

COUNTY OF PITTSYLVANIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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COUNTY OF PITTSYLVANIA, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

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## INTRODUCTORY SECTION

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## COUNTY OF PITTSYLVANIA, VIRGINIA

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### BOARD OF SUPERVISORS

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Brenda H. Bowman, Chair	
Elton W. Blackstock, Vice Chair	Jerry A. Hagerman
Coy E. Harville	Tim R. Barber
Jessie L. Barksdale	James H. Snead

### COUNTY SCHOOL BOARD

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Calvin D. Doss, Chair	
W. Neal Oakes, Vice Chair	Charles H. Miller, Jr.
W. William Robertson	Don C. Moon
Morris C. Stowe	R. Todd Sanders
Janet Hancock, Clerk	

### SOCIAL SERVICES BOARD

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Rev. Stedman Payne, Sr., Chairperson	
Earl C. Hodnett, Vice Chairperson	Susan Paynter
Jessie L. Barksdale	Gracie Mayes
Diane D. McMahon	Andrea Johnson
James B. Williams	

### OTHER OFFICIALS

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Clerk of the Circuit Court .....	H. F. Haymore, Jr.
Commonwealth's Attorney .....	Robert "Bryan" Haskins
Commissioner of the Revenue .....	Samuel W. Swanson, Jr.
Treasurer .....	M. Kate Berger
Sheriff .....	Michael W. Taylor
Superintendent of Schools .....	James E. McDaniel
Director of Social Services .....	Sherry R. Flanagan
County Administrator .....	Clarence Monday
County Attorney .....	J. Vaden Hunt
County Finance Director .....	Kimberly G. Van Der Hyde

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

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To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, 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 unit-School Board, each major fund, and the aggregate remaining fund information of County of Pittsylvania, 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority of Pittsylvania County, Virginia or the Pittsylvania County Service Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority of Pittsylvania County, Virginia and the Pittsylvania County Service Authority is based solely on the report of the other auditors. 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 auditor's 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, based on our audit and the report of other auditors, 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 unit-School Board, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, 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 22 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 5-14, 89-91, and 92-97 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 and other auditors 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 Pittsylvania, Virginia's basic financial statements. The introductory section, other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

*Other Information (Continued)*

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

The introductory section and other statistical information 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 9, 2015, on our consideration of the County of Pittsylvania, 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 Pittsylvania, Virginia's internal control over financial reporting and compliance.

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
December 9, 2015

## Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2015. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

### Financial Highlights

#### Government-wide Financial Statements

The assets of the County of Pittsylvania, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$60,167,195 (net position). Of this amount, \$27,086,870 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net position for the County, its business-type activities and its component units is located on Exhibit 1. The business-type activities include the Landfill Enterprise Fund. The business-type activities' liabilities exceeded its assets by \$688,929. Of this amount, \$(3,199,109) is unrestricted. The component units include the School Board's net position totaling \$(52,102,492) of which \$(68,232,001) is unrestricted, the Industrial Development Authority's net position totaling \$2,187,861 all of which is unrestricted and Pittsylvania County Service Authority's net position totaling \$35,729,297 of which \$3,219,085 is unrestricted. (See Exhibit 1.) This exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The Government's net position increased by \$1,602,170 (after the restatement - Note 22). In addition, the School Board's net position increased by \$1,435,812 (after restatement) and the IDA's net position increased by \$4,254 and the PCSA's net position increased by \$90,689. Business-type activities' net position increased by \$374,481 (after restatement). (See Exhibit 2.)

#### Fund Financial Statements

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4. At the end of the current fiscal year, unassigned fund balance for the general fund was \$33,302,427 or 53 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2015 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2016.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38,737,841, a decrease of \$1,034,201 from last year. Approximately 94 percent of this total amount, or \$36,591,784 (which includes committed, assigned and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$1,601,539, (2) assigned funds which represent \$1,687,818 and (3) unassigned funds which represents \$33,302,427. (See Exhibit 3.)

## Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2014-2015.
- The *financial section* has three component parts - managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required supplemental information.
- The *statistical section* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations.

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

## Government-wide Financial Statements

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

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

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently has one business-type activity which is the Landfill Enterprise Fund.

## Overview of the Financial Statements (continued)

### Government-wide Financial Statements (continued)

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

### Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental funds:*

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

#### *Proprietary funds:*

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

The County of Pittsylvania has one enterprise fund, which is the Landfill Enterprise Fund and two internal service funds: the Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

#### *Fiduciary funds:*

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

## Overview of the Financial Statements (continued)

### Notes to the financial statements

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

### Government-wide Financial Analysis

#### Governmental Activities

As previously noted, net position may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County, the governmental activities assets exceeded liabilities by \$60,167,195 at the end of the fiscal year.

The County's net position is divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Pittsylvania's Net Position		
	2015 Governmental Activities	2014 Governmental Activities
Current and other assets	\$ 67,708,621	\$ 68,283,067
Capital assets	124,145,295	128,496,193
Total assets	<u>\$ 191,853,916</u>	<u>\$ 196,779,260</u>
Deferred Outflows of Resources	\$ 1,694,565	\$ 602,834
Long-term liabilities	\$ 107,804,643	\$ 111,323,453
Other liabilities	5,108,612	4,391,762
Total liabilities	<u>\$ 112,913,255</u>	<u>\$ 115,715,215</u>
Deferred Inflows of Resources	\$ 20,468,031	\$ 16,899,581
Net Position:		
Net investment in capital assets	\$ 26,122,377	\$ 23,792,738
Restricted	6,957,948	6,743,825
Unrestricted	27,086,870	34,230,735
Total net position	<u>\$ 60,167,195</u>	<u>\$ 64,767,298</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 43 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.

The restricted net position represents resources that are subject to external restrictions on how they may be used. These assets include funds restricted for grants, law library, courthouse maintenance and courthouse security. Also included in these restricted assets are assets seized by the Sheriff's Department and can only be used for law enforcement. The County's restricted net position accounts for 12 percent of the total net position.

## Government-wide Financial Analysis (continued)

### Governmental Activities (continued)

The remaining balance of unrestricted net position, which is \$27,086,870 or 45 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive balances in all three categories of net position.

The government's net position decreased by \$4,600,103 during the current fiscal year. The majority (\$6,202,273) of this decrease resulted from the new GASB 68 statement of how net pension liabilities must be recorded in the County's financial statements.

Governmental activities increased the County's net position by \$1,602,170. Key elements of this increase are as follows:

	2015 Business-type Activities	2015 Governmental Activities	2014 Business-type Activities	2014 Governmental Activities
Revenues:				
Program revenues:				
Charges for services	\$ 1,954,518	\$ 632,587	\$ 1,998,386	\$ 718,041
Operating grants and contributions	-	16,442,410	-	16,833,132
Capital grants and contributions	-	884,983	-	234,754
General revenues:				
General property taxes	-	34,348,146	-	32,312,752
Other local taxes	-	6,929,692	-	7,058,150
Use of money and property	-	729,073	283	817,576
Miscellaneous	13,814	259,499	78,079	225,808
Grants and contributions not spec.	-	6,647,166	-	6,674,699
Total Revenues	\$ 1,968,332	\$ 66,873,556	\$ 2,076,748	\$ 64,874,912
Expenses:				
General government	\$ -	\$ 2,761,239	\$ -	\$ 2,779,007
Judicial administration	-	1,570,133	-	1,616,010
Public safety	-	15,971,461	-	15,412,321
Public works	2,729,495	1,478,254	2,610,768	1,065,750
Health and welfare	-	11,762,632	-	11,203,241
Education	-	20,144,745	-	17,456,021
Parks, recreation, and cultural	-	1,653,432	-	1,544,778
Community development	-	4,328,561	-	3,595,993
Interest on long-term debt	-	4,156,131	-	4,462,480
Total Expenses	\$ 2,729,495	\$ 63,826,588	\$ 2,610,768	\$ 59,135,601
Transfers in/(out)	\$ 1,444,798	\$ (1,444,798)	\$ 38,087	\$ (38,087)
Increase/(Decrease) in net position	\$ 683,635	\$ 1,602,170	\$ (495,933)	\$ 5,701,224
Net position, beginning*	\$ (1,372,564)	\$ 58,565,025	\$ (567,477)	\$ 59,066,074
Net position, ending	\$ (688,929)	\$ 60,167,195	\$ (1,063,410)	\$ 64,767,298

\*Beginning net position was restated for the implementation of GASB 68 (Note 22); however, the 2014 balances as shown are not restated.

## Financial Analysis of the Government's Funds

### Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$38,737,841. Approximately 86 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.

The general fund is the chief operating fund of the County. As of June 30, 2015, total fund balance of the general fund was \$35,471,778 of which \$33,302,427 was unassigned. 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 53 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$16,356,345.

An analysis of the supporting schedules (modified accrual) for fiscal year 2015 and 2014 reveals:

- Revenues: Real property taxes experienced an increase of 5%, public service corps experienced an increase of 6% and personal property taxes experienced an increase of 3%. These increases were due in large part to a 3¢ per \$100 tax increase on real estate approved by the Board of Supervisors on April 22, 2014 and to the completion of the County's general reassessment. The new tax rate was effective for property owned January 1, 2014. The first half of the real estate tax billing with the new effective rate was received in the prior fiscal year and the second half of the real estate tax billing was received during FY 2015.
- Revenues: Other local taxes experienced an overall decrease of 2% from FY2014 with both increases and decreases in various categories. Increases in other local tax revenues occurred in the following categories: Local Sales and Use Tax (4%), Business License Tax (17%), Meals Tax (11%) and Bank Stock Tax (8%). Decreases in other local tax revenues occurred in the following categories: Consumers' Utility Tax (8%), Consumption Tax (10%), Franchise License Tax (11%), Motor Vehicle Tax (5%) and Taxes on Recordation and Wills (14%).
- Expenses: Overall primary government expenditures decreased by 2% from FY2014.
- Expenses: Education increased 2% over FY2014. Increased expenditures occurred in the following educational categories: Administration of Schools (3%), Instructional Costs (1%), Pupil Transportation (13%), Operation and Maintenance of School Plant (4%), Food Service and Non-Instructional (4%). Decreases occurred in the following educational categories: Technology (4%), Facilities (100%)
- Expenses: Community Development increased by 51%. Community Development expenditures increased because economic development efforts increased in the Berry Hill Mega Park during FY 2015.



## Financial Analysis of the Government's Funds (continued)

### Governmental funds (continued)

The Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

	2015	2014
General Fund Balance per Treasurer	\$ 30,483,583	\$ 30,774,239
Funds merged for financial reporting purposes:		
Adjustment for Central Stores negative cash	-	(63,917)
Animal Friendly Plates Revenue Fund	2,411	1,470
Debt Reserve Fund - Human Services Fund	107,532	107,521
County Jail CIP Fund	104,392	67,271
Bond Fund	2,400	2,400
Grants Fund	687,086	835,996
Capital Improvement Fund	353,834	252,681
Rural Roads Fund	194,674	244,674
Landfill Bond Fund	-	-
Courthouse Security Fund	696,022	635,632
Jail Processing Fee Fund	9,433	5,397
Library Gifts Fund	1,219	10,829
Courthouse Maintenance Fund	24,167	9,447
Law Library Fund	20,362	18,419
E-911 Bond Fund	-	39,046
Rescue Billing Fund	120,205	122,246
Subtotal - Merged Funds	\$ 2,323,737	\$ 2,289,112
Adjustments to convert cash basis records:		
Reversion of School Salaries Payable Fund	\$ 2,335,902	\$ 2,248,797
Adjustment for VRS amounts moved to payables	160,412	154,565
Total Cash Adjustments	\$ 2,496,314	\$ 2,403,362
Total Cash/Investments - Exhibit 3	\$ 35,303,634	\$ 35,466,713
Accrual Entries:		
Taxes and fees receivable	\$ (950,374)	\$ (1,119,716)
Accounts receivable	569,747	753,070
Amounts due from other funds	216,141	280,058
Amounts due from other governments	2,200,989	2,534,354
Accounts payable	(1,287,636)	(562,441)
Salaries payable	(37,522)	(44,935)
Due to other funds	(120,205)	(121,222)
Amount due to School Board	(422,996)	(645,377)
Total Accrual Entries	\$ 168,144	\$ 1,073,791
Total Fund Balance General Fund - Exhibit 3	\$ 35,471,778	\$ 36,540,504

The fund balance of the County's general fund decreased by \$1,068,726 during the current fiscal year. The majority of the decrease in the General Fund Balance can be attributed to a greater contribution to the Schools during FY 2015 than in the prior year.

## General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were net increase of \$5,568,400. This increase occurred because of various budget increases/reductions that occurred after the 2015 budget process was complete. There were also increases that were made to the 2015 budget because of unforeseen events that occurred during the year. Significant budgetary reduction/supplements are included below:

- Budget reductions were made during FY2015 totaling \$81,572 for the Aid to Locality reduction that was required by the State of Virginia. In addition to these reductions, the budget was also reduced to eliminate funds for projects that were completed during FY2014 but included also in the FY2015. These reductions totaled \$211,734.26.
- During the budget process, an estimate is made for carryover funds not expended in the prior year. These estimates are adjusted at July 1 to accurately show the true amount that remained in these funds at 6/30 of that year. Budgeted carryovers were increased by \$2,388,927.54 during FY 2015.
- Grant Funds increased the budget during FY 2014. New grants received during the year totaled \$2,693,834.55.
- Unexpected expenditures appropriated from undesignated fund balance totaled \$508,694.14.

## Capital Asset and Debt Administration

### Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2015 is \$124,145,295 (net of accumulated depreciation). This investment in capital assets includes land buildings and system, machinery and equipment, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Jail Showers Upgraded \$144,392
- Moses Building Renovations \$68,155.91
- Captain Martin Building Phone System \$43,992.50
- Treasurer's Office Equipment \$23,896
- Sheriff's Office Phone System \$32,862.60
- Courthouse Exterior Repairs \$59,600
- Keynet Employee Portal-Software Upgrade \$42,108.33

### County of Pittsylvania, Virginia Capital Assets (net of depreciation)

	2015 Governmental activities	2015 Business-type activities	2014 Governmental activities	2014 Business-type activities
Land	\$ 4,904,148	\$ 95,000	\$ 4,904,148	\$ 95,000
Buildings and system	104,230,348	4,885,931	107,480,582	5,201,383
Machinery and equipment	14,975,907	792,869	16,095,356	789,659
Construction in progress	34,892	136,268	16,107	-
Total	\$ 124,145,295	\$ 5,910,068	\$ 128,496,193	\$ 6,086,042

## Capital Asset and Debt Administration (continued)

### Capital assets (continued)

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$98,245,632. Additional information on the County's capital assets can be found in the notes to the financial statements.

### Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

#### County of Pittsylvania's Outstanding Debt

	2015 Business- type activities	2015 Governmental activities	2014 Business- type activities	2014 Governmental activities
General obligation bonds	\$ 3,184,999	84,416,941	\$ 3,735,063	89,849,311
Lease Revenue Notes		1,405,668		1,866,820
Deferred Amounts:				
Bond Premium	228,790	1,113,280	263,988	1,333,406
On Refunding				
Bond Discounts		(120,253)		(128,270)
Landfill closure/post-closure	3,412,860	-	3,222,649	-
Capital leases		12,905,295		13,831,818
Net pension liability	197,543	4,505,850	357,994	8,165,660
Net OPEB Obligation		977,000		868,000
Compensated absences	27,187	1,100,862	31,151	1,103,002
Contingency for CSA		1,500,000		1,750,000
Total	\$ 7,051,379	107,804,643	\$ 7,610,845	118,639,747

Legislations enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

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

- At June 30, 2015, the unemployment rate for the County was 6.0 percent, which is a decrease from the rate of 6.9 percent a year ago. This compares unfavorably to the state's average unemployment rate of 5.0 percent and unfavorably to the national average rate of 5.3 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Facilities Authority. This authority works to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$42,311 compared to the State median household income of \$65,422.
- Pittsylvania County's population was estimated at 63,545 in 2014 compared with 63,506 based on US Census Bureau information from 2010.

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

Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2016 budget year.

### Requests for Information

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at [www.pittgov.org](http://www.pittgov.org) may also be visited to obtain valuable information about the County.

Information relative to the Pittsylvania County Public Service Authority and the Pittsylvania County Industrial Development Authority financial statements may be obtained from those organizations directly.

## Basic Financial Statements

County of Pittsylvania, Virginia  
Statement of Net Position  
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	Pittsylvania County Service Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 43,318,814	\$ 596,290	\$ 43,915,104	\$ 1,497,677	\$ 520,386	\$ 1,199,623
Investments	36,349	-	36,349	-	-	904,486
Receivables (net of allowance for uncollectibles):						
Taxes receivable	19,719,302	-	19,719,302	-	-	-
Accounts receivable	1,746,296	587,934	2,334,230	22,339	-	357,565
Notes receivable	-	-	-	-	744,711	-
Interest receivable	-	-	-	-	5,011	972
Capital lease receivable	-	-	-	-	-	18,373
Due from primary government	-	-	-	422,996	-	-
Due from other governmental units	2,658,515	-	2,658,515	2,549,607	-	-
Inventories	13,204	-	13,204	-	-	33,910
Assets held for resale - Industrial sites	-	-	-	-	987,700	-
Internal balances	216,141	(216,141)	-	-	-	-
Prepaid items	-	-	-	872,025	-	56,177
Restricted assets:						
Cash and cash equivalents	-	-	-	43,168	-	-
Investments	-	-	-	-	-	1,253,588
Noncurrent assets:						
Notes receivable	-	-	-	-	6,106,665	-
Capital lease receivable	-	-	-	-	-	236,525
Net OPEB asset	-	-	-	253,000	-	-
Capital assets (net of accumulated depreciation):						
Land	4,904,148	95,000	4,999,148	2,709,971	-	-
Buildings and improvements	104,230,348	-	104,230,348	9,591,923	-	-
Machinery and equipment	14,975,907	792,869	15,768,776	3,194,439	-	-
Infrastructure	-	4,885,931	4,885,931	-	-	-
Utility plant in service	-	-	-	-	-	32,812,685
Construction in progress	34,892	136,268	171,160	-	-	-
Total assets	191,853,916	6,878,151	198,732,067	21,157,145	8,364,473	36,873,904
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	521,527	13,901	535,428	-	-	-
Change in proportionate share of net pension liability	-	-	-	724,000	-	-
Pension contributions subsequent to measurement date	1,173,038	51,428	1,224,466	6,000,330	-	-
Total deferred outflows of resources	1,694,565	65,329	1,759,894	6,724,330	-	-
<b>LIABILITIES</b>						
Accounts payable	1,920,656	160,459	2,081,115	1,523,541	-	246,899
Salaries payable	37,522	3,855	41,377	2,379,070	-	6,421
Customer deposits	-	-	-	-	-	156,549
Retainage payable	-	11,025	11,025	-	-	-
Estimate of incurred but unreported health claims	980,400	-	980,400	-	-	-
Accrued interest payable	1,626,833	33,981	1,660,814	-	5,011	5,298
Amounts held for rescue squads	120,205	-	120,205	-	-	-
Due to component unit	422,996	-	422,996	-	-	-
Unearned revenue	-	231,246	231,246	-	-	70,116
Long-term liabilities:						
Due within one year	8,584,326	670,588	9,254,914	1,174,492	676,392	147,182
Due in more than one year	99,220,317	6,380,791	105,601,108	64,749,425	5,495,209	512,142
Total liabilities	112,913,255	7,491,945	120,405,200	69,826,528	6,176,612	1,144,607
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	17,264,114	-	17,264,114	-	-	-
Items related to measurement of net pension liability	3,203,917	140,464	3,344,381	10,157,439	-	-
Total deferred inflows of resources	20,468,031	140,464	20,608,495	10,157,439	-	-
<b>NET POSITION</b>						
Net investment in capital assets	26,122,377	2,510,180	28,632,557	15,496,333	-	32,510,212
Restricted:						
Grant funds	752,836	-	752,836	-	-	-
Asset forfeiture funds	1,393,221	-	1,393,221	-	-	-
Health Insurance	4,811,891	-	4,811,891	-	-	-
School Cafeteria	-	-	-	633,176	-	-
Unrestricted	27,086,870	(3,199,109)	23,887,761	(68,232,001)	2,187,861	3,219,085
Total net position	\$ 60,167,195	\$ (688,929)	\$ 59,478,266	\$ (52,102,492)	\$ 2,187,861	\$ 35,729,297

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

County of Pittsylvania, Virginia  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total	Component Units	
				Governmental Activities	Business-type Activities		School Board	Pittsylvania County Service Authority
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 2,761,239	\$ 88,274	\$ 193,649	\$ (2,479,316)	\$ -	\$ (2,479,316)	\$ -	\$ -
Judicial administration	1,570,134	11,718	1,103,771	(454,645)	-	(454,645)	-	-
Public safety	15,971,461	438,282	4,724,622	(9,923,574)	-	(9,923,574)	-	-
Public works	1,478,254	14,713	20,822	(1,442,719)	-	(1,442,719)	-	-
Health and welfare	11,762,632	-	9,020,763	(2,741,869)	-	(2,741,869)	-	-
Education	20,144,745	-	-	(20,144,745)	-	(20,144,745)	-	-
Parks, recreation, and cultural	1,653,432	79,600	155,960	(1,417,872)	-	(1,417,872)	-	-
Community development	4,328,560	-	1,222,823	(3,105,737)	-	(3,105,737)	-	-
Interest on long-term debt	4,156,131	-	-	(4,156,131)	-	(4,156,131)	-	-
Total governmental activities	63,826,588	632,587	16,442,410	(45,866,608)	-	(45,866,608)	-	-
<b>Business-type activities:</b>								
Landfill	2,729,495	1,954,518	-	-	(774,977)	(774,977)	-	-
Total primary government	\$ 66,556,083	\$ 2,587,105	\$ 16,442,410	(45,866,608)	(774,977)	(46,641,585)	-	-
<b>COMPONENT UNITS:</b>								
School Board	\$ 87,759,038	\$ 1,775,050	\$ 66,112,435	-	-	-	(19,871,553)	-
Industrial Development Authority	356,527	-	-	-	-	-	(356,527)	-
Pittsylvania County Service Authority	3,003,458	2,707,024	-	-	-	-	-	(134,343)
Total component units	\$ 91,119,023	\$ 4,482,074	\$ 66,112,435	-	-	-	(19,871,553)	(134,343)
General revenues:								
General property taxes				34,348,146	-	34,348,146	-	-
Other local taxes:								
Local sales and use taxes				2,109,465	-	2,109,465	-	-
Consumers' utility taxes				1,276,966	-	1,276,966	-	-
Motor vehicle licenses				2,221,302	-	2,221,302	-	-
Other local taxes				1,321,959	-	1,321,959	-	-
Unrestricted revenues from use of money and property				729,073	-	729,073	42,902	225,032
Miscellaneous				259,499	13,814	273,313	1,270,901	-
Payments from the County of Pittsylvania				6,647,166	-	6,647,166	19,993,562	-
Grants and contributions not restricted to specific programs				-	-	-	-	-
Transfers				(1,444,798)	1,444,798	-	-	-
Total general revenues and transfers				47,468,778	1,458,612	48,927,390	21,307,365	225,032
Change in net position				1,602,170	683,635	2,285,805	1,435,812	90,689
Net position - beginning, as restated				58,565,025	(1,372,564)	57,192,461	(53,538,304)	35,638,608
Net position - ending				\$ 60,167,195	\$ (688,929)	\$ 59,478,266	\$ (52,102,492)	\$ 35,729,297

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

County of Pittsylvania, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Debt Service Reserve</u>	<u>Nonmajor Forfeited Assets</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 35,267,285	\$ 1,571,032	\$ 80,107	\$ 205,553	\$ 1,394,903	\$ 38,518,880
Investments	36,349	-	-	-	-	36,349
Receivables (net of allowance for uncollectibles):						
Taxes receivable	19,719,302	-	-	-	-	19,719,302
Accounts receivable	569,747	150,185	-	-	-	719,932
Due from other funds	216,141	-	-	-	-	216,141
Due from other governmental units	2,200,989	-	457,526	-	-	2,658,515
Total assets	<u>58,009,813</u>	<u>1,721,217</u>	<u>537,633</u>	<u>205,553</u>	<u>1,394,903</u>	<u>61,869,119</u>
<b>LIABILITIES</b>						
Accounts payable	1,287,636	119,678	471,883	-	1,682	1,880,879
Salaries payable	37,522	-	-	-	-	37,522
Amounts held for rescue squads	120,205	-	-	-	-	120,205
Due to component unit	422,996	-	-	-	-	422,996
Total liabilities	<u>1,868,359</u>	<u>119,678</u>	<u>471,883</u>	<u>-</u>	<u>1,682</u>	<u>2,461,602</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	20,669,676	-	-	-	-	20,669,676
<b>FUND BALANCES</b>						
Restricted:						
Grant funds	687,086	-	65,750	-	-	752,836
Asset Forfeiture Fund	-	-	-	-	1,393,221	1,393,221
Committed:						
Special revenue funds	-	1,601,539	-	-	-	1,601,539
Assigned:						
Veterinary Expense Fund	2,411	-	-	-	-	2,411
Law Library Fund	20,362	-	-	-	-	20,362
Library Gifts Fund	1,219	-	-	-	-	1,219
Capital Outlay Fund	353,834	-	-	-	-	353,834
Jail Inmate Management Fund	70,211	-	-	-	-	70,211
Courthouse Maintenance Fund	24,167	-	-	-	-	24,167
Courthouse Security Fund	696,022	-	-	-	-	696,022
Jail Processing Fund	9,433	-	-	-	-	9,433
Rural Road Addition Fund	194,674	-	-	-	-	194,674
Debt Service Reserve Fund	-	-	-	205,553	-	205,553
Social Services Bond Fund	107,532	-	-	-	-	107,532
Schools Bond Fund	2,400	-	-	-	-	2,400
Unassigned	33,302,427	-	-	-	-	33,302,427
Total fund balances	<u>35,471,778</u>	<u>1,601,539</u>	<u>65,750</u>	<u>205,553</u>	<u>1,393,221</u>	<u>38,737,841</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,009,813</u>	<u>\$ 1,721,217</u>	<u>\$ 537,633</u>	<u>\$ 205,553</u>	<u>\$ 1,394,903</u>	<u>\$ 61,869,119</u>

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



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

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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	\$	38,737,841
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.

Land	\$ 4,904,148		
Buildings and improvements	104,230,348		
Machinery and equipment	14,975,907		
Construction in progress	<u>34,892</u>		124,145,295

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 3,405,562		
Items related to measurement of net pension liability	<u>(3,203,917)</u>		201,645

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.		1,173,038
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

4,819,325

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds	\$ (84,416,941)		
Lease revenue notes	(1,405,668)		
Capital leases	(12,905,295)		
Unamortized premiums	(1,113,280)		
Unamortized discounts	120,253		
Deferred charges on refundings	521,527		
Accrued interest payable	(1,626,833)		
Net OPEB obligation	(977,000)		
Net pension liability	(4,505,850)		
Compensated absences	(1,100,862)		
Due to the Commonwealth - CSA	<u>(1,500,000)</u>		<u>(108,909,949)</u>

Net position of governmental activities	\$	<u>60,167,195</u>
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The accompanying notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Debt Service Reserve</u>	<u>Nonmajor Forfeited Assets</u>	<u>Total</u>
<b>REVENUES</b>						
General property taxes	\$ 34,603,292	\$ -	\$ -	\$ -	\$ -	\$ 34,603,292
Other local taxes	6,929,692	-	-	-	-	6,929,692
Permits, privilege fees, and regulatory licenses	153,455	-	-	-	-	153,455
Fines and forfeitures	174,184	-	-	-	-	174,184
Revenue from the use of money and property	513,102	-	215,706	4	261	729,073
Charges for services	304,948	-	-	-	-	304,948
Miscellaneous	258,666	-	833	-	-	259,499
Recovered costs	1,090,454	173,957	-	-	-	1,264,411
Intergovernmental:						
Commonwealth	16,508,471	1,210,923	25,000	-	164,618	17,909,012
Federal	2,496,753	-	2,433,811	-	884,983	5,815,547
Total revenues	63,033,017	1,384,880	2,675,350	4	1,049,862	68,143,113
<b>EXPENDITURES</b>						
Current:						
General government administration	3,165,000	-	-	-	-	3,165,000
Judicial administration	1,565,244	-	-	-	-	1,565,244
Public safety	15,057,554	-	-	-	124,204	15,181,758
Public works	1,380,874	-	-	-	-	1,380,874
Health and welfare	9,071,785	-	2,746,468	-	-	11,818,253
Education	16,365,279	-	-	-	-	16,365,279
Parks, recreation, and cultural	1,635,900	-	-	-	-	1,635,900
Community development	2,049,001	2,407,981	-	-	-	4,456,982
Capital projects	862,433	77,282	-	-	-	939,715
Debt service:						
Principal retirement	7,492,655	-	-	-	-	7,492,655
Interest and other fiscal charges	4,403,466	-	-	-	-	4,403,466
Total expenditures	63,049,191	2,485,263	2,746,468	-	124,204	68,405,126
Excess (deficiency) of revenues over (under) expenditures	(16,174)	(1,100,383)	(71,118)	4	925,658	(262,013)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	97,320	377,684	-	-	-	475,004
Transfers out	(1,822,482)	(80,000)	-	(17,320)	-	(1,919,802)
Issuance of capital leases	672,610	-	-	-	-	672,610
Total other financing sources (uses)	(1,052,552)	297,684	-	(17,320)	-	(772,188)
Net change in fund balances	(1,068,726)	(802,699)	(71,118)	(17,316)	925,658	(1,034,201)
Fund balances - beginning	36,540,504	2,404,238	136,868	222,869	467,563	39,772,042
Fund balances - ending	\$ 35,471,778	\$ 1,601,539	\$ 65,750	\$ 205,553	\$ 1,393,221	\$ 38,737,841

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

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

Net change in fund balances - total governmental funds \$ (1,034,201)

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

Capital outlays	\$ 1,471,925	
Reversion of assets back to the School Board (net)	(424,999)	
Depreciation expense	(5,397,824)	(4,350,898)

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

Property taxes	\$ (255,146)	
Change in deferred inflows related to the measurement of the net pension liability	(3,203,917)	(3,459,063)

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.

Debt Issued or Incurred:

Proceeds from capital leases	\$ (672,610)	
<u>Principal Payments</u>		
Bonds	5,432,370	
Lease revenue notes	461,152	
Capital leases	1,599,133	
Due to Commonwealth - CSA	250,000	7,070,045

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.

Change in compensated absences	\$ 2,140	
Change in accrued interest payable	116,533	
Change in net OPEB obligation	(109,000)	
Change in net pension liability	3,659,810	
Change in deferred outflows related to pensions	59,017	
Amortization of bond premium	220,126	
Amortization of bond discount	(8,017)	
Amortization of loss on refunding	(81,307)	3,859,302

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

(483,015)

Change in net position of governmental activities	\$ 1,602,170	
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The accompanying notes to the financial statements are an integral part of this statement.

County of Pittsylvania, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Enterprise Fund Landfill Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 596,290	\$ 4,799,934
Accounts receivables, net of allowances for uncollectibles	587,934	1,026,364
Inventories	-	13,204
Total current assets	<u>1,184,224</u>	<u>5,839,502</u>
Noncurrent assets:		
Capital assets: (net of related depreciation)		
Land	95,000	-
Machinery and equipment	792,869	-
Infrastructure	4,885,931	-
Construction in progress	136,268	-
Total capital assets	<u>5,910,068</u>	<u>-</u>
Total noncurrent assets	<u>5,910,068</u>	<u>-</u>
Total assets	<u>7,094,292</u>	<u>5,839,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	13,901	-
Pension contributions subsequent to measurement date	51,428	-
	<u>65,329</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	160,459	39,777
Estimate of incurred but unreported health claims	-	980,400
Accrued salaries	3,855	-
Due to other funds	216,141	-
Retainage payable	11,025	-
Interest payable	33,981	-
Unearned revenue	231,246	-
Compensated absences - current portion	20,390	-
Bonds payable - current portion	650,198	-
Total current liabilities	<u>1,327,295</u>	<u>1,020,177</u>
Noncurrent liabilities:		
Landfill closure/postclosure liability	3,412,860	-
Bonds payable - net of current portion	2,763,591	-
Compensated absences - net of current portion	6,797	-
Net pension liability	197,543	-
Total noncurrent liabilities	<u>6,380,791</u>	<u>-</u>
Total liabilities	<u>7,708,086</u>	<u>1,020,177</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Items related to measurement of net pension liability	140,464	-
<b>NET POSITION</b>		
Net investment in capital assets	2,510,180	-
Restricted for health insurance claims	-	4,811,891
Unrestricted	(3,199,109)	7,434
Total net position	<u>\$ (688,929)</u>	<u>\$ 4,819,325</u>

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

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

	Enterprise Fund Landfill <u>Fund</u>	Internal Service <u>Funds</u>
<b>OPERATING REVENUES</b>		
Charges for services:		
Materials and supplies	\$ -	\$ 585,226
Insurance premiums	-	11,184,820
Recycling	6,021	-
Solid waste collections	1,907,425	-
Penalties and interest	41,072	-
Miscellaneous	13,814	-
Total operating revenues	<u>1,968,332</u>	<u>11,770,046</u>
<b>OPERATING EXPENSES</b>		
Supplies, insurance and telephone	-	576,734
Insurance claims and expenses	-	11,676,327
Salaries	635,892	-
Fringes	230,355	-
Contractual services	350,595	-
Utilities	41,806	-
Insurance	16,377	-
Fuel	226,890	-
Supplies	186,821	-
Landfill monitoring	113,480	-
Improvements and closure costs	248,653	-
Miscellaneous	101,628	-
Depreciation	452,325	-
Total operating expenses	<u>2,604,822</u>	<u>12,253,061</u>
Change in Net Position	<u>(636,490)</u>	<u>(483,015)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Loss on disposal of assets	(23,532)	-
Interest expense	(101,141)	-
Total nonoperating revenues (expenses)	<u>(124,673)</u>	<u>-</u>
Income before transfers	(761,163)	(483,015)
Transfers in	1,444,798	-
Change in Net Position	<u>683,635</u>	<u>(483,015)</u>
Total net position - beginning, as restated	(1,372,564)	5,302,340
Total net position - ending	<u>\$ (688,929)</u>	<u>\$ 4,819,325</u>

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

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

	Enterprise Fund Landfill Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 1,875,414	\$ -
Receipts for materials and supplies	-	623,227
Receipts for insurance premiums	-	11,156,692
Payments to suppliers	(950,085)	(607,244)
Payments to employees	(890,505)	-
Payments for insurance premiums	-	(11,463,722)
Net cash provided by (used for) operating activities	34,824	(291,047)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	1,444,798	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of utility plant	(288,858)	-
Principal payments on bonds	(550,064)	-
Interest expense	(137,747)	-
Net cash provided by (used for) capital and related financing activities	(976,669)	-
Net increase (decrease) in cash and cash equivalents	502,953	(291,047)
Cash and cash equivalents - beginning	93,337	5,090,981
Cash and cash equivalents - ending	\$ 596,290	\$ 4,799,934
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (636,490)	\$ (483,015)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	452,325	-
(Increase) decrease in accounts receivable	(95,790)	9,873
(Increase) decrease in inventories	-	3,694
(Increase) decrease in pension contributions subsequent to measurement date	(2,588)	-
Increase (decrease) in accrued salaries	2,281	-
Increase (decrease) in closure/postclosure liability	190,211	-
Increase (decrease) in accounts payable	145,954	242,318
Increase (decrease) in compensated absences	(3,964)	-
Increase (decrease) in unearned revenue	2,872	-
Increase (decrease) in net pension liability	(160,451)	-
Increase (decrease) items related to measurement of net pension liability	140,464	-
Increase (decrease) in due to other funds	-	(63,917)
Total adjustments	671,314	191,968
Net cash provided by (used for) operating activities	\$ 34,824	\$ (291,047)
<b>Noncash investing, capital, and financing activities:</b>		
Retainage payable	\$ 11,025	\$ -

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

County of Pittsylvania, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 354,043
Cash in custody of others	154,682
Total assets	<u>\$ 508,725</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 21,478
Amounts held for developers	332,565
Amounts held for land sales	147,357
Amounts held for inmates	7,325
Total liabilities	<u>\$ 508,725</u>

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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**Note 1-Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

The County of Pittsylvania, Virginia is a municipal corporation governed by an elected seven-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 - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

The Pittsylvania County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type and does not issue a separate financial statement.

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The County has executed a support agreement with the IDA to provide funding sufficient to meet principal and interest payments on the Authority's \$2,000,000 revenue bond dated August 1, 2005. As such, the IDA is fiscally dependent upon the County. The IDA's fiscal year end is December 31st and financial data presented herewith for the Authority is for the fiscal year ended December 31, 2014. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

The Pittsylvania County Service Authority (Service Authority) provides water and sewer service to residents of Pittsylvania County. The County has executed two support agreements with the Service Authority to provide funding sufficient to meet principal and interest payments on the Service Authority's Series 2006 and 2007 Revenue Notes in the amount of \$622,117 and \$660,000, respectively. As such, the Service Authority is fiscally dependent upon the County. The Service Authority's fiscal year end is December 31st and financial data presented herewith for the Service Authority is for the fiscal year ended December 31, 2014. The Service Authority issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.



**Note 1-Summary of Significant Accounting Policies: (continued)**

**A. Financial Reporting Entity (continued)**

**Related Organizations** - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

**Jointly Governed Organizations** - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$259,412 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Regional Industrial Facilities Authority.

**B. Government-wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its 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.

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

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

**Note 1-Summary of Significant Accounting Policies: (continued)**

**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 and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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

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

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

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

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.

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

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 other funds. The General Fund includes the activities of the Social Services, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The Industrial Development and Workforce Investment Act Funds serve as the County's major *Special Revenue Funds*. The Industrial Development Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds. The Workforce Investment Act Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for administering programs to improve the workforce of Pittsylvania County and surrounding jurisdictions.

The Debt Service Reserve Fund is the County's only *Debt Service Fund*. It accounts for and reports financial resources to be used for the payment of debt of the County as well as jointly governed organizations.

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

The nonmajor governmental fund of the County is:

The Forfeited Assets Fund is a *Special Revenue Fund* that accounts for and reports financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.

The County reports the following major enterprise fund:

The *Landfill Fund* accounts for activities of the landfill, including charges for services, expenses, assets, and related debts.

Additionally, the government reports the following fund types:

*Internal Service Funds* account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Central Stores and Self Insurance Funds.

*Fiduciary funds* (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Cash Bond, Land Sales, and Sheriff's Inmate Trust and Canteen Account Funds.

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 functions. 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 County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for 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.

**Note 1-Summary of Significant Accounting Policies: (continued)**

**D. Assets, deferred outflows/inflows of resources, liabilities, 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.

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").

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

**2. Inventory**

Inventories of material and supplies are recorded at cost, using the first-in, first-out method of valuation.

**3. 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."

**4. Property Taxes**

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in installments on June 29<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are due and collectible in installments on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

**5. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,656,655 at June 30, 2015 and is comprised solely of property taxes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

6. 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.

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

8. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment and infrastructure of the primary government, as well as the Component Unit - School Board, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

9. Deferred Outflows/Inflows of Resources

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

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

10. 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.

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

10. Long-term Obligations (continued)

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.

11. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

12. Pensions

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

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**Note 1-Summary of Significant Accounting Policies: (continued)**

13. 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 prepaid expenditures) 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.

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

**Note 1-Summary of Significant Accounting Policies: (continued)**

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

14. 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.

15. Net Position Flow Assumption

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

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Agency Funds.
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. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the School Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.

**Note 2-Stewardship, Compliance, and Accountability: (continued)**

B. Budgetary Information (continued)

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. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

A. Excess of expenditures over appropriations

At June 30, 2015, no departments had expenditures in excess of its appropriations.

B. Deficit fund equity

At June 30, 2015, no funds had deficit fund equity.

**Note 3-Deposits and Investments:**

**Deposits**

Deposits with banks are covered by the Federal Deposit Insurance Corporations (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 acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

**Note 3-Deposits and Investments: (continued)**

**Credit Risk of Debt Securities**

The County has not adopted an investment policy for credit risk.

The County's rated debt investments for LGIP and Government Obligations were rated by Standard and Poor's and Moody's, respectively, as of June 30, 2015 and the ratings are presented below using the respective rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 36,349

**External Investment Pools**

The fair value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) 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.

**Interest Rate Risk**

The County has not adopted an investment policy for interest rate risk and had no investments subject to interest rate risk at June 30, 2015.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 4-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 382,879	\$ -
Communication sales tax	371,661	-
State sales tax	-	1,697,827
Non-categorical aid	138,378	-
Categorical aid-shared expenses	423,583	-
Categorical aid-Virginia Public Assistance funds	93,607	-
Categorical aid-other	96,887	20,876
Categorical aid-Comprehensive Services Act funds	498,648	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	182,651	-
Categorical aid-Workforce Investment Act funds	457,526	-
Categorical aid-other	12,695	830,904
Total Amount Due from Other Governmental Units	\$ 2,658,515	\$ 2,549,607

**Note 5-Interfund/Component-Unit Obligations:**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 422,996	\$ -
Component Unit - School Board:		
School Fund	\$ -	\$ 422,996

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 5-Interfund/Component-Unit Obligations: (continued)**

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

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
<b>Primary Government:</b>		
<i>Major Governmental Funds:</i>		
General Fund	\$ 216,141	\$ -
<i>Enterprise Funds:</i>		
Landfill fund	-	216,141
Total	<u>\$ 216,141</u>	<u>\$ 216,141</u>

All balances are the results of time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The County expects all balances to be repaid within one year.

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government:</b>		
<i>Major Governmental Funds:</i>		
General Fund	\$ 97,320	\$ (1,822,482)
Industrial Development Fund	377,684	(80,000)
Debt Service Reserve Fund	-	(17,320)
<i>Enterprise Funds:</i>		
Landfill fund	1,444,798	-
Total	<u>\$ 1,919,802</u>	<u>\$ (1,919,802)</u>

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

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 6-Long-Term Obligations:**

Primary Government - Governmental Activities Indebtedness

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

	Restated Balance July 1, 2014	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 89,849,311	\$ -	\$ (5,432,370)	\$ 84,416,941
Lease revenue notes	1,866,820	-	(461,152)	1,405,668
Unamortized bond premiums	1,333,406	-	(220,126)	1,113,280
Unamortized bond discounts	(128,270)	8,017	-	(120,253)
Capital leases	13,831,818	672,610	(1,599,133)	12,905,295
Net pension liability	8,165,660	5,261,555	(8,921,365)	4,505,850
Net OPEB obligation	868,000	158,000	(49,000)	977,000
Compensated absences	1,103,002	825,112	(827,252)	1,100,862
Due to Commonwealth (CSA)	1,750,000	-	(250,000)	1,500,000
Total	\$ 118,639,747	\$ 6,925,294	\$ (17,760,398)	\$ 107,804,643

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Notes	
	Principal	Interest	Principal	Interest
2016	\$ 5,463,178	\$ 3,750,824	\$ 479,268	\$ 48,195
2017	5,155,955	3,542,398	243,000	32,116
2018	24,375,821	3,011,061	252,700	22,226
2019	4,617,830	2,514,708	262,700	11,944
2020	4,801,045	2,303,456	168,000	3,352
2021-2025	24,428,112	7,901,582	-	-
2026-2030	15,575,000	2,787,312	-	-
Totals	\$ 84,416,941	\$ 25,811,341	\$ 1,405,668	\$ 117,833

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Governmental Activities Indebtedness: (continued)**

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:							
General Obligation Bond (1)	3.00%	12/13/2012	7/15/2017	lump sum	\$ 19,945,000	\$ 19,945,000	\$ -
General Obligation Bond (2)	3.28%	2/16/2005	2/1/2016	\$966,750-996,072 a+	9,240,000	980,000	980,000
General Obligation Bond (1)	4.10-5.60%	11/10/2004	7/15/2024	\$999,906-1,010,000 a+	15,735,749	8,870,941	789,178
General Obligation Bond	3.60%	12/20/2007	3/1/2025	\$723,218-859,192 a+	10,000,000	7,236,000	614,000
General Obligation Bond	3.50-5.75%	10/30/2008	2/1/2030	\$2,330,368-3,574,906 a+	40,000,000	36,630,000	1,680,000
General Obligation Bond (1)	3.00%	5/21/2009	3/1/2017	\$132,575-918,575 a+	1,612,500	1,280,000	375,000
General Obligation Bond	2.00-5.00%	4/22/2010	3/1/2023	\$1,189,963-1,414,500 a+	12,485,000	9,475,000	1,025,000
Total GO Bonds						<u>\$ 84,416,941</u>	<u>\$ 5,463,178</u>
Lease Revenue Notes:							
Revenue Bond - IDA	5.32%	8/16/2005	8/15/2015	\$244,833-257,849 a+	\$ 2,000,000	\$ 251,168	\$ 251,168
Revenue Bond - SSB	3.99%	4/27/2006	7/15/2019	\$244,017-271,292 a+	2,900,000	1,154,500	228,100
Total lease revenue notes						<u>\$ 1,405,668</u>	<u>\$ 479,268</u>
Deferred amounts:							
Plus:							
Unamortized Premium						\$ 1,113,280	\$ 219,234
Less:							
Unamortized Discount						(120,253)	(8,017)
Total deferred amounts						<u>\$ 993,027</u>	<u>\$ 211,217</u>
Other Obligations:							
Capital Leases (Note 7)						\$ 12,905,295	\$ 1,355,016
Net OPEB Obligation						977,000	-
Net Pension Liability						4,505,850	-
Compensated Absences						1,100,862	825,647
CSA-Due to Commonwealth (Note 13)						1,500,000	250,000
Total Other Obligations						<u>\$ 20,989,007</u>	<u>\$ 2,430,663</u>
Total Long-Term Obligations						<u>\$ 107,804,643</u>	<u>\$ 8,584,326</u>

(1) Refunding bond

(2) Advanced refunding bond

(a+) - annual principal installments shown, does not include semi-annual interest installments

(sa) - semi-annual installments, includes interest as applicable

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015Note 6-Long-Term Obligations: (continued)Primary Government - Business-type Activities Indebtedness

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

	Restated Balance July 1, 2014	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 3,735,063	\$ -	\$ (550,064)	\$ 3,184,999
Unamortized bond premiums	263,988	-	(35,198)	228,790
Net pension liability	357,994	230,674	(391,125)	197,543
Landfill closure/postclosure	3,222,649	190,211	-	3,412,860
Compensated absences	31,151	19,399	(23,363)	27,187
Total	\$ 7,610,845	\$ 440,284	\$ (999,750)	\$ 7,051,379

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 615,000	\$ 75,741
2017	1,155,000	82,800
2018	260,000	57,781
2019	270,000	46,425
2020	280,000	35,156
2021-2022	604,999	30,366
Totals	\$ 3,184,999	\$ 328,269

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Business-type Activities Indebtedness: (continued)**

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Installment Amount</u>	<u>Amount of Original Issue</u>	<u>Balance Business-type Activities</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:							
General Obligation Bond	2.125-5.125%	11/16/2011	11/1/2021	\$268,616-317,944 a+	\$ 2,555,000	\$ 1,905,000	\$ 240,000
General Obligation Bond (1)	3.00%	5/21/2009	3/1/2017	\$110,000-905,000 a+	1,612,500	1,279,999	375,000
Total GO Bonds						<u>\$ 3,184,999</u>	<u>\$ 615,000</u>
Deferred amounts:							
Plus:							
Unamortized Premium						\$ 228,790	\$ 35,198
<u>Other Obligations:</u>							
Net Pension Liability						\$ 197,543	\$ -
Landfill Closure/Postclosure Liability						3,412,860	-
Compensated Absences						27,187	20,390
Total Other Obligations						<u>\$ 3,637,590</u>	<u>\$ 20,390</u>
Total Long-Term Obligations						<u>\$ 7,051,379</u>	<u>\$ 670,588</u>

(1) Refunding Bond

a+ - annual principal installments shown, does not include semi-annual interest payments

sa - semiannual installments, includes interest as applicable

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 7-Capital Leases:**Primary Government

The School Board issued a lease purchase agreement to pay for supplies and non-capitalized equipment used to implement an energy savings plan and to purchase school buses. The County entered into a capital lease agreement to upgrade its E-911 equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	E - 911 Equipment	School Buses
Machinery and equipment	\$ 13,310,986	\$ 672,610
Less: Accumulated depreciation	<u>(1,348,793)</u>	<u>(83,846)</u>
Net capital assets	<u>\$ 11,962,193</u>	<u>\$ 588,764</u>

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

Year Ending June 30,	School Buses	Energy Savings Lease	E - 911 Equipment Lease	Total
2016	\$ 226,861	\$ 324,043	\$ 1,415,536	\$ 1,966,440
2017	226,861	324,043	1,415,540	1,966,444
2018	-	324,043	1,415,536	1,739,579
2019	-	324,043	1,415,534	1,739,577
2020	-	-	1,415,539	1,415,539
2021-2024	<u>-</u>	<u>-</u>	<u>5,662,154</u>	<u>5,662,154</u>
Subtotal	\$ 453,722	\$ 1,296,172	\$ 12,739,839	\$ 14,489,733
Less, amount representing interest	<u>(7,973)</u>	<u>(119,686)</u>	<u>(1,456,779)</u>	<u>(1,584,438)</u>
Present Value of Lease Agreement	<u>\$ 445,749</u>	<u>\$ 1,176,486</u>	<u>\$ 11,283,060</u>	<u>\$ 12,905,295</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 8-Long-Term Obligations-Component Unit School Board:**Discretely Presented Component Unit-School Board-Indebtedness

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

	Restated Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Net pension liability	\$ 73,199,315	\$ 6,413,151	\$ (15,254,538)	\$ 64,357,928
Compensated absences	1,609,685	1,163,568	(1,207,264)	1,565,989
Total	<u>\$ 74,809,000</u>	<u>\$ 7,576,719</u>	<u>\$ (16,461,802)</u>	<u>\$ 65,923,917</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net pension liability	\$ 64,357,928	\$ -
Compensated absences	1,565,989	1,174,492
Total Long-Term Obligations	<u>\$ 65,923,917</u>	<u>\$ 1,174,492</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—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> 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> 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> 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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
		<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>• 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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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.	<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.	<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.
<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 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.	<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 elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	<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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—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>



**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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>

**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b> <u><b>Defined Contributions Component: (Cont.)</b></u> 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. <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> Distribution is not required by law until age 70½.
<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.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <u><b>Defined Benefit Component:</b></u> See definition under Plan 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—Pension Plan: (Continued)**

*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<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 (including Plan 1 and Plan2 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> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—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	188	162
Inactive members:		
Vested inactive members	31	8
Non-vested inactive members	58	43
Inactive members active elsewhere in VRS	85	15
Total inactive members	174	66
Active members	342	155
Total covered employees	704	383

*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 11.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. However, during 2015, the County paid a reduced, certified rate approved by the VRS of 9.20% of covered employee compensation.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—Pension Plan: (Continued)**

*Contributions (continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,224,466 and \$1,162,861 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 10.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$285,286 and \$228,996 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

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

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's 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.

**Note 9—Pension Plan: (Continued)**

*Actuarial Assumptions - General Employees (continued)*

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 9—Pension Plan: (Continued)**

*Actuarial Assumptions - Public Safety Employees*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 9—Pension Plan: (Continued)**

*Actuarial Assumptions - Public Safety Employees (Continued)*

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Long-Term Expected Rate of Return*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—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	\$ 56,300,301	\$ 47,776,647	\$ 8,523,654
Changes for the year:			
Service cost	\$ 1,597,926	\$ -	\$ 1,597,926
Interest	3,853,717	-	3,853,717
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,162,861	(1,162,861)
Contributions - employee	-	649,664	(649,664)
Net investment income	-	7,499,569	(7,499,569)
Benefit payments, including refunds of employee contributions	(2,494,405)	(2,494,405)	-
Administrative expenses	-	(40,586)	40,586
Other changes	-	396	(396)
Net changes	\$ 2,957,238	\$ 6,777,499	\$ (3,820,261)
Balances at June 30, 2014	\$ 59,257,539	\$ 54,554,146	\$ 4,703,393

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Changes in Net Pension Liability (continued)*

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 13,529,211	\$ 11,409,896	\$ 2,119,315
Changes for the year:			
Service cost	\$ 331,124	\$ -	\$ 331,124
Interest	918,214	-	918,214
Differences between expected and actual experience	-	-	-
Contributions - employer	-	228,996	(228,996)
Contributions - employee	-	152,042	(152,042)
Net investment income	-	1,768,407	(1,768,407)
Benefit payments, including refunds of employee contributions	(823,734)	(823,734)	-
Administrative expenses	-	(9,813)	9,813
Other changes	-	93	(93)
Net changes	\$ 425,604	\$ 1,315,991	\$ (890,387)
Balances at June 30, 2014	\$ 13,954,815	\$ 12,725,887	\$ 1,228,928

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the County using the discount rate of 7.00%, as well as what the County's 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%)
Pittsylvania County			
Net Pension Liability (Asset)	\$ 12,202,543	\$ 4,703,393	\$ (1,551,396)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,820,255	\$ 1,228,928	\$ (113,995)

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

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

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,344,381	-	788,439
Employer contributions subsequent to the measurement date	1,224,466	-	285,286	-
Total	\$ 1,224,466	\$ 3,344,381	\$ 285,286	\$ 788,439



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$1,224,466 and \$285,286 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	\$ 836,095	\$ 197,110
2017	836,095	197,110
2018	836,095	197,110
2019	836,096	197,109
Thereafter	-	-

**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.

**Note 9—Pension Plan: (Continued)**

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

*Contributions (Continued)*

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$5,715,044 and \$4,460,000 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 \$63,129,000 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 0.52239% as compared to 0.51597% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$5,154,000. 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 9,369,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	724,000	-
Employer contributions subsequent to the measurement date	<u>5,715,044</u>	<u>-</u>
Total	<u>\$ 6,439,044</u>	<u>\$ 9,369,000</u>

\$5,715,044 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	\$ (2,182,000)
2017	(2,182,000)
2018	(2,182,000)
2019	(2,182,000)
Thereafter	83,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 9—Pension Plan: (Continued)**

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

*Actuarial Assumptions*

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

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

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 9—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%.

**Note 9—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)	\$ 92,699,000	\$ 63,129,000	\$ 38,784,000

*Pension Plan Fiduciary Net Position*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 10-Capital Assets:**

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

## Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,904,148	\$ -	\$ -	\$ 4,904,148
Construction in progress	16,107	34,892	(16,107)	34,892
Total capital assets not being depreciated	<u>\$ 4,920,255</u>	<u>\$ 34,892</u>	<u>\$ (16,107)</u>	<u>\$ 4,939,040</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 141,427,275	\$ 304,103	\$ -	\$ 141,731,378
Machinery and equipment	30,008,947	1,149,037	(781,943)	30,376,041
Total capital assets being depreciated	<u>\$ 171,436,222</u>	<u>\$ 1,453,140</u>	<u>\$ (781,943)</u>	<u>\$ 172,107,419</u>
Accumulated depreciation:				
Buildings and improvements	\$ (33,946,693)	\$ (3,554,337)	\$ -	\$ (37,501,030)
Machinery and equipment	(13,913,591)	(1,843,487)	356,944	(15,400,134)
Total accumulated depreciation	<u>\$ (47,860,284)</u>	<u>\$ (5,397,824)</u>	<u>\$ 356,944</u>	<u>\$ (52,901,164)</u>
Total capital assets being depreciated, net	<u>\$ 123,575,938</u>	<u>\$ (3,944,684)</u>	<u>\$ (424,999)</u>	<u>\$ 119,206,255</u>
Governmental activities capital assets, net	<u>\$ 128,496,193</u>	<u>\$ (3,909,792)</u>	<u>\$ (441,106)</u>	<u>\$ 124,145,295</u>

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 10-Capital Assets: (continued)**

Primary Government: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 95,000	\$ -	\$ -	\$ 95,000
Construction in progress	-	136,268	-	136,268
Total capital assets not being depreciated	<u>\$ 95,000</u>	<u>\$ 136,268</u>	<u>\$ -</u>	<u>\$ 231,268</u>
Capital assets, being depreciated:				
Infrastructure	\$ 7,333,072	\$ 16,900	\$ -	\$ 7,349,972
Machinery and equipment	4,211,812	146,715	(146,569)	4,211,958
Total capital assets being depreciated	<u>\$ 11,544,884</u>	<u>\$ 163,615</u>	<u>\$ (146,569)</u>	<u>\$ 11,561,930</u>
Accumulated depreciation:				
Infrastructure	\$ (2,131,689)	\$ (332,352)	\$ -	\$ (2,464,041)
Machinery and equipment	(3,422,153)	(119,973)	123,037	(3,419,089)
Total accumulated depreciation	<u>\$ (5,553,842)</u>	<u>\$ (452,325)</u>	<u>\$ 123,037</u>	<u>\$ (5,883,130)</u>
Total capital assets being depreciated, net	<u>\$ 5,991,042</u>	<u>\$ (288,710)</u>	<u>\$ (23,532)</u>	<u>\$ 5,678,800</u>
Business-type activities capital assets, net	<u>\$ 6,086,042</u>	<u>\$ (152,442)</u>	<u>\$ (23,532)</u>	<u>\$ 5,910,068</u>

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

**Governmental activities:**

General governmental administration	\$ 82,597
Judicial administration	21,502
Public safety	1,596,105
Public works	258,976
Health and welfare	117,405
Education	3,212,219
Parks, recreation, and cultural	43,107
Community development	65,913
Total depreciation expense-governmental activities	<u>\$ 5,397,824</u>

**Business-type activities:**

Public works	<u>\$ 452,325</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 10-Capital Assets: (continued)**

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

## Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,709,971	\$ -	\$ -	\$ 2,709,971
Capital assets, being depreciated:				
Buildings and improvements	\$ 22,920,567	\$ -	\$ -	\$ 22,920,567
Machinery and equipment	15,862,551	1,537,572	(978,074)	16,422,049
Total capital assets being depreciated	\$ 38,783,118	\$ 1,537,572	\$ (978,074)	\$ 39,342,616
Accumulated depreciation:				
Buildings and improvements	\$ (12,993,384)	\$ (335,260)	\$ -	\$ (13,328,644)
Machinery and equipment	(13,195,182)	(1,010,502)	978,074	(13,227,610)
Total accumulated depreciation	\$ (26,188,566)	\$ (1,345,762)	\$ 978,074	\$ (26,556,254)
Total capital assets being depreciated, net	\$ 12,594,552	\$ 191,810	\$ -	\$ 12,786,362
Governmental activities capital assets, net	\$ 15,304,523	\$ 191,810	\$ -	\$ 15,496,333

Machinery and equipment increases include assets transferred back from the Primary Government of \$662,926 and depreciation related to those assets are included in machinery and equipment increases of \$237,927.

**Note 11-Risk Management:**

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the 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 and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 12-Contingent Liabilities:**

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

**Note 13-Comprehensive Services Act-Amount Due to Commonwealth:**

In an Order entered December 16, 2011, the State Executive Council ("SEC") found that Pittsylvania County is liable for \$7,699,933 in reimbursement for CSA funds used for ineligible students and services based on an audit conducted by the Auditor of Public Accounts. The SEC agreed to allow the CPMB to pay the Commonwealth of Virginia \$250,000 per year for a ten (10) year period, and if the CPMB abides by several probationary actions during the ten (10) year period, the SEC will forgo requiring the CPMB to repay the balance of the amount due and owing. At the December 20, 2011, Pittsylvania County Board of Supervisors' ("BOS") meeting, the BOS objected to the findings in the SEC's Order, but agreed to its disposition of the matter, i.e. repayment of \$2.5 million dollars over a ten (10) year period with probationary measures.

**Note 14-Surety Bonds:**

## Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

H. F. Haymore, Jr., Clerk of the Circuit Court	\$ 25,000
M. Kate Berger, Treasurer	750,000
Samuel W. Swanson, Jr., Commissioner of the Revenue	3,000
Michael W. Taylor, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

VACo Insurance Programs:

All County employees - blanket bond	\$ 250,000
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National Grange Mutual Insurance Company:

All Social Services employees - blanket bond	\$ 100,000
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 15-Landfill Closure and Postclosure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$4,741,796 is the total estimated closure and postclosure care liability at June 30, 2015. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2015. The liability on the statement of net position of \$3,412,860 is based on the County's estimate that the landfill has reached 100% of Phase I and 25% of Phase II of capacity with a remaining useful life of 20.5 years for phase II. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs. The County demonstrated financial assurance requirements for closure, post-closure care and corrective action costs through the submission of a Local Government Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

**Note 16-Self Health Insurance:**

The County of Pittsylvania, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2015, a total of \$11,184,820 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$980,400 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2015 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2014-15	\$ <u>767,795</u>	\$ <u>11,397,425</u>	\$ <u>(11,184,820)</u>	\$ <u>980,400</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 17- Deferred/Unavailable Revenue:**

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue is comprised of the following:

	<u>Unavailable</u>
Delinquent property taxes receivable-2nd half 2015	\$ 14,147,659
Prepaid taxes	3,116,455
Total unavailable revenue for governmental activities	\$ 17,264,114
Taxes receivable due prior to June 30, 2015, not collected within 60 days	\$ 3,405,562
Total unavailable revenue for governmental funds	\$ 20,669,676

**Note 18-Commitments and Contingencies:**

The Board of Supervisors approved moral obligation support agreements with the Pittsylvania County Service Authority, whereby the County will provide funding (subject to annual appropriations), if necessary, to repay the Service Authority's Series 2006 and 2007 Revenue Notes. The County contributed \$158,474 towards these agreements in fiscal year 2015.

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds. The County contributed \$639,775 towards these agreements in fiscal year 2015.

The County has obligated funds for the projects described below as of June 30, 2015:

	Original Contract	Amount Paid As of 6/30/2015	Remaining Contract Amount
Animal Shelter Consultants	\$ 22,450	\$ 8,800	\$ 13,650
Mega Park Water System	1,006,200	908,068	98,132
Moses Building Restroom	36,850	-	36,850
Human Services Offices	31,955	-	31,955
County Administration Offices	33,300	-	33,300
Total Contracts	\$ 1,130,755	\$ 916,868	\$ 213,887

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 18-Commitments and Contingencies: (continued)**

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County's share of the projects as described below was 50% as of June 30, 2015:

Contractor	Service Provided	Project	Contract Total	Paid as of 6/30/2015	Contract Remaining
Dewberry	Engineering	Berry Hill Industrial Park	\$ 2,596,337	\$ 1,940,885	\$ 655,452
Dewberry	Engineering	Cane Creek Park	71,881	22,479	49,402
Wetland Studies & Solutions	Consulting	Berry Hill Permit Assistance	141,996	59,927	82,069
Totals			\$ 2,810,214	\$ 2,023,291	\$ 786,923
County's 50% obligation			\$ 1,405,107	\$ 1,011,646	\$ 393,462

*School Board Early Retirement Incentive Program:*

The Component Unit - School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program. Employees are required to work twenty days per year to receive their payment. At June 30, 2015 the commitment related to the Early Retirement Incentive Program was \$7,365,035.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 19-Other Postemployment Benefits-Health Insurance:**

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the County recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

**A. Plan Description**

The County of Pittsylvania and Pittsylvania County's Component Unit - School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. Any County eligible retiree may receive this benefit until death. Any School Board eligible retiree may receive this benefit until he/she has reached sixty five years of age.

To be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and five years of service, or disabled with no age or service requirements. In addition, the School System has an Early Retirement Incentive Program that allows retirees to continue working and receive special benefits for five years if they retire after age 55 with 20 years as a participant of the Virginia Retirement System and have a minimum of 20 years of full-time employment with Pittsylvania County School System. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively. The Plan does not issue a publicly available financial report.

**B. Funding Policy**

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 340 and 1,039 employees that are eligible, respectively, for the program. In addition, 100 percent of premiums are the responsibility of the retiree.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents.

Retirees are eligible to choose one of the following medical options through the County and School Board. The rates are as follows:

Medical & Dental	KeyCare 500	Key Care 30	Dental Basic	Dental Comprehensive
Employee Only	552.31	496.08	23.96	41.00
Employee & Spouse	1,219.95	1,096.16	47.04	81.84
Employee & Child	847.18	761.14	39.76	69.16
Family	1,653.89	1,486.26	78.76	118.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 19-Other Postemployment Benefits-Health Insurance: (continued)****B. Funding Policy (continued)**

The County eligible retirees may continue to receive the benefit past the age of 65. The rates for this group are as follows:

Medical & Dental	KeyCare 500	Key Care 30	Dental Basic	Dental Comprehensive
Employee Only	496.70	446.06	23.96	41.00
Employee & Spouse	993.40	892.12	47.04	81.84
Employee & Child	NA	NA	39.76	69.16
Family	NA	NA	78.76	118.70

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

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the 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	\$ 166,000
Interest on net OPEB obligation	35,000
Adjustment to annual required contribution	(36,000)
Annual OPEB cost (expense)	165,000
Contributions made	(50,000)
Increase in net OPEB obligation	115,000
Net OPEB obligation - beginning of year	868,000
Net OPEB obligation - end of year	\$ 983,000

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 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013 \$	161,000	38% \$	761,000
6/30/2014	169,000	37%	868,000
6/30/2015	165,000	30%	983,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 19-Other Postemployment Benefits-Health Insurance: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For 2015, the School Board's annual OPEB cost (expense) of \$642,000 was not equal to the ARC of \$643,000. The obligation calculation is as follows:

Annual required contribution	\$ 643,000
Interest on net OPEB obligation	(6,000)
Adjustment to annual required contribution	<u>5,000</u>
Annual OPEB cost (expense)	642,000
Contributions made	<u>(761,000)</u>
Increase (Decrease) in net OPEB obligation	(119,000)
Net OPEB asset - beginning of year	<u>(134,000)</u>
Net OPEB asset - end of year	\$ (253,000)

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation(asset) for 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2013	\$ 673,000	127%	\$ 35,000
6/30/2014	680,000	125%	(134,000)
6/30/2015	642,000	119%	(253,000)

**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$ 1,681,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,681,000
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 12,573,000
UAAL as a percentage of covered payroll	13.37%



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 19-Other Postemployment Benefits-Health Insurance: (continued)****D. Funded Status and Funding Progress (continued)**

The funded status of the Plan for the School Board as of July 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	6,947,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	6,947,000
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	47,030,511
UAAL as a percentage of covered payroll		14.77%

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

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

**E. Actuarial Methods and Assumptions**

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

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, the most recent actuarial valuation, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility the actuarial assumptions included: inflations at 2.5 percent, and investments rate of return at 4.00 percent, and a health care trend rate of 8.33 percent graded to 5.00 percent over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2014 was 30 years.

**Note 20—Other Postemployment Benefits-VRS Health Insurance Credit:**

County:

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 an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was 0.19% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 20—Other Postemployment Benefits-VRS Health Insurance Credit: (continued)**County: (continued)

## C. Annual OPEB Cost and Net OPEB Obligation (continued)

For 2014, the County's contribution of \$25,285 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:

Primary Government:	Fiscal Year	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
County	Ending			
	6/30/2013	\$ 16,252	100.00%	\$ -
	6/30/2014	16,805	100.00%	-
	6/30/2015	25,285	100.00%	-

## D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 556,224
Actuarial value of plan assets	\$ 340,360
Unfunded actuarial accrued liability (UAAL)	\$ 215,864
Funded ratio (actuarial value of plan assets/AAL)	61.19%
Covered payroll (active plan members)	\$ 12,956,893
UAAL as a percentage of covered payroll	1.67%

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

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

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**Note 20—Other Postemployment Benefits-VRS Health Insurance Credit: (continued)**

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2014 was 20 years.

**Professional Employees - Discretely Presented Component Unit School Board:**

**A. Plan Description**

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

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

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2015 was \$419,034 and equaled the required contributions.

**Note 21—Litigation:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 22—Adoption of Accounting Principles:**

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

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

	Governmental Activities	Business - type Activities	Total
Net position as previously reported 6/30/14	\$ 64,767,298	\$ (1,063,410)	\$ 63,703,888
Implementation of GASB 68	(7,051,639)	(309,154)	(7,360,793)
Removal of net pension liability - GASB 27	849,366	-	849,366
Net position as restated 6/30/14	<u>\$ 58,565,025</u>	<u>\$ (1,372,564)</u>	<u>\$ 57,192,461</u>

  

	Component Unit School Board
Net position as previously reported 6/30/14	\$ 14,779,351
Implementation of GASB 68	(68,510,319)
Removal of net pension liability - GASB 27	192,664
Net position as restated 6/30/14	<u>\$ (53,538,304)</u>

**Note 23—Subsequent Events:**

On July 21, 2015, the Board of Supervisors approved a motion to pay an additional principal payment of \$4,945,000 from unassigned fund balance. This payment leaves an unpaid balance of \$15,000,000 on the loan anticipation note.

On August 27, 2015, the County issued \$37,660,000 in general obligation refunding bonds in order to advance refund previously outstanding debt.

On October 5, 2015, the Board of Supervisors voted to no longer assess the landfill fee going forward. The fee accounted for a majority of the revenue in the Landfill fund. The feasibility of the fund is being considered and could be merged back into the General fund in fiscal year 2016.

After June 30, 2015 and prior to the date of the fiscal year 2015 audit report, the County entered into litigation regarding an erroneous assessment of a tax on a local industry. The County is currently in negotiations; however, they expect the maximum exposure to the County to be \$156,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 24—Upcoming Pronouncements:**

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

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

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

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

**Note 24—Upcoming Pronouncements: (Continued)**

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

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

## Required Supplementary Information



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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 33,810,311	\$ 33,810,311	\$ 34,603,292	\$ 792,981
Other local taxes	6,822,800	6,822,800	6,929,692	106,892
Permits, privilege fees, and regulatory licenses	169,194	169,194	153,455	(15,739)
Fines and forfeitures	195,200	195,200	174,184	(21,016)
Revenue from the use of money and property	550,000	550,000	513,102	(36,898)
Charges for services	279,700	281,708	304,948	23,240
Miscellaneous	199,388	238,468	258,666	20,198
Recovered costs	1,995,691	2,274,090	1,090,454	(1,183,636)
Intergovernmental:				
Commonwealth	17,744,295	17,753,469	16,508,471	(1,244,998)
Federal	2,403,570	2,403,570	2,496,753	93,183
Total revenues	64,170,149	64,498,810	63,033,017	(1,465,793)
<b>EXPENDITURES</b>				
Current:				
General government administration	3,093,751	3,292,790	3,165,000	127,790
Judicial administration	1,633,359	1,652,447	1,565,244	87,203
Public safety	15,174,125	16,147,372	15,057,554	1,089,818
Public works	1,341,950	1,434,759	1,380,874	53,885
Health and welfare	11,338,541	11,474,995	9,071,785	2,403,210
Education	16,491,376	17,166,380	16,365,279	801,101
Parks, recreation, and cultural	1,555,884	1,647,024	1,635,900	11,124
Community development	2,253,630	2,397,366	2,049,001	348,365
Capital projects	114,936	1,217,663	862,433	355,230
Debt service:				
Principal retirement	7,338,421	7,150,589	7,492,655	(342,066)
Interest and other fiscal charges	4,312,822	4,202,432	4,403,466	(201,034)
Total expenditures	64,648,795	67,783,817	63,049,191	4,734,626
Excess (deficiency) of revenues over (under) expenditures	(478,646)	(3,285,007)	(16,174)	3,268,833
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	971,012	1,402,131	97,320	(1,304,811)
Transfers out	(2,137,952)	(3,135,764)	(1,822,482)	1,313,282
Issuance of capital leases	-	672,610	672,610	-
Total other financing sources (uses)	(1,166,940)	(1,061,023)	(1,052,552)	8,471
Net change in fund balances	(1,645,586)	(4,346,030)	(1,068,726)	3,277,304
Fund balances - beginning	1,645,586	4,346,030	36,540,504	32,194,474
Fund balances - ending	\$ -	\$ -	\$ 35,471,778	\$ 35,471,778

County of Pittsylvania, Virginia  
Special Revenue Fund - Industrial Development  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Recovered costs	\$ 922	\$ 174,879	\$ 173,957	\$ (922)
Intergovernmental:				
Commonwealth	8,085,055	8,596,304	1,210,923	(7,385,381)
Total revenues	8,085,977	8,771,183	1,384,880	(7,386,303)
EXPENDITURES				
Current:				
Community development	10,349,408	10,814,979	2,407,981	8,406,998
Capital projects	-	800,965	77,282	723,683
Total expenditures	10,349,408	11,615,944	2,485,263	9,130,681
Excess (deficiency) of revenues over (under) expenditures	(2,263,431)	(2,844,761)	(1,100,383)	1,744,378
OTHER FINANCING SOURCES (USES)				
Transfers in	377,684	377,684	377,684	-
Transfers out	-	(80,000)	(80,000)	-
Total other financing sources (uses)	377,684	297,684	297,684	-
Net change in fund balances	(1,885,747)	(2,547,077)	(802,699)	1,744,378
Fund balances - beginning	1,885,747	2,547,077	2,404,238	(142,839)
Fund balances - ending	\$ -	\$ -	\$ 1,601,539	\$ 1,601,539

County of Pittsylvania, Virginia  
Special Revenue Fund - Workforce Investment Act  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Revenue from the use of money and property	\$ -	\$ 198,927	\$ 215,706	\$ 16,779
Miscellaneous	-	510	833	323
Intergovernmental:				
Commonwealth	-	25,000	25,000	-
Federal	3,073,257	3,138,846	2,433,811	(705,035)
Total revenues	<u>3,073,257</u>	<u>3,363,283</u>	<u>2,675,350</u>	<u>(687,933)</u>
EXPENDITURES				
Current:				
Health and welfare	<u>3,073,257</u>	<u>3,367,658</u>	<u>2,746,468</u>	<u>621,190</u>
Excess (deficiency) of revenues over (under) expenditures	-	(4,375)	(71,118)	(66,743)
Net change in fund balances	-	(4,375)	(71,118)	(66,743)
Fund balances - beginning	-	4,375	136,868	132,493
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,750</u>	<u>\$ 65,750</u>

County of Pittsylvania, Virginia  
Schedule of OPEB Funding Progress  
For the Year Ended June 30, 2015

Primary Government

County VRS Health Insurance Credit Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2014	\$ 340,360	\$ 556,224	\$ 215,864	61.19%	\$ 12,956,893	1.67%
June 30, 2013	307,513	537,319	229,806	57.23%	12,657,967	1.82%
June 30, 2012	286,145	342,855	56,710	83.46%	12,469,723	0.45%

County Healthcare Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2014	\$ -	\$ 1,681,000	\$ 1,681,000	0.00%	\$ 12,573,000	13.37%
July 1, 2012	-	1,532,000	1,532,000	0.00%	12,781,000	11.99%
July 1, 2010	-	2,009,000	2,009,000	0.00%	12,354,518	16.26%

Discretely Presented Component Unit:

School Board Healthcare Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2014	\$ -	\$ 6,947,000	\$ 6,947,000	0.00%	\$ 47,030,511	14.77%
July 1, 2012	-	7,559,000	7,559,000	0.00%	40,344,647	18.74%
July 1, 2010	-	8,562,000	8,562,000	0.00%	46,278,550	18.50%

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

	2014
Total pension liability	
Service cost	\$ 1,597,926
Interest	3,853,717
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(2,494,405)
Net change in total pension liability	\$ 2,957,238
Total pension liability - beginning	56,300,301
Total pension liability - ending (a)	\$ 59,257,539
Plan fiduciary net position	
Contributions - employer	\$ 1,162,861
Contributions - employee	649,664
Net investment income	7,499,569
Benefit payments, including refunds of employee contributions	(2,494,405)
Administrative expense	(40,586)
Other	396
Net change in plan fiduciary net position	\$ 6,777,499
Plan fiduciary net position - beginning	47,776,647
Plan fiduciary net position - ending (b)	\$ 54,554,146
County's net pension liability - ending (a) - (b)	\$ 4,703,393
Plan fiduciary net position as a percentage of the total pension liability	92.06%
Covered-employee payroll	\$ 12,928,614
County's net pension liability as a percentage of covered-employee payroll	36.38%

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.

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

	2014
Total pension liability	
Service cost	\$ 331,124
Interest	918,214
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(823,734)
Net change in total pension liability	\$ 425,604
Total pension liability - beginning	13,529,211
Total pension liability - ending (a)	\$ 13,954,815
Plan fiduciary net position	
Contributions - employer	\$ 228,996
Contributions - employee	152,042
Net investment income	1,768,407
Benefit payments, including refunds of employee contributions	(823,734)
Administrative expense	(9,813)
Other	93
Net change in plan fiduciary net position	\$ 1,315,991
Plan fiduciary net position - beginning	11,409,896
Plan fiduciary net position - ending (b)	\$ 12,725,887
School Division's net pension liability - ending (a) - (b)	\$ 1,228,928
Plan fiduciary net position as a percentage of the total pension liability	91.19%
Covered-employee payroll	\$ 3,045,724
School Division's net pension liability as a percentage of covered-employee payroll	40.35%

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.

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

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	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.52%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 63,129,000
Employer's Covered-Employee Payroll	38,164,275
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	165.41%
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.

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess)* (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 1,530,582	\$ 1,224,466	\$ 306,116	\$ 13,307,802	9.20%
Component Unit School Board (nonprofessional)					
2015	\$ 285,286	\$ 285,286	\$ -	\$ 2,799,079	10.19%
Component Unit School Board (professional)					
2015	\$ 5,715,044	\$ 5,715,044	\$ -	\$ 39,531,502	14.46%

\*The difference relates to the County using an agreed upon reduced rate from the VRS. This amount will impact the calculation of the net pension liability in the next fiscal year.

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.



County of Pittsylvania, Virginia  
Notes to Required Supplementary Information  
For the 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

## Other Supplementary Information

County of Pittsylvania, Virginia  
Debt Service Reserve Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4	\$ 4
Excess (deficiency) of revenues over (under) expenditures	-	-	4	4
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,320)	(17,320)	(17,320)	-
Net change in fund balances	(17,320)	(17,320)	(17,316)	4
Fund balances - beginning	17,320	17,320	222,869	205,549
Fund balances - ending	\$ -	\$ -	\$ 205,553	\$ 205,553

County of Pittsylvania, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Fund  
For the Year Ended June 30, 2015

	Forfeited Assets Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 800	\$ 800	\$ 261	\$ (539)
Intergovernmental:				
Commonwealth	9,000	9,000	164,618	155,618
Federal	15,000	15,000	884,983	869,983
Total revenues	24,800	24,800	1,049,862	1,025,062
<b>EXPENDITURES</b>				
Current:				
Public safety	185,091	382,681	124,204	258,477
Excess (deficiency) of revenues over (under) expenditures	(160,291)	(357,881)	925,658	1,283,539
Net change in fund balances	(160,291)	(357,881)	925,658	1,283,539
Fund balances - beginning	160,291	357,881	467,563	109,682
Fund balances - ending	\$ -	\$ -	\$ 1,393,221	\$ 1,393,221

County of Pittsylvania, Virginia  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2015

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,983	\$ 4,783,951	\$ 4,799,934
Accounts receivables, net of allowances for uncollectibles	18,024	1,008,340	1,026,364
Inventories	13,204	-	13,204
Total assets	<u>47,211</u>	<u>5,792,291</u>	<u>5,839,502</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	39,777	-	39,777
Estimate of incurred but unreported health claims	-	980,400	980,400
Total liabilities	<u>39,777</u>	<u>980,400</u>	<u>1,020,177</u>
<b>NET POSITION</b>			
Restricted for health insurance claims	-	4,811,891	4,811,891
Unrestricted	7,434	-	7,434
Total net position	<u>\$ 7,434</u>	<u>\$ 4,811,891</u>	<u>\$ 4,819,325</u>

County of Pittsylvania, Virginia  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2015

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Materials and supplies	\$ 585,226	\$ -	\$ 585,226
Insurance premiums	-	11,184,820	11,184,820
Total operating revenues	<u>585,226</u>	<u>11,184,820</u>	<u>11,770,046</u>
<b>OPERATING EXPENSES</b>			
Supplies, insurance and telephone	576,734	-	576,734
Insurance claims and expenses	-	11,676,327	11,676,327
Total operating expenses	<u>576,734</u>	<u>11,676,327</u>	<u>12,253,061</u>
Operating income (loss)	<u>8,492</u>	<u>(491,507)</u>	<u>(483,015)</u>
Total net position - beginning	(1,058)	5,303,398	5,302,340
Total net position - ending	<u>\$ 7,434</u>	<u>\$ 4,811,891</u>	<u>\$ 4,819,325</u>

County of Pittsylvania, Virginia  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2015

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts for materials and supplies	\$ 623,227	\$ -	\$ 623,227
Receipts for insurance premiums	-	11,156,692	11,156,692
Payments to suppliers	(607,244)	-	(607,244)
Payments for premiums	-	(11,463,722)	(11,463,722)
Net cash provided by (used for) operating activities	<u>15,983</u>	<u>(307,030)</u>	<u>(291,047)</u>
Net increase (decrease) in cash and cash equivalents	15,983	(307,030)	(291,047)
Cash and cash equivalents - beginning	-	5,090,981	5,090,981
Cash and cash equivalents - ending	<u>\$ 15,983</u>	<u>\$ 4,783,951</u>	<u>\$ 4,799,934</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ 8,492</u>	<u>\$ (491,507)</u>	<u>\$ (483,015)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	38,001	(28,128)	9,873
(Increase) decrease in inventories	3,694	-	3,694
Increase (decrease) in accounts payable	29,713	212,605	242,318
Increase (decrease) in due to other funds	(63,917)	-	(63,917)
Total adjustments	<u>7,491</u>	<u>184,477</u>	<u>191,968</u>
Net cash provided by (used for) operating activities	<u>\$ 15,983</u>	<u>\$ (307,030)</u>	<u>\$ (291,047)</u>

## FIDUCIARY FUNDS

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Special Welfare Fund - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Cash Bond Fund - The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Sheriff Inmate Trust and Canteen Funds - The Sheriff Inmate Trust and Canteen funds account for the inmate commissary, inmate trust, and inmate monitoring funds.

Land Sales Fund - The County's attorneys have established an account to account for funds received as the result of land sales for delinquent taxes. Funds are kept in this account until transferred to the County's Clerk's office for processing.



County of Pittsylvania, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Agency Funds				
	Special <u>Welfare</u>	Cash Bond <u>Fund</u>	Land Sales <u>Fund</u>	Sheriff's Inmate Trust and Canteen Account <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,478	\$ 332,565	\$ -	\$ -	\$ 354,043
Cash in custody of others	-	-	147,357	7,325	154,682
Total assets	21,478	332,565	147,357	7,325	508,725
<b>LIABILITIES</b>					
Amounts held for social services clients	21,478	-	-	-	21,478
Amounts held for developers	-	332,565	-	-	332,565
Amounts held for land sales	-	-	147,357	-	147,357
Amounts held for inmates	-	-	-	7,325	7,325
Total liabilities	\$ 21,478	\$ 332,565	\$ 147,357	\$ 7,325	\$ 508,725

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

	Agency Funds			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and cash equivalents:				
Special Welfare Fund	\$ 8,813	\$ 73,985	\$ 61,320	\$ 21,478
Cash Bond Fund	343,747	24,470	35,652	332,565
Land Sales Fund	149,748	276,811	279,202	147,357
Cash in Custody of Others:				
Sheriff Inmate Trust Fund	7,372	129,478	130,599	6,251
Sheriff Canteen Fund	17,752	39,577	56,255	1,074
Total assets	<u>527,432</u>	<u>544,321</u>	<u>563,028</u>	<u>508,725</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 8,813	\$ 73,985	\$ 61,320	\$ 21,478
Amounts held for developers	343,747	24,470	35,652	332,565
Amounts held for land sales	149,748	276,811	279,202	147,357
Amounts held for inmates	25,124	169,055	186,854	7,325
Total liabilities	<u>\$ 527,432</u>	<u>\$ 544,321</u>	<u>\$ 563,028</u>	<u>\$ 508,725</u>

#### DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

##### MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Pittsylvania, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2015

	School Operating Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,497,677
Receivables (net of allowance for uncollectibles):	
Accounts receivable	22,339
Due from primary government	422,996
Due from other governmental units	2,549,607
Restricted assets:	
Cash and cash equivalents	43,168
Total assets	<u>4,535,787</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	1,523,541
Salaries payable	2,379,070
Total liabilities	<u>3,902,611</u>
Fund balances:	
Restricted:	
School cafeteria	633,176
Total fund balances	<u>633,176</u>
Total liabilities and fund balances	<u>\$ 4,535,787</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 633,176
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,709,971
Buildings and improvements	9,591,923
Machinery and equipment	<u>3,194,439</u>
	15,496,333
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to the measurement of the net pension liability	(10,157,439)
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	253,000
Other long-term assets are not available to pay for current period expenditures, and, therefore are reported as unavailable revenue in the funds.	
Prepaid items	872,025
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.	
	6,000,330
Long-term liabilities, including early retirement incentives, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (64,357,928)
Adjustment for changes in proportionate share of net pension liability	724,000
Compensated absences	<u>(1,565,989)</u>
	(65,199,917)
Net position of governmental activities	<u>\$ (52,102,492)</u>

County of Pittsylvania, Virginia  
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
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 42,902
Charges for services	1,775,050
Miscellaneous	1,270,901
Recovered costs	695,142
Intergovernmental:	
Local government	16,356,345
Commonwealth	58,078,706
Federal	8,033,729
Total revenues	<u>86,252,775</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>86,172,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,502</u>
Net change in fund balances	80,502
Fund balances - beginning	552,674
Fund balances - ending	<u>\$ 633,176</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ 80,502
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 assets additions exceeded depreciation in the current period.	
Capital asset additions	\$ 1,537,572
Depreciation in current year	<u>(1,345,762)</u> 191,810
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred inflows related to the measurement of the net pension liability	(10,157,439)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
(Increase) decrease in compensated absences	\$ 43,696
(Increase) decrease in net pension liability	8,841,387
Increase (decrease) in deferred outflows related to the net pension liability	2,035,334
Increase (decrease) in net OPEB asset	<u>119,000</u> 11,039,417
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	
Increase (decrease) in prepaid items	281,522
Change in net position of governmental activities	<u>\$ 1,435,812</u>

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

For the Year Ended June 30, 2016

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 39,275	\$ 39,275	\$ 42,902	\$ 3,627
Charges for services	5,247,749	5,247,749	1,775,050	(3,472,699)
Miscellaneous	890,010	890,010	1,270,901	380,891
Recovered costs	2,961,504	2,961,504	695,142	(2,266,362)
Intergovernmental:				
Local government	16,482,595	17,157,446	16,356,345	(801,101)
Commonwealth	57,964,944	57,964,944	58,078,706	113,762
Federal	8,557,299	8,557,299	8,033,729	(523,570)
Total revenues	92,143,376	92,818,227	86,252,775	(6,565,452)
EXPENDITURES				
Current:				
Education	92,143,376	92,818,227	86,172,273	6,645,954
Excess (deficiency) of revenues over (under) expenditures	-	-	80,502	80,502
Net change in fund balances	-	-	80,502	80,502
Fund balances - beginning	-	-	552,674	552,674
Fund balances - ending	\$ -	\$ -	\$ 633,176	\$ 633,176

## **SUPPORTING SCHEDULES**

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

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 22,735,809	\$ 22,735,809	\$ 22,758,343	\$ 22,534
Real and Personal PSC Tax	2,141,494	2,141,494	2,348,444	206,950
Personal Property Tax	6,356,209	6,356,209	6,471,062	114,853
Mobile Home Tax	247,329	247,329	246,629	(700)
Machinery and Tools Tax	1,603,367	1,603,367	1,718,459	115,092
Merchants Capital	223,503	223,503	417,517	194,014
Penalties	316,600	316,600	359,820	43,220
Interest	186,000	186,000	283,018	97,018
Total general property taxes	\$ 33,810,311	\$ 33,810,311	\$ 34,603,292	\$ 792,981
Other local taxes:				
Local Sales and Use Tax	\$ 2,000,000	\$ 2,000,000	\$ 2,109,465	\$ 109,465
Consumers' Utility Tax	1,200,000	1,200,000	1,276,966	76,966
Consumption Taxes	200,000	200,000	205,529	5,529
Franchise License Tax	-	-	39,115	39,115
Business License Tax	2,800	2,800	3,100	300
Meals Tax	700,000	700,000	724,142	24,142
Motor Vehicle Licenses	2,405,000	2,405,000	2,221,302	(183,698)
Bank Stock Tax	60,000	60,000	76,812	16,812
Taxes on Recordation and Wills	255,000	255,000	273,261	18,261
Total other local taxes	\$ 6,822,800	\$ 6,822,800	\$ 6,929,692	\$ 106,892
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 100,000	\$ 100,000	\$ 89,064	\$ (10,936)
Cellular tower fees	19,044	19,044	19,044	-
Animal licenses	28,000	28,000	27,777	(223)
Permits and other licenses	22,150	22,150	17,570	(4,580)
Total permits, privilege fees, and regulatory licenses	\$ 169,194	\$ 169,194	\$ 153,455	\$ (15,739)
Fines and forfeitures:				
Court fines and forfeitures	\$ 195,200	\$ 195,200	\$ 174,184	\$ (21,016)
Revenue from use of money and property:				
Revenue from use of money	\$ 335,000	\$ 335,000	\$ 295,909	\$ (39,091)
Revenue from use of property	215,000	215,000	217,193	2,193
Total revenue from use of money and property	\$ 550,000	\$ 550,000	\$ 513,102	\$ (36,898)
Charges for services:				
Charges for courthouse security	\$ 75,000	\$ 75,000	\$ 76,530	\$ 1,530
Charges for parks and recreation	60,000	60,000	51,668	(8,332)
Charges for jail inmates	24,700	24,700	57,992	33,292
Charges for administration	44,400	44,400	44,622	222
Charges for library	22,000	22,000	27,932	5,932
Charges for courthouse maintenance	15,000	15,000	14,713	(287)
Charges for law library	16,000	16,000	7,333	(8,667)



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

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for fire prevention	\$ 5,500	\$ 5,500	\$ 4,705	\$ (795)
Charges for commonwealth's attorney	4,000	4,000	4,385	385
Charges for law enforcement	5,000	5,000	4,975	(25)
Charges for Animal Control	4,000	4,000	3,055	(945)
Other charges for services	4,100	6,108	7,038	930
Total charges for services	\$ 279,700	\$ 281,708	\$ 304,948	\$ 23,240
Miscellaneous revenue:				
Tax sales	\$ 27,188	\$ 27,188	\$ 68,599	\$ 41,411
Miscellaneous other	98,200	124,796	118,459	(6,337)
J.T. Minnie Maude recreation grants	29,000	28,000	-	(28,000)
Gifts and donations	20,000	33,484	21,863	(11,621)
City of Danville, Virginia revenue sharing	25,000	25,000	49,745	24,745
Total miscellaneous revenue	\$ 199,388	\$ 238,468	\$ 258,666	\$ 20,198
Recovered costs:				
Jail reimbursements	\$ 205,000	\$ 271,111	\$ 323,024	\$ 51,913
Sheriffs extra duty	125,000	142,328	147,603	5,275
Soil and water conservation district	121,370	121,447	121,759	312
School resource officer	91,959	95,668	95,850	182
City of Danville, Virginia	60,000	70,500	56,369	(14,131)
Health department	51,000	51,000	47,872	(3,128)
Social Services	56,000	56,000	60,462	4,462
Other recovered costs	1,285,362	1,466,036	237,515	(1,228,521)
Total recovered costs	\$ 1,995,691	\$ 2,274,090	\$ 1,090,454	\$ (1,183,636)
Total revenue from local sources	\$ 44,022,284	\$ 44,341,771	\$ 44,027,793	\$ (313,978)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 100,000	\$ 100,000	\$ 103,318	\$ 3,318
Mobile home titling tax	40,000	40,000	62,236	22,236
Motor vehicle rental tax	5,400	5,400	6,188	788
State recordation tax	70,000	70,000	71,967	1,967
State Communications Tax	2,200,000	2,200,000	2,264,180	64,180
Personal property tax relief act funds	4,139,276	4,139,276	4,139,277	1
Total noncategorical aid	\$ 6,554,676	\$ 6,554,676	\$ 6,647,166	\$ 92,490
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 529,465	\$ 529,465	\$ 559,136	\$ 29,671
Sheriff	4,069,015	4,036,854	4,019,437	(17,417)
Commissioner of revenue	157,148	159,648	161,675	2,027
Treasurer	168,274	168,274	167,577	(697)
Registrar/electoral board	47,400	45,945	46,007	62

County of Pittsylvania, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Clerk of the Circuit Court	\$ 413,880	\$ 421,512	\$ 419,440	\$ (2,072)
Circuit Court	60,000	60,000	60,893	893
Reduction in State Aid	-	-	(181,610)	(181,610)
Total Shared Expenses	<u>\$ 5,445,182</u>	<u>\$ 5,421,698</u>	<u>\$ 5,252,555</u>	<u>\$ (169,143)</u>
Other categorical aid:				
Victim witness grant	\$ 35,824	\$ 35,824	\$ 16,075	\$ (19,749)
VJCCA grant	41,765	40,494	41,765	1,271
Records preservation grant	5,000	5,000	-	(5,000)
Law enforcement grants	8,000	25,760	997	(24,763)
E-911 grants	57,185	61,431	59,445	(1,986)
EMS grants	-	-	61,111	61,111
Fire program funds	189,000	189,000	193,030	4,030
Library grants	149,442	151,365	155,960	4,595
Litter control grants	25,000	25,000	20,822	(4,178)
Public assistance	1,711,601	1,711,601	1,134,649	(576,952)
Comprehensive services act	3,250,000	3,250,000	2,759,966	(490,034)
Babycare grant	55,880	55,880	14,627	(41,253)
RASAP grant	2,500	2,500	-	(2,500)
School resource officer	190,240	190,240	123,620	(66,620)
Bullet proof vest	23,000	23,000	14,783	(8,217)
CDBG state grants	-	10,000	11,900	1,900
Total other categorical aid	<u>\$ 5,744,437</u>	<u>\$ 5,777,095</u>	<u>\$ 4,608,750</u>	<u>\$ (1,168,345)</u>
Total categorical aid	<u>\$ 11,189,619</u>	<u>\$ 11,198,793</u>	<u>\$ 9,861,305</u>	<u>\$ (1,337,488)</u>
Total revenue from the Commonwealth	<u>\$ 17,744,295</u>	<u>\$ 17,753,469</u>	<u>\$ 16,508,471</u>	<u>\$ (1,244,998)</u>
Revenue from the federal government:				
Categorical aid:				
Transportation enhancement grant	\$ 118,687	\$ 118,687	\$ -	\$ (118,687)
DMV grants	6,500	6,500	-	(6,500)
Emergency management preparedness	22,800	22,800	26,482	3,682
Law enforcement block grants	35,000	35,000	19,334	(15,666)
Crime victim assistance	35,824	35,824	48,227	12,403
Bureau of justice assistance	25,000	25,000	-	(25,000)
Public assistance	2,159,759	2,159,759	2,402,710	242,951
Total categorical aid	<u>\$ 2,403,570</u>	<u>\$ 2,403,570</u>	<u>\$ 2,496,753</u>	<u>\$ 93,183</u>
Total revenue from the federal government	<u>\$ 2,403,570</u>	<u>\$ 2,403,570</u>	<u>\$ 2,496,753</u>	<u>\$ 93,183</u>
Total General Fund	<u>\$ 64,170,149</u>	<u>\$ 64,498,810</u>	<u>\$ 63,033,017</u>	<u>\$ (1,465,793)</u>

County of Pittsylvania, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Recovered costs:				
Industrial Development Authority	\$ 922	\$ 174,879	\$ 173,957	\$ (922)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ 8,085,055	\$ 8,596,304	\$ 1,210,923	\$ (7,385,381)
Total revenue from the Commonwealth	\$ 8,085,055	\$ 8,596,304	\$ 1,210,923	\$ (7,385,381)
Total Industrial Development Fund	\$ 8,085,977	\$ 8,771,183	\$ 1,384,880	\$ (7,386,303)
Workforce Investment Act Fund:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ 198,927	\$ 215,706	\$ 16,779
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 510	\$ 833	\$ 323
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 25,000	\$ 25,000	\$ -
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 3,073,257	\$ 3,138,846	2,433,811	\$ (705,035)
Total Workforce Investment Act Fund	\$ 3,073,257	\$ 3,338,283	\$ 2,650,350	\$ (687,933)
Debt Service Funds:				
Debt Service Reserve Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4	\$ 4
Total Debt Service Reserve Fund	\$ -	\$ -	\$ 4	\$ 4
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 800	\$ 800	\$ 261	\$ (539)

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Forfeited Assets Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 9,000	\$ 9,000	\$ 164,618	\$ 155,618
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ 15,000	\$ 15,000	\$ 884,983	\$ 869,983
Total Forfeited Assets Fund	\$ 24,800	\$ 24,800	\$ 1,049,862	\$ 1,025,062
Total Primary Government	\$ 75,354,183	\$ 76,633,076	\$ 68,118,113	\$ (8,514,963)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 352	\$ 352
Revenue from the use of property	39,275	39,275	42,550	3,275
Total revenue from use of money and property	\$ 39,275	\$ 39,275	\$ 42,902	\$ 3,627
Charges for services:				
School food	\$ 5,141,119	\$ 5,141,119	\$ 1,669,993	\$ (3,471,126)
Tuition and payments from other divisions	106,630	106,630	105,057	(1,573)
Total charges for services	\$ 5,247,749	\$ 5,247,749	\$ 1,775,050	\$ (3,472,699)
Miscellaneous revenue:				
Other miscellaneous	\$ 890,010	\$ 890,010	\$ 1,270,901	\$ 380,891
Recovered costs:				
Other recovered costs	\$ 2,961,504	\$ 2,961,504	\$ 695,142	\$ (2,266,362)
Total revenue from local sources	\$ 9,138,538	\$ 9,138,538	\$ 3,783,995	\$ (5,354,543)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 16,482,595	\$ 17,157,446	\$ 16,356,345	\$ (801,101)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 9,278,215	\$ 9,278,215	\$ 9,405,783	\$ 127,568
Basic Aid	29,593,961	29,593,961	29,597,206	3,245
Remedial summer education	200,861	200,861	225,833	24,972
Regular foster care	41,196	41,196	13,511	(27,685)
Gifted and talented	313,959	313,959	314,404	445
Remedial education	1,189,035	1,189,035	1,190,721	1,686
Special education	3,974,583	3,974,583	3,980,219	5,636
Textbook payment	642,747	642,747	643,658	911

County of Pittsylvania, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Alternative education	\$ 189,542	\$ 189,542	\$ 188,765	\$ (777)
Algebra readiness	158,366	158,366	158,247	(119)
Mentor teacher program	8,585	8,585	4,292	(4,293)
Social security fringe benefits	1,883,752	1,883,752	1,886,423	2,671
Group life	133,599	133,599	120,410	(13,189)
Retirement fringe benefits	3,867,704	3,867,704	3,839,740	(27,964)
Governor's school	17,630	17,630	17,630	-
Early reading intervention	209,071	209,071	204,319	(4,752)
Homebound education	76,998	76,998	103,920	26,922
Vocation education	1,184,481	1,184,481	1,170,393	(14,088)
Salary Supplement	-	-	13,714	13,714
JROTC	269,895	269,895	271,047	1,152
Special education - foster children	42,150	42,150	40,320	(1,830)
At risk payments	1,224,212	1,224,212	1,225,821	1,609
Primary class size	1,403,576	1,403,576	1,446,878	43,302
Technology	709,149	709,149	621,094	(88,055)
At risk four-year olds	1,123,950	1,123,950	1,123,950	-
School Food	97,144	97,144	85,940	(11,204)
English as a second language	104,215	104,215	104,550	335
Other state funds	2,792	2,792	45,450	42,658
GED prep program	23,576	23,576	23,576	-
Project Graduation	-	-	10,892	10,892
Total categorical aid	<u>\$ 57,964,944</u>	<u>\$ 57,964,944</u>	<u>\$ 58,078,706</u>	<u>\$ 113,762</u>
Total revenue from the Commonwealth	<u>\$ 57,964,944</u>	<u>\$ 57,964,944</u>	<u>\$ 58,078,706</u>	<u>\$ 113,762</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,296,703	\$ 2,296,703	\$ 2,214,602	\$ (82,101)
Special Education	1,876,016	1,876,016	1,889,165	13,149
Title VI-B, preschool	23,137	23,137	24,914	1,777
Vocational education	153,296	153,296	146,460	(6,836)
School food program	2,937,974	2,937,974	3,275,339	337,365
Adult Education	124,766	124,766	117,124	(7,642)
Title II	340,390	340,390	313,262	(27,128)
Title IV Part B-21	105,752	105,752	24,359	(81,393)
Language acquisition	15,096	15,096	21,245	6,149
School improvement grant	358,334	358,334	-	(358,334)
Other federal funds	325,835	325,835	7,259	(318,576)
Total categorical aid	<u>\$ 8,557,299</u>	<u>\$ 8,557,299</u>	<u>\$ 8,033,729</u>	<u>\$ (523,570)</u>
Total revenue from the federal government	<u>\$ 8,557,299</u>	<u>\$ 8,557,299</u>	<u>\$ 8,033,729</u>	<u>\$ (523,570)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 92,143,376</u>	<u>\$ 92,818,227</u>	<u>\$ 86,252,775</u>	<u>\$ (6,565,452)</u>

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 138,944	\$ 139,543	\$ 140,184	\$ (641)
General and financial administration:				
County administrator	\$ 276,085	\$ 281,062	\$ 280,848	\$ 214
Legal services	187,853	245,749	243,947	1,802
Independent auditor	80,500	83,400	69,785	13,615
Commissioner of revenue	591,996	607,155	587,007	20,148
Reassessment	-	6,000	3,639	2,361
Treasurer	686,726	711,555	670,533	41,022
Central accounting	313,275	316,945	314,111	2,834
Management information systems	362,129	440,986	428,274	12,712
Central purchasing	117,222	120,426	109,818	10,608
Grants administration	76,424	76,590	73,669	2,921
Total general and financial administration	\$ 2,692,210	\$ 2,889,868	\$ 2,781,631	\$ 108,237
Board of elections:				
Electoral board	\$ 110,017	\$ 109,762	\$ 101,809	\$ 7,953
Registrar	152,580	153,617	141,376	12,241
Total board of elections	\$ 262,597	\$ 263,379	\$ 243,185	\$ 20,194
Total general government administration	\$ 3,093,751	\$ 3,292,790	\$ 3,165,000	\$ 127,790
Judicial administration:				
Courts:				
Circuit court	\$ 141,748	\$ 141,914	\$ 125,845	\$ 16,069
General district court	11,706	11,706	9,813	1,893
Special magistrates	4,500	4,500	2,816	1,684
Juvenile & Domestic relations Court	20,750	20,750	13,879	6,871
Clerk of the circuit court	648,222	667,037	641,165	25,872
Law Library	25,800	25,800	16,647	9,153
Victim and witness assistance	71,648	71,755	64,408	7,347
Commissioner of Accounts	1,850	1,850	-	1,850
Total courts	\$ 926,224	\$ 945,312	\$ 874,573	\$ 70,739
Commonwealth's attorney:				
Commonwealth's attorney	\$ 707,135	\$ 707,135	\$ 690,671	\$ 16,464
Total judicial administration	\$ 1,633,359	\$ 1,652,447	\$ 1,565,244	\$ 87,203
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 6,384,256	\$ 6,314,284	\$ 5,962,575	\$ 351,709
Sheriff - grants	464,049	455,718	322,402	133,316
Sheriff - 911 System	57,185	61,431	57,842	3,589
Total law enforcement and traffic control	\$ 6,905,490	\$ 6,831,433	\$ 6,342,819	\$ 488,614

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire Marshall	\$ 90,757	\$ 115,777	\$ 96,299	\$ 19,478
Volunteer fire department	1,974,660	2,173,361	1,856,273	317,088
Ambulance and rescue services	-	88,895	59,901	28,994
Total fire and rescue services	<u>\$ 2,065,417</u>	<u>\$ 2,378,033</u>	<u>\$ 2,012,473</u>	<u>\$ 365,560</u>
Correction and detention:				
Sheriff - correction and detention	\$ 3,940,697	\$ 4,510,480	\$ 4,437,689	\$ 72,791
Court services unit	398,861	417,277	414,898	2,379
Other correction and detention	26,100	26,100	19,355	6,745
Total correction and detention	<u>\$ 4,365,658</u>	<u>\$ 4,953,857</u>	<u>\$ 4,871,942</u>	<u>\$ 81,915</u>
Inspections:				
Building inspections	\$ 315,737	\$ 317,862	\$ 299,885	\$ 17,977
Other protection:				
Animal control	\$ 270,775	\$ 275,549	\$ 256,108	\$ 19,441
Medical examiner	2,500	2,500	1,200	1,300
E911 System	1,225,748	1,365,338	1,265,067	100,271
Emergency Management	22,800	22,800	8,060	14,740
Total other protection	<u>\$ 1,521,823</u>	<u>\$ 1,666,187</u>	<u>\$ 1,530,435</u>	<u>\$ 135,752</u>
Total public safety	<u>\$ 15,174,125</u>	<u>\$ 16,147,372</u>	<u>\$ 15,057,554</u>	<u>\$ 1,089,818</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Public works	\$ 163,955	\$ 164,121	\$ 162,554	\$ 1,567
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,038,495	\$ 1,095,961	\$ 1,065,409	\$ 30,552
Fleet management	139,500	174,677	152,911	21,766
Total maintenance of general buildings and grounds	<u>\$ 1,177,995</u>	<u>\$ 1,270,638</u>	<u>\$ 1,218,320</u>	<u>\$ 52,318</u>
Total public works	<u>\$ 1,341,950</u>	<u>\$ 1,434,759</u>	<u>\$ 1,380,874</u>	<u>\$ 53,885</u>
Health and welfare:				
Health:				
Local health department	\$ 507,570	\$ 484,797	\$ 484,797	\$ -
Mental health and mental retardation:				
Mental health and mental retardation	\$ 259,412	\$ 259,412	\$ 259,412	\$ -

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration	\$ 4,850,252	\$ 5,044,757	\$ 3,631,468	\$ 1,413,289
Public assistance	1,120,000	969,500	590,070	379,430
Comprehensive Services Act	4,500,427	4,659,591	4,049,100	610,491
Family preservation grant	45,000	-	-	-
Baby care grant	55,880	56,938	56,938	-
Total welfare	<u>\$ 10,571,559</u>	<u>\$ 10,730,786</u>	<u>\$ 8,327,576</u>	<u>\$ 2,403,210</u>
Total health and welfare	<u>\$ 11,338,541</u>	<u>\$ 11,474,995</u>	<u>\$ 9,071,785</u>	<u>\$ 2,403,210</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 16,482,595	\$ 17,157,446	\$ 16,356,345	\$ 801,101
Contributions to community college	8,781	8,934	8,934	-
Total education	<u>\$ 16,491,376</u>	<u>\$ 17,166,380</u>	<u>\$ 16,365,279</u>	<u>\$ 801,101</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration of parks and recreation	\$ 291,204	\$ 296,928	\$ 298,854	\$ (1,926)
State Forestry	33,984	33,984	33,521	463
Total parks and recreation	<u>\$ 325,188</u>	<u>\$ 330,912</u>	<u>\$ 332,375</u>	<u>\$ (1,463)</u>
Library:				
Library administration	<u>\$ 1,230,696</u>	<u>\$ 1,316,112</u>	<u>\$ 1,303,525</u>	<u>\$ 12,587</u>
Total parks, recreation, and cultural	<u>\$ 1,555,884</u>	<u>\$ 1,647,024</u>	<u>\$ 1,635,900</u>	<u>\$ 11,124</u>
Community development:				
Planning and community development:				
Planning commission	\$ 171,078	\$ 171,244	\$ 169,736	\$ 1,508
Community development	669,704	837,180	631,546	205,634
Zoning board	242,791	243,123	232,170	10,953
Economic development	944,373	904,387	793,383	111,004
Total planning and community development	<u>\$ 2,027,946</u>	<u>\$ 2,155,934</u>	<u>\$ 1,826,835</u>	<u>\$ 329,099</u>
Environmental management:				
Soil and water conservation district	\$ 121,370	\$ 121,779	\$ 121,161	\$ 618
Other environmental management	25,000	25,000	10,758	14,242
Total environmental management	<u>\$ 146,370</u>	<u>\$ 146,779</u>	<u>\$ 131,919</u>	<u>\$ 14,860</u>
Cooperative extension program:				
Cooperative extension program	<u>\$ 79,314</u>	<u>\$ 94,653</u>	<u>\$ 90,247</u>	<u>\$ 4,406</u>
Total community development	<u>\$ 2,253,630</u>	<u>\$ 2,397,366</u>	<u>\$ 2,049,001</u>	<u>\$ 348,365</u>



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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Other capital projects	\$ 114,936	\$ 1,217,663	\$ 862,433	\$ 355,230
Debt service:				
Principal retirement	\$ 7,338,421	\$ 7,150,589	\$ 7,492,655	\$ (342,066)
Interest and other fiscal charges	4,312,822	4,202,432	4,403,466	(201,034)
Total debt service	\$ 11,651,243	\$ 11,353,021	\$ 11,896,121	\$ (543,100)
Total General Fund	\$ 64,648,795	\$ 67,783,817	\$ 63,049,191	\$ 4,734,626
Special Revenue Funds:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Industrial development	\$ 1,377,654	\$ 2,039,483	\$ 1,108,482	\$ 931,001
Berry Hill Projects	8,971,754	8,700,341	1,299,499	7,400,842
Hurt Klopman Mills water and sewer improvements	-	75,155	-	75,155
Total planning and community development	\$ 10,349,408	\$ 10,814,979	\$ 2,407,981	\$ 8,406,998
Capital projects:				
Capital Projects	\$ -	\$ 800,965	\$ 77,282	\$ 723,683
Total Industrial Development Fund	\$ 10,349,408	\$ 11,615,944	\$ 2,485,263	\$ 9,130,681
Workforce Investment Act Fund:				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 3,073,257	\$ 3,367,658	2,746,468	\$ 621,190
Total Workforce Investment Act Fund	\$ 3,073,257	\$ 3,367,658	\$ 2,746,468	\$ 621,190
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 185,091	\$ 382,681	\$ 124,204	\$ 258,477
Total Forfeited Asset Fund	\$ 185,091	\$ 382,681	\$ 124,204	\$ 258,477
Total Primary Government	\$ 78,256,551	\$ 83,150,100	\$ 68,405,126	\$ 14,744,974

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

Schedule 2  
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,201,257	\$ 3,201,257	\$ 3,208,209	\$ (6,952)
Instruction costs:				
Instructional costs	\$ 62,591,155	\$ 62,738,327	\$ 60,002,469	\$ 2,735,858
Technology	2,775,298	2,787,363	2,603,544	183,819
Total instruction costs	<u>\$ 65,366,453</u>	<u>\$ 65,525,690</u>	<u>\$ 62,606,013</u>	<u>\$ 2,919,677</u>
Operating costs:				
Pupil transportation	\$ 7,020,772	\$ 7,020,772	\$ 6,792,325	\$ 228,447
Operation and maintenance of school plant	8,040,192	8,555,806	8,212,927	342,879
Food service and non-instructional	8,514,702	8,514,702	5,352,799	3,161,903
Total operating costs	<u>\$ 23,575,666</u>	<u>\$ 24,091,280</u>	<u>\$ 20,358,051</u>	<u>\$ 3,733,229</u>
Total education	<u>\$ 92,143,376</u>	<u>\$ 92,818,227</u>	<u>\$ 86,172,273</u>	<u>\$ 6,645,954</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 92,143,376</u>	<u>\$ 92,818,227</u>	<u>\$ 86,172,273</u>	<u>\$ 6,645,954</u>

## OTHER STATISTICAL INFORMATION

Table 1

County of Pittsylvania, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (2)	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Landfill (2)	Total
2014-15	\$ 2,761,239	\$ 1,570,134	\$ 15,971,461	\$ 1,478,254	\$ 11,762,632	\$ 20,144,745	\$ 1,653,432	\$ 4,328,560	\$ -	\$ 4,156,131	\$ 2,729,495	\$ 66,556,083
2013-14	2,779,007	1,616,010	15,412,321	1,065,750	11,203,241	17,456,021	1,544,778	3,595,993	-	4,462,480	2,610,768	61,746,369
2012-13	3,151,761	1,577,467	14,150,804	1,722,616	11,742,309	17,610,398	1,519,663	4,541,281	-	5,044,241	(355,066)	60,705,474
2011-12	2,352,270	1,604,516	14,004,881	1,312,173	11,725,859	17,483,731	1,389,794	5,297,007	-	4,852,814	3,192,265	63,215,310
2010-11	2,317,903	1,521,622	13,492,424	5,199,400	15,013,208	16,068,919	1,212,790	6,009,715	-	5,052,047	-	65,888,028
2009-10	3,008,491	1,289,615	13,884,135	5,552,474	18,784,848	11,601,833	1,179,959	5,879,792	-	5,658,339	-	66,839,486
2008-09	2,953,224	1,579,879	13,399,420	4,495,239	15,855,096	13,030,727	1,163,559	6,642,658	-	4,706,088	-	63,825,890
2007-08	2,268,035	1,554,911	12,356,590	4,416,883	15,780,009	15,904,724	1,170,737	7,041,212	-	2,799,504	-	63,292,605
2006-07	2,271,683	1,464,735	11,577,156	3,420,748	16,364,479	14,808,363	938,209	6,967,075	-	2,677,642	-	60,490,090
2005-06	2,563,706	1,402,086	10,803,557	5,646,411	13,944,548	17,754,863	895,838	6,727,152	17,373	2,826,528	-	62,582,062

(1) Debt financed assets are transferred to the School Board upon defeasance of debt.

This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

(2) In FY 2012, the County implemented a Landfill Fund which decreased the Public Works expenses.

Table 2

County of Pittsylvania, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services (3)	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes (2)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs (2)	Total
2014-15	\$ 2,587,105	\$ 16,442,410	\$ 884,983	\$	\$ 34,348,146	\$ 6,929,692	\$ 729,073	\$ 273,313	\$ 6,647,166	\$ 68,841,888
2013-14	2,716,427	16,833,132	234,754		32,312,752	7,058,150	817,859	303,887	6,674,699	66,951,660
2012-13	2,952,151	16,862,088	-		31,959,232	6,759,321	640,925	449,990	6,781,594	66,405,301
2011-12	924,023	15,633,076	2,405,211		31,373,406	6,805,947	651,947	409,617	6,698,703	64,901,930
2010-11	861,632	16,037,575	3,564,213		28,781,337	6,696,327	646,849	673,095	6,760,306	64,021,334
2009-10	885,248	21,413,814	3,006,599		27,907,392	6,414,085	1,174,002	758,424	6,748,918	68,308,482
2008-09	776,068	22,813,227	-		29,680,376	8,304,925	1,520,387	272,379	4,483,640	67,851,002
2007-08	924,114	24,461,459	-		24,012,434	7,748,448	1,708,824	512,564	4,523,327	63,891,170
2006-07 (1)	829,230	14,801,890	-		39,379,257	5,932,477	1,477,238	494,659	13,480,047	76,394,798
2005-06	774,016	20,133,387	-		25,730,408	7,670,729	1,219,586	333,902	3,563,250	59,425,278

- (1) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such general property taxes increased significantly due to collecting one and a half years of taxes.
- (2) Communication sales tax reported as non-categorical aid for first time in fiscal year 2009-10 instead of other local taxes.
- (3) The Landfill fund created in fiscal year 2012 started billings in fiscal year 2013.

Table 3

County of Pittsylvania, Virginia  
General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2014-15	\$ 3,165,000	\$ 1,565,244	\$ 15,181,758	\$ 1,380,874	\$ 11,818,253	\$ 86,172,273	\$ 1,635,900	\$ 4,456,982	\$ 939,715	\$ -	\$ 11,896,121	\$ 138,212,120
2013-14	3,294,816	1,575,143	15,788,738	1,113,579	11,225,531	84,740,262	1,497,279	3,842,302	4,840,641	-	11,946,638	139,864,929
2012-13 (4)	3,495,374	1,566,578	14,763,371	1,300,429	11,927,840	84,680,673	1,509,918	7,586,932	5,794,131	-	9,450,033	142,075,279
2011-12	2,768,169	1,566,584	14,222,860	1,215,984	11,862,939	85,983,611	1,384,918	5,540,095	3,705,766	-	9,948,658	138,199,584
2010-11	2,784,289	1,494,085	13,806,655	3,244,763	12,690,342	82,087,870	1,178,396	6,502,580	398,872	-	9,436,325	133,624,177
2009-10 (4)	3,149,941	1,536,157	14,173,636	3,634,763	18,836,521	82,202,930	1,116,757	6,385,274	-	8,342	10,609,182	141,653,503
2008-09	3,138,333	1,610,990	14,046,712	3,867,606	16,044,417	85,614,779	1,101,641	11,053,679	-	14,414	9,655,047	146,147,618
2007-08	2,540,697	1,563,729	12,980,722	3,474,763	15,680,679	80,580,365	1,117,971	8,628,219	-	10,123	8,428,853	135,006,121
2006-07	2,410,245	1,457,412	11,716,463	3,258,613	17,740,409	79,929,753	1,059,877	7,240,548	-	17,966	7,985,324	132,816,610
2005-06	2,867,450	1,485,388	11,085,605	4,909,283	15,318,430	75,191,815	848,209	7,000,961	-	17,372	7,729,334	126,453,847

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) In FY 2012, the County implemented a Landfill Fund which decreased the Public Works expenditures.

(4) Refunding debt excluded from Debt Service.

County of Pittsylvania, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (3)	Other Local Taxes (4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services (5)	Miscellaneous	Recovered Costs	Inter- governmental (2,4)	Total
2014-15	\$ 34,603,292	\$ 6,929,692	\$ 153,455	\$ 174,184	\$ 771,975	\$ 2,079,998	\$ 1,530,400	\$ 1,959,553	\$ 89,836,994	\$ 138,039,543
2013-14	32,986,528	7,058,150	175,564	224,057	858,598	2,076,001	1,385,352	4,932,637	87,106,346	136,803,233
2012-13	31,732,883	6,759,321	188,607	197,581	638,443	2,509,379	1,250,731	7,523,537	87,096,527	137,897,009
2011-12	29,536,089	6,805,947	162,287	173,265	670,207	2,393,242	1,270,149	4,672,806	88,822,247	134,506,239
2010-11	29,100,604	6,696,327	178,650	170,237	688,107	2,877,131	1,173,698	5,320,326	88,957,513	135,162,593
2009-10	29,247,029	6,414,085	179,480	166,937	740,864	2,801,689	981,228	1,779,199	100,511,627	142,822,138
2008-09	28,538,436	8,304,925	187,789	76,900	728,070	2,778,471	413,763	5,608,484	97,486,830	144,123,668
2007-08	26,648,575	7,748,448	228,189	59,939	1,617,807	2,807,395	752,137	2,865,162	93,065,615	135,793,267
2006-07	37,457,835	5,932,477	190,647	59,261	1,502,448	2,664,912	928,174	2,930,935	91,314,513	142,981,202
2005-06	23,973,358	7,670,729	194,032	35,858	1,212,422	2,527,252	364,769	2,669,158	79,797,186	118,444,764

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such general property taxes increased significantly due to collecting one and a half years of taxes.

(4) Communication sales tax reported as non-categorical aid for first time in fiscal year 2009-10 instead of other local taxes.

(5) In fiscal year 2011-2012 the County implemented a Landfill fund and charges for those services were included in that fund.

Table 5

County of Pittsylvania, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1), (4)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 38,263,674	\$ 35,807,738	93.58%	\$ 2,291,993	\$ 38,099,731	99.57%	\$ 4,000,788	10.46%
2013-14	38,160,477	35,105,305	91.99%	1,417,570	36,522,875	95.71%	5,996,958	15.72%
2012-13	35,706,993	34,265,018	95.96%	908,882	35,173,900	98.51%	4,969,523	13.92%
2011-12	34,990,189	32,026,677	91.53%	1,158,500	33,185,177	94.84%	4,388,377	12.54%
2010-11	32,592,883	31,183,881	95.68%	1,432,717	32,616,598	100.07%	4,024,379	12.35%
2009-10	31,940,215	30,753,521	96.28%	2,000,871	32,754,392	102.55%	4,372,838	13.69%
2008-09	32,080,815	31,031,751	96.73%	1,055,873	32,087,624	100.02%	6,093,598	18.99%
2007-08	30,622,788	29,287,616	95.64%	995,228	30,282,844	98.89%	5,162,664	16.86%
2006-07 (3)	42,906,728	40,904,736	95.33%	1,372,240	42,276,976	98.53%	5,442,012	12.68%
2005-06	27,550,647	25,301,243	91.84%	1,244,080	26,545,323	96.35%	3,890,053	14.12%

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

(3) Fiscal year 2006-07 was the first time the County started twice a year collections for property taxes, as such the tax levy increased significantly due to levying one and a half years of taxes.

(4) In fiscal year 2011-2012, the 60 day collections were subtracted from the outstanding delinquent taxes due to the change in due date to June 29, 2012.



Table 6

County of Pittsylvania, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools			Merchant's Capital	Mobile Homes	Public Service (2)	Total
2014-15	\$ 3,923,602,695	\$ 123,687,595	\$ 33,048,510	\$ 11,472,330	\$ 44,465,390	\$ 374,927,366	\$ 4,511,203,886		
2013-14	3,880,009,003	122,969,818	39,320,240	9,880,649	44,322,009	355,616,806	4,452,118,525		
2012-13	3,765,453,474	119,660,633	39,087,600	8,899,321	47,871,206	338,873,822	4,319,846,056		
2011-12	3,701,567,643	116,972,188	35,378,260	8,856,290	46,913,277	316,586,962	4,226,274,620		
2010-11	3,703,464,286	112,839,901	34,298,350	8,580,130	47,038,600	326,907,505	4,233,128,772		
2009-10	3,658,961,545	111,212,898	30,661,670	8,358,600	46,670,090	302,840,801	4,158,705,604		
2008-09	3,441,025,740	116,284,250	27,960,420	10,958,360	53,850,620	279,532,952	3,929,612,342		
2007-08	3,340,200,900	126,995,535	30,406,175	14,075,345	53,156,985	303,006,203	3,867,841,143		
2006-07	3,283,464,100	124,122,610	31,212,500	14,007,680	52,996,310	319,260,819	3,825,064,019		
2005-06	2,611,570,600	118,411,320	31,222,910	7,285,270	59,329,740	276,384,720	3,104,204,560		

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

(2) Assessed values are established by the State Corporation Commission-includes all property types.

Table 7

County of Pittsylvania, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Generating Equipment (2)
2014-15	\$ 0.59	\$ 8.75	\$ 4.50	\$ 2.75	\$ 0.59	0.59
2013-14	0.56/0.59	8.75	4.50	2.75	0.56/0.59	0.56/0.59
2012-13	0.56	8.75	4.50	2.75	0.56	0.56
2011-12	0.52/0.56	8.75	4.50	2.75	0.52/0.56	0.52/0.56
2010-11	0.52	8.50	4.50	2.75	0.52	0.52
2009-10	0.56/0.52	8.50	4.50	2.75	0.56/0.52	0.56/0.52
2008-09	0.53/0.56	7.75/8.50	4.50	2.75	0.53/0.56	0.53/0.56
2007-08	0.53	7.75	4.50	2.75	0.53	0.53
2006-07	0.50	7.75	4.50	2.75	0.50	0.48
2005-06	0.57	7.75	4.50	2.75	0.57	0.55

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

(2) Included as part of Public Service Corporations in other schedules

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	63,506	\$ 4,452,119	\$ 89,007,609	89,007,609	2.00%	\$ 1,402
2013-14	63,506	4,319,846	95,451,194	95,451,194	2.21%	1,503
2012-13	63,506	4,319,846	101,616,973	101,616,973	2.35%	1,600
2011-12	63,506	4,226,275	107,562,022	107,562,022	2.55%	1,694
2010-11	63,506	4,233,129	110,332,166	110,332,166	2.61%	1,737
2009-10	61,745	4,158,706	114,021,227	114,021,227	2.74%	1,847
2008-09	61,745	3,929,612	116,514,098	116,514,098	2.97%	1,887
2007-08	61,745	3,867,841	60,326,400	60,326,400	1.56%	977
2006-07	61,745	3,825,064	54,194,748	54,194,748	1.42%	878
2005-06	61,745	3,104,205	57,958,492	57,958,492	1.87%	939

(1) Bureau of the Census.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absen

Table 9

County of Pittsylvania, Virginia  
Ratio of Annual Debt Service Expenditures for General Bonded  
Debt to Total General Governmental Expenditures (1)  
Last Ten Fiscal Years

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 11,896,121	\$ 138,429,981	8.59%
2013-14	11,946,638	139,864,929	8.54%
2012-13 (2)	9,450,033	142,075,279	6.65%
2011-12	9,948,658	138,199,584	7.20%
2010-11	9,436,325	133,624,177	7.06%
2009-10 (2)	10,992,554	141,653,503	7.76%
2008-09	9,587,217	146,147,618	6.56%
2007-08	8,428,853	135,006,121	6.24%
2006-07	7,985,324	132,816,610	6.01%
2005-06	7,729,334	126,453,847	6.11%

(1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.

(2) Excludes refunding debt.

Table 10

County of Pittsylvania, Virginia  
Assessed Valuation of Top Ten Taxpayers  
Fiscal Year 2015

Taxpayer	Type of Business	2015 Assessed Valuation	Percentage of Total Assessed Valuation
Virginia Electric & Power	Electric Utility	\$ 127,173,309	3.07%
Appalachian Power Company	Electric Utility	74,822,206	1.81%
Transcontinental Gas Pipeline	Gas Utility	41,481,359	1.00%
Swedwood	Manufacturer	31,819,280	0.77%
Colonial Pipeline	Gas Utility	26,867,590	0.65%
Mecklenburg Electric Coop, Inc.	Electric Utility	22,413,733	0.54%
Intertape Polymer Corp	Electric Utility	21,329,720	0.52%
Sartomer USA LLC	Manufacturer	12,242,880	0.30%
Owens Brockway	Manufacturer	11,704,370	0.28%
Dan Chem	Manufacturer	7,504,760	0.18%
Total		\$ 377,359,207	9.12%
All Others		\$ 3,759,284,903	90.88%
Total Assessed Valuation		\$ 4,136,644,110	100.00%

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, 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 unit-School Board, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, 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 Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated December 9, 2015. Our report includes a reference to other auditors who audited the financial statements of Pittsylvania County Service Authority and Pittsylvania County Industrial Development Authority, as described in our report on the County of Pittsylvania, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control over Financial Reporting

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

Blacksburg, Virginia  
December 9, 2015



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, Virginia

### Report on Compliance for Each Major Federal Program

We have audited County of Pittsylvania, 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 Pittsylvania, Virginia's major federal programs for the year ended June 30, 2015. County of Pittsylvania, Virginia's major federal programs are identified in the summary of auditor's 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's compliance.

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

In our opinion, County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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, Turner, Co. Associates*

Blacksburg, Virginia  
December 9, 2015

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

Page 1 of 3

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950113, 0950114	\$ 21,564
Temporary Assistance for Needy Families	93.558	0400114, 0400115	507,780
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114, 0500115	793
Low-Income Home Energy Assistance	93.568	0600414, 0600415	59,042
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770114, 0770115	(517)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114, 0760115	77,723
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114, 0900115	3,703
Foster Care - Title IV-E	93.658	1100114, 1100115	204,267
Adoption Assistance	93.659	1120114, 1120115	56,971
Social Services Block Grant	93.667	1000114, 1000115	392,531
Chafee Foster Care Independence Program	93.674	9150114, 9150115	4,877
Children's Health Insurance Program	93.767	0540114, 0540115	18,154
Medical Assistance Program	93.778	1200114, 1200115	578,198
Total Department of Health and Human Services			<u>\$ 1,925,086</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture & Consumer Services:			
Food Distribution-Schools (Note D)	10.555	Not applicable	\$ 258,796
Department of Education:			
National School Lunch Program	10.555	40623	2,249,354
National School Lunch Program Subtotal	10.555		<u>\$ 2,508,150</u>
Department of Education:			
School Breakfast Program	10.553	40591	<u>\$ 767,189</u>
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010114, 0010115, 0030114, 0030115, 0040114, 0040115, 0050114, 0050115	\$ 477,624
Total Department of Agriculture			<u>\$ 3,752,963</u>
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	Not applicable	\$ 38,642
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	13VAGX0025 14VAGX0051	48,227
Total Department of Justice			<u>\$ 86,869</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2014-54456-5704 K8-2015-55228-5967	<u>\$ 19,334</u>

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

Page 2 of 3

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Labor:			
Pass Through Payments:			
Virginia Community College System:			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult Program	17.258	53427	\$ 838,240
Workforce Investment Act Youth Activities	17.259	53427	1,048,337
Workforce Investment Act Dislocated Worker Formula Grants	17.278	53427	<u>547,234</u>
Total Department of Labor			<u>\$ 2,433,811</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	42801	\$ 117,124
Title I Grants to Local Educational Agencies	84.010	42901	2,214,602
Special Education Cluster:			
Special Education: Grants to States	84.027	43071	1,889,165
Special Education: Preschool Grants	84.173	62521	24,914
Career and Technical Education Basic Grants to States	84.048	61095, 61159	146,460
Twenty-First Century Community Learning Centers	84.287	60565	24,359
Advanced Placement Program	84.330	60957	7,259
English Language Acquisition State Grants	84.365	60512	21,245
Improving Teacher Quality State Grants	84.367	61480	313,262
Total Department of Education			<u>\$ 4,758,390</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52743	\$ 22,803
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	158	<u>3,679</u>
Total Department of Homeland Security			<u>\$ 26,482</u>
Total Expenditures of Federal Awards			<u>\$ 13,002,935</u>

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

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Page 3 of 3

Notes to the Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Pittsylvania County, 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 Pittsylvania, Virginia, it is not intended to and does not present the financial position, changes in nets position, or cash flows of the County of Pittsylvania, 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 State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note C -- Subrecipients

Of the federal expenditures presented in the schedule, Pittsylvania County, Virginia provided federal awards to subrecipients as follows:

CFDA Numbers: 17.258, 17.259, and 17.278

Program Name: Workforce Development Act Cluster

Amount Provided to Subrecipients: \$2,433,811

Note D -- Food Donation:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, The Pittsylvania County School Board had food commodities totaling \$0 in inventory.

Note E -- Relationship to Financial Statements:

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

Primary government:

General Fund	\$ 2,496,753
Workforce Investment Act Fund	2,433,811
Forfeited Assets Fund	884,983
Less: Unspent Forfeited Assets Fund	<u>(846,341)</u>

Total primary government:	<u>\$ 4,969,206</u>
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Component Unit School Board:

School Operating Fund	<u>\$ 8,033,729</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 13,002,935</u></u>
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County of Pittsylvania, Virginia

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

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.010	Title I - Grants to Local Education Agencies
84.173/84.027	Special Education Program - Cluster
93.558	Temporary Assistance for Needy Families (TANF)
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$390,088
Auditee qualified as low-risk auditee?	No

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs.

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior year audit findings related to federal programs.