

COUNTY OF BUCHANAN, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

COUNTY OF BUCHANAN, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

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FINANCIAL REPORT
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INTRODUCTORY SECTION

COUNTY OF BUCHANAN, VIRGINIA

BOARD OF SUPERVISORS

James Branham	Trey Adkins, Chairman	Buddy Fuller
William Harris		Earl Scott
Gary Rife		Craig Stiltner

COUNTY SCHOOL BOARD

Robert Bevins	Heath Harrison, Chairman	Wayne Deskins
Clarence Brown, Jr.		Willie Sullivan
Austin Crumpton		Scotty Owens
	Patricia Rowe, Clerk	

OTHER OFFICIALS

Judge of the Circuit Court	Patrick Johnson
Clerk of the Circuit Court.....	Beverly Tiller
Judge of the General District Court.....	Henry Barringer
Judge of the Juvenile & Domestic Relations Court	Michael J. Bush
Commonwealth's Attorney	Gerald Arrington
Commissioner of the Revenue	Ruth Horn
Treasurer	Billy J. Keene
Sheriff.....	Ray Foster
Superintendent of Schools	Tommy Justus
Director of Social Services	Christopher Austin
County Administrator.....	Robert Craig Horn
County Attorney	Lee Moise

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
The Board of Supervisors
County of Buchanan, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Buchanan, 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. We did not audit the financial statements of the Component Unit Industrial Development Authority.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Component Unit Industrial Development Authority. Those 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 Buchanan County Industrial Development 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Buchanan, 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 21 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 budgetary comparison information and the schedules related to pension and OPEB funding on pages 70-72 and 73-79, respectively, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Buchanan, 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.

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

The introductory 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 February 5, 2016, on our consideration of the County of Buchanan, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Buchanan, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
February 5, 2016

Basic Financial Statements

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

	Primary Government Activities	Component Unit School Board	Component Unit Public Service Authority	Component Unit Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 21,159,506	\$ 7,679,342	\$ 2,632,177	\$ 3,874,048
Receivables (net of allowance for uncollectibles):				
Taxes receivable	26,144,325	-	-	-
Accounts receivable	971,147	32,823	415,240	-
Due from other governmental units	2,243,496	1,613,059	1,049,901	-
Prepaid items	28,691	344,184	124,569	-
Restricted assets:				
Cash and cash equivalents	27,411,625	-	634,230	525,000
Capital assets (net of accumulated depreciation):				
Land	2,062,721	2,436,395	105,000	23,972,790
Buildings and improvements	10,002,948	6,089,417	-	-
Machinery and equipment	2,293,405	242,247	-	-
Utility plant and equipment	-	-	73,999,954	-
Infrastructure	-	-	-	-
Buildings and improvements and infrastructure	-	-	-	24,371,492
Construction in progress	5,356,003	-	23,404,873	-
Total assets	<u>\$ 97,673,867</u>	<u>\$ 18,437,467</u>	<u>\$ 102,365,944</u>	<u>\$ 52,743,330</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 1,228,700	\$ 2,593,110	\$ 208,783	\$ -
Total deferred inflows of resources	<u>\$ 1,228,700</u>	<u>\$ 2,593,110</u>	<u>\$ 208,783</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 2,949,593	\$ 50,674	\$ 1,617,721	\$ 1,363
Accrued wages	-	4,482,868	76,865	-
Customers' deposits	-	-	142,157	-
Accrued interest payable	204,101	-	34,898	-
Long-term liabilities:				
Due within one year	1,667,263	794,228	1,517,111	5,000
Due in more than one year	21,899,681	32,510,665	15,459,121	2,330,152
Total liabilities	<u>\$ 26,720,638</u>	<u>\$ 37,838,435</u>	<u>\$ 18,847,873</u>	<u>\$ 2,336,515</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 23,056,792	\$ -	\$ -	\$ -
Items related to measurement of net position liability	1,922,344	4,404,386	326,538	-
Change in proportionate share of net pension liability	-	1,987,000	-	-
Total deferred inflows of resources	<u>\$ 24,979,136</u>	<u>\$ 6,391,386</u>	<u>\$ 326,538</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 12,595,066	\$ 8,768,059	\$ 82,630,786	\$ 47,403,473
Restricted	30,103,183	103,008	634,230	525,000
Unrestricted	4,504,544	(32,070,311)	135,300	2,478,342
Total net position	<u>\$ 47,202,793</u>	<u>\$ (23,199,244)</u>	<u>\$ 83,400,316</u>	<u>\$ 50,406,815</u>

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

County of Buchanan, 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	Capital Grants and Contributions	Primary Government Activities	School Board	Component Units Public Service Authority Industrial Development Authority
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,343,344	\$ 7,809	\$ 371,045	\$ -	\$ (1,964,490)	\$ -	\$ -
Judicial administration	1,577,370	33,008	720,084	-	(824,278)	-	-
Public safety	6,350,151	77,913	1,679,692	-	(4,592,546)	-	-
Public works	10,788,125	572,816	8,746	-	(10,206,563)	-	-
Health and welfare	9,321,766	-	7,002,226	-	(2,319,540)	-	-
Education	21,471,935	-	-	-	(21,471,935)	-	-
Parks, recreation, and cultural	1,868,048	122,037	107,342	-	(1,638,669)	-	-
Community development	11,109,178	-	-	5,033,833	(6,075,345)	-	-
Interest on long-term debt	384,825	-	-	-	(384,825)	-	-
Total governmental activities	\$ 65,214,742	\$ 813,583	\$ 9,889,135	\$ 5,033,833	\$ (49,478,191)	\$ -	\$ -
Total primary government	\$ 65,214,742	\$ 813,583	\$ 9,889,135	\$ 5,033,833	\$ (49,478,191)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 36,487,491	\$ 429,543	\$ 21,671,104	\$ -	\$ -	(14,386,844)	\$ -
Public Service Authority	9,418,838	5,713,446	2,124,020	7,279,444	-	-	5,698,072
Industrial Development Authority	1,141,062	551,840	-	439,415	-	-	-
Total component units	\$ 47,047,391	\$ 6,694,829	\$ 23,795,124	\$ 7,718,859	\$ -	(14,386,844)	\$ 5,698,072
							\$ (149,807)
							\$ (149,807)
General revenues:							
General property taxes	\$ 21,530,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	1,701,865	-	-	-	-	-	-
Consumers' utility taxes	398,755	-	-	-	-	-	-
Mineral license tax	6,779,747	-	-	-	-	-	-
Methane gas tax	818,968	-	-	-	-	-	-
Coal road taxes	6,779,743	-	-	-	-	-	-
Other local taxes	438,451	-	-	-	-	-	-
Unrestricted revenues from use of money and property	121,344	-	-	-	12,774	175	5,257
Miscellaneous	346,200	-	-	-	149,591	-	9,536
Contributions from Buchanan County	-	-	-	-	22,726,383	-	505,000
Grants and contributions not restricted to specific programs	2,707,232	-	-	-	-	-	-
Total general revenues	\$ 41,623,053	\$ 22,888,748	\$ 175	\$ 519,793	\$ -	\$ -	\$ -
Change in net position	(7,855,136)	8,501,904	5,698,247	369,986	-	-	-
Net position - beginning, as restated	55,057,931	(31,701,148)	77,702,069	50,036,829	-	-	-
Net position - ending	\$ 47,202,793	\$ (23,199,244)	\$ 83,400,316	\$ 50,406,815	\$ -	\$ -	\$ -

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 17,561,395	\$ -	\$ 143,651	\$ 17,705,046
Receivables (net of allowance for uncollectibles):				
for uncollectibles:				
Taxes receivable	25,676,306	468,019	-	26,144,325
Accounts receivable	971,147	-	-	971,147
Due from other funds	-	100,000	-	100,000
Due from other governmental units	2,093,303	150,193	-	2,243,496
Prepaid items	28,691	-	-	28,691
Restricted assets:				
Cash and cash equivalents	16,206,945	11,204,680	-	27,411,625
Total assets	<u>\$ 62,537,787</u>	<u>\$ 11,922,892</u>	<u>\$ 143,651</u>	<u>\$ 74,604,330</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,468,033	\$ 780,149	\$ 446	\$ 2,248,628
Due to other funds	-	-	100,000	100,000
Total liabilities	<u>\$ 1,468,033</u>	<u>\$ 780,149</u>	<u>\$ 100,446</u>	<u>\$ 2,348,628</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 25,533,468	\$ -	\$ -	\$ 25,533,468
Total deferred inflows of resources	<u>\$ 25,533,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,533,468</u>
Fund balances:				
Nonspendable	\$ 28,691	-	-	\$ 28,691
Restricted (Note 15)	16,206,945	11,142,743	-	27,349,688
Assigned (Note 15)	4,250,046	-	43,205	4,293,251
Unassigned	15,050,604	-	-	15,050,604
Total fund balances	<u>\$ 35,536,286</u>	<u>\$ 11,142,743</u>	<u>\$ 43,205</u>	<u>\$ 46,722,234</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,537,787</u>	<u>\$ 11,922,892</u>	<u>\$ 143,651</u>	<u>\$ 74,604,330</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	46,722,234	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	2,062,721	
Buildings and improvements		10,002,948	
Machinery and equipment		2,293,405	
Construction in progress		<u>5,356,003</u>	19,715,077
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unearned revenues	\$	2,476,676	
Items related to measurement of net pension liability		<u>(1,922,344)</u>	554,332
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.			2,753,495
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			1,228,700
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 and capital lease	\$	(11,170,328)	
Accrued interest payable		(204,101)	
Accrued landfill closure/postclosure monitoring costs		(26,124)	
Compensated absences		(628,956)	
Net pension liability		(10,778,100)	
Net OPEB obligation		<u>(963,436)</u>	(23,771,045)
Net position of governmental activities	<u>\$</u>		<u>47,202,793</u>

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 21,393,564	\$ -	\$ -	\$ 21,393,564
Other local taxes	10,137,786	6,779,743	-	16,917,529
Permits, privilege fees, and regulatory licenses	39,820	-	-	39,820
Fines and forfeitures	18,930	-	-	18,930
Revenue from the use of money and property	95,740	25,604	-	121,344
Charges for services	754,683	150	-	754,833
Miscellaneous	2,896,007	150,193	-	3,046,200
Recovered costs	759,489	-	-	759,489
Intergovernmental:				
Commonwealth	8,151,083	-	-	8,151,083
Federal	9,479,117	-	-	9,479,117
Total revenues	<u>\$ 53,726,219</u>	<u>\$ 6,955,690</u>	<u>\$ -</u>	<u>\$ 60,681,909</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,138,807	\$ -	\$ -	\$ 3,138,807
Judicial administration	1,685,128	-	-	1,685,128
Public safety	7,443,502	-	-	7,443,502
Public works	5,751,362	6,049,148	-	11,800,510
Health and welfare	9,790,724	-	368,610	10,159,334
Education	22,873,678	-	-	22,873,678
Parks, recreation, and cultural	1,310,737	-	-	1,310,737
Community development	8,119,986	2,983,919	-	11,103,905
Capital projects	2,517,656	-	-	2,517,656
Debt service:				
Principal retirement	1,314,635	-	-	1,314,635
Interest and other fiscal charges	319,005	-	-	319,005
Total expenditures	<u>\$ 64,265,220</u>	<u>\$ 9,033,067</u>	<u>\$ 368,610</u>	<u>\$ 73,666,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,539,001)</u>	<u>\$ (2,077,377)</u>	<u>\$ (368,610)</u>	<u>\$ (12,984,988)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 17,800	\$ -	\$ 420,000	\$ 437,800
Transfers out	(70,000)	(367,800)	-	(437,800)
Issuance of capital lease	4,844,746	-	-	4,844,746
Total other financing sources (uses)	<u>\$ 4,792,546</u>	<u>\$ (367,800)</u>	<u>\$ 420,000</u>	<u>\$ 4,844,746</u>
Net change in fund balances	\$ (5,746,455)	\$ (2,445,177)	\$ 51,390	\$ (8,140,242)
Fund balances - beginning	41,282,741	13,587,920	(8,185)	54,862,476
Fund balances - ending	<u>\$ 35,536,286</u>	<u>\$ 11,142,743</u>	<u>\$ 43,205</u>	<u>\$ 46,722,234</u>

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

County of Buchanan, 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

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

Net change in fund balances - total governmental funds	\$	(8,140,242)
--	----	-------------

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	\$ 5,856,141	
Transfer of asset from School Board	70,153	
Depreciation expenses	<u>(1,820,281)</u>	4,106,013

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(2,538)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	137,184	
Change in receivable related to a settlement with CNX	(2,700,000)	
Change in deferred inflows of resources related to the measurement of the net pension liability	<u>(1,922,344)</u>	(4,485,160)

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:		
Issuance of capital lease	(4,844,746)	
Principal repayments:		
General obligation bonds	\$ 1,080,454	
Capital lease	234,181	
Increase in landfill accrued closure and post-closure monitoring costs	<u>(386)</u>	(3,530,497)

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	\$ (30,080)	
Change in net pension liability	2,230,812	
Change in deferred outflows of resources related to pensions	82,349	
Change in net OPEB obligation	214,946	
Change in accrued interest payable	<u>(65,820)</u>	2,432,207

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.

1,765,079

Change in net position of governmental activities	\$	<u><u>(7,855,138)</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Buchanan, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2015

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,454,460
Total assets	<u>\$ 3,454,460</u>
LIABILITIES	
Current liabilities:	
Accounts payable	700,965
Total liabilities	<u>\$ 700,965</u>
NET POSITION	
Restricted for health insurance claims	\$ 2,753,495
Total net position	<u><u>\$ 2,753,495</u></u>

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

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

	Internal Service <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 11,916,421
Total operating revenues	<u>\$ 11,916,421</u>
OPERATING EXPENSES	
Insurance claims and expenses	10,156,912
Total operating expenses	<u>\$ 10,156,912</u>
Operating income (loss)	<u>\$ 1,759,509</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 5,570
Total nonoperating revenues (expenses)	<u>\$ 5,570</u>
Change in net position	\$ 1,765,079
Total net position - beginning	988,416
Total net position - ending	<u><u>\$ 2,753,495</u></u>

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

County of Buchanan, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 11,916,421
Payments for premiums	(10,378,962)
Net cash provided by (used for) operating activities	<u>\$ 1,537,459</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 5,570
Net cash provided by (used for) investing activities	<u>\$ 5,570</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,543,029
Cash and cash equivalents - beginning	1,911,431
Cash and cash equivalents - ending	<u><u>\$ 3,454,460</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,759,509
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in health claims payable	\$ (222,050)
Total adjustments	<u>\$ (222,050)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,537,459</u></u>

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

County of Buchanan, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Special Welfare <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 47,692
Total assets	<u>\$ 47,692</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 47,692
Total liabilities	<u>\$ 47,692</u>

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

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

The County of Buchanan, Virginia (government) 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 Buchanan 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 report.

The Buchanan County Public Service Authority provides water and sewer service to the County. The Public Service Authority board members are appointed by the Board of Supervisors. In addition, the County provides operational support. The complete financial report for the Authority may be obtained directly from the Authority.

The Buchanan County Industrial Development Authority (IDA) encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the IDA does not have separate taxing powers. The Industrial Development Authority is presented as an enterprise fund type. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices in the Buchanan County Courthouse, Grundy, Virginia 24614.

Related Organizations – The County has no related organizations.

Jointly Governed Organizations - The County participates in the Cumberland Mountain Regional Community Services Board. Contributions for the year ended June 30, 2015 were \$20,000.

Note 1-Summary of Significant Accounting Policies: (Continued)

B. Government-wide and fund financial statements:

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

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 position in the government-wide Statement of Net Position and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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 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.

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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

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

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 numerous funds merged for financial reporting purposes only. Fund balances of merged funds are either designated or restricted in the balance sheet.

The *coal road fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the specified purpose of improvements to roads used in conjunction with coal mining.

The *disaster relief fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources from the state and federal governments that are restricted or committed to expenditure for the specified purpose of natural disasters.

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Additionally, the government reports the following fund types:

Fiduciary 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 fund.

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

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

D. Deferred Outflows/Inflows of Resources

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

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 and prepaid taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, amounts prepaid 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 and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

Note 1-Summary of Significant Accounting Policies: (Continued)

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

1. Cash and cash equivalents

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

2. Investments

Investments for the government, as well as for its component units, are reported at fair value.

3. Receivables and payables

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

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

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 on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,676,079 at June 30, 2015 and is comprised solely of delinquent property taxes.

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.

Note 1-Summary of Significant Accounting Policies: (Continued)**E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (Continued)****7. Capital assets**

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 40
Machinery and equipment	5 - 12

8. 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. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. 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.

Note 1-Summary of Significant Accounting Policies: (Continued)

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

9. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and 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.

10. Fund equity

The County of Buchanan, Virginia follows provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

Note 1-Summary of Significant Accounting Policies: (Continued)

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

10. Fund equity (Continued)

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

11. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted —consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

12. Net Position Flow Assumption

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

Note 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.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information: (Continued)

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 and Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. 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.

B. Excess of expenditures over appropriations:

In the year ended June 30, 2015, the County's expenditures did not exceed its appropriations for any fund.

C. Deficit fund equity:

At June 30, 2015, all funds reported positive fund balance.

Note 3-Deposits and Investments:

Deposits:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 3-Deposits and Investments: (Continued)Investments:

Statutes authorize local governments and other public bodies 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).

The County and its Discretely Presented Component Units had no investments at 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	\$ 278,434	\$ -
State sales tax	-	555,781
Categorical aid	431,345	475,415
Non-categorical aid	493,499	-
Comprehensive Services Act	155,648	-
<u>Federal Government:</u>		
Virginia public assistance funds	273,218	-
Abandoned Mine Land Reclamation	244,304	-
Community Development Block Grant	367,048	-
Categorical aid	-	581,862
Totals	\$ 2,243,496	\$ 1,613,058

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 5-Long-Term Obligations:Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 7,242,881	\$ -	\$ (1,080,454)	\$ 6,162,427
Capital leases	397,336	4,844,746	(234,181)	5,007,901
Landfill closure and post closure liability	25,738	386	-	26,124
Compensated absences	598,876	479,237	(449,157)	628,956
Net pension liability	13,008,912	3,680,118	(5,910,930)	10,778,100
Net OPEB obligation	1,178,382	100,553	(315,499)	963,436
	<u>\$ 22,452,125</u>	<u>\$ 9,105,040</u>	<u>\$ (7,990,221)</u>	<u>\$ 23,566,944</u>
Total				

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 955,083	\$ 231,570
2017	1,039,063	196,267
2018	1,054,017	151,263
2019	1,069,572	105,534
2020	1,035,756	60,325
2021-2022	1,008,936	22,073
Totals	<u>\$ 6,162,427</u>	<u>\$ 767,032</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 5-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$4,000,000 school bonds series 1999A, issued April 5, 1999 with interest payable semiannually at rates varying from 4.35% to 5.225% and annual principal installments of \$200,000 due through 2020	\$ 1,000,000	\$ 200,000
\$1,000,000 school bonds series 1998B, issued October 5, 1998 with interest payable semiannually at rates varying from 3.6% to 5.1% and annual principal installments of \$50,000 due through 2019	200,000	50,000
\$3,500,000 school bonds series 2000A, issued May 18, 2000 with interest payable semiannually at rates varying from 5.10% to 6.35% and annual principal installments of \$175,000 due through 2021	1,050,000	175,000
\$5,740,370 school bonds series 2000B, issued October 10, 2000 with interest payable semiannually at rates varying from 4.975% to 5.85% and annual principal amounts varying from \$234,625 to \$369,332 due through July 15, 2020	2,060,774	319,292
\$2,332,000 Department of Mines, Mineral, and Energy loan, issued April 23, 2012 with quarterly interest payable at an annual interest rate of 1.90% and annual principal amounts varying from \$135,620 to \$308,266 due through October 30, 2021		
	<u>1,851,653</u>	<u>210,791</u>
Total General Obligation Bonds	<u>\$ 6,162,427</u>	<u>\$ 955,083</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 5-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
Capital leases (See Note 10)	\$ 5,007,901	\$ 240,463
Landfill closure and post closure monitoring liability	26,124	-
Compensated absences	628,956	471,717
Net pension liability	10,778,100	-
Net OPEB obligation	963,436	-
	<u>\$ 17,404,517</u>	<u>\$ 712,180</u>
Total Other Obligations		
	<u>\$ 17,404,517</u>	<u>\$ 712,180</u>
Total Long-Term Obligations	<u>\$ 23,566,944</u>	<u>\$ 1,667,263</u>

Note 6-Long-Term Obligations-Component Units:Discretely Presented Component Unit-School Board-Indebtedness:

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

	<u>Balance July 1, 2014, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Net OPEB obligation	\$ 677,799	\$ 1,531,176	\$ (1,517,176)	\$ 691,799
Net pension liability	38,209,685	2,991,979	(9,647,540)	31,554,124
Compensated Absences	1,002,329	808,388	(751,747)	1,058,970
	<u>\$ 39,889,813</u>	<u>\$ 5,331,543</u>	<u>\$ (11,916,463)</u>	<u>\$ 33,304,893</u>
Total				
	<u>\$ 39,889,813</u>	<u>\$ 5,331,543</u>	<u>\$ (11,916,463)</u>	<u>\$ 33,304,893</u>

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Note 6-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness: (Continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 691,799	\$ -
Net pension liability	31,554,124	-
Compensated Absences	1,058,970	794,228
	<hr/>	<hr/>
Total Long-Term Obligations	\$ 33,304,893	\$ 794,228
	<hr/>	<hr/>

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Note 7-Pension Plan:***Plan Description***

All full-time, salaried permanent employees of the County, component unit Public Service Authority, 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
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) 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. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) 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>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

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

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

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

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

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

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

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

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

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

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

Note 7-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <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>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-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 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 Public Service Authority	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	136	23	162
Inactive members:			
Vested inactive members	25	4	7
Non-vested inactive members	39	7	15
Inactive members active elsewhere in VRS	50	8	14
Total inactive members	114	19	36
Active members	241	41	122
Total covered employees	491	83	320

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 7-Pension Plan: (Continued)

Contributions (Continued)

The County's contractually required contribution rate for the year ended June 30, 2015 was 13.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,228,700 and \$1,146,351 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit Public Service Authority contractually required contribution rate for the year ended June 30, 2015 was 13.50% 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 Public Service Authority were \$208,783 and \$194,724 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 22.64% 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 \$491,804 and \$486,675 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The County's, Component Unit Public Service Authority, 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.

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Note 7-Pension Plan: (Continued)*Actuarial Assumptions – General Employees*

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

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

Largest 10 – Non-LEOS:

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

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

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

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

Note 7-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in 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.

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Note 7-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

Note 7-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%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 7-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, Component Unit Public Service Authority, 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	\$ 40,405,515	\$ 27,396,603	\$ 13,008,912
Changes for the year:			
Service cost	\$ 893,679	\$ -	\$ 893,679
Interest	2,763,194	-	2,763,194
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,146,351	(1,146,351)
Contributions - employee	-	453,657	(453,657)
Net investment income	-	4,310,695	(4,310,695)
Benefit payments, including refunds of employee contributions	(1,862,638)	(1,862,638)	-
Administrative expenses	-	(23,245)	23,245
Other changes	-	227	(227)
Net changes	\$ 1,794,235	\$ 4,025,047	\$ (2,230,812)
Balances at June 30, 2014	\$ 42,199,750	\$ 31,421,650	\$ 10,778,100

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 7-Pension Plan: (Continued)*Changes in Net Pension Liability (Continued)*

	Component Unit Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 6,863,454	\$ 4,653,705	\$ 2,209,749
Changes for the year:			
Service cost	\$ 151,804	\$ -	\$ 151,804
Interest	469,368	-	469,368
Differences between expected and actual experience	-	-	-
Contributions - employer	-	194,724	(194,724)
Contributions - employee	-	77,060	(77,060)
Net investment income	-	732,233	(732,233)
Benefit payments, including refunds of employee contributions	(316,396)	(316,396)	-
Administrative expenses	-	(3,948)	3,948
Other changes	-	38	(38)
Net changes	\$ 304,776	\$ 683,711	\$ (378,935)
Balances at June 30, 2014	\$ 7,168,230	\$ 5,337,416	\$ 1,830,814

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 7-Pension Plan: (Continued)*Changes in Net Pension Liability (Continued)*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 18,019,791	\$ 10,632,106	\$ 7,387,685
Changes for the year:			
Service cost	\$ 237,215	\$ -	\$ 237,215
Interest	1,214,556	-	1,214,556
Differences between expected and actual experience	-	-	-
Contributions - employer	-	486,675	(486,675)
Contributions - employee	-	115,377	(115,377)
Net investment income	-	1,602,403	(1,602,403)
Benefit payments, including refunds of employee contributions	(1,337,990)	(1,337,990)	-
Administrative expenses	-	(9,208)	9,208
Other changes	-	85	(85)
Net changes	\$ 113,781	\$ 857,342	\$ (743,561)
Balances at June 30, 2014	\$ 18,133,572	\$ 11,489,448	\$ 6,644,124

Note 7-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, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's, Component Unit Public Service Authority's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 16,608,283	\$ 10,778,100	\$ 5,971,053
Component Unit Public Service Authority			
Net Pension Liability (Asset)	2,821,154	1,830,814	1,014,269
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	8,483,871	6,644,124	5,076,863

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 7-Pension Plan: (Continued)**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$837,883, \$142,327, and \$450,500, respectively. At June 30, 2015, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	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	-	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,922,344	-	326,538	-	707,386
Employer contributions subsequent to the measurement date	1,228,700	-	208,783	-	491,804	-
Total	\$ 1,228,700	\$ 1,922,344	\$ 208,783	\$ 326,538	\$ 491,804	\$ 707,386

\$1,228,700, \$208,783, and \$491,804 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Public Service Authority's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit Public Service Authority	Component Unit School Board (nonprofessional)
2016	\$ (480,586)	\$ (81,635)	\$ (176,847)
2017	(480,586)	(81,635)	(176,847)
2018	(480,586)	(81,635)	(176,847)
2019	(480,586)	(81,633)	(176,845)
Thereafter	-	-	-

Note 7-Pension Plan: (Continued)

Component Unit School Board (professional):

Plan Description

Information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

Contributions

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 \$2,101,306 and \$1,759,000 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 \$24,910,000 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 0.206% as compared to 0.224% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$1,531,000. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 7-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:

	Component Unit School Board (professional)	
	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	-	3,697,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,987,000
Employer contributions subsequent to the measurement date	2,101,306	-
Total	\$ 2,101,306	\$ 5,684,000

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Note 7-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)*

\$2,101,306 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>	<u>Component Unit School Board (professional)</u>
2016	\$ 1,363,000
2017	1,363,000
2018	1,363,000
2019	1,363,000
Thereafter	232,000

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.

Note 7-Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

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

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)	\$ 36,578,000	\$ 24,910,000	\$ 15,304,000

Note 7-Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Pension Plan Fiduciary Net Position

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

Note 8-Unavailable/Deferred 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 totaling \$25,533,468 is comprised of the following:

Unavailable Property Taxes – property tax revenue representing uncollected tax billings not available for funding of current expenditures totaled \$25,512,917. \$23,036,240 represent amounts due in December and \$2,476,677 represent amounts due prior to June 30th but unpaid.

Prepaid Property Taxes – property tax revenue representing paid prior to June 30, 2015 but not due until December 5, 2015 totaled \$20,551.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 9-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	\$ 1,977,391	\$ 85,330	\$ -	\$ 2,062,721
Construction in progress	1,010,261	5,001,287	(655,545)	5,356,003
Total capital assets not being depreciated	<u>\$ 2,987,652</u>	<u>\$ 5,086,617</u>	<u>\$ (655,545)</u>	<u>\$ 7,418,724</u>
Capital assets, being depreciated:				
Buildings	\$ 25,076,270	\$ 729,641	\$ -	\$ 25,805,911
Machinery and equipment	7,664,280	765,581	(13,950)	8,415,911
Total capital assets, being depreciated	<u>\$ 32,740,550</u>	<u>\$ 1,495,222</u>	<u>\$ (13,950)</u>	<u>\$ 34,221,822</u>
Accumulated depreciation:				
Buildings	\$ (14,648,425)	\$ (1,154,538)	\$ -	\$ (15,802,963)
Machinery and equipment	(5,468,175)	(665,743)	11,412	(6,122,506)
Total accumulated depreciation	<u>\$ (20,116,600)</u>	<u>\$ (1,820,281)</u>	<u>\$ 11,412</u>	<u>\$ (21,925,469)</u>
Total capital assets being depreciated, net	<u>\$ 12,623,950</u>	<u>\$ (325,059)</u>	<u>\$ (2,538)</u>	<u>\$ 12,296,353</u>
Governmental activities capital assets, net	<u>\$ 15,611,602</u>	<u>\$ 4,761,558</u>	<u>\$ (658,083)</u>	<u>\$ 19,715,077</u>

During the fiscal year, the School Board transferred assets to the County with a net book value of \$70,153.

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Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 150,339
Judicial administration	12,460
Public safety	294,468
Public works	274,732
Health and welfare	61,192
Education	760,899
Parks, recreation, and cultural	259,911
Community development	6,280
	<hr/>
Total depreciation expense-governmental activities	\$ 1,820,281

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 9-Capital Assets: (Continued)

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,491,725	\$ -	\$ (55,330)	\$ 2,436,395
Construction in progress	4,306	-	(4,306)	-
Total capital assets not being depreciated	<u>\$ 2,496,031</u>	<u>\$ -</u>	<u>\$ (59,636)</u>	<u>\$ 2,436,395</u>
Capital assets, being depreciated:				
Buildings	\$ 31,900,729	\$ -	\$ (1,174,151)	\$ 30,726,578
Machinery and equipment	3,640,617	50,390	-	3,691,007
Total capital assets, being depreciated	<u>\$ 35,541,346</u>	<u>\$ 50,390</u>	<u>\$ (1,174,151)</u>	<u>\$ 34,417,585</u>
Accumulated depreciation:				
Buildings	\$ (25,170,759)	\$ (625,730)	\$ 1,159,328	\$ (24,637,161)
Machinery and equipment	(3,316,096)	(132,664)	-	(3,448,760)
Total accumulated depreciation	<u>\$ (28,486,855)</u>	<u>\$ (758,394)</u>	<u>\$ 1,159,328</u>	<u>\$ (28,085,921)</u>
Total capital assets being depreciated, net	<u>\$ 7,054,491</u>	<u>\$ (708,004)</u>	<u>\$ (14,823)</u>	<u>\$ 6,331,664</u>
Governmental activities capital assets, net	<u>\$ 9,550,522</u>	<u>\$ (708,004)</u>	<u>\$ (74,459)</u>	<u>\$ 8,768,059</u>

During the fiscal year, the School Board transferred assets to the County with a net book value of \$70,153.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 10-Capital Leases:

The County has entered into a lease agreement to finance the acquisition of vehicles, energy savings equipment and computer equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the asset acquired through capital lease is as follows:

	Energy Savings Equipment	Vehicles	Equipment	Total
Machinery & Equipment	\$ 4,424,489	\$ 597,472	\$ 41,631	\$ 5,063,592
Accumulated Depreciation	-	(223,129)	(28,537)	(251,666)
Total	\$ 4,424,489	\$ 374,343	\$ 13,094	\$ 4,811,926

At year end, energy savings assets were not in service.

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Energy Savings Equipment	Vehicles	Equipment	Total
2016	\$ 423,702	\$ -	\$ 48,979	\$ 472,681
2017	393,476	104,756	16,195	514,427
2018	400,833	-	-	400,833
2019	388,490	-	-	388,490
2020	391,266	-	-	391,266
2021	372,344	-	-	372,344
2022	373,393	-	-	373,393
2023	384,594	-	-	384,594
2024	396,132	-	-	396,132
2025	408,016	-	-	408,016
2026	419,877	-	-	419,877
2027	431,967	-	-	431,967
2028	442,109	-	-	442,109
2029	456,475	-	-	456,475
2030	470,456	-	-	470,456
2031	117,213	-	-	117,213
Total minimum lease payments				6,440,273
Less: amount representing interest				(1,432,372)
Present value of minimum lease payments				\$ 5,007,901

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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 and School Board participate with other organizations in a public entity risk pool for their coverage of general liability, 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 and School Board pay the 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 the loss deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion in 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.

Note 12-Contingencies:

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.

A local private school filed suit against the County claiming that its real estate had been erroneously assessed for the 2000 tax year. The claim for the 2000 tax year is approximately \$20,000; however, if the suit is successful the County may incur similar claims for all tax years since 2000. The County maintains that the property in question has been properly assessed and therefore no liability has been recorded in the financial statements as the loss, if any, cannot be reasonably estimated.

Note 13-Surety Bonds:

Primary Government:

Virginia Association of Counties Group Self Insurance Risk Pool - Surety:

All public officials	\$250,000 per occurrence
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Travelers Casualty and Surety Company of America:

Treasurer	\$ 400,000
Clerk of the Court	450,000
Commissioner of the Revenue	3,000
Sheriff	30,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13-Surety Bonds: (Continued)

Component Unit – School Board:

Virginia Association of Counties (VACO) Risk Management Program

Larry Ashby, Superintendent of Schools	
Patricia Rowe, Clerk of the School Board	\$ 250,000
Willie Sullivan, Chairman, School Board	per
Nancy Sykes, Textbook/Payable Clerk	occurrence
Patty Lester, Deputy Clerk	
All School Board employees	

Note 14-Landfill Closure and Post Closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for at least thirty years after closure or leachate ceases to exist. The County has closed its landfill. \$26,124 is reported as landfill post closure care liability at June 30, 2015. This represents what it would cost to perform closure and post closure care in 2015. Actual costs for post closure 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 post closure costs.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 15- Restricted Net Position and Committed/Assigned Fund Balances:**

Governmental Activities:	Governmental Activities	Governmental/Internal Service Funds		
		Coal Road	General Fund	Self Insurance
Restricted:				
Coal road expenditures	\$ 11,142,743	\$ 11,142,743	\$ -	\$ -
Law enforcement activities	203,368	-	203,368	-
Law library funds	32,678	-	32,678	-
Capital items (CNX Funds)	11,920,582	-	11,920,582	-
School construction	4,050,317	-	4,050,317	-
Health claims	2,753,495	-	-	2,753,495
Total restricted balances	\$ 30,103,183	\$ 11,142,743	\$ 16,206,945	\$ 2,753,495
Governmental Funds:				
Assigned funds:				
			General Fund	Disaster Fund
Dog tax funds			\$ 97,302	\$ -
E-911 system			4,152,744	-
Disaster relief			-	43,205
Total assigned funds			\$ 4,250,046	\$ 43,205

Note 16 – Construction Commitments:

The School Board was involved in major construction projects during the fiscal year as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2015
Energy Savings Project	\$ 7,000,140	\$ 2,525,195

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 17-Other Postemployment Benefits (OPEB) – Health Insurance:

A. Plan Description

Primary Government – Department of Social Services:

The County of Buchanan Department of Social Services (DSS) 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 employees of the DSS. The Plan will provide retiring employees and their dependents the option to continue health insurance offered by the DSS. To be eligible, the employee must meet the age and service criteria for immediate retirement benefits under VRS and must be 55 years of age or older. In addition, the retiree must have served at least five (5) years of employment with the DSS. The retiree may retain coverage through DSS for a period of 10 years or until they become eligible for Medicare, whichever occurs first. The benefits, employee contributions, and the employer contributions are governed by the DSS and can be amended through DSS Board action. The Plan does not issue a publicly available financial report.

The 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 employees. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. To be eligible, the employee must meet the age and service criteria for full-time retirement benefits under VRS, which requires that the employee be age 50 with 30 years of service. The employee may continue coverage until they become eligible for Medicare. The benefits, employee contributions, and the employer contributions are governed by the School Board and can be amended through School Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

Primary Government – Department of Social Services:

The Department of Social Services currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County’s Department of Social Services rescinded the program on July 1 2014 for current employees. As such, the only participants in the program are retirees (6 total) prior to that date. The Department pays 100% of the retirees’ insurance premiums. The monthly rates were as follows at June 30, 2015, the date of the most recent actuarial valuation report:

Participants	Department of Social Services
Employee	\$ 651
Employee/Spouse	1,463
Employee/Child	986
Family	1,898

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

B. Funding Policy (Continued)

Discretely Presented Component Unit – School Board:

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board rescinded the program for current employees as of July 1, 2014. As such, only retirees and their beneficiaries may continue to participate in the plan. The School Board currently has 104 retirees, including beneficiaries, participating in the program. In addition, for retirees of the School Board, premiums are paid by the School Board. The rates were as follows at June 30, 2015, the date of the most recent actuarial valuation report:

<u>Participants</u>	<u>School Board</u>
Employee	\$ 1,515
Employee / Spouse	3,409

C. Annual OPEB Cost and Net OPEB Obligation

The Social Services Department and School Board are required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Primary Government – Department of Social Services:

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

	<u>Department of Social Services</u>
Annual required contribution	\$ 55,714
Interest on net OPEB obligation	47,135
Adjustment to annual required contribution	(2,296)
Annual OPEB cost (expense)	\$ 100,553
Contributions made	(315,499)
Increase in net OPEB obligation	\$ (214,946)
Net OPEB obligation - beginning of year	1,178,382
Net OPEB obligation - ending of year	\$ 963,436

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

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

Primary Government – Department of Social Services: (continued)

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	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Department of Social Services	6/30/2015	\$ 100,553	314%	\$ 963,436
	6/30/2014	285,600	13%	1,178,382
	6/30/2013	257,579	10%	930,342

Discretely Presented Component Unit – School Board:

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

	School Board
Annual required contribution	1,669,684
Interest on net OPEB obligation	25,988
Adjustment to annual required contribution	(164,496)
Annual OPEB cost (expense)	1,531,176
Contributions made	(1,517,176)
Increase in net OPEB obligation	14,000
Net OPEB obligation - beginning of year	677,799
Net OPEB obligation - ending of year	\$ 691,799

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

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
School Board	6/30/2015	\$ 1,531,176	100%	\$ 691,799
	6/30/2014	1,472,718	96%	677,799
	6/30/2013	1,447,375	96%	636,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

D. Funded Status and Funding Progress

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

Primary Government – Department of Social Services:

The funded status of the Plan as of June 30, 2015, the date of the most recent actuarial valuation, was as follows:

	Department of Social Services
Actuarial accrued liability (AAL)	\$ 963,436
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 963,436
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,937,746
UAAL as a percentage of covered payroll	49.72%

Discretely Presented Component Unit – School Board:

The funded status of the Plan as of June 30, 2015, the date of the most recent actuarial valuation, was as follows:

	School Board
Actuarial accrued liability (AAL)	\$ 7,953,531
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 7,953,531
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 19,024,000
UAAL as a percentage of covered payroll	41.81%

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

E. Actuarial Methods and Assumptions (continued)

Primary Government – Department of Social Services:

In the June 30, 2015 the most recent actuarial valuation, the entry age normal 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 for the Department of Social Services included: inflation at 3.00%, an investment rate of return at 4.00%, and a healthcare trend rate of ranging from 4.7% to 5.4% in the first ten years and graded to 5.3% thereafter. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2015, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Discretely Presented Component Unit – School Board:

In the June 30, 2015 the most recent actuarial valuation, the entry age normal 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 for the School Board included: discount rate equal to 4%, and a health care trend rate of 8.0% graded to 5.00% over 6 years. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2015, was 5 years. Amortizations are closed.

Note 18-Self Health Insurance:

The County of Buchanan, Virginia (including component units) established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and component units and are available to pay claims, and administrative costs of the program. During the fiscal year 2015, a total of \$10,378,962 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. Incurred but not reported claims of \$700,965 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 for the current and the two prior fiscal year are 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	\$ 923,015	\$ 10,156,912	\$ (10,378,962)	\$ 700,965
2013-14	484,624	9,295,894	(8,857,503)	923,015
2012-13	-	7,020,311	(6,535,687)	484,624

Note 19-Upcoming Pronouncements:

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

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

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

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

Note 20-Subsequent Events:

Federal Investigation

Several County and School Board employees have been served subpoenas in relation to a federal investigation. The full scope and nature of this investigation has not been disclosed. As the financial outcome of this investigation cannot be reasonably estimated, no adjustments to the financial statements have been recorded for same.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 21-Adoption of Accounting Principles:**

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

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of beginning net position (see Note 22).

Note 22-Restatement of Beginning Net Position:

Beginning net position has been restated for the current fiscal year as detailed below:

	Governmental Activities	Component Unit- School Board
Net Position, July 1, 2014, as previously stated	\$ 67,118,672	\$ 4,262,862
Unrecorded lease obligation at the beginning of fiscal year	(86,451)	-
Overstated construction in progress at the beginning of fiscal year	(111,729)	-
Net pension liability	(13,008,912)	(38,209,685)
Deferred outflow	1,146,351	2,245,675
Net Position, July 1, 2014, as restated	<u>\$ 55,057,931</u>	<u>\$ (31,701,148)</u>

Required Supplementary Information

County of Buchanan, 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
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 18,237,500	\$ 18,237,500	\$ 21,393,564	\$ 3,156,064
Other local taxes	11,173,000	11,258,951	10,137,786	(1,121,165)
Permits, privilege fees, and regulatory licenses	41,870	41,870	39,820	(2,050)
Fines and forfeitures	17,850	18,790	18,930	140
Revenue from the use of money and property	69,100	69,100	95,740	26,640
Charges for services	927,113	927,113	754,683	(172,430)
Miscellaneous	2,820,540	2,821,087	2,896,007	74,920
Recovered costs	408,000	408,000	759,489	351,489
Intergovernmental:				
Commonwealth	8,548,595	8,629,522	8,151,083	(478,439)
Federal	7,800,041	9,105,069	9,479,117	374,048
Total revenues	<u>\$ 50,043,609</u>	<u>\$ 51,517,002</u>	<u>\$ 53,726,219</u>	<u>\$ 2,209,217</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,422,422	\$ 3,548,959	\$ 3,138,807	\$ 410,152
Judicial administration	1,763,141	1,798,231	1,685,128	113,103
Public safety	7,784,090	9,527,253	7,443,502	2,083,751
Public works	5,475,781	5,832,940	5,751,362	81,578
Health and welfare	13,480,170	10,684,880	9,790,724	894,156
Education	9,717,295	22,787,230	22,873,678	(86,448)
Parks, recreation, and cultural	1,100,765	2,006,804	1,310,737	696,067
Community development	4,779,619	8,050,193	8,119,986	(69,793)
Capital projects	355,000	620,787	2,517,656	(1,896,869)
Debt service:				
Principal retirement	735,727	735,727	1,314,635	(578,908)
Interest and other fiscal charges	258,674	259,614	319,005	(59,391)
Total expenditures	<u>\$ 48,872,684</u>	<u>\$ 65,852,618</u>	<u>\$ 64,265,220</u>	<u>\$ 1,587,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,170,925</u>	<u>\$ (14,335,616)</u>	<u>\$ (10,539,001)</u>	<u>\$ 3,796,615</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 31,000	\$ 17,800	\$ (13,200)
Transfers out	-	-	(70,000)	(70,000)
Issuance of capital lease	-	-	4,844,746	4,844,746
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 31,000</u>	<u>\$ 4,792,546</u>	<u>\$ 4,761,546</u>
Net change in fund balances	\$ 1,170,925	\$ (14,304,616)	\$ (5,746,455)	\$ 8,558,161
Fund balances - beginning	29,075	14,304,616	41,282,741	26,978,125
Fund balances - ending	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ 35,536,286</u>	<u>\$ 35,536,286</u>

County of Buchanan, Virginia
Special Revenue Fund - Coal Road 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>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 8,000,000	\$ 8,000,000	\$ 6,779,743	\$ (1,220,257)
Revenue from the use of money and property	20,000	20,000	25,604	5,604
Charges for services	1,500	1,500	150	(1,350)
Miscellaneous	-	-	150,193	150,193
Total revenues	<u>\$ 8,021,500</u>	<u>\$ 8,021,500</u>	<u>\$ 6,955,690</u>	<u>\$ (1,065,810)</u>
EXPENDITURES				
Current:				
Public works	\$ 11,355,128	\$ 11,233,199	\$ 6,049,148	\$ 5,184,051
Community development	2,500,000	1,881,802	2,983,919	(1,102,117)
Total expenditures	<u>\$ 13,855,128</u>	<u>\$ 13,115,001</u>	<u>\$ 9,033,067</u>	<u>\$ 4,081,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,833,628)</u>	<u>\$ (5,093,501)</u>	<u>\$ (2,077,377)</u>	<u>\$ 3,016,124</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (350,000)	\$ (350,000)	\$ (367,800)	\$ (17,800)
Total other financing sources (uses)	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	<u>\$ (367,800)</u>	<u>\$ (17,800)</u>
Net change in fund balances	<u>\$ (6,183,628)</u>	<u>\$ (5,443,501)</u>	<u>\$ (2,445,177)</u>	<u>\$ 2,998,324</u>
Fund balances - beginning	6,183,628	5,443,501	13,587,920	8,144,419
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,142,743</u>	<u>\$ 11,142,743</u>

County of Buchanan, Virginia
Special Revenue Fund - Disaster Relief 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>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 350,000	\$ 485,003	\$ 368,610	\$ 116,393
Total expenditures	\$ 350,000	\$ 485,003	\$ 368,610	\$ 116,393
Excess (deficiency) of revenues over (under) expenditures	\$ (350,000)	\$ (485,003)	\$ (368,610)	\$ 116,393
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 350,000	\$ 535,000	\$ 420,000	\$ (115,000)
Total other financing sources (uses)	\$ 350,000	\$ 535,000	\$ 420,000	\$ (115,000)
Net change in fund balances	\$ -	\$ 49,997	\$ 51,390	\$ 1,393
Fund balances - beginning	-	(49,997)	(8,185)	41,812
Fund balances - ending	\$ -	\$ -	\$ 43,205	\$ 43,205

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

Primary Government:

County OPEB Healthcare Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2015	-	\$ 963,436	\$ 963,436	0.00%	\$ 1,937,746	49.72%
June 30, 2013	-	2,667,396	2,667,396	0.00%	1,948,639	136.89%
June 30, 2012	-	1,854,220	1,854,220	0.00%	1,937,032	95.72%

Discretely Presented Component Unit:

School Board OPEB Healthcare Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2015	\$ -	\$ 7,953,531	\$ 7,953,531	0.00%	\$ 19,024,000	41.81%
June 30, 2013	-	19,698,091	19,698,091	0.00%	20,575,715	95.73%
June 30, 2011	-	21,682,586	21,682,586	0.00%	19,909,432	108.91%

County of Buchanan, 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	\$ 893,679
Interest	2,763,194
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(1,862,638)
Net change in total pension liability	\$ 1,794,235
Total pension liability - beginning	40,405,515
Total pension liability - ending (a)	\$ 42,199,750
Plan fiduciary net position	
Contributions - employer	\$ 1,146,351
Contributions - employee	453,657
Net investment income	4,310,695
Benefit payments, including refunds of employee contributions	(1,862,638)
Administrative expense	(23,245)
Other	227
Net change in plan fiduciary net position	\$ 4,025,047
Plan fiduciary net position - beginning	27,396,603
Plan fiduciary net position - ending (b)	\$ 31,421,650
County's net pension liability - ending (a) - (b)	\$ 10,778,100
Plan fiduciary net position as a percentage of the total pension liability	74.46%
Covered-employee payroll (2014 fiscal year)	\$ 9,089,690
County's net pension liability as a percentage of covered-employee payroll	118.57%

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 Buchanan, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Component Unit Public Service Authority
For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 151,804
Interest	469,368
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(316,396)
Net change in total pension liability	\$ 304,776
Total pension liability - beginning	6,863,454
Total pension liability - ending (a)	\$ 7,168,230
Plan fiduciary net position	
Contributions - employer	\$ 194,724
Contributions - employee	77,060
Net investment income	732,233
Benefit payments, including refunds of employee contributions	(316,396)
Administrative expense	(3,948)
Other	38
Net change in plan fiduciary net position	\$ 683,711
Plan fiduciary net position - beginning	4,653,705
Plan fiduciary net position - ending (b)	\$ 5,337,416
Authority's net pension liability - ending (a) - (b)	\$ 1,830,814
Plan fiduciary net position as a percentage of the total pension liability	74.46%
Covered-employee payroll (2014 fiscal year)	\$ 1,544,014
Authority's net pension liability as a percentage of covered-employee payroll	118.57%

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 Buchanan, 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	\$ 237,215
Interest	1,214,556
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(1,337,990)
Net change in total pension liability	\$ 113,781
Total pension liability - beginning	18,019,791
Total pension liability - ending (a)	\$ 18,133,572
Plan fiduciary net position	
Contributions - employer	\$ 486,675
Contributions - employee	115,377
Net investment income	1,602,403
Benefit payments, including refunds of employee contributions	(1,337,990)
Administrative expense	(9,208)
Other	85
Net change in plan fiduciary net position	\$ 857,342
Plan fiduciary net position - beginning	10,632,106
Plan fiduciary net position - ending (b)	\$ 11,489,448
School division's net pension liability - ending (a) - (b)	\$ 6,644,124
Plan fiduciary net position as a percentage of the total pension liability	63.36%
Covered-employee payroll (2014 fiscal year)	\$ 2,221,244
School Division's net pension liability as a percentage of covered-employee payroll	299.12%

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

	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.20613%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 24,910,000
Employer's Covered-Employee Payroll	14,950,792
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	166.61%
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 Buchanan, 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	\$ 1,228,700	\$ 1,228,700	\$ -	\$ 8,958,100	13.72%
Component Unit Public Service Authority					
2015	\$ 208,783	\$ 208,783	\$ -	\$ 1,546,539	13.50%
Component Unit School Board (nonprofessional)					
2015	\$ 491,804	\$ 491,804	\$ -	\$ 2,176,214	22.60%
Component Unit School Board (professional)					
2015	\$ 2,101,306	\$ 2,101,306	\$ -	\$ 14,585,895	14.41%

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

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

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Other Supplementary Information

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund is a fund that 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 Buchanan, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 7,679,342
Receivables (net of allowance for uncollectibles):	
for uncollectibles:	
Accounts receivable	32,823
Due from other governmental units	1,613,059
Prepaid items	344,184
Total assets	<u>\$ 9,669,408</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 50,674
Accrued liabilities	4,482,868
Total liabilities	<u>\$ 4,533,542</u>
Fund balances:	
Restricted	
Cafeteria Funds	\$ 103,008
Unassigned	5,032,858
Total fund balances	<u>\$ 5,135,866</u>
Total liabilities and fund balances	<u>\$ 9,669,408</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 5,135,866
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,436,395
Buildings and improvements	6,089,417
Machinery and equipment	<u>242,247</u>
	8,768,059
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to measurement of net pension liability	(4,404,386)
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	
	2,593,110
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (1,058,970)
Net pension liability	(31,554,124)
Adjustment for chagnes in proportionate share of net pension liability	(1,987,000)
Net OPEB obligation	<u>(691,799)</u>
	(35,291,893)
Net position of governmental activities	<u>\$ (23,199,244)</u>

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

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 12,774
Charges for services	429,543
Miscellaneous	149,591
Recovered costs	232,325
Intergovernmental:	
Local government	22,726,383
Commonwealth	18,160,585
Federal	3,510,519
Total revenues	<u>\$ 45,221,720</u>
EXPENDITURES	
Current:	
Education	\$ 36,478,322
Total expenditures	<u>\$ 36,478,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,743,398</u>
Net change in fund balances	\$ 8,743,398
Fund balances - beginning	(3,607,532)
Fund balances - ending	<u><u>\$ 5,135,866</u></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	\$ 8,743,398
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 50,390
Transfer of asset to County	(70,153)
Depreciation expenses	<u>(758,394)</u>
	(778,157)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(4,306)
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	(6,391,386)
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	\$ (56,641)
Change in net pension liability	6,655,561
Change in deferred outflows related to pensions	347,435
Change in net OPEB obligation	<u>(14,000)</u>
	6,932,355
Change in net position of governmental activities	<u><u>\$ 8,501,904</u></u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,400	\$ 1,400	\$ 12,774	\$ 11,374
Charges for services	757,006	757,006	429,543	(327,463)
Miscellaneous	176,000	176,000	149,591	(26,409)
Recovered costs	170,000	170,000	232,325	62,325
Intergovernmental:				
Local government	9,233,095	15,477,903	22,726,383	7,248,480
Commonwealth	18,313,584	18,313,584	18,160,585	(152,999)
Federal	4,235,611	4,235,611	3,510,519	(725,092)
Total revenues	<u>\$ 32,886,696</u>	<u>\$ 39,131,504</u>	<u>\$ 45,221,720</u>	<u>\$ 6,090,216</u>
EXPENDITURES				
Current:				
Education	\$ 33,016,696	\$ 39,261,504	\$ 36,478,322	\$ 2,783,182
Total expenditures	<u>\$ 33,016,696</u>	<u>\$ 39,261,504</u>	<u>\$ 36,478,322</u>	<u>\$ 2,783,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ 8,743,398</u>	<u>\$ 8,873,398</u>
Net change in fund balances	\$ (130,000)	\$ (130,000)	\$ 8,743,398	\$ 8,873,398
Fund balances - beginning	130,000	130,000	(3,607,532)	(3,737,532)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,135,866</u>	<u>\$ 5,135,866</u>

Supporting Schedules

County of Buchanan, 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:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,913,500	\$ 6,913,500	\$ 7,877,223	\$ 963,723
Real and personal public service corporation taxes	435,000	435,000	447,047	12,047
Personal property taxes	2,550,000	2,550,000	2,938,848	388,848
Mobile home taxes	80,000	80,000	85,035	5,035
Machinery and tools taxes	6,050,000	6,050,000	7,338,716	1,288,716
Mineral taxes	1,839,000	1,839,000	2,253,933	414,933
Merchant's capital taxes	80,000	80,000	89,632	9,632
Penalties	90,000	90,000	123,221	33,221
Interest	200,000	200,000	239,909	39,909
Total general property taxes	<u>\$ 18,237,500</u>	<u>\$ 18,237,500</u>	<u>\$ 21,393,564</u>	<u>\$ 3,156,064</u>
Other local taxes:				
Local sales and use taxes	\$ 1,635,000	\$ 1,635,000	\$ 1,701,865	\$ 66,865
Consumers' utility taxes	350,000	350,000	398,755	48,755
Consumption taxes	200,000	200,000	225,877	25,877
Mineral license tax	8,000,000	8,000,000	6,779,747	(1,220,253)
Methane gas tax	800,000	885,951	818,968	(66,983)
Utility license taxes	48,000	48,000	38,395	(9,605)
Bank stock taxes	100,000	100,000	94,211	(5,789)
Taxes on recordation and wills	-	-	6,214	6,214
Hotel and motel room taxes	40,000	40,000	32,171	(7,829)
Local tax on deeds	-	-	41,583	41,583
Total other local taxes	<u>\$ 11,173,000</u>	<u>\$ 11,258,951</u>	<u>\$ 10,137,786</u>	<u>\$ (1,121,165)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and fees	\$ -	\$ -	\$ 7,605	\$ 7,605
Land use application fees	650	650	1,000	350
Transfer fees	-	-	1,293	1,293
Building permits	40,000	40,000	28,362	(11,638)
Other permits and licenses	1,220	1,220	1,560	340
Total permits, privilege fees, and regulatory licenses	<u>\$ 41,870</u>	<u>\$ 41,870</u>	<u>\$ 39,820</u>	<u>\$ (2,050)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 17,850	\$ 18,790	\$ 18,930	\$ 140
Total fines and forfeitures	<u>\$ 17,850</u>	<u>\$ 18,790</u>	<u>\$ 18,930</u>	<u>\$ 140</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 52,200	\$ 52,200	\$ 80,073	\$ 27,873
Revenue from use of property	16,900	16,900	15,667	(1,233)
Total revenue from use of money and property	<u>\$ 69,100</u>	<u>\$ 69,100</u>	<u>\$ 95,740</u>	<u>\$ 26,640</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 78,213	\$ 78,213	\$ 3,922	\$ (74,291)
Charges for courthouse maintenance	8,500	8,500	10,679	2,179
Charges for Courthouse security	35,000	35,000	35,893	893
Charges for Commonwealth's Attorney	3,200	3,200	3,744	544
Miscellaneous jail and inmate fees	500	500	571	71
Law library fees	-	-	9,041	9,041
Charges for Copies	1,000	1,000	709	(291)
Charges for sanitation and waste removal	720,000	720,000	561,987	(158,013)

County of Buchanan, 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 parks and recreation	\$ 62,700	\$ 62,700	\$ 104,317	\$ 41,617
Charges for library	8,000	8,000	17,720	9,720
Other Charges for Services	10,000	10,000	6,100	(3,900)
Total charges for services	\$ 927,113	\$ 927,113	\$ 754,683	\$ (172,430)
Miscellaneous:				
Confiscated property sale	\$ 36,950	\$ 36,950	\$ 400	\$ (36,550)
CNX settlement payments	2,700,000	2,700,000	2,700,000	-
Miscellaneous	73,590	74,137	157,657	83,520
Donations	10,000	10,000	37,950	27,950
Total miscellaneous	\$ 2,820,540	\$ 2,821,087	\$ 2,896,007	\$ 74,920
Recovered costs:				
Rebates and refunds	\$ 318,000	\$ 318,000	\$ 493,054	\$ 175,054
VPA refunds	70,000	70,000	71,038	1,038
Other recovered costs	20,000	20,000	195,397	175,397
Total recovered costs	\$ 408,000	\$ 408,000	\$ 759,489	\$ 351,489
Total revenue from local sources	\$ 33,694,973	\$ 33,782,411	\$ 36,096,019	\$ 2,313,608
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 85,000	\$ 85,000	\$ 67,392	\$ (17,608)
Motor vehicle rental tax	1,500	1,500	1,765	265
Rolling stock tax	180,000	180,000	188,229	8,229
Telecommunications taxes	859,866	859,866	842,026	(17,840)
State recordation tax	-	-	9,712	9,712
Personal property tax relief funds	1,600,000	1,600,000	1,598,108	(1,892)
Total noncategorical aid	\$ 2,726,366	\$ 2,726,366	\$ 2,707,232	\$ (19,134)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 350,000	\$ 350,000	\$ 427,904	\$ 77,904
Sheriff	1,363,962	1,363,962	1,359,224	(4,738)
Commissioner of revenue	134,419	134,419	137,441	3,022
Treasurer	125,707	125,707	120,435	(5,272)
Registrar/electoral board	58,000	58,000	38,390	(19,610)
Clerk's fringes	286,449	286,449	292,180	5,731
Total shared expenses	\$ 2,318,537	\$ 2,318,537	\$ 2,375,574	\$ 57,037
Other categorical aid:				
Animal friendly plates	\$ -	\$ -	\$ 352	\$ 352
Litter control grant	8,500	8,500	8,746	246
Library grant	105,000	105,000	107,342	2,342
Public assistance and welfare administration	1,649,792	1,710,354	1,744,693	34,339
Victim-witness grant	46,221	46,221	47,608	1,387
Performing arts grant	5,000	5,000	-	(5,000)

County of Buchanan, 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)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Fire Program Funds	\$ 50,000	\$ 50,000	\$ 73,111	\$ 23,111
Asset Forfeiture	62,980	83,345	51,861	(31,484)
Office of justice programs	5,000	5,000	-	(5,000)
Violence against women	-	-	51,171	51,171
Two for Life Program	-	-	21,691	21,691
VA housing development authority	47,000	47,000	44,522	(2,478)
E-911 technology grant	30,000	30,000	40,622	10,622
Comprehensive services act program	1,122,000	1,122,000	802,131	(319,869)
Other State Funds	372,199	372,199	74,427	(297,772)
Total other categorical aid	<u>\$ 3,503,692</u>	<u>\$ 3,584,619</u>	<u>\$ 3,068,277</u>	<u>\$ (516,342)</u>
Total categorical aid	<u>\$ 5,822,229</u>	<u>\$ 5,903,156</u>	<u>\$ 5,443,851</u>	<u>\$ (459,305)</u>
Total revenue from the Commonwealth	<u>\$ 8,548,595</u>	<u>\$ 8,629,522</u>	<u>\$ 8,151,083</u>	<u>\$ (478,439)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,831,351	\$ 2,935,289	\$ 2,994,220	\$ 58,931
Child and adult care food program	-	-	69,236	69,236
Emergency management preparedness grant	5,000	5,000	7,500	2,500
Community development block grant	3,055,000	4,256,090	869,555	(3,386,535)
State and community highway safety	33,990	33,990	26,904	(7,086)
Headstart programs	1,814,700	1,814,700	1,347,424	(467,276)
OAG Grant	60,000	60,000	-	(60,000)
AML/DMME	-	-	4,164,278	4,164,278
Total categorical aid	<u>\$ 7,800,041</u>	<u>\$ 9,105,069</u>	<u>\$ 9,479,117</u>	<u>\$ 374,048</u>
Total revenue from the federal government	<u>\$ 7,800,041</u>	<u>\$ 9,105,069</u>	<u>\$ 9,479,117</u>	<u>\$ 374,048</u>
Total General Fund	<u>\$ 50,043,609</u>	<u>\$ 51,517,002</u>	<u>\$ 53,726,219</u>	<u>\$ 2,209,217</u>
Special Revenue Funds:				
Coal Road Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ 8,000,000	\$ 8,000,000	\$ 6,779,743	\$ (1,220,257)
Total other local taxes	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 6,779,743</u>	<u>\$ (1,220,257)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ 20,000	\$ 20,000	\$ 25,604	\$ 5,604
Total revenue from use of money and property	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 25,604</u>	<u>\$ 5,604</u>
Charges for services:				
Charges for copies	\$ 1,500	\$ 1,500	\$ 150	\$ (1,350)
Total charges for services	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 150</u>	<u>\$ (1,350)</u>

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

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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: (Continued)				
Coal Road Fund: (Continued)				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 150,193	\$ 150,193
Total miscellaneous	\$ -	\$ -	\$ 150,193	\$ 150,193
Total revenue from local sources	\$ 8,021,500	\$ 8,021,500	\$ 6,955,690	\$ (1,065,810)
Total Coal Road Fund	\$ 8,021,500	\$ 8,021,500	\$ 6,955,690	\$ (1,065,810)
Total Primary Government	\$ 58,065,109	\$ 59,538,502	\$ 60,681,909	\$ 1,143,407
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	\$ 1,400	\$ 1,400	\$ 12,774	\$ 11,374
Total revenue from use of money and property	\$ 1,400	\$ 1,400	\$ 12,774	\$ 11,374
Charges for services:				
Charges for adult/GED testing	\$ 500	\$ 500	\$ 2,591	\$ 2,091
Charges for cafeteria sales	756,506	756,506	426,952	(329,554)
Total charges for services	\$ 757,006	\$ 757,006	\$ 429,543	\$ (327,463)
Miscellaneous:				
Miscellaneous	\$ 176,000	\$ 176,000	\$ 149,591	\$ (26,409)
Total miscellaneous	\$ 176,000	\$ 176,000	\$ 149,591	\$ (26,409)
Recovered costs:				
Rebates and refunds	\$ -	\$ -	\$ 67,609	\$ 67,609
Insurance adjustments	5,000	5,000	3,858	(1,142)
JROTC payments	25,000	25,000	56,334	31,334
E-rate reimbursement	140,000	140,000	104,524	(35,476)
Total recovered costs	\$ 170,000	\$ 170,000	\$ 232,325	\$ 62,325
Total revenue from local sources	\$ 1,104,406	\$ 1,104,406	\$ 824,233	\$ (280,173)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Buchanan, Virginia	\$ 9,233,095	\$ 15,477,903	\$ 22,726,383	\$ 7,248,480
Total revenues from local governments	\$ 9,233,095	\$ 15,477,903	\$ 22,726,383	\$ 7,248,480
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,150,712	\$ 3,150,712	\$ 3,173,262	\$ 22,550
Basic school aid	8,943,395	8,943,395	8,879,192	(64,203)
Gifted and talented	90,269	90,269	89,863	(406)
Remedial education	514,329	514,329	473,909	(40,420)
Special education	987,200	987,200	982,763	(4,437)
Textbook payment	80,764	80,764	183,972	103,208
Vocational SOQ payments	49,528	49,528	-	(49,528)

County of Buchanan, 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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Social security fringe benefits	\$ 581,949	\$ 581,949	\$ 579,333	\$ (2,616)
Retirement fringe benefits	1,233,039	1,233,039	1,214,113	(18,926)
Mentor teacher grant	-	-	6,099	6,099
Early reading intervention	63,182	63,182	79,487	16,305
Alternative education	23,576	23,576	23,576	-
K3 initiative	482,716	482,716	471,369	(11,347)
Vocation education	646,887	646,887	659,525	12,638
Special education - foster children	66,408	66,408	65,316	(1,092)
At risk payments	519,957	519,957	474,973	(44,984)
School food	26,483	26,483	14,926	(11,557)
Technology	324,000	324,000	475,415	151,415
Standards of Learning algebra readiness	50,144	50,144	52,284	2,140
At risk four-year olds	478,244	478,244	223,694	(254,550)
Other state funds	802	802	37,514	36,712
Total categorical aid	\$ 18,313,584	\$ 18,313,584	\$ 18,160,585	\$ (152,999)
Total revenue from the Commonwealth	\$ 18,313,584	\$ 18,313,584	\$ 18,160,585	\$ (152,999)
Revenue from the federal government:				
Categorical aid:				
Adult literacy	\$ -	\$ -	\$ 4,845	\$ 4,845
Title I	1,371,406	1,371,406	1,200,034	(171,372)
Title VI-B, flow-through	832,666	832,666	855,774	23,108
Title VI-B, preschool	35,295	35,295	36,008	713
Vocational education	80,240	80,240	80,401	161
Improving teacher quality	288,665	288,665	144,598	(144,067)
School feeding programs	1,569,150	1,569,150	1,168,790	(400,360)
Rural and low income schools	58,189	58,189	20,069	(38,120)
Total categorical aid	\$ 4,235,611	\$ 4,235,611	\$ 3,510,519	\$ (725,092)
Total revenue from the federal government	\$ 4,235,611	\$ 4,235,611	\$ 3,510,519	\$ (725,092)
Total School Operating Fund	\$ 32,886,696	\$ 39,131,504	\$ 45,221,720	\$ 6,090,216
Total Discretely Presented Component Unit - School Board	\$ 32,886,696	\$ 39,131,504	\$ 45,221,720	\$ 6,090,216

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
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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	\$ 390,816	\$ 566,275	\$ 613,713	\$ (47,438)
General and financial administration:				
County administrator	\$ 461,382	\$ 461,382	\$ 436,274	\$ 25,108
County Attorney	152,919	152,919	140,423	12,496
Commissioner of revenue	488,858	488,858	361,604	127,254
Assessor	400,000	330,000	245,174	84,826
Central purchasing	139,000	139,000	62,779	76,221
Treasurer	555,908	556,711	540,124	16,587
Data processing	83,115	78,215	26,765	51,450
County garage	518,586	518,586	464,146	54,440
Total general and financial administration	\$ 2,799,768	\$ 2,725,671	\$ 2,277,289	\$ 448,382
Board of elections:				
Electoral board	\$ 42,700	\$ 42,700	\$ 41,601	\$ 1,099
Registrar	169,138	169,313	163,896	5,417
Voting buildings and machines	20,000	45,000	42,308	2,692
Total board of elections	\$ 231,838	\$ 257,013	\$ 247,805	\$ 9,208
Total general government administration	\$ 3,422,422	\$ 3,548,959	\$ 3,138,807	\$ 410,152
Judicial administration:				
Courts:				
Circuit court	\$ 233,709	\$ 233,709	\$ 223,011	\$ 10,698
Combined court	12,500	12,500	11,635	865
Juvenile court	13,500	14,798	14,429	369
Magistrates	17,150	17,150	6,648	10,502
Victim witness assistance program	75,941	75,941	68,432	7,509
Clerk of circuit court	641,598	647,042	562,867	84,175
Total courts	\$ 994,398	\$ 1,001,140	\$ 887,022	\$ 114,118
Commonwealth's attorney:				
Commonwealth's attorney	\$ 768,743	\$ 797,091	\$ 798,106	\$ (1,015)
Total commonwealth's attorney	\$ 768,743	\$ 797,091	\$ 798,106	\$ (1,015)
Total judicial administration	\$ 1,763,141	\$ 1,798,231	\$ 1,685,128	\$ 113,103
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,426,395	\$ 4,149,474	\$ 3,681,245	\$ 468,229
School resource officer	437,113	437,113	429,658	7,455
Total law enforcement and traffic control	\$ 3,863,508	\$ 4,586,587	\$ 4,110,903	\$ 475,684
Fire and rescue services:				
Fire department	\$ 371,000	\$ 1,026,737	\$ 333,824	\$ 692,913
Rescue squads	180,000	520,093	225,297	294,796
Total fire and rescue services	\$ 551,000	\$ 1,546,830	\$ 559,121	\$ 987,709
Correction and detention:				
Jail operation	\$ 1,800,725	\$ 1,822,085	\$ 1,637,574	\$ 184,511
Juvenile detention	89,700	89,700	89,700	-
Total correction and detention	\$ 1,890,425	\$ 1,911,785	\$ 1,727,274	\$ 184,511

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
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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)				
Inspections:				
Building	\$ 138,797	\$ 138,797	\$ 126,560	\$ 12,237
Total inspections	\$ 138,797	\$ 138,797	\$ 126,560	\$ 12,237
Other protection:				
Animal control	\$ 370,161	\$ 373,055	\$ 305,503	\$ 67,552
Medical examiner	1,000	1,000	420	580
Emergency services	47,833	47,833	27,243	20,590
Forestry department	26,000	26,000	25,264	736
E-911	895,366	895,366	561,214	334,152
Total other protection	\$ 1,340,360	\$ 1,343,254	\$ 919,644	\$ 423,610
Total public safety	\$ 7,784,090	\$ 9,527,253	\$ 7,443,502	\$ 2,083,751
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 330,000	\$ 485,800	\$ 340,469	\$ 145,331
Total maintenance of highways, streets, bridges and sidewalks	\$ 330,000	\$ 485,800	\$ 340,469	\$ 145,331
Sanitation and waste removal:				
Sanitation officer	\$ 12,067	\$ 12,067	\$ 11,570	\$ 497
Waste authority	1,100,000	1,060,000	1,100,945	(40,945)
Landfill	2,314,769	2,442,377	2,425,269	17,108
Total sanitation and waste removal	\$ 3,426,836	\$ 3,514,444	\$ 3,537,784	\$ (23,340)
Maintenance of general buildings and grounds:				
General properties	\$ 1,718,945	\$ 1,832,696	\$ 1,873,109	\$ (40,413)
Total maintenance of general buildings and grounds	\$ 1,718,945	\$ 1,832,696	\$ 1,873,109	\$ (40,413)
Total public works	\$ 5,475,781	\$ 5,832,940	\$ 5,751,362	\$ 81,578
Health and welfare:				
Health:				
Supplement of local health department	\$ 349,923	\$ 351,123	\$ 354,983	\$ (3,860)
Total health	\$ 349,923	\$ 351,123	\$ 354,983	\$ (3,860)
Welfare:				
Virginia housing development authority	\$ 133,606	\$ 133,606	\$ 129,585	\$ 4,021
Cumberland mountain community services	20,000	20,000	20,000	-
Cumberland mountain mental health	2,000	2,000	2,000	-
Disability Services Board	15,000	25,000	25,000	-
Senior citizens	81,993	206,264	65,048	141,216
Medical Assistance Services	28,577	28,577	18,825	9,752
Tri-county health clinic	5,000	5,000	5,000	-
Red Cross contributions	7,000	-	-	-
Food pantries	49,000	59,667	59,667	-
S V medical assistance	4,000	4,000	4,000	-
Social services	10,949,371	8,004,911	7,550,849	454,062
Head start	1,814,700	1,814,700	1,523,243	291,457
Other welfare	20,000	30,032	32,524	(2,492)
Total welfare	\$ 13,130,247	\$ 10,333,757	\$ 9,435,741	\$ 898,016
Total health and welfare	\$ 13,480,170	\$ 10,684,880	\$ 9,790,724	\$ 894,156

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
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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)				
Education:				
Other instructional costs:				
Educational Contributions	\$ 79,295	\$ 79,295	\$ 79,295	\$ -
Bus transportation	68,000	62,333	68,000	(5,667)
Contribution to County School Board	9,570,000	22,645,602	22,726,383	(80,781)
Total education	<u>\$ 9,717,295</u>	<u>\$ 22,787,230</u>	<u>\$ 22,873,678</u>	<u>\$ (86,448)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 134,314	\$ 627,866	\$ 284,030	\$ 343,836
Park development	210,000	564,208	221,719	342,489
Community Events	15,500	15,500	15,500	-
Athletic programs	90,000	80,000	76,244	3,756
Buchanan little league football	10,000	10,000	10,000	-
FBLA	5,000	9,900	9,900	-
County fair	40,000	95,805	95,858	(53)
Total parks and recreation	<u>\$ 504,814</u>	<u>\$ 1,403,279</u>	<u>\$ 713,251</u>	<u>\$ 690,028</u>
Library:				
Contribution to county library	\$ 595,951	\$ 603,525	\$ 597,486	\$ 6,039
Total library	<u>\$ 595,951</u>	<u>\$ 603,525</u>	<u>\$ 597,486</u>	<u>\$ 6,039</u>
Total parks, recreation, and cultural	<u>\$ 1,100,765</u>	<u>\$ 2,006,804</u>	<u>\$ 1,310,737</u>	<u>\$ 696,067</u>
Community development:				
Planning and community development:				
Planning commission	\$ 8,500	\$ 8,500	\$ 4,050	\$ 4,450
Hurley Community Development	10,000	17,900	17,900	-
Contribution to industrial development authority	730,427	730,427	724,371	6,056
Tourism	5,000	5,000	4,587	413
Community arts council	10,000	-	-	-
Cumberland plateau planning district	35,000	35,000	35,000	-
Chamber of commerce	13,000	13,000	13,000	-
Cumberland plateau regional housing	2,000	2,000	2,000	-
Neighbors united	10,000	-	-	-
Humane society	3,600	3,600	3,600	-
ATV project	14,500	15,340	1,976	13,364
Robotics team	10,000	10,000	10,000	-
Grundy Community Center	6,000	6,000	6,000	-
Contribution to public service authority	1,250,000	2,040,484	2,040,484	-
Capital contributions to the public service authority	2,500,000	4,989,246	5,103,111	(113,865)
Total planning and community development	<u>\$ 4,608,027</u>	<u>\$ 7,876,497</u>	<u>\$ 7,966,079</u>	<u>\$ (89,582)</u>
Environmental management:				
Auto removal	\$ 5,000	\$ 1,704	\$ -	\$ 1,704
Environmental management	1,000	6,000	6,000	-
Litter control	114,517	114,917	99,164	15,753
Total environmental management	<u>\$ 120,517</u>	<u>\$ 122,621</u>	<u>\$ 105,164</u>	<u>\$ 17,457</u>
Cooperative extension program:				
Extension office	\$ 51,075	\$ 51,075	\$ 48,743	\$ 2,332
Total cooperative extension program	<u>\$ 51,075</u>	<u>\$ 51,075</u>	<u>\$ 48,743</u>	<u>\$ 2,332</u>
Total community development	<u>\$ 4,779,619</u>	<u>\$ 8,050,193</u>	<u>\$ 8,119,986</u>	<u>\$ (69,793)</u>

County of Buchanan, 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)				
Capital projects:				
Poplar Gap Athletic Park	\$ 150,000	\$ 330,128	\$ 273,526	\$ 56,602
Hurley Gym	-	60,000	-	60,000
Debt Financed School Projects	-	-	2,047,480	(2,047,480)
Other capital projects	205,000	230,659	196,650	34,009
Total capital projects	<u>\$ 355,000</u>	<u>\$ 620,787</u>	<u>\$ 2,517,656</u>	<u>\$ (1,896,869)</u>
Debt service:				
Principal retirement	\$ 735,727	\$ 735,727	\$ 1,314,635	\$ (578,908)
Interest and other fiscal charges	258,674	259,614	319,005	(59,391)
Total debt service	<u>\$ 994,401</u>	<u>\$ 995,341</u>	<u>\$ 1,633,640</u>	<u>\$ (638,299)</u>
Total General Fund	<u>\$ 48,872,684</u>	<u>\$ 65,852,618</u>	<u>\$ 64,265,220</u>	<u>\$ 1,587,398</u>
Special Revenue Funds:				
Coal Road Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 10,668,650	\$ 10,546,721	\$ 5,381,473	\$ 5,165,248
Engineering	686,478	686,478	667,675	18,803
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 11,355,128</u>	<u>\$ 11,233,199</u>	<u>\$ 6,049,148</u>	<u>\$ 5,184,051</u>
Community development:				
Planning and community development:				
Virginia coalfield economic development authority	\$ 2,500,000	\$ 1,881,802	\$ 1,683,919	\$ 197,883
Contribution to Public Service Authority	-	-	1,300,000	(1,300,000)
Total planning and community development	<u>\$ 2,500,000</u>	<u>\$ 1,881,802</u>	<u>\$ 2,983,919</u>	<u>\$ (1,102,117)</u>
Total Coal Road Fund	<u>\$ 13,855,128</u>	<u>\$ 13,115,001</u>	<u>\$ 9,033,067</u>	<u>\$ 4,081,934</u>
Disaster Relief Fund:				
Health and welfare:				
Welfare:				
Disaster relief	\$ 350,000	\$ 485,003	\$ 368,610	\$ 116,393
Total welfare	<u>\$ 350,000</u>	<u>\$ 485,003</u>	<u>\$ 368,610</u>	<u>\$ 116,393</u>
Total health and welfare	<u>\$ 350,000</u>	<u>\$ 485,003</u>	<u>\$ 368,610</u>	<u>\$ 116,393</u>
Total Disaster Relief Fund	<u>\$ 350,000</u>	<u>\$ 485,003</u>	<u>\$ 368,610</u>	<u>\$ 116,393</u>
Total Primary Government	<u>\$ 63,077,812</u>	<u>\$ 79,452,622</u>	<u>\$ 73,666,897</u>	<u>\$ 5,785,725</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Instruction costs:				
Instruction	\$ 22,042,974	\$ 28,121,705	\$ 26,667,547	\$ 1,454,158
Total instruction costs	<u>\$ 22,042,974</u>	<u>\$ 28,121,705</u>	<u>\$ 26,667,547</u>	<u>\$ 1,454,158</u>
Operating costs:				
Administration and health services	\$ 1,663,649	\$ 1,663,649	\$ 1,606,646	\$ 57,003
Pupil transportation	2,456,092	2,456,092	2,274,164	181,928
Operation and maintenance of school plant	4,501,642	4,501,642	4,233,457	268,185
Total operating costs	<u>\$ 8,621,383</u>	<u>\$ 8,621,383</u>	<u>\$ 8,114,267</u>	<u>\$ 507,116</u>

County of Buchanan, 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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
School food services:				
Administration of school food program	\$ 2,352,339	\$ 2,518,416	\$ 1,696,508	\$ 821,908
Total education	\$ 33,016,696	\$ 39,261,504	\$ 36,478,322	\$ 2,783,182
Total Discretely Presented Component Unit - School Board	\$ 33,016,696	\$ 39,261,504	\$ 36,478,322	\$ 2,783,182

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2014-15	\$ 2,343,344	\$ 1,577,370	\$ 6,350,151	\$ 10,788,125	\$ 9,321,766	\$ 21,471,935	\$ 1,868,048	\$ 11,109,178	\$ 384,825	\$ 65,214,742
2013-14	3,004,076	1,634,452	6,855,341	10,418,098	9,669,758	11,666,828	1,104,072	13,063,565	378,338	57,784,528
2012-13	2,326,934	1,569,540	6,725,396	12,869,342	9,800,358	11,625,233	821,133	11,679,658	352,676	57,770,270
2011-12	2,818,130	1,568,188	6,744,323	13,353,221	9,692,455	11,303,923	1,605,149	16,244,692	455,633	63,785,714
2010-11	2,445,816	1,458,837	6,255,234	9,092,200	10,005,009	10,596,199	1,338,390	12,495,596	474,006	54,161,287
2009-10	2,526,597	1,503,610	7,238,733	12,220,224	9,854,812	10,950,125	1,110,865	10,889,281	488,371	56,782,618
2008-09	2,236,065	1,496,850	5,582,374	9,775,242	8,554,662	10,451,349	1,036,665	10,585,692	585,818	50,304,717
2007-08	2,415,817	1,485,216	5,491,098	8,988,974	9,933,146	13,348,257	1,050,250	10,808,368	622,369	54,143,495
2006-07	2,466,603	1,296,688	4,868,217	6,541,506	8,342,751	12,184,691	937,249	11,157,179	613,858	48,408,742
2005-06	2,410,870	942,450	4,983,187	6,564,721	6,732,564	9,732,168	898,027	7,191,068	794,410	40,249,465

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Special Items	
2014-15	\$ 813,583	\$ 9,889,135	\$ 5,033,833	\$	21,530,748	16,917,529	\$ -	121,344	\$ 346,200	2,707,232	\$ -	\$ 57,359,604
2013-14	1,029,968	10,028,632	5,342,473		20,134,556	20,130,214	-	82,263	232,331	2,766,625	-	59,747,062
2012-13	1,188,911	9,548,475	2,209,643		18,306,411	22,474,152	-	101,469	158,550	2,942,825	-	56,930,436
2011-12	1,207,732	9,307,174	3,951,232		18,104,724	31,622,190	-	118,174	264,758	2,755,390	-	67,331,374
2010-11	985,509	9,118,369	2,219,707		15,652,382	33,797,596	-	105,569	459,343	2,683,453	-	65,021,928
2009-10	732,911	9,827,820	1,182,479		15,424,011	24,251,463	-	248,058	255,339	2,774,371	-	54,696,452
2008-09	915,235	11,395,185	-		15,321,741	24,511,300	-	452,499	15,697,206	1,903,615	-	70,196,781
2007-08	606,650	11,227,768	-		15,419,492	22,636,326	-	711,623	102,962	1,879,667	-	52,584,488
2006-07	711,625	9,474,577	1,868,490		13,099,635	23,074,589	-	931,407	130,506	2,006,804	400,000	51,697,633
2005-06	448,277	8,613,131	-		13,402,559	21,185,234	-	735,990	181,269	1,995,410	-	46,561,870

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2014-15	\$ 3,138,807	\$ 1,685,128	\$ 7,443,502	\$ 11,800,510	\$ 10,159,334	\$ 36,625,617	\$ 1,310,737	\$ 11,103,905	\$ -	\$ 1,633,640	\$ 84,901,180
2013-14	2,983,450	1,627,515	6,710,279	10,936,376	9,719,488	34,415,959	1,326,676	13,044,551	-	1,383,814	82,148,108
2012-13	2,887,435	1,606,134	6,860,562	13,178,521	9,832,464	38,854,582	1,253,938	11,668,890	-	2,443,717	88,586,243
2011-12	2,940,042	1,551,048	6,597,098	13,359,206	9,767,726	38,510,376	1,366,309	16,487,517	-	1,522,762	92,102,084
2010-11	2,523,105	1,441,724	6,350,355	9,391,015	9,928,023	35,026,718	1,206,455	12,503,481	-	1,450,786	79,821,662
2009-10	2,505,591	1,481,044	7,564,899	12,248,097	9,794,702	38,250,585	1,132,458	10,916,029	-	1,581,334	85,474,739
2008-09	2,502,236	1,475,155	5,472,036	9,725,018	8,951,879	40,198,777	1,231,734	10,572,371	-	1,758,416	81,887,622
2007-08	2,451,995	1,500,399	5,441,603	9,071,353	10,044,317	38,964,368	1,040,878	10,907,559	-	1,910,468	81,332,940
2006-07	2,565,689	1,279,479	5,126,279	6,759,197	8,424,530	38,537,045	1,087,284	11,162,124	-	2,039,813	76,981,440
2005-06	2,494,982	919,842	5,073,552	6,330,430	7,806,698	32,783,057	895,789	7,189,451	255,985	2,335,950	66,085,736

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2014-15	\$ 21,393,564	\$ 16,917,529	\$ 39,820	\$ 18,930	\$ 134,118	\$ 1,184,376	\$ 3,195,791	\$ 991,814	\$ 39,301,304	\$ 83,177,246
2013-14	20,346,636	20,130,214	57,013	9,693	88,547	1,798,500	2,893,713	859,327	40,066,029	86,249,672
2012-13	18,944,960	22,474,152	62,389	10,392	113,480	2,194,715	2,741,324	649,088	37,521,938	84,712,438
2011-12	17,523,639	31,622,190	64,360	1,873	131,824	2,194,608	2,522,943	752,872	41,409,940	96,224,249
2010-11	15,979,714	33,797,596	60,128	2,093	120,887	1,937,550	2,729,414	499,737	37,443,980	92,571,099
2009-10	15,669,518	24,251,463	56,514	3,150	299,638	1,843,880	3,494,636	610,602	41,759,387	87,988,788
2008-09	14,691,267	24,511,300	55,582	3,874	541,759	1,488,043	565,654	1,028,861	41,720,789	84,607,129
2007-08	14,022,812	22,636,326	55,490	2,429	796,631	1,159,344	264,730	949,086	39,636,532	79,523,380
2006-07	13,986,992	23,074,589	55,104	864	996,848	1,289,202	304,407	521,520	39,618,102	79,847,628
2005-06	13,290,980	21,185,234	61,261	1,584	816,624	1,056,123	271,820	1,378,136	34,945,542	73,007,304

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 21,310,350	\$ 20,494,128	96.17%	\$ 536,306	\$ 21,030,434	98.69%	\$ 4,832,859	22.68%
2013-14	20,199,537	19,458,083	96.33%	518,455	19,976,538	98.90%	4,759,841	23.56%
2012-13	18,347,580	17,491,799	95.34%	1,055,371	18,547,170	101.09%	4,004,450	21.83%
2011-12	17,497,786	16,582,159	94.77%	561,959	17,144,118	97.98%	5,022,496	28.70%
2010-11	15,773,431	14,928,378	94.64%	628,790	15,557,168	98.63%	4,826,997	30.60%
2009-10	17,017,825	16,287,430	95.71%	615,532	16,902,962	99.33%	4,871,095	28.62%
2008-09	16,555,917	15,470,562	93.44%	566,623	16,037,185	96.87%	3,822,322	23.09%
2007-08	15,566,179	14,985,550	96.27%	375,535	15,361,085	98.68%	4,596,088	29.53%
2006-07	15,661,517	14,863,934	94.91%	543,202	15,407,136	98.38%	4,526,971	28.91%
2005-06	14,907,300	13,849,976	92.91%	789,578	14,639,554	98.20%	4,572,310	30.67%

(1) Exclusive of penalties and interest.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile		Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
		Homes	Real Estate			Real Estate	Property	
2014-15	\$ 2,390,731,754	\$ 268,114,506	\$ 378,230,918	\$ 4,565,989	\$ 101,845,133	\$ 70,780	\$ 3,143,559,080	
2013-14	2,182,637,360	273,535,357	363,102,846	4,738,581	99,344,750	84,076	2,923,442,970	
2012-13	2,033,790,897	263,312,445	310,190,160	4,756,721	104,988,298	39,009	2,717,077,530	
2011-12	2,054,634,044	258,035,354	268,621,205	4,122,968	96,364,828	21,783	2,681,800,182	
2010-11	1,901,488,554	246,368,041	200,965,971	3,612,117	98,131,122	73,428	2,450,639,233	
2009-10	1,963,249,615	232,988,630	209,908,959	4,060,911	96,957,674	51,570	2,507,217,359	
2008-09	1,844,570,316	249,653,108	193,314,185	4,060,298	95,546,061	30,968	2,387,174,936	
2007-08	1,842,678,083	229,238,821	172,198,735	3,836,073	99,311,572	52,251	2,347,315,535	
2006-07	1,605,010,004	218,811,037	173,485,869	3,792,787	78,080,272	54,625	2,079,234,594	
2005-06	1,590,555,567	208,364,940	149,398,124	3,506,983	88,806,157	89,511	2,040,721,282	

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2014-15	\$ 0.43	\$ 1.95	\$ 1.95	\$ 2.00
2013-14	0.43	1.95	1.95	2.00
2012-13	0.43	1.95	1.95	2.00
2011-12	0.43	1.95	1.95	2.00
2010-11	0.43	1.95	1.95	2.00
2009-10	0.43	1.95	1.95	2.00
2008-09	0.43	1.95	1.95	2.00
2007-08	0.43	1.95	1.95	2.00
2006-07	0.49	1.95	1.95	2.00
2005-06	0.49	1.95	1.95	2.00

(1) Per \$100 of assessed value.

Table 8

County of Buchanan, 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	\$ 23,754	\$ 3,143,559	\$ 6,162,427	\$ 6,162,427	0.20%	259
2013-14	23,990	2,923,443	7,242,881	7,242,881	0.23%	302
2012-13	23,990	2,717,078	8,106,089	8,106,089	0.30%	338
2011-12	24,098	2,681,800	8,825,941	8,825,941	0.33%	366
2010-11	24,098	2,450,639	8,651,967	8,651,967	0.35%	359
2009-10	26,978	2,507,217	9,562,967	9,562,967	0.38%	354
2008-09	26,978	2,387,175	10,465,367	10,465,367	0.44%	388
2007-08	26,978	2,347,316	11,453,794	11,453,794	0.49%	425
2006-07	26,978	2,079,235	12,540,556	12,540,556	0.60%	465
2005-06	26,978	2,040,721	13,621,296	13,621,296	0.67%	505

(1) Center for Public Service at the University of Virginia.

(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 absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 1,314,635	\$ 319,005	\$ 1,633,640	\$ 84,901,180	1.92%
2013-14	992,028	391,786	1,383,814	82,148,108	1.68%
2012-13	1,997,774	445,943	2,443,717	88,586,243	2.76%
2011-12	1,043,211	479,551	1,522,762	92,102,084	1.65%
2010-11	947,291	503,495	1,450,786	79,821,662	1.82%
2009-10	1,059,841	521,493	1,581,334	85,474,739	1.85%
2008-09	1,140,358	615,905	1,756,263	81,887,622	2.14%
2007-08	1,233,773	674,693	1,908,466	81,332,940	2.35%
2006-07	1,414,775	625,038	2,039,813	76,981,440	2.65%
2005-06	1,519,838	816,112	2,335,950	66,085,736	3.53%

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
The Board of Supervisors
County of Buchanan, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Buchanan, 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 Buchanan, Virginia's basic financial statements, and have issued our report thereon dated February 5, 2016. Our report includes a reference to other auditors who audited the financial statements of the Component Unit Industrial Development Authority, as described in our report on the County of Buchanan, Virginia 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 the County of Buchanan, 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 the County of Buchanan, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Buchanan, Virginia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [see items 2015-001, 2015-002 and 2015-003].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Buchanan, 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*.

County of Buchanan, Virginia's Response to Findings

The County of Buchanan, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Buchanan, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Co. Associates

Blacksburg, Virginia
February 5, 2016

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
The Board of Supervisors
County of Buchanan, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Buchanan, 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 the County of Buchanan, Virginia's major federal programs for the year ended June 30, 2015. The County of Buchanan, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Basis for Qualified Opinion on Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the County of Buchanan, Virginia did not comply with requirements regarding CFDA 84.010 Title I as described in finding number 2015-004 and 2015-005 for allowable costs.

As described in the accompanying schedule of findings and questioned costs, the County of Buchanan, Virginia did not comply with requirements regarding CFDA 84.010 Title I as described in finding number 2015-006 for period of availability requirements.

As described in the accompanying schedule of findings and questioned costs, the County of Buchanan, Virginia did not comply with requirements regarding CFDA 84.010 Title I as described in finding number 2015-007 for special test and provisions related to the use of highly qualified teachers in the program.

As described in the accompanying schedule of finding and questioned costs, the County of Buchanan, Virginia did not comply with requirements regarding CFDA 84.041 State Energy Program as described in finding numbers 2014-008 for the Davis-Bacon Act and 2014-009 for special tests and provisions.

Compliance with such requirements identified in the four preceding paragraphs is necessary, in our opinion, for the County of Buchanan, Virginia to comply with the requirements applicable to the identified major federal programs.

Qualified Opinion on Major Federal Programs

In our opinion, except for the noncompliance described in the first through fourth Basis for Qualified Opinion paragraphs above, the County of Buchanan, Virginia complied, in all material respects, with the types of compliance requirements referred to above that county have a direct and material effect on each of the major federal programs listed in the Basis for Qualified Opinion on Major Federal Programs paragraphs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County of Buchanan, 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The County of Buchanan, Virginia's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Buchanan, Virginia's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

The County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-004, 2015-005, 2015-007 and 2015-008 to be material weaknesses.

The County of Buchanan, Virginia's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Buchanan, Virginia's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, Faimer, Co. Associates

Blacksburg, Virginia
February 5, 2016

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<u>Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Child and Adult Care Food Program	10.558	NA	\$ 69,236
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
State Department of Agriculture:			
Food Distribution-Schools (Note C)	10.555	00070	\$ 115,703
Department of Education:			
National School Lunch Program	10.555	40623	700,519
School Breakfast Program	10.553	40591	301,433
Fresh Fruit and Vegetable Program	10.582	40599	51,135
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	495,582
Total Department of Agriculture			<u>\$ 1,733,608</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	50298	\$ 26,904
Total Department of Transportation			<u>\$ 26,904</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payment:			
Head Start	93.600	NA	\$ 1,347,424
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	93556	14,268
Temporary Assistance for Needy Families (TANF)	93.558	93558	443,936
Refugee and Entrant Assistance - State Administered Programs	93.566	93566	760
Chafee Education and Training Vouchers Program	93.599	93599	1,115
Low-Income Home Energy Assistance	93.568	93568	49,346
Adoption and Legal Guardianship Incentive Payments	93.603	93603	224
Chafee Foster Care Independence Program	93.674	93674	4,556
Children's Health Insurance Program	93.767	93767	16,588
Social Services Block Grant	93.667	93667	414,299
Medical Assistance Program	93.778	93778	568,070
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93645	3,307
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596	70,573
Foster Care - Title IV-E	93.658	93658	462,791
Adoption Assistance	93.659	93659	448,805
Total Department of Health and Human Services			<u>\$ 3,846,062</u>

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ State Pass-Through Grantor/ <u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-through Entity Identifying <u>Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	52749	\$ 7,500
Total Department of Homeland Security			\$ 7,500
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass Through Payments:			
State Department of Housing and Community Development:			
Community Development Block Grants/States Program and Non- Entitlement Grants in Hawaii	14.228	50796/50799/50798	\$ 869,555
Total Department of Housing and Urban Development			\$ 869,555
DEPARTMENT OF INTERIOR:			
Pass Through Payments:			
<i>Department of Mines, Minerals, and Energy:</i>			
Abandoned Mine Land Reclamation Program	15.252	Unknown	\$ 4,164,278
Total Department of Interior			\$ 4,164,278
DEPARTMENT OF ENERGY:			
Pass Through Payments:			
<i>Department of Mines, Minerals, and Energy:</i>			
ARRA - State Energy Program	81.041	Unknown	\$ 2,047,480
Total Department of Energy			\$ 2,047,480
ENVIRONMENTAL PROTECTION AGENCY:			
Pass Through Payments:			
Virginia Resource Authority:			
Capitalization Grants for Drinking Water - State Revolving Funds	66.468	Unknown	\$ 1,466,898
Total Environmental Protection Agency			\$ 1,466,898
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Adult Education-Basic Grants to States	84.002	Unknown	\$ 4,845
Career and Technical Education - Basic Grants to States	84.048	86647	80,401
Rural Education	84.358	86619	20,069
Improving Teacher Quality State Grants	84.367	86739	144,598
Title I Grants to Local Educational Agencies	84.010	86595	1,200,034
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States (Title VI-B)	84.027	87007A	855,774
Special Education-Preschool Grants	84.173	87063A	36,008
Total Department of Education			\$ 2,341,729
Total Expenditures of Federal Awards			\$ 16,504,014

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUCHANAN, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Buchanan, Virginia under programs of the federal government for the year ended June 30, 2015. The information in the 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 Buchanan, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Buchanan, 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 allowed or are limited as to reimbursement.

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

NOTE C -- FOOD DONATION

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

NOTE D -- RELATIONSHIP TO THE FINANCIAL STATEMENTS:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 9,479,117
Reconciling Item - Loan proceeds received in prior year	2,047,480

Total primary government	<u>\$ 11,526,597</u>
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Component Units:

School Board	\$ 3,510,519
Public Service Authority	1,466,898

Total Component Units	<u>\$ 4,977,417</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 16,504,014</u></u>
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County of Buchanan, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Yes

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.778	Medical Assistance Program
93.558	Temporary Assistance for Needy Families
84.027/84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
81.041	State Energy Program (SEP) - ARRA
66.468	Capitalization Grants for Clean Water State Revolving Funds
15.252	Abandoned Mine Land Reclamation (AMLR) Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$495,120
Auditee qualified as low-risk auditee?	No

County of Buchanan, Virginia

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

Section II - Financial Statement Findings

Finding 2015-001

Criteria: Organizations should monitor their performance against budgetary constraints and adjust spending accordingly to avoid the over-expenditure (over-commitment) of funds.

Condition: The School System failed to identify the budgetary impact(s) of financial decisions that were made prior to and during the 2014/2015 fiscal year.

Cause of Condition: The School System has noticed a decline in State and Federal funding largely due to a decrease in school enrollment and the loss of federal stimulus funding. The School System did not take steps to reduce expenditures accordingly.

Effect of Condition: The School System had to request significant additional funds from the County Board of Supervisors during the fiscal year to meet obligations of the System.

Recommendation: The School System should develop a budgetary process in which projected revenues and expenditures are supported by underlying documentation and/or historical data.

Management's Response: The School System will prepare a fiscal plan to address the deficits described above.

Finding 2015-002

Criteria: Financial statements should be prepared and presented in a timely manner after fiscal year end.

Condition: The School System did not complete the closing process until January of 2016 and the audit could not be completed in a timely manner.

Cause of Condition: Reconciliations between the School's books and the Treasurer's Office were not performed in a timely manner.

Effect of Condition: The financial statements were submitted late for audit and missed key statutory reporting deadlines.

Recommendation: The School System should perform reconciliations in a timely manner.

Management's Response: Management will implement the procedures recommended by the Auditor above.

County of Buchanan, Virginia

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

Section II - Financial Statement Findings (Continued)

Finding 2015-003

Criteria:	Per Statement on Auditing Standards 115, identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness or significant deficiency may exist.
Condition:	The County's financial statements required year end adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles.
Cause of Condition:	There were a few material adjustments that were missed during the final review process prior to the audit.
Effect of Condition:	There is more than a remote likelihood that a misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	We recommend that a final analytical review be performed on each balance sheet item to identify any account balances that may be mistated. We also recommend that the County and School Board prepare a listing of receivables and payables for the County's consultants to review in the course of preparing the final trial balances.
Management's Response:	Management agrees with the findings and will begin preparing listings of receivables and payables at the end of each year for review by the County's consultants and auditors.

County of Buchanan, Virginia

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

Section III - Federal Award Findings and Questioned Costs

Finding 2015-004
Compliance Finding and
Material Weakness

Program Title I Program (84.010)

Criteria Reimbursement type grants require the grant recipient to expend funds prior to filing a request for reimbursement.

Condition The School System requested reimbursements for the Title 1 Program before checks were released for the related expenditures.

Questioned Costs No questioned costs as checks were eventually issued for allowable purposes.

Recommendation The School System should refrain from requesting reimbursement type grants prior to the expenditure of funds.

Management's Response The School System will amend procedures relative to the request of grant funds.

Finding 2015-005
Compliance Finding and
Material Weakness

Program Title I Program (84.010)

Criteria Grant reimbursement requests should be reconciled to underlying documentation.

Condition The audit identified funds that were requested twice for the same expenditure. The audit also identified salary reimbursements that did not agree with prorated salary amounts for employees splitting their time between programs. Finally, the audit was unable to reconcile reimbursement requests to underlying disbursements, as reported in the School System's expenditure report.

Questioned Costs Total expenditures posted to the Title 1 program exceeded the amount requested. As such, we were unable to determine the amount, if any, of questioned costs.

Recommendation The School System should reconcile actual expenditures as posted in the Title 1 Department(s) to their reimbursement requests to ensure reimbursements are correct.

Management's Response The School System will amend procedures relative to the request of grant funds.

County of Buchanan, Virginia

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

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2015-006
Compliance Finding and
Material Weakness

Program	Title I Program (84.010)
Criteria	This grant requires that a recipient obligate 85% of their award within 15 months of initial availability, unless a waiver has been obtained.
Condition	The School System failed to obligate 85% of the 2013 grant award within 15 months; however, the system reported that funds had been obligated in a report to the State Department of Education.
Questioned Costs	\$53,975
Recommendation	The School System should only consider funds that have been committed within the 15 months of availability in determining compliance and should request a waiver, as necessary in future periods.
Management's Response	The School System was under the belief that funds associated with personnel contracts initiated during the period of availability were considered obligated even if the contract (and related work) extended past the initial period of availability. In the future, the System will only consider work performed (and expensed) during the initial period of availability in their reporting to the State.

Finding 2015-007
Compliance Finding

Program	Title I Program (84.010)
Criteria	Beginning after the first day of the 2002–2003 school year, an LEA had to ensure that any teacher whom it hired to teach a core academic subject and who worked in a program supported with Title I, Part A funds was highly qualified as defined in 34 CFR section 200.56.
Condition	During our review of teachers, we identified one teacher (whose salary was reimbursed with Title 1 funds) that did not meet the criteria above.
Questioned Costs	\$30,500 (salary of the teacher).
Recommendation	The School System should develop a plan to meet the aforementioned requirements relative to highly qualified teachers.
Management's Response	The School System is working toward compliance in this area.

County of Buchanan, Virginia

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

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2015-008
Compliance Finding and
Material Weakness

Program	State Energy Program - ARRA (81.041)
Criteria	Grant recipients should require contractors to comply with the Davis-Bacon Act (if applicable) and should establish procedures to monitor their compliance.
Condition	The State Energy Program requires compliance with provisions of the Davis-Bacon Act. The School System's contract with Johnson Controls does not require the contractor to comply with requirements of the Davis-Bacon Act. In addition, the School System did not perform monitoring functions relative to same.
Questioned Costs	None
Recommendation	The School System should require contractors to comply with provisions of the Davis-Bacon Act and should develop procedures to monitor such compliance.
Management's Response	The School System was unaware of requirements related to the Davis-Bacon Act; however, in the future the School System will thoroughly review grant agreements and comply with same.

Section III - Federal Award Findings and Questioned Costs

Finding 2015-009
Compliance Finding and
Material Weakness

Program	State Energy Program - ARRA (81.041)
Criteria	Program funds received under the American Recovery and Reinvestment Act (ARRA) were awarded with certain "Buy American" provisions. Grant recipients were responsible to require contractors to purchase American made goods and to monitor compliance with requirements of the Act.
Condition	The School System's contract with Johnson Controls does not require the contractor to comply with requirements of ARRA "Buy American" provisions. In addition, the School System did not perform monitoring functions relative to same.
Questioned Costs	None
Recommendation	In the future, the School System should review conditions of grant awards and develop procedures to ensure and monitor compliance with award conditions.
Management's Response	The School System was unaware of requirements related to the "Buy American" provisions; however, in the future the School System will thoroughly review grant agreements and comply with same.

County of Buchanan, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Prior Federal Findings**Finding 2014-004**
Compliance Finding
and
Material Weakness

Program	Special Education Cluster (84.027/84.173)
Condition	Substantially all files related to the Special Education Program were lost and could not be located for audit.
Current Status	Corrective action was taken and files were properly maintained for the audit.

Finding 2014-005
Compliance Finding and
Material Weakness

Program	Title I Program (84.010)
Condition	The School System requested reimbursements for the Title 1 Program before checks were released for the related expenditures.
Current Status	The finding is repeated in the current year as item 2015-004.

Finding 2014-006
Compliance Finding and
Material Weakness

Program	State Energy Program - ARRA (81.041)
Condition	The State Energy Program requires compliance with provisions of the Davis-Bacon Act. The School System's contract with Johnson Controls does not require the contractor to comply with requirements of the Davis-Bacon Act. In addition, the School System did not perform monitoring functions relative to same.
Current Status	The finding is repeated in the current year as item 2015-008. The School System is unable to enforce provisions of the Davis-Bacon Act as their contract with Johnson Controls did not require compliance with same. As such, noncompliance existed until all federal funds were spent in the current year (2015).

County of Buchanan, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Finding 2014-007
Compliance Finding and
Material Weakness

Program	State Energy Program - ARRA (81.041)
Condition	The School System's contract with Johnson Controls does not require the contractor to comply with requirements of ARRA "Buy American" provisions. In addition, the School System did not perform monitoring functions relative to same.
Current Status	The finding is repeated in the current year as item 2015-009. The School System is unable to enforce provisions of the ARRA "buy american program" as their contract with Johnson Controls did not require compliance with same. As such, noncompliance existed until all federal funds were spent in the current year (2015).