund balances - beginning	1,900,000	2,353,369	8,417,466	6,064,097
Fund balances - ending	\$ -	\$ -	\$ 8,005,788	\$ 8,005,788



## **COMBINING FUND STATEMENTS AND SCHEDULES**

COUNTY OF SHENANDOAH, VIRGINIA  
Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Exhibit 21

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 88,519	\$ 100,084	\$ 188,603
Total assets	\$ 88,519	\$ 100,084	\$ 188,603
<b>LIABILITIES AND FUND BALANCES</b>			
Fund balances:			
Assigned:			
Landfill contingency	\$ 88,519	\$ -	\$ 88,519
Capital projects	-	100,084	100,084
Total fund balances	\$ 88,519	\$ 100,084	\$ 188,603
Total liabilities and fund balances	\$ 88,519	\$ 100,084	\$ 188,603

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 131	\$ 131
Miscellaneous	97	-	97
Total revenues	\$ 97	\$ 131	\$ 228
Excess (deficiency) of revenues over (under) expenditures	\$ 97	\$ 131	\$ 228
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 24,308	\$ -	\$ 24,308
Total other financing sources (uses)	\$ 24,308	\$ -	\$ 24,308
Net change in fund balances	\$ 24,405	\$ 131	\$ 24,536
Fund balances - beginning	64,114	99,953	164,067
Fund balances - ending	\$ 88,519	\$ 100,084	\$ 188,603

COUNTY OF SHENANDOAH, VIRGINIA  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

Exhibit 23

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Ambulance Recovery</u>	<u>Jail Inmate</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,175	\$ 675,514	\$ -	\$ 676,689
Receivables:				
Accounts receivable	-	350,837	-	350,837
Total assets	<u>\$ 1,175</u>	<u>\$ 1,026,351</u>	<u>\$ -</u>	<u>\$ 1,027,526</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 1,175	\$ -	\$ -	\$ 1,175
Amounts held for locality rescue agencies	-	1,026,351	-	1,026,351
Total liabilities	<u>\$ 1,175</u>	<u>\$ 1,026,351</u>	<u>\$ -</u>	<u>\$ 1,027,526</u>

COUNTY OF SHENANDOAH, VIRGINIA  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

Exhibit 24

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,395	\$ 2,332	\$ 3,552	\$ 1,175
Accounts receivable	45	-	45	-
Total assets	<u>\$ 2,440</u>	<u>\$ 2,332</u>	<u>\$ 3,597</u>	<u>\$ 1,175</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	<u>\$ 2,440</u>	<u>\$ 2,332</u>	<u>\$ 3,597</u>	<u>\$ 1,175</u>
Total liabilities	<u>\$ 2,440</u>	<u>\$ 2,332</u>	<u>\$ 3,597</u>	<u>\$ 1,175</u>
<b>Ambulance Recovery</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 596,885	\$ 1,124,501	\$ 1,045,872	\$ 675,514
Accounts receivable	278,893	1,196,386	1,124,442	350,837
Total assets	<u>\$ 875,778</u>	<u>\$ 2,320,887</u>	<u>\$ 2,170,314</u>	<u>\$ 1,026,351</u>
<b>LIABILITIES</b>				
Amounts held for locality rescue agencies	<u>\$ 875,778</u>	<u>\$ 2,320,887</u>	<u>\$ 2,170,314</u>	<u>\$ 1,026,351</u>
Total liabilities	<u>\$ 875,778</u>	<u>\$ 2,320,887</u>	<u>\$ 2,170,314</u>	<u>\$ 1,026,351</u>
<b>Jail Inmate</b>				
<b>ASSETS</b>				
Cash in custody of others	\$ 24,743	\$ 4,469	\$ 29,212	\$ -
Total assets	<u>\$ 24,743</u>	<u>\$ 4,469</u>	<u>\$ 29,212</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Amounts held for inmates	<u>\$ 24,743</u>	<u>\$ 4,469</u>	<u>\$ 29,212</u>	<u>\$ -</u>
Total liabilities	<u>\$ 24,743</u>	<u>\$ 4,469</u>	<u>\$ 29,212</u>	<u>\$ -</u>
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 599,280	\$ 1,126,833	\$ 1,049,424	\$ 676,689
Cash in custody of others	24,743	4,469	29,212	-
Accounts receivable	278,938	1,196,386	1,124,487	350,837
Total assets	<u>\$ 902,961</u>	<u>\$ 2,327,688</u>	<u>\$ 2,203,123</u>	<u>\$ 1,027,526</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 2,440	\$ 2,332	\$ 3,597	\$ 1,175
Amounts held for locality rescue agencies	875,778	2,320,887	2,170,314	1,026,351
Amounts held for inmates	24,743	4,469	29,212	-
Total liabilities	<u>\$ 902,961</u>	<u>\$ 2,327,688</u>	<u>\$ 2,203,123</u>	<u>\$ 1,027,526</u>

**DISCRETELY PRESENTED COMPONENT UNIT -  
SCHOOL BOARD**

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2015**

**Exhibit 25**

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,203,540	\$ 1,048,341	\$ 6,251,881
Receivables (net of allowance for uncollectibles):			
Accounts receivable	30,000	-	30,000
Due from other funds	105,022	-	105,022
Due from other governmental units	1,978,366	59,295	2,037,661
Inventories	-	102,099	102,099
Prepaid items	45,245	-	45,245
Deposits	5,000	-	5,000
Total assets	<u>\$ 7,367,173</u>	<u>\$ 1,209,735</u>	<u>\$ 8,576,908</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 265,208	\$ 28,822	\$ 294,030
Accrued payroll	4,828,152	160,228	4,988,380
Due to other funds	-	105,022	105,022
Due to primary government	2,273,813	-	2,273,813
Total liabilities	<u>\$ 7,367,173</u>	<u>\$ 294,072</u>	<u>\$ 7,661,245</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 102,099	\$ 102,099
Prepaid items	45,245	-	45,245
Assigned:			
Cafeteria	-	813,564	813,564
Unassigned	(45,245)	-	(45,245)
Total fund balances	<u>\$ -</u>	<u>\$ 915,663</u>	<u>\$ 915,663</u>
Total liabilities and fund balances	<u>\$ 7,367,173</u>	<u>\$ 1,209,735</u>	<u>\$ 8,576,908</u>

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

Total fund balances per above	\$ 915,663
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,698,934
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(9,279,196)
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.	4,800,010
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(56,079,077)</u>
Net position of governmental activities	<u>\$ (14,943,666)</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	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 14,910	\$ 1,493	\$ 16,403
Charges for services	2,469,340	748,727	3,218,067
Miscellaneous	101,248	77,961	179,209
Recovered costs	76,734	-	76,734
Intergovernmental:			
Local government	24,430,508	-	24,430,508
Commonwealth	32,895,102	44,145	32,939,247
Federal	2,530,583	1,416,079	3,946,662
Total revenues	<u>\$ 62,518,425</u>	<u>\$ 2,288,405</u>	<u>\$ 64,806,830</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>\$ 62,518,425</u>	<u>\$ 2,324,670</u>	<u>\$ 64,843,095</u>
Total expenditures	<u>\$ 62,518,425</u>	<u>\$ 2,324,670</u>	<u>\$ 64,843,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (36,265)</u>	<u>\$ (36,265)</u>
Net change in fund balances	\$ -	\$ (36,265)	\$ (36,265)
Fund balances - beginning	-	951,928	951,928
Fund balances - ending	<u>\$ -</u>	<u>\$ 915,663</u>	<u>\$ 915,663</u>

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

Net change in fund balances - total governmental funds \$ (36,265)

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

1,068,133

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

(9,279,196)

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.

9,506,369

Change in net position of governmental activities

\$ 1,259,041



**COUNTY OF SHENANDOAH, VIRGINIA**

**Combining 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			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 14,910	\$ 14,910
Charges for services	2,370,265	2,728,417	2,469,340	(259,077)
Miscellaneous	25,000	25,000	101,248	76,248
Recovered costs	-	32,338	76,734	44,396
Intergovernmental:				
Local government	24,917,495	24,996,482	24,430,508	(565,974)
Commonwealth	32,846,866	33,197,484	32,895,102	(302,382)
Federal	2,580,867	2,697,336	2,530,583	(166,753)
Total revenues	<u>\$ 62,740,493</u>	<u>\$ 63,677,057</u>	<u>\$ 62,518,425</u>	<u>\$ (1,158,632)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 62,740,493</u>	<u>\$ 63,677,057</u>	<u>\$ 62,518,425</u>	<u>\$ 1,158,632</u>
Total expenditures	<u>\$ 62,740,493</u>	<u>\$ 63,677,057</u>	<u>\$ 62,518,425</u>	<u>\$ 1,158,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 1,493	\$ 1,493
969,878	969,878	748,727	(221,151)
133,195	133,195	77,961	(55,234)
-	-	-	-
-	-	-	-
40,443	40,443	44,145	3,702
1,346,623	1,346,623	1,416,079	69,456
<u>\$ 2,490,139</u>	<u>\$ 2,490,139</u>	<u>\$ 2,288,405</u>	<u>\$ (201,734)</u>
\$ 2,490,139	\$ 2,490,139	\$ 2,324,670	\$ 165,469
<u>\$ 2,490,139</u>	<u>\$ 2,490,139</u>	<u>\$ 2,324,670</u>	<u>\$ 165,469</u>
\$ -	\$ -	\$ (36,265)	\$ (36,265)
\$ -	\$ -	\$ (36,265)	\$ (36,265)
-	-	951,928	951,928
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915,663</u>	<u>\$ 915,663</u>

## **SUPPORTING SCHEDULES**

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

**Schedule 1**  
**Page 1 of 6**

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,185,631	\$ 25,185,631	\$ 25,666,444	\$ 480,813
Real and personal public service corporation taxes	1,050,585	1,050,585	1,300,575	249,990
Personal property taxes	8,718,776	8,718,776	9,083,927	365,151
Mobile home taxes	11,000	11,000	10,906	(94)
Machinery and tools taxes	2,025,000	2,025,000	2,530,065	505,065
Merchants capital	280,000	280,000	291,787	11,787
Penalties	325,000	325,000	314,908	(10,092)
Interest	250,000	250,000	317,115	67,115
Total general property taxes	<u>\$ 37,845,992</u>	<u>\$ 37,845,992</u>	<u>\$ 39,515,727</u>	<u>\$ 1,669,735</u>
Other local taxes:				
Local sales and use taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,262,733	\$ 62,733
Consumers' utility taxes	2,000,000	2,000,000	1,955,209	(44,791)
Utility license taxes	26,500	26,500	30,551	4,051
Motor vehicle licenses	850,000	850,000	864,693	14,693
Taxes on recordation and wills	350,000	350,000	291,431	(58,569)
Transient occupancy tax	118,000	118,000	136,177	18,177
Total other local taxes	<u>\$ 6,544,500</u>	<u>\$ 6,544,500</u>	<u>\$ 6,540,794</u>	<u>\$ (3,706)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,500	\$ 24,500	\$ 19,103	\$ (5,397)
Land use application fees	49,000	49,000	4,318	(44,682)
Transfer fees	2,000	2,000	1,930	(70)
Permits and other licenses	253,978	253,978	419,926	165,948
Total permits, privilege fees, and regulatory licenses	<u>\$ 329,478</u>	<u>\$ 329,478</u>	<u>\$ 445,277</u>	<u>\$ 115,799</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 83,303</u>	<u>\$ 8,303</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 62,000	\$ 86,286	\$ 56,041	\$ (30,245)
Revenue from use of property	335,576	335,576	395,661	60,085
Total revenue from use of money and property	<u>\$ 397,576</u>	<u>\$ 421,862</u>	<u>\$ 451,702</u>	<u>\$ 29,840</u>
Charges for services:				
Excess fees of clerk	\$ 32,000	\$ 32,000	\$ -	\$ (32,000)
Charges for courthouse security	91,761	91,761	104,526	12,765
Law library fees	-	-	14,046	14,046
Jail telephone commissions	-	-	8,656	8,656
Charges for Commonwealth's Attorney	3,700	3,700	3,539	(161)
Board of prisoners	-	1,572	1,485	(87)
Charges for animal protection	-	-	9,120	9,120
Charges for sanitation and waste removal	1,100,000	1,100,000	-	(1,100,000)
Charges for parks and recreation	216,780	216,780	383,428	166,648
Charges for spay and neuter	12,000	12,000	4,135	(7,865)
Charges for day care	420,000	420,000	367,829	(52,171)
Charges for courthouse maintenance	25,000	25,000	26,213	1,213
Charges for ambulance recoveries	1,000,000	1,000,000	575,653	(424,347)
Charges for services - other	67,500	7,500	12,669	5,169
Total charges for services	<u>\$ 2,968,741</u>	<u>\$ 2,910,313</u>	<u>\$ 1,511,299</u>	<u>\$ (1,399,014)</u>

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

Schedule 1  
Page 2 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund (continued):</b>				
Miscellaneous revenue:				
Miscellaneous	\$ 160,000	\$ 210,069	\$ 259,210	\$ 49,141
Refunds and recoveries	26,400	85,133	320,870	235,737
Total miscellaneous revenue	<u>\$ 186,400</u>	<u>\$ 295,202</u>	<u>\$ 580,080</u>	<u>\$ 284,878</u>
Recovered costs:				
Other recovered costs	\$ 560,579	\$ 572,654	\$ 512,397	\$ (60,257)
Total recovered costs	<u>\$ 560,579</u>	<u>\$ 572,654</u>	<u>\$ 512,397</u>	<u>\$ (60,257)</u>
Total revenue from local sources	<u>\$ 48,908,266</u>	<u>\$ 48,995,001</u>	<u>\$ 49,640,579</u>	<u>\$ 645,578</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 82,500	\$ 82,500	\$ 35,115	\$ (47,385)
Mobile home titling tax	12,400	12,400	4,184	(8,216)
State recordation tax	180,000	180,000	188,483	8,483
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	<u>\$ 3,922,729</u>	<u>\$ 3,922,729</u>	<u>\$ 3,875,611</u>	<u>\$ (47,118)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 334,169	\$ 334,639	\$ 358,646	\$ 24,007
Sheriff	1,643,850	1,643,850	1,712,901	69,051
Commissioner of revenue	119,855	119,855	122,103	2,248
Treasurer	122,800	122,800	123,123	323
Registrar/electoral board	48,954	48,954	40,753	(8,201)
Clerk of the Circuit Court	284,488	306,414	310,354	3,940
Total shared expenses	<u>\$ 2,554,116</u>	<u>\$ 2,576,512</u>	<u>\$ 2,667,880</u>	<u>\$ 91,368</u>
Other categorical aid:				
Litter control grant	\$ -	\$ 18,672	\$ 18,672	\$ -
Welfare administration and assistance	1,222,600	1,222,600	1,081,313	(141,287)
Forfeited drug assets	-	-	77,335	77,335
DMV grant	-	30,482	-	(30,482)
Comprehensive services act	1,741,400	1,741,400	1,399,235	(342,165)
VJCCCA grant	30,808	30,808	31,204	396
Victim-witness grant	27,671	27,671	28,367	696
Wireless E-911 grant	80,000	125,818	101,142	(24,676)
Fire programs fund	71,470	71,470	79,391	7,921
Extradition of prisoners	-	411	1,145	734
Other categorical aid	221,336	610,118	201,202	(408,916)
Total other categorical aid	<u>\$ 3,395,285</u>	<u>\$ 3,879,450</u>	<u>\$ 3,019,006</u>	<u>\$ (860,444)</u>
Total categorical aid	<u>\$ 5,949,401</u>	<u>\$ 6,455,962</u>	<u>\$ 5,686,886</u>	<u>\$ (769,076)</u>
Total revenue from the Commonwealth	<u>\$ 9,872,130</u>	<u>\$ 10,378,691</u>	<u>\$ 9,562,497</u>	<u>\$ (816,194)</u>

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

Schedule 1  
Page 3 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund (continued):</b>				
Intergovernmental: (continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 160,000	\$ 160,000	\$ 160,707	\$ 707
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 29,812	\$ 29,812
U.S. Forest Service Patrol	-	5,280	5,280	-
Bullet proof vest grant	-	993	-	(993)
Welfare administration and assistance	1,682,000	1,682,000	1,575,856	(106,144)
Forfeited drug assets	-	-	155,427	155,427
CDBG	-	-	106,334	106,334
Conservation easement	-	-	14,510	14,510
Project lifesaver	-	390	1,250	860
Homeland security grant	-	-	26,940	26,940
Triad grant	-	-	2,950	2,950
Highway planning and construction	-	-	371,823	371,823
Other categorical aid	70,000	77,916	8,288	(69,628)
Total categorical aid	\$ 1,752,000	\$ 1,766,579	\$ 2,298,470	\$ 531,891
Total revenue from the federal government	\$ 1,912,000	\$ 1,926,579	\$ 2,459,177	\$ 532,598
Total General Fund	\$ 60,692,396	\$ 61,300,271	\$ 61,662,253	\$ 361,982
<b>Landfill contingency fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 97	\$ 97
Total revenue from local sources	\$ -	\$ -	\$ 97	\$ 97
Total Landfill Contingency Fund	\$ -	\$ -	\$ 97	\$ 97
<b>Debt Service Funds:</b>				
<b>County Debt Service Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Interest subsidy	\$ -	\$ -	\$ 511,935	\$ 511,935
Total miscellaneous revenue	\$ -	\$ -	\$ 511,935	\$ 511,935
Total Debt Service Fund	\$ -	\$ -	\$ 511,935	\$ 511,935
<b>Capital Projects Funds:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 1,219	\$ 1,015	\$ (204)
Total revenue from use of money and property	\$ -	\$ 1,219	\$ 1,015	\$ (204)
Total revenue from local sources	\$ -	\$ 1,219	\$ 1,015	\$ (204)
Total Capital Projects Fund	\$ -	\$ 1,219	\$ 1,015	\$ (204)

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

Schedule 1  
Page 4 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds (Continued):</b>				
<b>Industrial Park Water &amp; Sewer Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 131	\$ 131
Total revenue from local sources	\$ -	\$ -	\$ 131	\$ 131
Total Industrial Park Water & Sewer Fund	\$ -	\$ -	\$ 131	\$ 131
Total Primary Government	\$ 60,692,396	\$ 61,301,490	\$ 62,175,431	\$ 873,941
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 14,910	\$ 14,910
Total revenue from use of money and property	\$ -	\$ -	\$ 14,910	\$ 14,910
Charges for services:				
Tuition and other payments	\$ 2,284,481	\$ 2,284,481	\$ 2,124,048	\$ (160,433)
Other charges for services	85,784	443,936	345,292	(98,644)
Total charges for services	\$ 2,370,265	\$ 2,728,417	\$ 2,469,340	\$ (259,077)
Miscellaneous revenue:				
Other miscellaneous	\$ 25,000	\$ 25,000	\$ 101,248	\$ 76,248
Total miscellaneous revenue	\$ 25,000	\$ 25,000	\$ 101,248	\$ 76,248
Recovered costs:				
Other recovered costs	\$ -	\$ 32,338	\$ 76,734	\$ 44,396
Total revenue from local sources	\$ 2,395,265	\$ 2,785,755	\$ 2,662,232	\$ (123,523)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 24,917,495	\$ 24,996,482	\$ 24,430,508	\$ (565,974)

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

Schedule 1  
Page 5 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit School Board (continued):</b>				
<b>School Operating Fund (continued):</b>				
Intergovernmental: (continued)				
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 6,454,410	\$ 6,454,410	\$ 6,536,648	\$ 82,238
Basic aid	16,822,509	16,822,509	16,495,160	(327,349)
Remedial summer school	61,331	61,331	70,202	8,871
Foster home children	25,689	25,689	32,155	6,466
GED	15,717	15,717	15,717	-
Gifted and talented	179,788	179,788	177,314	(2,474)
Remedial education	520,237	520,237	513,080	(7,157)
Special education	1,224,087	1,224,087	1,207,246	(16,841)
Textbook payments	368,068	368,068	363,004	(5,064)
Vocational education	611,575	611,575	621,366	9,791
Fringe benefits	3,002,840	3,002,840	2,942,662	(60,178)
Early reading intervention	104,680	104,680	104,647	(33)
Mentor teacher program	5,396	5,396	7,454	2,058
Homebound	9,019	9,019	8,866	(153)
Special education regional program	519,180	869,798	912,130	42,332
At risk program	446,048	446,048	439,824	(6,224)
Primary class size payments	720,197	720,197	731,352	11,155
School technology funds	310,000	310,000	364,589	54,589
School construction	-	-	10,334	10,334
Special education- foster children	-	-	21,542	21,542
Algebra readiness	68,151	68,151	70,142	1,991
English as a second language	201,950	201,950	215,864	13,914
Virginia preschool initiative payment	377,640	377,640	392,245	14,605
Academic year governors school	621,283	621,283	592,359	(28,924)
National board certification bonus	-	-	12,500	12,500
Other categorical aid	177,071	177,071	36,700	(140,371)
Total categorical aid	\$ 32,846,866	\$ 33,197,484	\$ 32,895,102	\$ (302,382)
Total revenue from the Commonwealth	\$ 32,846,866	\$ 33,197,484	\$ 32,895,102	\$ (302,382)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 956,235	\$ 1,065,930	\$ 1,005,935	\$ (59,995)
Forest reserve	21,928	21,928	14,821	(7,107)
Title II Part A	186,100	183,193	174,722	(8,471)
Title VI-B	1,229,175	1,229,175	1,217,298	(11,877)
Vocational education	100,716	100,716	90,768	(9,948)
Preschool	38,125	47,806	16,986	(30,820)
Other	\$ 48,588	\$ 48,588	\$ 10,053	\$ (38,535)
Total categorical aid	\$ 2,580,867	\$ 2,697,336	\$ 2,530,583	\$ (166,753)
Total revenue from the federal government	\$ 2,580,867	\$ 2,697,336	\$ 2,530,583	\$ (166,753)
Total School Operating Fund	\$ 62,740,493	\$ 63,677,057	\$ 62,518,425	\$ (1,158,632)



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

Schedule 1  
Page 6 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit School Board (continued):</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,493	\$ 1,493
Charges for services:				
School food services	\$ 969,878	\$ 969,878	\$ 748,727	\$ (221,151)
Miscellaneous revenue:				
Miscellaneous	\$ 133,195	\$ 133,195	\$ 77,961	\$ (55,234)
Total revenue from local sources	\$ 1,103,073	\$ 1,103,073	\$ 828,181	\$ (274,892)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 40,443	\$ 40,443	\$ 44,145	\$ 3,702
Total revenue from the Commonwealth	\$ 40,443	\$ 40,443	\$ 44,145	\$ 3,702
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 1,346,623	\$ 1,346,623	\$ 1,267,900	\$ (78,723)
USDA commodities	-	-	148,179	148,179
Total categorical aid	\$ 1,346,623	\$ 1,346,623	\$ 1,416,079	\$ 69,456
Total revenue from the federal government	\$ 1,346,623	\$ 1,346,623	\$ 1,416,079	\$ 69,456
Total School Cafeteria Fund	\$ 2,490,139	\$ 2,490,139	\$ 2,288,405	\$ (201,734)
Total Discretely Presented Component Unit - School Board	\$ 65,230,632	\$ 66,167,196	\$ 64,806,830	\$ (1,360,366)

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

**Schedule 2**  
**Page 1 of 4**

<b>Fund, Function, Activity and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 248,980	\$ 249,092	\$ 203,391	\$ 45,701
General and financial information:				
County administrator	\$ 391,517	\$ 398,150	\$ 409,839	\$ (11,689)
Budget	304,641	309,806	238,978	70,828
Legal services	72,000	72,000	78,562	(6,562)
Commissioner of revenue	440,298	445,462	443,285	2,177
Reassessment	433,654	433,654	349,596	84,058
Treasurer	542,133	571,838	546,792	25,046
Central accounting	67,000	67,000	72,968	(5,968)
Data processing	66,457	89,196	137,931	(48,735)
Geographic information system	99,612	101,166	102,343	(1,177)
Total general and financial information	\$ 2,417,312	\$ 2,488,272	\$ 2,380,294	\$ 107,978
Board of elections:				
Electoral board and officials	\$ 85,795	\$ 146,785	\$ 45,624	\$ 101,161
Registrar	125,834	126,411	106,009	20,402
Total board of elections	\$ 211,629	\$ 273,196	\$ 151,633	\$ 121,563
Total general government administration	\$ 2,877,921	\$ 3,010,560	\$ 2,735,318	\$ 275,242
Judicial administration:				
Courts:				
Circuit court	\$ 62,306	\$ 63,258	\$ 63,025	\$ 233
General district court	10,600	10,600	6,883	3,717
Special magistrates	3,025	3,025	2,037	988
Clerk of the circuit court	491,835	531,942	538,927	(6,985)
Sheriff	647,566	659,254	717,460	(58,206)
Juvenile domestic	15,475	15,475	7,809	7,666
Law library	20,800	20,800	9,919	10,881
Victim witness	28,308	28,308	28,115	193
Total courts	\$ 1,279,915	\$ 1,332,662	\$ 1,374,175	\$ (41,513)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 512,668	\$ 518,468	\$ 516,405	\$ 2,063
Total judicial administration	\$ 1,792,583	\$ 1,851,130	\$ 1,890,580	\$ (39,450)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,190,208	\$ 4,491,378	\$ 4,874,968	\$ (383,590)
E-911 enforcement and traffic control	16,860	16,860	12,371	4,489
Total law enforcement and traffic control	\$ 4,207,068	\$ 4,508,238	\$ 4,887,339	\$ (379,101)
Fire and rescue services:				
Volunteer fire department	\$ 765,551	\$ 765,551	\$ 690,223	\$ 75,328
Ambulance and rescue services	231,461	231,461	215,075	16,386
Forest fire extinction	9,695	9,695	9,495	200
Fire and rescue services	3,406,822	3,466,372	3,800,122	(333,750)
Total fire and rescue services	\$ 4,413,529	\$ 4,473,079	\$ 4,714,915	\$ (241,836)

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

Schedule 2  
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (continued)</b>				
Public safety: (continued)				
Correction and detention:				
Jail	\$ 1,069,094	\$ 1,070,134	\$ 1,776,642	\$ (706,508)
Juvenile probation and detention	431,804	431,804	428,011	3,793
Total correction and detention	<u>\$ 1,500,898</u>	<u>\$ 1,501,938</u>	<u>\$ 2,204,653</u>	<u>\$ (702,715)</u>
Inspections:				
Building	<u>\$ 381,432</u>	<u>\$ 407,445</u>	<u>\$ 404,488</u>	<u>\$ 2,957</u>
Other protection:				
Animal control	\$ 129,056	\$ 131,009	\$ 129,022	\$ 1,987
Animal shelter	239,429	258,051	249,097	8,954
Medical examiner	900	900	800	100
Emergency services	1,190,981	1,255,772	1,205,663	50,109
Total other protection	<u>\$ 1,560,366</u>	<u>\$ 1,645,732</u>	<u>\$ 1,584,582</u>	<u>\$ 61,150</u>
Total public safety	<u>\$ 12,063,293</u>	<u>\$ 12,536,432</u>	<u>\$ 13,795,977</u>	<u>\$ (1,259,545)</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,112,385</u>	<u>\$ 1,190,433</u>	<u>\$ 1,084,714</u>	<u>\$ 105,719</u>
Total public works	<u>\$ 1,112,385</u>	<u>\$ 1,190,433</u>	<u>\$ 1,088,347</u>	<u>\$ 102,086</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 303,374</u>	<u>\$ 303,374</u>	<u>\$ 303,374</u>	<u>\$ -</u>
Mental health and mental retardation:				
Northwestern Community Services Board	<u>\$ 241,646</u>	<u>\$ 241,646</u>	<u>\$ 241,646</u>	<u>\$ -</u>
Total mental health and mental retardation	<u>\$ 241,646</u>	<u>\$ 241,646</u>	<u>\$ 241,646</u>	<u>\$ -</u>
Welfare administration	\$ 4,249,272	\$ 3,899,765	\$ 3,649,641	\$ 250,124
Comprehensive services act	2,740,573	2,740,573	2,269,298	471,275
Area Agency on Aging	83,000	83,000	83,000	-
Tax relief for the elderly	150,000	150,000	203,030	(53,030)
Operation county/farm home	58,300	58,300	44,927	13,373
Other local health and welfare organizations	42,000	42,000	42,000	-
Total welfare administration	<u>\$ 7,323,145</u>	<u>\$ 6,973,638</u>	<u>\$ 6,291,896</u>	<u>\$ 681,742</u>
Total health and welfare	<u>\$ 7,868,165</u>	<u>\$ 7,518,658</u>	<u>\$ 6,836,916</u>	<u>\$ 681,742</u>

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

**Schedule 2**  
**Page 3 of 4**

<b>Fund, Function, Activity and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>General Fund: (continued)</b>				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 43,057	\$ 43,057	\$ 43,057	\$ -
Contribution to County School Board	24,917,495	24,917,495	24,430,508	486,987
Seven Bends student center	420,000	420,000	383,303	36,697
Total education	<u>\$ 25,380,552</u>	<u>\$ 25,380,552</u>	<u>\$ 24,856,868</u>	<u>\$ 523,684</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 727,356	\$ 792,869	\$ 781,835	\$ 11,034
Cultural enrichment:				
Operation of television translators	\$ 4,200	\$ 4,200	\$ 248	\$ 3,952
Contributions to community programs	6,500	6,500	6,500	-
Total cultural enrichment	<u>\$ 10,700</u>	<u>\$ 10,700</u>	<u>\$ 6,748</u>	<u>\$ 3,952</u>
Library:				
Contribution to County Library	\$ 646,338	\$ 672,443	\$ 676,825	\$ (4,382)
Total parks, recreation, and cultural	<u>\$ 1,384,394</u>	<u>\$ 1,476,012</u>	<u>\$ 1,465,408</u>	<u>\$ 10,604</u>
Community development:				
Planning and community development:				
Community development	\$ 361,975	\$ 367,459	\$ 352,031	\$ 15,428
Economic development	72,853	72,853	56,156	16,697
Tourism	169,389	179,186	177,131	2,055
Litter control	-	18,672	18,665	7
Total planning and community development	<u>\$ 604,217</u>	<u>\$ 638,170</u>	<u>\$ 603,983</u>	<u>\$ 34,187</u>
Environmental management:				
Soil and water conservation district	\$ 230,850	\$ 230,850	\$ 315,985	\$ (85,135)
Total environmental management	<u>\$ 230,850</u>	<u>\$ 230,850</u>	<u>\$ 315,985</u>	<u>\$ (85,135)</u>
Cooperative extension program:				
Extension office	\$ 150,641	\$ 151,424	\$ 138,574	\$ 12,850
Total community development	<u>\$ 985,708</u>	<u>\$ 1,020,444</u>	<u>\$ 1,058,542</u>	<u>\$ (38,098)</u>
Nondepartmental:				
Judgments and settlements	\$ 300	\$ 300	\$ 445	\$ (145)
Revenue refunds	12,350	12,350	13,707	(1,357)
Miscellaneous	787,226	549,823	-	549,823
Total nondepartmental	<u>\$ 799,876</u>	<u>\$ 562,473</u>	<u>\$ 14,152</u>	<u>\$ 548,321</u>
Capital projects:				
Other capital projects	\$ -	\$ 390,430	\$ 620,218	\$ (229,788)
Total capital projects	<u>\$ -</u>	<u>\$ 390,430</u>	<u>\$ 620,218</u>	<u>\$ (229,788)</u>
Debt service:				
Principal	\$ -	\$ -	\$ 332,974	\$ (332,974)
Interest and other fiscal charges	-	-	22,945	(22,945)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,919</u>	<u>\$ (355,919)</u>
Total General Fund	<u>\$ 54,264,877</u>	<u>\$ 54,937,124</u>	<u>\$ 54,718,245</u>	<u>\$ 218,879</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Funds:</b>				
<b>County Debt Service Fund</b>				
Debt service:				
Principal	\$ 3,597,772	\$ 3,597,772	\$ 3,497,060	\$ 100,712
Interest and other fiscal charges	1,807,770	1,807,770	2,373,273	(565,503)
Total County Debt Service Fund	<u>\$ 5,405,542</u>	<u>\$ 5,405,542</u>	<u>\$ 5,870,333</u>	<u>\$ (464,791)</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Projects Fund</b>				
Capital projects expenditures:				
Edinburg school	\$ -	\$ 164,711	\$ 45,697	\$ 119,014
Other	-	32,358	3,881	28,477
Historic courthouse	-	61,689	2,801	58,888
Total County Capital Projects Expenditures	<u>\$ -</u>	<u>\$ 258,758</u>	<u>\$ 52,379</u>	<u>\$ 206,379</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 258,758</u>	<u>\$ 52,379</u>	<u>\$ 206,379</u>
Total Primary Government	<u>\$ 59,670,419</u>	<u>\$ 60,601,424</u>	<u>\$ 60,640,957</u>	<u>\$ (39,533)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instructional	\$ 49,195,189	\$ 49,681,386	\$ 48,062,090	\$ 1,619,296
Operating costs:				
Attendance and health services	2,145,513	2,416,894	2,694,907	(278,013)
Pupil transportation	4,455,528	4,455,528	4,759,220	(303,692)
Operation and maintenance of school plant	5,903,103	6,024,869	5,794,178	230,691
Electronic technology	1,041,160	1,098,380	1,208,030	(109,650)
Total operating costs	<u>\$ 13,545,304</u>	<u>\$ 13,995,671</u>	<u>\$ 14,456,335</u>	<u>\$ (460,664)</u>
Total School Fund	<u>\$ 62,740,493</u>	<u>\$ 63,677,057</u>	<u>\$ 62,518,425</u>	<u>\$ 1,158,632</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
School cafeteria	\$ 2,490,139	\$ 2,490,139	\$ 2,324,670	\$ 165,469
Total school cafeteria fund	<u>\$ 2,490,139</u>	<u>\$ 2,490,139</u>	<u>\$ 2,324,670</u>	<u>\$ 165,469</u>
Total Discretely Presented Component Unit School Board	<u>\$ 65,230,632</u>	<u>\$ 66,167,196</u>	<u>\$ 64,843,095</u>	<u>\$ 1,324,101</u>

## **STATISTICAL SECTION**

## Statistical Section

### Contents

### Tables

#### Financial Trends

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

1 - 5

#### Revenue Capacity

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

5-10

#### Debt Capacity

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

11-13

#### Demographic and Economic Information

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

14-15

#### Operating Information

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

16-18

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

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**COUNTY OF SHENANDOAH, VIRGINIA**

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities:				
Net investment in capital assets	\$ 3,371,945	\$ 1,529,687	\$ 821,843	\$ 3,525,823
Restricted	-	-	-	315,168
Unrestricted	<u>14,777,373</u>	<u>18,280,691</u>	<u>17,099,923</u>	<u>8,482,928</u>
Total governmental activities net position	<u>\$ 18,149,318</u>	<u>\$ 19,810,378</u>	<u>\$ 17,921,766</u>	<u>\$ 12,323,919</u>
Business-type Activities:				
Net investment in capital assets	\$ 1,789,103	\$ 1,926,523	\$ 2,382,773	\$ 2,686,610
Restricted	-	-	-	59,736
Unrestricted	<u>2,600,107</u>	<u>2,500,097</u>	<u>2,308,568</u>	<u>1,818,107</u>
Total business-type activities net position	<u>\$ 4,389,210</u>	<u>\$ 4,426,620</u>	<u>\$ 4,691,341</u>	<u>\$ 4,564,453</u>
Primary government:				
Net investment in capital assets	\$ 5,161,048	\$ 3,456,210	\$ 3,204,616	\$ 6,212,433
Restricted	-	-	-	374,904
Unrestricted	<u>17,377,480</u>	<u>20,780,788</u>	<u>19,408,491</u>	<u>10,301,035</u>
Total primary government net position	<u>\$ 22,538,528</u>	<u>\$ 24,236,998</u>	<u>\$ 22,613,107</u>	<u>\$ 16,888,372</u>

Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,902,912	\$ 3,331,416	\$ (352,810)	\$ 766,198	\$ 2,474,405	\$ 3,945,296
315,168	4,372,985	3,896,099	6,120,414	4,442,313	3,577,673
5,193,805	5,091,476	16,893,494	16,233,023	20,139,058	16,908,410
<u>\$ 10,411,885</u>	<u>\$ 12,795,877</u>	<u>\$ 20,436,783</u>	<u>\$ 23,119,635</u>	<u>\$ 27,055,776</u>	<u>\$ 24,431,379</u>
\$ 3,093,376	\$ 3,633,593	\$ 6,106,858	\$ 6,744,936	\$ 7,182,189	\$ 7,613,307
-	-	-	-	-	-
1,415,311	1,436,310	(9,436,571)	(9,790,291)	(7,811,096)	(9,038,825)
<u>\$ 4,508,687</u>	<u>\$ 5,069,903</u>	<u>\$ (3,329,713)</u>	<u>\$ (3,045,355)</u>	<u>\$ (628,907)</u>	<u>\$ (1,425,518)</u>
\$ 7,996,288	\$ 6,965,009	\$ 5,754,048	\$ 7,511,134	\$ 9,656,594	\$ 11,558,603
315,168	4,372,985	3,896,099	6,120,414	4,442,313	3,577,673
6,609,116	6,527,786	7,456,923	6,442,732	12,327,962	7,869,585
<u>\$ 14,920,572</u>	<u>\$ 17,865,780</u>	<u>\$ 17,107,070</u>	<u>\$ 20,074,280</u>	<u>\$ 26,426,869</u>	<u>\$ 23,005,861</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental Activities:				
General government administration	\$ 2,321,080	\$ 2,421,199	\$ 2,359,284	\$ 2,817,148
Judicial administration	1,375,534	1,384,331	1,797,846	1,686,886
Public safety	8,546,482	9,493,390	10,872,246	11,121,538
Public works	4,040,447	4,893,094	6,661,832	5,686,960
Health and welfare	6,188,101	6,588,118	6,589,034	6,331,863
Education	21,717,115	21,503,186	22,671,491	27,122,413
Parks, recreation, and cultural	1,424,007	1,440,098	1,992,628	1,465,416
Community development	772,629	1,251,165	883,431	1,151,216
Interest on long-term debt	2,401,070	2,176,372	2,017,426	2,003,040
Total governmental activities expenses	\$ 48,786,465	\$ 51,150,953	\$ 55,845,218	\$ 59,386,480
Business-type Activities:				
Sanitary Districts	\$ 1,939,384	\$ 2,201,825	\$ 2,439,706	\$ 2,600,989
North Fork Wastewater	-	-	-	-
Landfill	-	-	-	-
Total business-type activities expenses	\$ 1,939,384	\$ 2,201,825	\$ 2,439,706	\$ 2,600,989
Total primary government expenses	\$ 50,725,849	\$ 53,352,778	\$ 58,284,924	\$ 61,987,469
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government administration	\$ 16,334	\$ 6,174	\$ 524	\$ 48,746
Judicial administration	364,093	340,234	308,142	315,354
Public safety	113,108	93,359	123,461	122,117
Public works	1,254,582	1,207,667	1,195,032	1,075,280
Health and welfare	-	-	-	-
Education	-	486,364	494,698	522,635
Parks, recreation, and cultural	752,049	290,833	320,960	357,904
Community development	620,580	509,206	477,440	353,584
Operating grants and contributions	8,548,607	8,604,101	8,803,623	9,364,373
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 11,669,353	\$ 11,537,938	\$ 11,723,880	\$ 12,159,993
Business-type Activities:				
Charges for services:				
Sanitary Districts	\$ 1,152,365	\$ 1,339,808	\$ 1,414,774	\$ 1,468,721
North Fork Wastewater	-	-	-	-
Landfill	-	-	-	-
Capital grants and contributions	1,081,559	207,745	563,500	307,694
Total business-type activities program revenues	\$ 2,233,924	\$ 1,547,553	\$ 1,978,274	\$ 1,776,415
Total primary government program revenues	\$ 13,903,277	\$ 13,085,491	\$ 13,702,154	\$ 13,936,408
Net (expense) / revenue				
Governmental Activities	\$ (37,117,112)	\$ (39,613,015)	\$ (44,121,338)	\$ (47,226,487)
Business-type Activities	294,540	(654,272)	(461,432)	(824,574)
Total primary government net expense	\$ (36,822,572)	\$ (40,267,287)	\$ (44,582,770)	\$ (48,051,061)

Table 2

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 2,694,098	\$ 2,402,794	\$ 2,714,331	\$ 2,463,006	\$ 1,969,430	\$ 2,668,706	
1,563,538	1,794,214	1,908,573	1,982,483	2,073,679	2,083,473	
11,327,324	11,247,826	11,627,376	13,053,085	13,932,695	12,701,606	
3,669,994	4,836,959	1,840,310	1,414,273	1,228,217	1,677,832	
6,147,406	6,728,853	7,462,916	6,971,130	6,420,661	6,513,167	
24,147,779	24,476,243	25,310,174	24,661,559	25,808,176	27,252,564	
1,820,175	1,487,353	1,528,660	1,426,020	1,548,584	1,589,374	
965,207	1,606,664	745,870	892,852	1,086,801	732,115	
2,152,971	2,728,110	2,845,792	2,639,028	2,285,296	2,187,944	
<u>\$ 54,488,492</u>	<u>\$ 57,309,016</u>	<u>\$ 55,984,002</u>	<u>\$ 55,503,436</u>	<u>\$ 56,353,539</u>	<u>\$ 57,406,781</u>	
\$ 2,354,749	\$ 2,297,808	\$ 2,211,341	\$ 2,249,735	\$ 2,189,967	\$ 2,199,988	
-	-	169,990	209,261	177,751	256,978	
-	-	2,768,790	2,833,612	409,841	2,726,110	
<u>\$ 2,354,749</u>	<u>\$ 2,297,808</u>	<u>\$ 5,150,121</u>	<u>\$ 5,292,608</u>	<u>\$ 2,777,559</u>	<u>\$ 5,183,076</u>	
<u>\$ 56,843,241</u>	<u>\$ 59,606,824</u>	<u>\$ 61,134,123</u>	<u>\$ 60,796,044</u>	<u>\$ 59,131,098</u>	<u>\$ 62,589,857</u>	
\$ 23,382	\$ 32,530	\$ 41,362	\$ 7,903	\$ -	\$ -	
269,943	292,908	258,918	249,069	196,855	231,627	
122,681	78,043	73,224	1,046,987	924,949	622,799	
1,005,193	1,070,662	-	-	2,400	8,022	
-	-	-	27,283	-	-	
469,308	465,158	388,851	355,435	397,445	367,829	
534,855	481,901	454,494	262,619	428,031	383,428	
340,486	330,143	321,647	324,282	329,430	426,174	
8,116,656	8,500,571	8,043,215	7,994,332	8,941,953	7,492,689	
-	3,996,634	1,411,363	1,102,782	1,190,549	492,667	
<u>\$ 10,882,504</u>	<u>\$ 15,248,550</u>	<u>\$ 10,993,074</u>	<u>\$ 11,370,692</u>	<u>\$ 12,411,612</u>	<u>\$ 10,025,235</u>	
\$ 1,446,521	\$ 1,555,987	\$ 1,534,485	\$ 1,628,981	\$ 1,650,491	\$ 1,662,924	
-	-	132,693	100,784	105,479	66,336	
-	-	1,081,369	1,095,874	1,036,704	1,207,176	
175,383	239,000	329,067	515,666	202,000	104,333	
<u>\$ 1,621,904</u>	<u>\$ 1,794,987</u>	<u>\$ 3,077,614</u>	<u>\$ 3,341,305</u>	<u>\$ 2,994,674</u>	<u>\$ 3,040,769</u>	
<u>\$ 12,504,408</u>	<u>\$ 17,043,537</u>	<u>\$ 14,070,688</u>	<u>\$ 14,711,997</u>	<u>\$ 15,406,286</u>	<u>\$ 13,066,004</u>	
\$ (43,605,988)	\$ (42,060,466)	\$ (44,990,928)	\$ (44,132,744)	\$ (43,941,927)	\$ (47,381,546)	
(732,845)	(502,821)	(2,072,507)	(1,951,303)	217,115	(2,142,307)	
<u>\$ (44,338,833)</u>	<u>\$ (42,563,287)</u>	<u>\$ (47,063,435)</u>	<u>\$ (46,084,047)</u>	<u>\$ (43,724,812)</u>	<u>\$ (49,523,853)</u>	

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property taxes	\$ 24,042,683	\$ 29,257,624	\$ 29,220,882	\$ 30,598,287
Local sales and use taxes	3,231,113	3,113,379	3,238,398	3,313,542
Consumer utility taxes	989,849	801,128	477,500	322,715
Motor vehicle licenses taxes	669,047	891,116	552,815	795,000
Taxes on recordation and wills	1,385,736	1,718,438	2,100,986	1,960,982
Other local taxes	736,144	80,565	81,334	132,608
Unrestricted grants and contributions	4,206,588	4,307,511	4,626,255	3,876,482
Unrestricted revenues from use of money and property	639,621	916,709	776,679	326,895
Miscellaneous	563,397	187,605	324,047	302,129
Transfers	-	-	-	-
Total governmental activities	\$ 36,464,178	\$ 41,274,075	\$ 41,398,896	\$ 41,628,640
Business-type Activities:				
Property taxes	\$ 478,659	\$ 470,393	\$ 505,237	\$ 522,155
Unrestricted grants and contributions	29,118	5,143	8,852	-
Unrestricted revenues from use of money and property	72,922	84,725	106,304	39,957
Miscellaneous	77,033	131,421	105,760	116,020
Transfers	-	-	-	-
Total business-type activities	\$ 657,732	\$ 691,682	\$ 726,153	\$ 678,132
Total primary government	\$ 37,121,910	\$ 41,965,757	\$ 42,125,049	\$ 42,306,772
<b>Change in Net Position</b>				
Governmental Activities	\$ (652,934)	\$ 1,661,060	\$ (2,722,442)	\$ (5,597,847)
Business-type Activities	952,272	37,410	264,721	(146,442)
Total primary government	\$ 299,338	\$ 1,698,470	\$ (2,457,721)	\$ (5,744,289)

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 31,119,938	\$ 31,699,815	\$ 33,793,896	\$ 35,569,694	\$ 37,418,269	\$ 39,124,452
2,909,578	3,048,872	3,168,917	3,224,641	3,207,116	3,262,733
325,862	298,353	1,962,053	1,943,136	1,994,637	1,955,209
815,279	857,901	826,120	825,623	830,861	864,693
1,995,591	1,994,437	258,430	347,126	304,745	291,431
107,777	147,423	164,242	154,857	160,650	166,728
3,842,578	3,791,210	3,959,108	3,874,170	4,066,927	4,036,318
121,661	133,941	258,340	130,565	360,343	452,848
455,690	2,816,283	1,237,842	2,705,887	1,106,265	771,242
-	(343,777)	7,002,886	(1,632,819)	(1,571,745)	(1,363,318)
\$ 41,693,954	\$ 44,444,458	\$ 52,631,834	\$ 47,142,880	\$ 47,878,068	\$ 49,562,336
\$ 541,459	\$ 561,634	\$ 562,552	\$ 592,586	\$ 572,600	\$ 569,402
-	-	-	-	-	-
21,019	19,004	23,331	10,256	6,084	2,685
114,601	139,622	89,893	-	48,904	59,139
-	343,777	(7,002,886)	1,632,819	1,571,745	1,363,318
\$ 677,079	\$ 1,064,037	\$ (6,327,110)	\$ 2,235,661	\$ 2,199,333	\$ 1,994,544
\$ 42,371,033	\$ 45,508,495	\$ 46,304,724	\$ 49,378,541	\$ 50,077,401	\$ 51,556,880
\$ (1,912,034)	\$ 2,383,992	\$ 7,640,906	\$ 3,010,136	\$ 3,936,141	\$ 2,180,790
(55,766)	561,216	(8,399,617)	284,358	2,416,448	(147,763)
\$ (1,967,800)	\$ 2,945,208	\$ (758,711)	\$ 3,294,494	\$ 6,352,589	\$ 2,033,027

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Record-ation and Wills Tax</b>	<b>Total</b>
2006 \$	24,042,683	\$ 3,231,113	\$ 1,385,736	\$ 669,047	\$ 989,849	\$ 30,318,428
2007	29,257,624	3,113,379	1,718,438	891,116	316,013	35,296,570
2008	29,220,882	3,238,398	2,100,986	552,815	477,500	35,590,581
2009	30,598,287	3,313,542	1,960,982	795,000	322,715	36,990,526
2010	31,119,938	2,909,578	1,995,591	815,279	325,862	37,166,248
2011	31,699,815	3,048,872	1,994,437	857,901	298,353	37,899,378
2012	33,793,896	3,168,917	1,962,053	826,120	258,430	40,009,416
2013	35,569,694	3,224,641	1,943,136	825,623	347,126	41,910,220
2014	37,418,269	3,207,116	1,994,637	830,861	304,745	43,755,628
2015	39,124,452	3,262,733	1,955,209	864,693	291,431	45,498,518

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**COUNTY OF SHENANDOAH, VIRGINIA**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	13,596,381	16,656,188	16,823,568	11,621,797
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>13,596,381</u>	\$ <u>16,656,188</u>	\$ <u>16,823,568</u>	\$ <u>11,621,797</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds	\$ 415,682	\$ 464,264	\$ 513,479	\$ 641,844
Capital projects funds	8,475,802	7,972,658	8,452,910	8,895,067
Debt service funds	-	-	-	-
Restricted, reported in:				
Capital projects funds	-	-	-	-
Committed, reported in:				
Landfill contingency	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	\$ <u>8,891,484</u>	\$ <u>8,436,922</u>	\$ <u>8,966,389</u>	\$ <u>9,536,911</u>

Note: The County implemented GASB Statement 54 beginning with fiscal year 2011-see Note 1 in the Notes to Basic Financial Statements section of the report.

Table 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,747,591	-	-	-	-	-
-	42,362	88,905	16,995	39,075	70,758
-	4,372,985	3,896,099	3,938,418	4,217,739	3,509,063
-	-	5,035	-	-	-
-	1,132,855	1,043,063	1,178,694	1,247,724	1,495,113
-	9,686,116	9,655,914	10,497,972	12,772,653	13,577,568
<u>\$ 10,747,591</u>	<u>\$ 15,234,318</u>	<u>\$ 14,689,016</u>	<u>\$ 15,632,079</u>	<u>\$ 18,277,191</u>	<u>\$ 18,652,502</u>
\$ 566,016	\$ -	\$ -	\$ -	\$ -	\$ -
18,156,955	-	-	-	-	-
-	-	-	-	-	182,987
-	8,653,713	2,505,751	1,788,689	224,574	68,610
-	-	39,303	-	-	-
-	6,918,627	8,046,955	8,780,403	8,192,892	7,937,178
-	576,406	99,893	99,903	164,067	188,603
<u>\$ 18,722,971</u>	<u>\$ 16,148,746</u>	<u>\$ 10,691,902</u>	<u>\$ 10,668,995</u>	<u>\$ 8,581,533</u>	<u>\$ 8,377,378</u>

# COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
General property taxes	\$ 26,044,683	\$ 29,159,806	\$ 29,555,714	\$ 30,532,857
Other local taxes	7,011,889	6,920,639	6,451,033	6,524,847
Permits, privilege fees and regulatory licenses	633,654	509,206	550,482	353,584
Fines and forfeitures	29,025	40,655	45,425	91,857
Revenue from use of money and property	639,621	916,709	776,679	326,895
Charges for services	2,458,067	2,383,976	2,423,291	2,350,179
Miscellaneous	506,425	640,321	345,555	302,129
Recovered costs	123,625	741,736	497,325	276,908
Intergovernmental:				
Commonwealth	10,210,743	10,155,332	10,647,989	10,031,639
Federal	2,544,452	2,440,267	2,185,623	3,209,216
Total revenues	\$ 50,202,184	\$ 53,908,647	\$ 53,479,116	\$ 54,000,111
<b>Expenditures</b>				
General government administration	\$ 2,218,412	\$ 2,418,823	\$ 2,401,055	\$ 2,853,762
Judicial administration	1,335,854	1,379,827	1,709,822	1,677,491
Public safety	8,535,147	9,564,087	11,211,113	10,726,741
Public works	2,871,704	4,110,671	3,598,286	2,920,804
Health and welfare	6,178,127	6,868,977	6,560,503	6,320,719
Education	18,015,034	17,660,412	19,535,900	23,088,598
Parks, recreation and cultural	1,288,881	1,374,490	1,553,319	1,717,606
Community development	755,914	718,688	878,681	860,309
Nondepartmental	16,045	30,000	59,500	35,596
Capital projects	294,520	2,177,928	4,016,683	4,021,266
Debt service:				
Principal	3,648,503	3,752,580	3,958,168	4,024,084
Interest and other fiscal charges	2,483,157	2,279,406	2,105,512	2,093,305
Bond issuance costs	-	-	-	-
Total expenditures	\$ 47,641,298	\$ 52,335,889	\$ 57,588,542	\$ 60,340,281
Excess (deficiency) of revenues over (under) expenditures	\$ 2,560,886	\$ 1,572,758	\$ (4,109,426)	\$ (6,340,170)
<b>Other financing sources (uses)</b>				
Transfers in	\$ 5,861,463	\$ 5,410,369	\$ 6,266,659	\$ 6,688,843
Transfers out	(5,861,463)	(5,410,369)	(6,266,659)	(6,688,843)
Refunding bonds issued	-	-	-	-
Bonds issued	-	313,653	2,329,416	1,356,931
Premium on bonds issued	-	-	-	-
Capital leases	578,799	718,834	1,643,027	351,990
Notes Payable	-	-	-	-
Total other financing sources (uses)	\$ 578,799	\$ 1,032,487	\$ 3,972,443	\$ 1,708,921
Net change in fund balances	\$ 3,139,685	\$ 2,605,245	\$ (136,983)	\$ (4,631,249)
Debt service as a percentage of noncapital expenditures	14.88%	13.67%	12.76%	12.19%

Table 5

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 30,805,595	\$ 31,744,361	\$ 33,009,862	\$ 35,693,366	\$ 37,482,790	\$ 39,515,727	
6,154,087	6,346,986	6,379,762	6,495,383	6,498,009	6,540,794	
340,486	330,143	321,647	347,305	349,335	445,277	
114,651	107,215	77,345	78,423	71,259	83,303	
121,661	133,941	258,340	130,565	360,343	452,848	
2,310,711	2,313,987	1,139,504	1,847,850	1,858,516	1,511,299	
455,690	2,334,514	1,237,842	2,705,887	1,805,065	1,092,112	
312,420	482,269	276,297	499,341	550,983	512,397	
10,126,436	10,387,854	9,948,179	10,281,425	10,303,365	9,562,497	
1,832,798	5,900,561	3,465,508	2,689,859	3,896,064	2,459,177	
\$ 52,574,535	\$ 60,081,831	\$ 56,114,286	\$ 60,769,404	\$ 63,175,729	\$ 62,175,431	
\$ 2,637,070	\$ 2,228,906	\$ 2,435,352	\$ 2,540,618	\$ 2,463,728	\$ 2,735,318	
1,553,936	1,579,642	1,685,561	1,764,922	1,822,544	1,890,580	
10,965,435	10,781,294	11,645,005	13,244,694	14,007,900	13,795,977	
2,686,143	2,983,349	1,100,767	1,062,575	1,172,071	1,088,347	
6,127,943	6,707,951	6,876,762	6,775,287	6,353,432	6,836,916	
21,303,551	21,197,950	22,090,351	22,094,286	23,354,643	24,856,868	
1,780,076	1,469,314	1,487,219	1,384,394	1,408,573	1,465,408	
965,488	930,856	953,673	951,035	1,033,232	1,058,542	
196,308	15,159	133,482	16,891	13,374	14,152	
7,338,539	10,764,620	6,628,375	6,932,038	3,535,193	672,597	
4,430,936	4,390,177	7,176,059	3,897,642	3,802,563	3,830,034	
1,875,209	2,932,961	2,800,854	2,569,834	2,476,051	2,396,218	
-	-	57,604	156,175	-	-	
\$ 61,860,634	\$ 65,982,179	\$ 65,071,064	\$ 63,390,391	\$ 61,443,304	\$ 60,640,957	
\$ (9,286,099)	\$ (5,900,348)	\$ (8,956,778)	\$ (2,620,987)	\$ 1,732,425	\$ 1,534,474	
\$ 6,078,976	\$ 3,874,348	\$ 5,861,710	\$ 5,868,257	\$ 5,833,132	\$ 5,565,693	
(6,078,976)	(3,874,348)	(7,192,458)	(7,501,076)	(7,404,877)	(6,929,011)	
-	-	-	-	-	-	
15,760,000	7,435,000	3,255,000	4,495,000	-	-	
723,003	-	499,512	285,655	-	-	
452,301	377,850	530,868	393,307	396,970	-	
662,649	-	-	-	-	-	
\$ 17,597,953	\$ 7,812,850	\$ 2,954,632	\$ 3,541,143	\$ (1,174,775)	\$ (1,363,318)	
\$ 8,311,854	\$ 1,912,502	\$ (6,002,146)	\$ 920,156	\$ 557,650	\$ 171,156	
13.08%	15.29%	20.45%	13.43%	12.19%	11.80%	

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Recordation and Wills Tax</b>	<b>Total</b>
2006 \$	26,044,683	\$ 3,231,113	\$ 1,385,736	\$ 669,047	\$ 989,849	\$ 32,320,428
2007	29,159,806	3,113,379	1,718,438	891,116	801,128	35,683,867
2008	29,555,714	3,238,398	1,368,894	552,815	477,500	35,193,321
2009	30,532,857	3,313,542	1,243,628	795,000	322,715	36,207,742
2010	30,805,595	2,909,578	1,248,883	815,279	325,862	36,105,197
2011	31,744,361	3,048,872	1,994,437	857,901	298,353	37,943,924
2012	33,009,862	3,168,917	1,962,053	826,120	258,430	39,225,382
2013	35,693,366	3,224,641	1,943,136	825,623	347,126	42,033,892
2014	37,482,790	3,207,116	1,994,637	830,861	304,745	43,820,149
2015	39,515,727	3,262,733	1,955,209	864,693	291,431	45,889,793

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**COUNTY OF SHENANDOAH, VIRGINIA**

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

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<b>Fiscal Year</b>		<b>Real Estate (1)</b>		<b>Personal Property</b>		<b>Mobile Homes</b>		<b>Machinery and Tools</b>		<b>Merchants' Capital</b>		<b>Public Service (2)</b>
2006	\$	3,046,358,050	\$	327,177,172	\$	4,688,573	\$	70,152,682	\$	36,933,965	\$	111,175,331
2007		3,715,824,650		356,334,022		5,523,101		73,317,081		38,950,950		110,806,557
2008		3,841,542,450		378,309,055		5,539,784		66,351,535		43,652,302		125,063,172
2009		3,921,886,100		372,121,056		5,469,665		60,505,707		48,726,763		122,679,339
2010		4,371,701,000		346,758,402		4,443,414		64,372,075		46,001,179		149,466,288
2011		4,403,310,900		357,328,471		4,360,059		78,202,016		44,439,756		200,723,875
2012		4,413,197,300		363,099,193		4,271,041		74,030,957		45,520,162		194,503,654
2013		4,441,341,600		367,548,462		4,141,738		75,260,772		46,502,386		194,991,068
2014		4,465,692,800		381,440,803		4,202,476		74,590,349		48,541,466		209,304,337
2015		4,479,926,100		393,610,302		4,298,296		70,749,206		47,243,710		222,281,742

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation.

Table 7

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	<b>Total Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value</b>	<b>State Sales Assessment Ratio (3)</b>	<b>Total Direct Rate</b>
\$	3,596,485,773	\$ 5,221,378,881	68.88%	\$ 7.34
	4,300,756,361	6,242,932,735	68.89%	7.34
	4,460,458,298	5,680,665,178	78.52%	7.34
	4,531,388,630	5,115,011,435	88.59%	7.92
	4,982,742,358	4,877,868,192	102.15%	7.84
	5,088,365,077	5,202,827,277	97.80%	7.84
	5,094,622,307	4,702,872,987	108.33%	7.92
	5,129,786,026	4,735,332,803	108.33%	8.33
	5,183,772,231	4,785,167,757	108.33%	8.39
	5,218,109,356	4,910,237,467	106.27%	8.39



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

		Direct Rates										
Fiscal Year		Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital		Total Direct Rate
2006	\$	0.51	\$	2.86	\$	0.51	\$	2.86	\$	0.60	\$	7.34
2007		0.51		2.86		0.51		2.86		0.60		7.34
2008		0.51		2.86		0.51		2.86		0.60		7.34
2009		0.51		3.15		0.51		3.15		0.60		7.92
2010		0.47		3.15		0.47		3.15		0.60		7.84
2011		0.47		3.15		0.47		3.15		0.60		7.84
2012		0.51		3.15		0.51		3.15		0.60		7.92
2013		0.54		3.50		0.54		3.15		0.60		8.33
2014		0.57		3.50		0.57		3.15		0.60		8.39
2015		0.57		3.50		0.57		3.15		0.60		8.39

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2015		Fiscal Year 2006	
		2015 Assessed Valuation	% of Total Assessed Valuation	2006 Assessed Valuation	% of Total Assessed Valuation
North Shenandoah Investors	Mfg	\$ 20,596,500	0.39%	\$ -	0.00%
Art Mortgage Borrower	Distribution	13,368,800	0.26%	13,768,200	0.38%
Howell Metal	Mfg	11,116,100	0.21%	9,218,200	0.26%
294 Front Royal LLC	Mfg	10,718,600	0.21%	9,163,000	0.25%
Bowman Andros Products	Mfg	10,196,300	0.20%	8,228,100	0.23%
Lowes Home Centers	Retail	9,499,400	0.18%	-	0.00%
Wal-Mart Real Estate	Retail	9,269,000	0.18%	7,303,100	0.20%
Telesat Network Services	Communications	9,013,000	0.17%	8,815,600	0.25%
Masco Cabinetry	Mfg	7,889,100	0.15%	8,032,500	0.22%
Spectrum I Woodstock	Retail	6,801,800	0.13%	5,755,800	0.16%
		<u>\$ 108,468,600</u>	<u>2.08%</u>	<u>\$ 70,284,500</u>	<u>1.95%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year		Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$	26,146,589	\$ 24,565,050	93.95%	\$ 1,567,110	\$ 26,132,160	99.94%
2007		28,582,118	27,256,379	95.36%	1,303,811	28,560,190	99.92%
2008		29,698,692	28,304,547	95.31%	1,358,319	29,662,866	99.88%
2009		31,221,250	28,851,374	92.41%	2,320,836	31,172,210	99.84%
2010		31,762,302	28,815,151	90.72%	2,478,284	31,293,435	98.52%
2011		32,838,732	29,867,700	90.95%	2,438,294	32,305,994	98.38%
2012		35,018,934	33,281,231	95.04%	1,039,768	34,320,999	98.01%
2013		36,226,476	33,721,380	93.08%	1,112,245	34,833,625	96.16%
2014		39,644,404	37,448,266	94.46%	621,084	38,069,350	96.03%
2015		40,057,202	37,876,812	94.56%	-	37,876,812	94.56%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

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**COUNTY OF SHENANDOAH, VIRGINIA**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes Payable
2006	\$ 36,201,544	\$ 4,752,500	\$ 4,436,571	\$ 713,218	\$ 3,284,016	\$ 6,396
2007	33,817,733	4,420,500	4,315,597	2,020,718	3,066,198	20,450
2008	33,403,293	4,088,500	4,179,796	2,860,442	2,838,236	16,330
2009	31,999,361	3,774,000	4,044,912	2,341,443	2,591,701	11,721
2010	45,560,848	3,459,500	4,338,322	1,865,903	2,339,188	6,888
2011	50,367,176	3,145,000	3,972,674	1,060,237	2,284,811	1,379
2012	48,306,971	2,830,500	3,255,000	1,145,505	3,072,421	-
2013	45,442,086	2,516,000	7,595,000	1,131,300	2,802,329	-
2014	42,362,464	2,201,500	7,435,000	1,196,369	2,266,352	-
2015	39,210,472	1,887,000	7,265,000	863,395	1,906,076	-

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

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

Table 11

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<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$ -	\$ 49,394,245	4.36%	\$ 1,268
-	47,661,196	3.91%	1,190
97,343	47,483,940	3.67%	1,170
71,135	44,834,273	3.38%	1,094
53,284	57,623,933	4.34%	1,404
46,585	60,877,862	4.54%	1,450
4,301	58,614,698	4.24%	1,386
-	59,486,715	3.99%	1,397
-	55,461,685	3.72%	1,302
247,294	51,379,237	3.45%	1,207

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2006	\$ 44,238,060	\$ -	\$ 44,238,060	1.23%	\$ 1,136
2007	41,304,431	-	41,304,431	0.96%	1,031
2008	40,330,029	-	40,330,029	0.90%	994
2009	38,365,062	-	39,818,273	0.88%	972
2010	51,359,536	-	51,359,536	1.03%	1,252
2011	55,796,987	-	55,796,987	1.10%	1,329
2012	54,209,892	-	54,209,892	1.06%	1,282
2013	50,760,415	-	50,760,415	0.99%	1,192
2014	46,830,316	-	46,830,316	0.90%	1,100
2015	43,003,548	-	43,003,548	0.82%	1,010

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

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

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Pledged-Revenue Coverage  
Last Ten Fiscal Years

Enterprise Fund Revenue Bonds							
Fiscal Year	Water/Sewer/Refuse and Septage Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2006	\$ 1,780,979	\$ 1,568,728	\$ 212,251	\$ 245,000	\$ 154,936	53.07%	
2007	2,026,347	1,824,398	201,949	245,747	152,228	50.74%	
2008	2,132,075	2,040,483	91,592	267,462	147,282	22.08%	
2009	2,147,619	2,149,861	(2,242)	273,088	126,785	-0.56%	
2010	2,121,710	1,925,427	196,283	284,415	116,742	48.93%	
2011	2,276,247	1,863,237	413,010	264,005	102,950	112.55%	
2012	3,424,323	4,594,573	(1,170,250)	249,378	85,698	-349.25%	
2013	3,428,481	4,581,746	(1,153,265)	274,393	142,435	-276.68%	
2014	3,420,262	2,680,364	739,898	535,977	97,195	116.86%	
2015	3,567,662	5,103,920	(1,536,258)	424,267	79,156	-305.16%	

Note: Water/Sewer, refuse disposal charges and other include property taxes and investment earnings but not capital contributions. FY 2012 was the first year the landfill fund was included in the business-type activities.



Demographic and Economic Statistics  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemploy- ment Rate</b>
2006	38,956	\$ 1,133,230,040	\$ 29,090	40.9	6,107	3.00%
2007	40,060	1,217,984,240	30,404	40.9	6,155	3.20%
2008	40,589	1,294,383,210	31,890	40.9	6,244	4.70%
2009	40,984	1,326,652,080	32,370	40.9	6,184	8.30%
2010	41,036	1,328,335,320	32,370	40.9	6,106	8.30%
2011	41,993	1,340,290,581	31,917	42.2	6,094	7.00%
2012	42,289	1,380,820,428	32,652	43.5	6,076	6.60%
2013	42,583	1,491,086,328	35,016	43.7	6,069	6.20%
2014	42,684	1,550,624,352	36,328	43.8	6,115	5.60%
2015	43,021	1,630,323,816	37,896	44.0	5,696	4.70%

Sources: Weldon Cooper Center, Virginia Employment Commission, and Bureau of Economic Analysis

Principal Employers  
Current Year and Nine Years Prior

<b>Employer</b>	<b>Fiscal Year 2015</b>		<b>Fiscal Year 2006</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Shenandoah County School Board	1000+	1	1000+	1
George's Chicken	500 to 999	2	500 to 999	2
Bowman Andros Products	500 to 999	3	100 to 249	-
Iac Strasburg LLC	250 to 499	4	500 to 999	-
R.R. Donnelley and Sons Company	250 to 499	5	500 to 999	-
County of Shenandoah	250 to 499	6	250 to 499	8
Shentel Management Company	250 to 499	7	250 to 499	10
Valley Health System	250 to 499	8	250 to 499	7
Wal Mart	250 to 499	9	250 to 499	9
Life Style Staffing	100 to 249	10	-	-
Lear Operations Corporation	-	-	500 to 999	3
Perry Judd's, Inc.	-	-	500 to 999	4
Merillat Corporation	-	-	250 to 499	5
Howell Metal Company	-	-	250 to 499	6

Source: Virginia Employment Commission

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government administration	27	27	27	27	25	22	22	21	24	24
Judicial administration	22	22	22	20	21	21	19	15	19	19
Public safety:										
Sheriff's department	65	67	72	67	70	70	71	84	69	57
Fire and rescue	21	25	33	33	32	33	34	42	44	48
Building inspections	9	10	10	8	7	7	5	5	6	6
Animal control	2	2	2	2	2	2	2	2	2	2
Emergency communications	*	*	*	*	*	*	*	*	18	18
Public works:										
General maintenance	4	5	5	5	7	7	6	6	6	6
Landfill	21	20	21	20	20	20	22	19	17	17
Health and welfare:										
Department of social services	36	33	36	34	35	35	35	35	35	41
Culture and recreation:										
Parks and recreation	5	5	4	6	5	4	5	5	5	5
Library	7	7	7	7	5	6	6	6	6	6
Tourism	*	*	*	*	*	1	1	1	1	1
Community development:										
Planning	4	4	5	5	5	4	5	5	5	5
Totals	<u>223</u>	<u>227</u>	<u>244</u>	<u>234</u>	<u>234</u>	<u>232</u>	<u>233</u>	<u>246</u>	<u>257</u>	<u>255</u>

Source: Individual County departments

\* Information unavailable

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	2237	2003	2115	3222	2800	2200	2110	2070	2195	2138
Civil papers	10924	9654	9918	10479	9269	9163	12308	10500	12428	13141
Fire and rescue:										
Number of calls answered	4794	6253	6520	9967	9998	10303	13124	11150	5933	7232
Building inspections:										
Permits issued	506	196	113	120	127	88	90	78	82	99
Animal control:										
Number of calls answered	1836	1834	1933	2102	1636	1544	1729	1643	1847	1656
Public works										
Landfill:										
Refuse collected (tons/day)	158.0	178.0	148	135	130	133	116	117.02	132	138.5
Recycling (tons/day)	13.9	13.5	7.0	6.1	7.5	9.0	7.8	6.8	7.2	7.0
Health and welfare										
Department of Social Services:										
Caseload	3876	3950	4016	5141	5780	5998	5854	5753	10905	*
Culture and recreation										
Parks and recreation:										
Recreation facility permits	1310	1350	1300	1571	2059	1298	1291	1137	1853	1833
Youth sports participants	2660	2400	1827	1606	1430	1449	1209	1156	1013	1403
Community development										
Planning:										
Zoning permits issued	721	663	608	434	303	374	438	375	331	260
Component Unit - School Board										
Education:										
School age population	6107	6155	6224	6184	6106	6094	6076	6069	6115	5696
Number of teachers	483	499	512	529	501	496	523	520	521	522
Local expenditures per pupil	3913	3430	3486	3509	3433	3440	3557	3711	3832	4116

Source: Individual County departments

\* Information unavailable

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	4	4	4	2	2	2	2	2	2
Public safety										
Sheriffs department:										
Patrol units	45	47	49	50	50	47	46	51	56	56
Other vehicles										
Building inspections:										
Vehicles	6	6	6	5	5	5	4	4	4	4
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	6	6	6	6	6	6	6
Landfill:										
Vehicles	21	21	21	21	20	22	22	23	23	23
Equipment	16	16	16	16	16	16	18	21	21	21
Sites	15	15	14	15	15	15	15	15	16	16
Health and welfare										
Department of Social Services:										
Vehicles	10	10	10	10	10	10	10	8	8	8
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	5	5	5	4	4	4
Parks acreage	345	345	345	345	345	345	345	645	645	645
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	3	3	3	3	2	2	2	2	2	2
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	104	104	104	104	104	109	108	108	110	110

Source: Individual County departments

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF SHENANDOAH, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, 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 Shenandoah, Virginia's basic financial statements, and have issued our report thereon dated December 18, 2015.

### Internal Control over Financial Reporting

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 18, 2015



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Report on Compliance for Each Major Federal Program**

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

### ***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

Management of County of Shenandoah, 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 Shenandoah, 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 Shenandoah, 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, Finner, Cox Associates*

Staunton, Virginia  
December 18, 2015

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
Department of Agriculture:			
Direct Payments:			
Financial Management Modernization Initiative	10.931	N/A	\$ 14,510
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	\$ 336,321
Total Department of Agriculture			\$ 350,831
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558	Unavailable	\$ 225,968
Refugee & Entrant Assistance - State Administered Programs	93.566	Unavailable	344
Promoting Safe and Stable Families	93.556	Unavailable	9,825
Low-Income Home Energy Assistance	93.568	Unavailable	24,014
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	36,398
Foster Care - Title IV-E	93.658	Unavailable	215,712
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	Unavailable	1,637
Chafee Foster Care Independence Program	93.674	Unavailable	4,493
Social Services Block Grant	93.667	Unavailable	191,035
Children's Health Insurance Program	93.767	Unavailable	10,595
Adoption Assistance	93.659	Unavailable	142,095
Medical Assistance Program	93.778	Unavailable	377,419
Total Department of Health and Human Services			\$ 1,239,535
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Unavailable	\$ 106,334
Total Department of Housing and Urban Development			\$ 106,334
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unavailable	\$ 23,509
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Unavailable	3,431
Total Department of Homeland Security			\$ 26,940
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Project Lifesaver	16.000	Unavailable	\$ 1,250
U.S. Forest Service Patrol	16.000	Unavailable	5,280
Equitable Sharing Program	16.922	Unavailable	514,082
Bulletproof Vest Partnership Program	16.607	Unavailable	7,916
Triad Grant	16.000	Unavailable	2,950
Total Department of Justice			\$ 531,478

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency: Pass Through Payments: Department of Environmental Quality: DEQ royalty grants	66.000	Unavailable	\$ 372
Total Environmental Protection Agency			\$ 372
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: State and Community Highway State and Community Highway Safety Highway Planning and Construction	20.600 20.205	Unavailable Unavailable	\$ 29,812 371,823
Total Department of Transportation			\$ 401,635
Total Expenditures of Federal Awards - Primary Government			\$ 2,657,125
<b>COMPONENT UNIT SCHOOL BOARD:</b>			
Department of Agriculture: Pass Through Payments: Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program	10.553 10.555	Unavailable Unavailable	\$ 235,272 1,032,628
Department of Agriculture: Child Nutrition Cluster: Commodities-School Lunch Schools and Roads - Grants to States	10.555 10.665	Unavailable Unavailable	148,179 14,821
Total Department of Agriculture			\$ 1,430,900
Department of Education: Pass Through Payments: Title I Grants to Local Educational Agencies Improving Teacher Quality State Grants Special Education Cluster: Special Education - State Grants Special Education - Preschool Grants Career and Technical Education - Basic Grants to States English Language Acquisition State Grants Advanced Placement Program	84.010 84.367 84.027 84.173 84.048 84.365 84.330	S010A09046/S010A10046 Unavailable H027A10017 H173A090112/H173A100112 Unavailable Unavailable Unavailable	\$ 1,005,935 174,722 1,217,298 16,986 90,768 9,054 999
Total Department of Education			\$ 2,515,762
Total Expenditures of Federal Awards Component Unit School Board			\$ 3,946,662
Total Expenditures of Federal Awards			\$ 6,603,787

## COUNTY OF SHENANDOAH, VIRGINIA

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

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#### NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Shenandoah, 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 Shenandoah, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Shenandoah, Virginia.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, 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 C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the County had food commodities totaling \$59,295 in inventory.

#### NOTE D-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:	\$ 2,459,177
Reconciling items:	
Expenditures with forfeited drug asset proceeds in excess of current year revenues	358,655
Payment in lieu of taxes not included above	(160,707)
Total primary government	<u>\$ 2,657,125</u>
Discretely presented component unit - School Board	<u>\$ 3,946,662</u>
Total discretely presented component unit - School Board	<u>\$ 3,946,662</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 6,603,787</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 6,603,787</u>

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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

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Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        yes   x   no

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

Noncompliance material to financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?        yes   x   no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.922 .....	Equitable Sharing Program-Asset Forfeiture Fund
	State Administrative Matching Grants for the
10.561 .....	Supplemental Nutrition Assistance Program
20.205 .....	Highway Planning and Construction

**Child Nutrition Cluster**

10.553 .....	School Breakfast Program
10.555 .....	National School Lunch Program
10.555 .....	Food Distribution

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

Auditee qualified as low-risk auditee?   x   yes        no

**Section II-Financial Statement Findings**

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None

**Section III-Federal Award Findings and Questioned Costs**

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None

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2015**

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There are no prior year audit findings which have not been resolved.