

COUNTY OF  
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016



**COUNTY OF PRINCE GEORGE, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

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**Prepared By:**

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Prince George County Finance Department



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**COUNTY OF PRINCE GEORGE, VIRGINIA**

**PRINCIPAL OFFICIALS ON JUNE 30, 2016**

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**Board of Supervisors**

William A. Robertson, Jr., Chairperson  
Jerry J. Skalsky, Vice-Chairperson

Alan R. Carmichael

Donald Hunter

T.J. Webb

**County School Board**

Kevin S. Foster, Chairperson,  
Lewis E. Stevenson, Vice-Chairperson

Reeve E. Ashcraft

Robert E. Cox, Jr.

Roger E. Franklin, Jr.

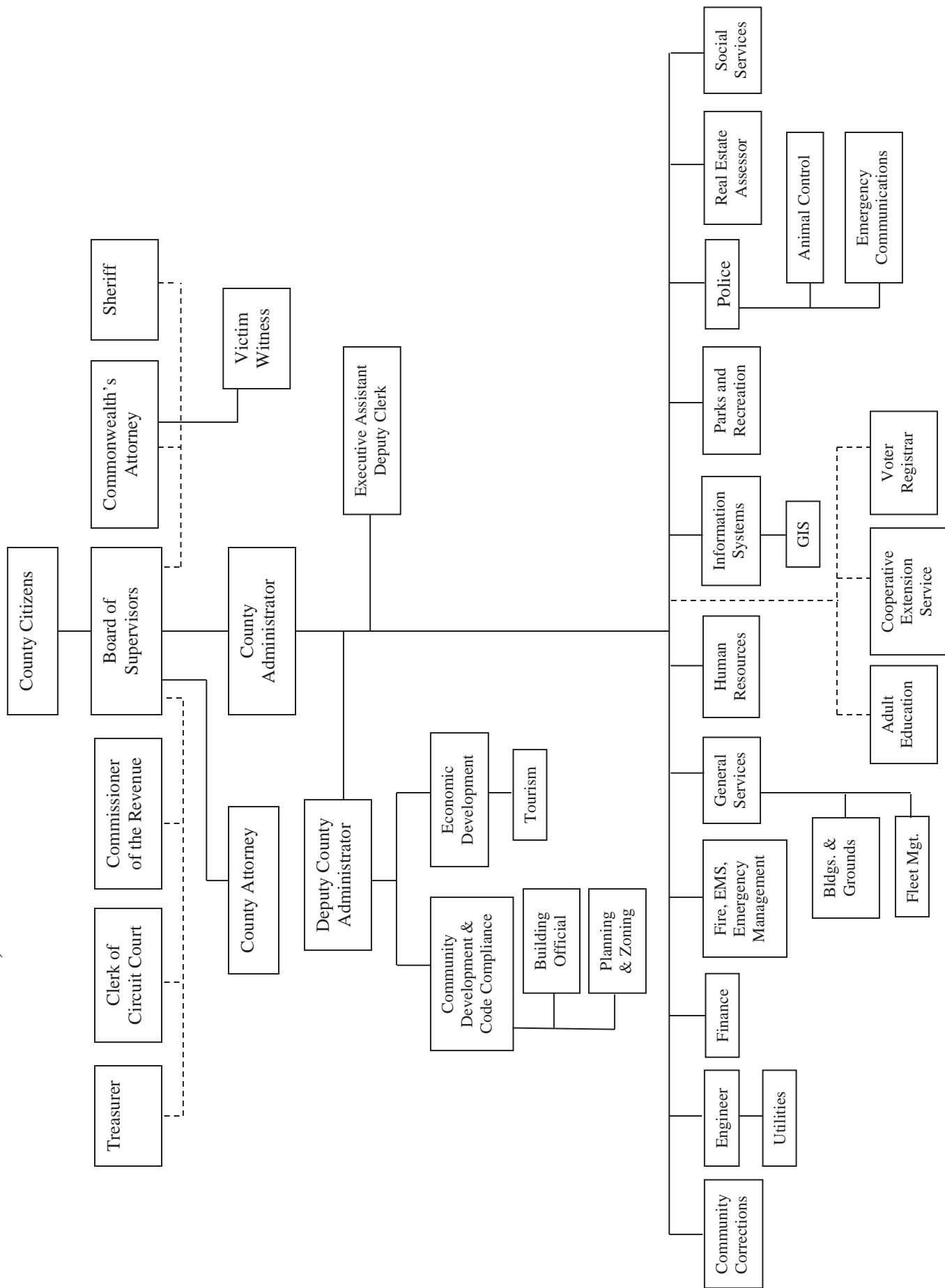
**Other Officials**

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Chief Judge of the Circuit Court.....W. Allan Sharrett  
Judge of the Circuit Court.....Nathan C. Lee  
Clerk of the Circuit Court.....C. Bishop Knott, Jr.  
Chief Judge of the General District Court.....Stephen D. Bloom  
Judge of the General District Court.....C. Ridley Bain  
Judge of the General District Court.....Bruce A. Clark  
Judge of the General District Court.....H. Lee Townsend  
Chief Judge of the Juvenile and Domestic Relations Court.....Carson E. Saunders, Jr.  
Judge of the Juvenile and Domestic Relations Court.....Jacqueline Waymack  
Clerk of the Combined Court.....Denise Covington  
Commonwealth's Attorney.....Susan O. Fierro  
Commissioner of the Revenue.....Darlene M. Rowsey  
Treasurer.....Jean N. Barker  
Sheriff.....H.E. Allin, III  
County Administrator.....Percy C. Ashcraft  
Superintendent of Schools.....Renee Williams  
Director of Social Services.....Shel Bolyard-Douglas



# PRINCE GEORGE COUNTY, VA







Government Finance Officers Association

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

Presented to

**County of Prince George  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO



# COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft  
County Administrator



## BOARD OF SUPERVISORS

William A. Robertson, Jr.

Jerry J. Skalsky

Alan R. Carmichael

Donald Hunter

T. J. Webb

December 29, 2016

The Honorable Members of the Board of Supervisors  
County of Prince George, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Prince George County (the "County") for the fiscal year ended June 30, 2016. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates, Inc. (RFCA) to perform the audit and prepare the accompanying financial statements.

**P.O. BOX 68, PRINCE GEORGE, VIRGINIA 23875-0068 / AREA CODE (804) 722-8600 / FAX (804) 732-3604**

<http://www.princegeorgeva.org>

### The Reporting Entity and its Services

The County of Prince George's Comprehensive Annual Financial Report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include police protection, social services, recreation and cultural activities, and community development. Additionally, the County operates a water and wastewater utility system. Fire protection services are largely provided by volunteers who receive financial and administrative support from the County. Emergency medical services are provided through a combination of full-time paid and volunteer personnel.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Riverside Regional Jail, the Appomattox Regional Library System, Appomattox River Water Authority, South Central Wastewater Authority, Crater Juvenile Detention Center and Rowanty Vocational Technical School are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Prince George County is located 25 miles southeast of Richmond, the capital city of Virginia, and 75 miles northeast of the Greater Hampton Roads area. The County's 276 square mile area has a population of 37,862 people (2015 Census Bureau – County Population Estimates). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle except the Clerk of Circuit Court who is elected every eight years.

Major industries located in Prince George County include: warehousing and distribution centers, hotels and tourism, manufacturing, packaging, and logistics automation. Prince George's strategic location on or near several east coast transportation arteries also contributes to the proliferation of distribution centers located in the County. Interstates 95 and 295 run through Prince George, as well as Route 460, a primary arterial from the Virginia Beach area.

Based on available economic data, the local economy has remained steady. The local unemployment rate was 4.9% for September 2016, as compared to 5.2% for September 2015. The state and national unemployment rates for September 2016 were 4.0% and 4.8%, respectively.

### Major Initiatives in Fiscal Year 2016

Following the vision and strategic initiatives of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2016 is as follows:



### *Crosspointe Centre Project*

The bond issuance for the Crosspointe Centre Project was closed during fiscal year 2016, with a total project cost of \$20,142,135. The County has 45-acres of shovel-ready pad sites remaining to complete the MOU requirements with Rolls-Royce. These sites will accommodate future industrial growth. At this time, Rolls-Royce has not made a decision on the location of these sites. This requirement in the MOU expires on December 31, 2020.

### *Exit 45 Phase I*

The County invested \$314,020 for Phase I beautification consisting of sidewalks, lighting and landscaping from Comfort Inn to Nanny's Restaurant at Exit 45. A future gateway project is underway in FY 2017, as a partnership between Prince George County and The Cameron Foundation, which will encompass large scale artistic designs and landscaping to create "The Gardens at Exit 45."

### *Carson Volunteer Fire Department*

The County appropriated \$2,283,500 towards the construction of a new fire station. The demolition of the old Carson Elementary School took place in FY13 and the planning and design of the new building was complete in FY14. Construction began in March of 2015, with \$1,640,196 spent in fiscal year 2016. The grand opening was held on May 15, 2016 and the project was essentially complete at the end of FY16. The building houses the Carson Fire Department and Community Center.

### *Prince George High School & L. L. Beazley Elementary School Roofing Projects*

The County appropriated \$1,500,000 for roof improvements for Prince George High School and L. L. Beazley Elementary School. Both projects were completed during fiscal year 2016 for a total cost of \$1,153,307.

### *Burrowsville Fire Station Renovations*

The County made renovations to the Burrowsville Fire Station. \$305,307 was expended in fiscal year 2016 with work continuing in fiscal year 2017.

### *HVAC Infrastructure and Energy Savings Initiatives*

The County approved HVAC replacement work at the Courthouse and Central Wellness Center to improve infrastructure and reduce overall utility spending. The Board appropriated \$1,516,587 for Courthouse work and \$150,000 for Central Wellness Center improvements. Work on both projects began in fiscal year 2016 and continues into fiscal year 2017.

## Sections of the Report

Fiscal year 2016 was the thirteenth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to compliance with these regulations is located in the *Compliance* section of this report.


#### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twelfth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,



Percy C. Ashcraft  
County Administrator

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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**To the Honorable Members of  
the Board of Supervisors  
County of Prince George, Virginia**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of June 30, 2016, 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 17 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, and 82 Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-12, 95-98, and 99-106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince George, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## ***Other Matters (Continued)***

### ***Other Information (Continued)***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Prince George, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia

December 28, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2016. Please review it in conjunction with the transmittal letter in the beginning of this report and the County's financial statements, which begin after this analysis.

### **FINANCIAL HIGHLIGHTS**

#### Government Wide Financial Statements (Full Accrual Basis)

The assets of the County exceeded its liabilities at June 30, 2016 by \$48,493,159 (net position). Of this amount, \$16,617,814 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities was \$26,114,479 on June 30, 2016, compared to \$25,809,257 total net position on June 30, 2015, as restated. Total net position represents the amount by which the County's assets exceeded its liabilities. The governmental net position increased \$305,222.

The total net position from Business-type activities (Water and Sewer Fund) was \$22,378,680 on June 30, 2016, compared to \$21,762,933 total net position on June 30, 2015. Net position increased \$615,747 during FY 2016.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Comprehensive Annual Financial Report contains a variety of schedules and tables designed to provide a comprehensive look at the use of the County's financial resources throughout the 2016 fiscal year and at the status of those financial resources at June 30, 2016, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the County. Government-wide financial statements, a component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.
- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.
- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements, and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

#### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

## **OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)**

The *statement of activities* presents information identifying how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the County is divided into the following categories:

- **Governmental activities** – Most of the County's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.
- **Business-type activities** – The County's water and sewer services are reported here. These services are supported by charges for services based on use.
- **Component Units** – The County includes one separate legal entity in its report – the Prince George County School Board. While legally separate, the County is financially accountable for and provides operating and capital funding to the School Board.

### **Fund Financial Statements**

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations.



## **OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)**

### **Fund Financial Statements: (Continued)**

**Fiduciary Funds** – The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

**Required Supplementary Information** – In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

**Other Supplementary Information** – This report also presents combining and individual fund statements and schedules.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements include two basic statements: the statement of net position and the statement of activities. Both of these statements include all assets and liabilities for all County funds (except fiduciary funds) using the full accrual basis of accounting. The accrual basis of accounting is the method used by private-sector businesses.

### **The Statement of Net Position**

The following table reflects the condensed statement of net position:

**County of Prince George, Virginia**  
**Schedule of Assets, Liabilities and Net Position**  
**Governmental and Business-type Activities**  
**For the Years Ended June 30, 2016 and 2015**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 28,666,605	\$ 34,139,898	\$ 9,781,105	\$ 7,605,800	\$ 38,447,710	\$ 41,745,698
Capital assets	60,491,948	57,433,590	16,052,908	16,303,280	76,544,856	73,736,870
Total assets	\$ 89,158,553	\$ 91,573,488	\$ 25,834,013	\$ 23,909,080	\$ 114,992,566	\$ 115,482,568
Deferred outflows of resources	\$ 3,039,442	\$ 1,870,491	\$ 137,288	\$ 93,782	\$ 3,176,730	\$ 1,964,273
Long-term liabilities outstanding	\$ 56,301,630	\$ 57,383,224	\$ 2,901,398	\$ 1,444,631	\$ 59,203,028	\$ 58,827,855
Current liabilities	8,529,604	7,453,878	691,223	750,171	9,220,827	8,204,049
Total liabilities	\$ 64,831,234	\$ 64,837,102	\$ 3,592,621	\$ 2,194,802	\$ 68,423,855	\$ 67,031,904
Deferred inflows of resources	\$ 1,252,282	\$ 2,797,620	\$ -	\$ 45,127	\$ 1,252,282	\$ 2,842,747
Net position:						
Net investment in capital assets	\$ 17,875,023	\$ 15,188,357	\$ 13,606,908	\$ 15,339,288	\$ 31,481,931	\$ 30,527,645
Restricted Cash	393,414	398,838	-	-	393,414	398,838
Unrestricted	7,846,042	10,222,062	8,771,772	6,423,645	16,617,814	16,645,707
Total net position	\$ 26,114,479	\$ 25,809,257	\$ 22,378,680	\$ 21,762,933	\$ 48,493,159	\$ 47,572,190

**GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)**

Net position (assets in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2016 the County's governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,114,479 while business assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22,378,680. The largest portion of the County's net position, 68% and 59% in 2016 and 2015, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net position, 30% and 40% in 2016 and 2015, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position decreased in governmental activities in FY16 by \$2,376,020 and increased in business-type activities by \$2,348,127.

**The Statement of Activities**

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for the fiscal years covering July 1, 2014 through June 30, 2016 follows:

**County of Prince George, Virginia**  
**Changes in Net Position**  
**Governmental and Business-type Activities**  
**For the Years Ended June 30, 2016 and 2015**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues:						
Program revenues:						
Charges for services	\$ 1,631,472	\$ 1,719,253	\$ 5,127,476	\$ 4,659,860	\$ 6,758,948	\$ 6,379,113
Operating grants and contributions	6,383,355	6,327,951	-	-	6,383,355	6,327,951
Capital grants and contributions	-	-	73,968	-	73,968	-
General revenues:						
General property taxes	31,587,598	31,796,896	-	-	31,587,598	31,796,896
Other local taxes	8,016,257	7,455,217	-	-	8,016,257	7,455,217
Use of money and property	350,693	200,428	79,578	80,465	430,271	280,893
C/Va non-categorical aid	5,200,471	5,240,754	-	-	5,200,471	5,240,754
Other general revenues	209,866	373,723	237,745	-	447,611	373,723
Total revenues	\$ 53,379,712	\$ 53,114,222	\$ 5,518,767	\$ 4,740,325	\$ 58,898,479	\$ 57,854,547
Expenses:						
General government administration	\$ 5,330,273	\$ 5,226,913	\$ -	\$ -	\$ 5,330,273	\$ 5,226,913
Judicial administration	2,431,271	2,361,018	-	-	2,431,271	2,361,018
Public safety	15,317,725	14,683,153	-	-	15,317,725	14,683,153
Public works	2,225,922	1,976,333	-	-	2,225,922	1,976,333
Health and welfare	4,255,353	3,893,335	-	-	4,255,353	3,893,335
Education	17,867,950	13,944,549	-	-	17,867,950	13,944,549
Parks, recreation, and cultural	1,749,036	2,169,979	-	-	1,749,036	2,169,979
Community development	1,470,872	1,246,531	-	-	1,470,872	1,246,531
Interest and other fiscal charges	2,268,088	1,585,509	-	-	2,268,088	1,585,509
Water and sewer	-	-	5,061,020	5,049,902	5,061,020	5,049,902
Total expenses	\$ 52,916,490	\$ 47,087,320	\$ 5,061,020	\$ 5,049,902	\$ 57,977,510	\$ 52,137,222
Increase in net position before transfers	\$ 463,222	\$ 6,026,902	\$ 457,747	\$ (309,577)	\$ 920,969	\$ 5,717,325
Transfers	(158,000)	(158,000)	158,000	158,000	-	-
Increase in net position	\$ 305,222	\$ 5,868,902	\$ 615,747	\$ (151,577)	\$ 920,969	\$ 5,717,325
Net position, beginning (as restated)	25,809,257	19,940,355	21,762,933	21,914,510	47,572,190	41,854,865
Net position, ending	\$ 26,114,479	\$ 25,809,257	\$ 22,378,680	\$ 21,762,933	\$ 48,493,159	\$ 47,572,190

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)**

### **Governmental Activities**

Governmental activities revenues increased from \$53,114,222 to \$53,379,712 or \$265,490 (0.50%) in FY 16 over FY 15. Increases in other local tax revenue represent the majority of this increase.

Governmental activities expenses increased from \$47,087,320 to \$52,916,490 or 12.38%. Education expenses increased by \$3,923,401, other increases were seen in Public Works, Community Development, Public Safety, and Interest and Other Fiscal Charges.

### **Business-type activities**

The Water and Sewer Fund revenues increased \$778,442; an increase of 16% over FY15.

Total expenses for the Water Fund increased from \$5,049,902 in FY15 to \$5,061,020 in FY16, or \$11,118 (0.22%).

As a result of the above, net position in the Water and Sewer Fund increased \$615,747.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,893,893. Of this amount \$4,252,010 is assigned for capital projects and \$748,968 is assigned to various special revenue funds.

**General Fund.** The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$19,499,501 of which \$19,499,501 represents unassigned fund balance of the General Fund. This amount represents 19.79% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 12.5% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2016.

The net decrease to unassigned fund balance for the General Fund for 2016 was \$1,231,749. Significant reasons for this decrease in fund balance are as follows:

For FY 2016, there was a planned/budgeted use of fund balance of \$1,620,583; \$1,323,978 operating and \$296,560 capital. \$1,907,359 of fund balance was re-appropriated to schools for use in FY 2016.

Despite planned use of fund balance, general fund revenues exceeded budgeted amounts by \$1,288,522. Additionally, general fund expenditures, net of transfers, were \$1,675,328 less than amended budgeted amounts.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)**

**Capital projects fund.** The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$4,645,424, which was a decrease of \$2,839,664 from FY 15. The County recently completed a new Carson fire station and spent \$1,640,196 toward the project in FY 16 and spent \$839,309 for new Fire/EMS apparatus. The County spent \$1,153,307 for roofing projects at Prince George High School and L. L. Beazley Elementary School and spent \$996,820 for school buses. More details of specific project revenues and expenditures can be found on Exhibit 5.

**Debt service fund.** The Debt Service Fund received transfers from the General Fund sufficient to meet its requirements thus it has no fund balance. During the year the transfer totaled \$7,489,648 and principal retirements of indebtedness totaled \$5,726,512 while interest expense totaled \$1,782,338.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$22,378,680. Details of the Water and Sewer operations were previously discussed in the letter.

### **General Fund Budgetary Highlights**

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. Fiscal year 2016 was no exception. General fund adopted budget totaled \$43,254,761, amended budget totaled \$46,621,345, an increase of \$3,366,584 and expenditures totaled \$44,946,017. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY 16. The following is a summary of the most significant changes in the adopted and amended budgets for FY16:

- An increase to the local transfer to the school board of \$1,907,359 due to the allowance of carry forwards for purchases authorized but not completed in FY2015, one-time capital projects such as vehicles, repairs and renovation of school buildings and roof repairs.
- An increase in transfer to capital projects for:
  - Burrowsville Fire Department renovations      \$312,681
  - Board Room Repairs & Upgrades                      50,000
- An increase to the comprehensive services act budget in the amount of \$411,000.
- Law enforcement and Fire/EMS grants and donations are not appropriated as part of the adopted budget. They are appropriated as the grants and donations are received resulting in an increase of \$178,645 for law enforcement grants/donations and \$415,374 for Fire/EMS grants/donations. These amounts include re-appropriation of unexpended prior year balances.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred “on behalf” of component units (the School Board). In this report, capital assets such as school buildings that have related debt are reported with the primary government on the Statement of Net Position. The portion of these capital assets free of related debt are reported as buildings and improvements under the component unit School Board (see Note 5 in the Notes to Financial Statements).

The following table summarizes the County’s capital assets, net of depreciation, as of June 30, 2016. The County’s total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$110,565,055.

**County of Prince George, Virginia  
Capital Assets (net of Depreciation)  
Governmental and Business-type Activities  
For the Year Ended June 30, 2016**

	<b>Governmental Activities 2016</b>	<b>Business-type Activities 2016</b>
Land	\$ 3,995,396	\$ 244,744
Buildings and improvements	70,847,059	-
Utility plant	-	30,261,410
Equipment	26,458,585	1,030,583
Construction in progress	3,740,166	137,068
Total	\$ 105,041,206	\$ 31,673,805
Less accumulated depreciation	44,549,258	15,620,897
Net capital assets	\$ 60,491,948	\$ 16,052,908

More information on the County’s capital assets can be found in note 5 to the financial statements.

At the end of fiscal year 2016, the County had total outstanding debt of \$49,692,022 (excluding compensated absences, bond premiums, length of service award program and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$49,800,526 and \$49,821,255 outstanding at June 30, 2015 and 2014, respectfully. Of the \$49,692,022 of outstanding debt at June 30, 2016, \$23,864,532 is for general government purposes and \$23,381,490 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$2,446,000.

For more information regarding Prince George County’s long-term obligations, see Note 7 in the Notes to Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Based on available economic data, the local economy has remained stable. The local unemployment rate was 4.9% for September 2016, as compared to 5.2% for September 2015. The state and national unemployment rates for September 2016 were 4.0% and 4.8%, respectively.

The FY 17 General Fund operating budget totaled \$52,220,790, which was a \$1,235,909 (2.4%) increase over the FY 16 adopted budget. A \$0.04 Real Estate Tax Rate increase was approved for FY 17 (from \$0.82 to \$0.86) and there was ***no reliance on fund balance*** for FY 17.

It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County, and to make Prince George “the best place to live, learn, work and raise a family”.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875, telephone (804) 722-8710.

## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Position  
At June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 23,394,222	\$ 7,580,205	\$ 30,974,427	\$ 7,888,523
Restricted cash	393,414	-	393,414	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,761,630	-	3,761,630	-
Accounts receivable	626,048	228,184	854,232	24,504
Internal balances	(1,972,716)	1,972,716	-	-
Due from Component Unit	907,151	-	907,151	-
Prepaid expenses	-	-	-	44,331
Due from other governmental units	1,556,856	-	1,556,856	2,084,313
Total current assets	\$ 28,666,605	\$ 9,781,105	\$ 38,447,710	\$ 10,041,671
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 3,995,396	\$ 244,744	\$ 4,240,140	\$ 1,154,404
Construction in progress	3,740,166	137,068	3,877,234	-
Buildings	20,513,450	-	20,513,450	29,315,719
Machinery and equipment	8,861,446	710,586	9,572,032	3,549,876
Jointly owned assets	23,381,490	-	23,381,490	-
Utility plant in service	-	14,960,510	14,960,510	-
Total capital assets	\$ 60,491,948	\$ 16,052,908	\$ 76,544,856	\$ 34,019,999
Total assets	\$ 89,158,553	\$ 25,834,013	\$ 114,992,566	\$ 44,061,670
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Post measurement date employer pension contributions	\$ 1,828,670	\$ 106,396	\$ 1,935,066	\$ 4,955,455
Items related to measurement of net pension liability	213,965	30,892	244,857	1,010,000
Deferred amount on bond refunding	944,557	-	944,557	-
Post measurement date employer LOSAP contributions	52,250	-	52,250	-
Total deferred outflows of resources	\$ 3,039,442	\$ 137,288	\$ 3,176,730	\$ 5,965,455
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 912,950	\$ 442,927	\$ 1,355,877	\$ 1,480,274
Accrued liabilities	-	-	-	6,434,529
Unearned revenues	-	-	-	18,750
Due to Primary Government	-	-	-	907,151
Accrued interest payable	843,497	13,693	857,190	-
Long-term liabilities:				
Due within one year	6,773,157	234,603	7,007,760	38,104
Due in more than one year	56,301,630	2,901,398	59,203,028	61,092,099
Total liabilities	\$ 64,831,234	\$ 3,592,621	\$ 68,423,855	\$ 69,970,907
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	\$ 128,853	-	\$ 128,853	-
Items related to measurement of net pension liability	1,123,429	-	1,123,429	5,771,734
Total deferred inflows of resources	\$ 1,252,282	-	\$ 1,252,282	\$ 5,771,734
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 17,875,023	\$ 13,606,908	\$ 31,481,931	\$ 34,019,999
Restricted cash - proffers	393,414	-	393,414	-
Unrestricted (deficit)	7,846,042	8,771,772	16,617,814	(59,735,515)
Total net position	\$ 26,114,479	\$ 22,378,680	\$ 48,493,159	\$ (25,715,516)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,330,273	\$ 295,174	\$ 280,666	\$ -
Judicial administration	2,431,271	430,620	935,017	-
Public safety	15,317,725	655,492	2,660,501	-
Public works	2,225,922	130,123	10,665	-
Health and welfare	4,255,353	-	2,494,207	-
Education	17,867,950	-	-	-
Parks, recreation, and cultural	1,749,036	120,063	-	-
Community development	1,470,872	-	2,299	-
Interest on long-term debt	2,268,088	-	-	-
Total governmental activities	\$ 52,916,490	\$ 1,631,472	\$ 6,383,355	\$ -
Business-type activities:				
Public Utilities	\$ 5,061,020	\$ 5,127,476	\$ -	\$ 73,968
Total business-type activities	\$ 5,061,020	\$ 5,127,476	\$ -	\$ 73,968
Total primary government	\$ 57,977,510	\$ 6,758,948	\$ 6,383,355	\$ 73,968
COMPONENT UNIT:				
School Board	\$ 65,360,603	\$ 1,497,256	\$ 48,835,018	\$ -
Total component unit	\$ 65,360,603	\$ 1,497,256	\$ 48,835,018	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Meals taxes				
Lodging taxes				
Bank stock tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board, unrestricted				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year, as restated				
Net position - end of year				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (4,754,433)	\$ -	\$ (4,754,433)	\$ -	
(1,065,634)	-	(1,065,634)	-	
(12,001,732)	-	(12,001,732)	-	
(2,085,134)	-	(2,085,134)	-	
(1,761,146)	-	(1,761,146)	-	
(17,867,950)	-	(17,867,950)	-	
(1,628,973)	-	(1,628,973)	-	
(1,468,573)	-	(1,468,573)	-	
(2,268,088)	-	(2,268,088)	-	
<u>\$ (44,901,663)</u>	<u>\$ -</u>	<u>\$ (44,901,663)</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 140,424</u>	<u>\$ 140,424</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 140,424</u>	<u>\$ 140,424</u>	<u>\$ -</u>	
<u><u>\$ (44,901,663)</u></u>	<u><u>\$ 140,424</u></u>	<u><u>\$ (44,761,239)</u></u>	<u><u>\$ -</u></u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,028,329)</u>	
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (15,028,329)</u></u>	
\$ 31,587,598	\$ -	\$ 31,587,598	\$ -	
2,310,390	-	2,310,390	-	
832,913	-	832,913	-	
1,379,030	-	1,379,030	-	
978,819	-	978,819	-	
395,807	-	395,807	-	
951,344	-	951,344	-	
621,402	-	621,402	-	
99,805	-	99,805	-	
446,747	-	446,747	-	
350,693	79,578	430,271	-	
209,866	237,745	447,611	-	
-	-	-	17,209,027	
5,200,471	-	5,200,471	-	
(158,000)	158,000	-	-	
<u>\$ 45,206,885</u>	<u>\$ 475,323</u>	<u>\$ 45,682,208</u>	<u>\$ 17,209,027</u>	
<u>\$ 305,222</u>	<u>\$ 615,747</u>	<u>\$ 920,969</u>	<u>\$ 2,180,698</u>	
<u>25,809,257</u>	<u>21,762,933</u>	<u>47,572,190</u>	<u>(27,896,214)</u>	
<u><u>\$ 26,114,479</u></u>	<u><u>\$ 22,378,680</u></u>	<u><u>\$ 48,493,159</u></u>	<u><u>\$ (25,715,516)</u></u>	

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
At June 30, 2016

	General	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,645,813	\$ 4,309,264	\$ 439,145	\$ 23,394,222
Restricted cash	-	393,414	-	393,414
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,761,630	-	-	3,761,630
Accounts receivable	421,249	-	204,799	626,048
Due from component unit	907,151	-	-	907,151
Due from other governmental units	1,441,239	-	115,617	1,556,856
Total assets	<u>\$ 25,177,082</u>	<u>\$ 4,702,678</u>	<u>\$ 759,561</u>	<u>\$ 30,639,321</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 845,103	\$ 57,254	\$ 10,593	\$ 912,950
Due to other funds	1,972,716	-	-	1,972,716
Total liabilities	<u>\$ 2,817,819</u>	<u>\$ 57,254</u>	<u>\$ 10,593</u>	<u>\$ 2,885,666</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>\$ 2,859,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,859,762</u>
<b>FUND BALANCES</b>				
Restricted:				
Proffers	\$ -	\$ 393,414	\$ -	\$ 393,414
Total restricted	<u>\$ -</u>	<u>\$ 393,414</u>	<u>\$ -</u>	<u>\$ 393,414</u>
Assigned:				
Public safety	\$ -	\$ -	\$ 338,977	\$ 338,977
Economic development	-	-	169,126	169,126
Capital projects	-	4,252,010	-	4,252,010
Asset forfeiture	-	-	60,501	60,501
Tourism	-	-	180,364	180,364
Total assigned	<u>\$ -</u>	<u>\$ 4,252,010</u>	<u>\$ 748,968</u>	<u>\$ 5,000,978</u>
Unassigned	\$ 19,499,501	\$ -	\$ -	\$ 19,499,501
Total fund balance	<u>\$ 19,499,501</u>	<u>\$ 4,645,424</u>	<u>\$ 748,968</u>	<u>\$ 24,893,893</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 25,177,082</u>	<u>\$ 4,702,678</u>	<u>\$ 759,561</u>	<u>\$ 30,639,321</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 At June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	24,893,893
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		60,491,948
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(843,497)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue-property taxes		2,730,909
Deferred amount on bond refunding		944,557
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.		1,828,670
Other items related to measurement of net pension liability		213,965
LOSAP contributions subsequent to the measurement date will be a reduction to the net LOSAP liability in the next fiscal year and, therefore, are not reported in the funds.		52,250
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:		
Deferred inflows of resources		(1,123,429)
Compensated absences		(1,651,565)
County general obligation bonds		(23,864,532)
School Board general obligation bonds		(15,881,490)
School board literary fund loans		(7,500,000)
Net OPEB obligation		(1,666,106)
Net pension liability		(11,903,613)
Net LOSAP liability		(395,028)
School Board premium on bonds payable		(212,453)
Net position of governmental activities	\$	<u>26,114,479</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 32,466,861	\$ -	\$ -	\$ -	\$ 32,466,861
Other local taxes	6,659,494	-	-	1,356,762	8,016,256
Permits, privilege fees, and regulatory licenses	282,172	-	-	-	282,172
Fines and forfeitures	294,009	-	-	-	294,009
Revenue from the use of money and property	307,373	43,320	-	-	350,693
Charges for services	1,035,796	-	-	19,495	1,055,291
Miscellaneous	158,489	49,176	-	2,201	209,866
Recovered costs	194,482	-	-	141,003	335,485
Intergovernmental:					
Commonwealth	9,323,267	-	-	676,928	10,000,195
Federal	1,563,225	-	19,202	1,204	1,583,631
Total revenues	<u>\$ 52,285,168</u>	<u>\$ 92,496</u>	<u>\$ 19,202</u>	<u>\$ 2,197,593</u>	<u>\$ 54,594,459</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 4,920,568	\$ 670,895	\$ -	\$ -	\$ 5,591,463
Judicial administration	2,356,890	-	-	-	2,356,890
Public safety	12,489,260	3,389,299	-	896,320	16,774,879
Public works	2,204,518	-	-	-	2,204,518
Health and welfare	4,211,908	20,900	-	-	4,232,808
Education	17,087,896	2,150,127	-	-	19,238,023
Parks, recreation, and cultural	1,467,628	599,834	-	-	2,067,462
Community development	207,349	297,988	-	1,319,523	1,824,860
Debt service:					
Bond issuance cost	-	207,910	-	-	207,910
Principal retirement	-	-	5,726,512	-	5,726,512
Interest and other fiscal charges	-	-	1,782,338	-	1,782,338
Total expenditures	<u>\$ 44,946,017</u>	<u>\$ 7,336,953</u>	<u>\$ 7,508,850</u>	<u>\$ 2,215,843</u>	<u>\$ 62,007,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,339,151</u>	<u>\$ (7,244,457)</u>	<u>\$ (7,489,648)</u>	<u>\$ (18,250)</u>	<u>\$ (7,413,204)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 1,213,350	\$ 7,489,648	\$ 951,242	\$ 9,654,240
Issuance of refunding debt	-	11,957,000	-	-	11,957,000
Issuance of debt	-	5,369,000	-	-	5,369,000
Payments to bond escrow agent	-	(14,134,557)	-	-	(14,134,557)
Transfers (out)	(8,570,900)	-	-	(1,241,340)	(9,812,240)
Total other financing sources (uses)	<u>\$ (8,570,900)</u>	<u>\$ 4,404,793</u>	<u>\$ 7,489,648</u>	<u>\$ (290,098)</u>	<u>\$ 3,033,443</u>
Net change in fund balances	\$ (1,231,749)	\$ (2,839,664)	\$ -	\$ (308,348)	\$ (4,379,761)
Fund balances - beginning	20,731,250	7,485,088	-	1,057,316	29,273,654
Fund balances - ending	<u>\$ 19,499,501</u>	<u>\$ 4,645,424</u>	<u>\$ -</u>	<u>\$ 748,968</u>	<u>\$ 24,893,893</u>

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

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ (4,379,761)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Depreciation expense	(3,659,118)
Capital asset additions	5,084,616

Transfer of joint tenancy assets from Primary Government to the Component Unit.	1,632,861
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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.

This amount represents the change in unavailable property taxes	(879,263)
Items related to the measurement of net pension liability	1,636,371

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.

Details supporting these changes are as follows:

Issuance of debt	(17,326,000)
Amortization of premium on bonds payable	21,246
Retirement of County general obligation bonds	9,100,278
Retirement of School Board general obligation bonds	9,816,234
Retirement of School Board literary fund loans	

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.

Details supporting these changes are as follows:

Change in accrued interest payable	(299,084)
Deferred amount on refunding	944,557
Change in net OPEB obligation	(167,289)
Change in net pension liability	(1,115,710)
Change in net LOSAP liability	(37,772)
Change in compensated absences	(77,373)
Change in deferred outflows of resources	10,429

Change in net position of governmental activities	\$ <u>305,222</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
 Proprietary Funds  
 At June 30, 2016

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,580,205
Accounts receivable, net of allowance for uncollectibles	228,184
Total current assets	<u>\$ 7,808,389</u>
Noncurrent assets:	
Due from other funds	\$ 1,972,716
Capital assets (net of accumulated depreciation):	
Land	\$ 244,744
Utility plant in service	14,960,510
Machinery and equipment	710,586
Construction in progress	137,068
Total capital assets	<u>\$ 16,052,908</u>
Total noncurrent assets	<u>\$ 18,025,624</u>
 Total assets	 <u>\$ 25,834,013</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Post measurement date employer pension contributions	\$ 106,396
Other items related to measurement of net pension liability	30,892
 Total deferred outflows of resources	 <u>\$ 137,288</u>
 Total assets and deferred outflows of resources	 <u>\$ 25,971,301</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 442,927
Accrued interest payable	13,693
Compensated absences - current portion	7,603
Bonds payable - current portion	227,000
Total current liabilities	<u>\$ 691,223</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 68,429
Net pension liability	613,969
Bonds payable - net of current portion	2,219,000
Total noncurrent liabilities	<u>\$ 2,901,398</u>
Total liabilities	<u>\$ 3,592,621</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 13,606,908
Unrestricted	8,771,772
Total net position	<u>\$ 22,378,680</u>
 Total liabilities, and net position	 <u>\$ 25,971,301</u>

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2016

	<b>Enterprise Funds Water and Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 1,621,036
Sewer revenues	3,134,749
Penalty/reconnection charges	81,060
Miscellaneous	237,745
Total operating revenues	<u>\$ 5,074,590</u>
<b>OPERATING EXPENSES</b>	
Water supply, treatment and pumping	\$ 614,806
Wastewater treatment, pumping and disposal	2,139,360
Administrative and operation	1,330,018
Other supplies and expenses	127,696
Depreciation	684,561
Total operating expenses	<u>\$ 4,896,441</u>
Operating income (loss)	<u>\$ 178,149</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Connection/capacity fees	\$ 290,631
Interest income	27,042
Rental income	52,536
South Central Wastewater Authority	(1,350)
Bond issuance costs	(15,320)
Interest expense	(147,909)
Total nonoperating revenues (expenses)	<u>\$ 205,630</u>
Income (loss) before contributions and transfers	\$ 383,779
Capital contributions	<u>\$ 73,968</u>
Transfers in	<u>\$ 158,000</u>
Change in net position	\$ 615,747
Net position - beginning	<u>21,762,933</u>
Net position - ending	<u><u>\$ 22,378,680</u></u>

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

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2016

	<b>Enterprise Funds Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 5,279,394
Payments for operating activities	(3,045,280)
Payments to employees	(1,339,422)
Net cash provided by (used for) operating activities	\$ 894,692
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Loan to other funds	\$ 270,767
Transfers from other funds	158,000
Net cash provided by (used for) noncapital financing activities	\$ 428,767
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	\$ (434,189)
Connection/capacity charges	290,631
Principal payments on bonds	(963,992)
Issuance of long-term debt	2,446,000
Bond issuance costs	(15,320)
South Central Wastewater Authority	(1,350)
Interest expense	(147,909)
Net cash provided by (used for) capital and related financing activities	\$ 1,173,871
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 27,042
Rental income	126,504
Net cash provided by (used for) investing activities	\$ 153,546
Net increase in cash and cash equivalents	\$ 2,650,876
Cash and cash equivalents - beginning	4,929,329
Cash and cash equivalents - ending	\$ 7,580,205
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 178,149
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 684,561
Change in accounts receivable	204,804
Change in deferred outflows of resources	(43,506)
Change in accounts payable	(163,418)
Change in compensated absences	4,133
Change in net pension liability	75,096
Change in deferred inflows of resources	(45,127)
Total adjustments	\$ 716,543
Net cash provided by (used for) operating activities	\$ 894,692

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 At June 30, 2016

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 65,506	\$ 1,707,156
Accounts receivable	-	118,465
Guaranteed investment contracts	<u>1,557,154</u>	<u>-</u>
Total assets	\$ <u><u>1,622,660</u></u>	\$ <u><u>1,825,621</u></u>
<b>LIABILITIES</b>		
Amounts held for others	\$ <u>-</u>	\$ <u>1,825,621</u>
<b>NET POSITION</b>		
Held in trust for benefits	\$ <u>1,622,660</u>	\$ <u>-</u>
Total net position	\$ <u><u>1,622,660</u></u>	\$ <u><u>-</u></u>
Total liabilities and net position	\$ <u><u>1,622,660</u></u>	\$ <u><u>1,825,621</u></u>

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



Statement of Changes in Fiduciary Net Position  
Pension Trust Fund  
Year Ended June 30, 2016

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**Additions:**

Employer contributions	\$	104,500
Interest income		<u>41,290</u>
Total additions	\$	<u>145,790</u>

**Deductions:**

Members' benefits	\$	<u>69,978</u>
Total deductions	\$	<u>69,978</u>
Change in net position	\$	75,812

<b>Net position - beginning of year</b>		<u>1,546,848</u>
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<b>Net position - end of year</b>	\$	<u><u>1,622,660</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016

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

The County of Prince George, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation, recreation, cultural events, education, and social services.

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

#### Financial Statement Presentation

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

#### Government-wide and Fund Financial Statements

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

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

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

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

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

The County's internal activities include water and sewer billings and activities of the County garage. It is the County's policy not to eliminate these internal activities in the government-wide Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

#### **A. Financial Reporting Entity**

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

#### **B. Individual Component Unit Disclosures**

Blended Component Unit - The County has no blended component units at June 30, 2016.

Discretely Presented Component Unit - The School Board members are elected by the citizens of Prince George County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2016.

#### **C. Other Related Organizations**

Included in the County's Comprehensive Annual Financial Report

None

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **C. Other Related Organizations: (Continued)**

##### Excluded from the County's Comprehensive Annual Financial Report

##### Joint Ventures

##### South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases wastewater treatment services from the Authority at prescribed rates and capacity levels. The County's expenditures for wastewater treatment services for the year ended June 30, 2016 were \$582,617. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

##### Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint two members to the fourteen member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the Authority. The County's expenditures for confinement services for the year ended June 30, 2016 were \$1,447,000. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

##### Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases water from the Authority at prescribed rates and capacity levels. The County's expenses for water purchased for the year ended June 30, 2016 were \$320,177. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **C. Other Related Organizations: (Continued)**

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

##### Appomattox Regional Library

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by a 9 member board composed of three appointees each from Hopewell, Dinwiddie, and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the County remitted \$575,848 to the Library for fiscal 2016. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

##### Jointly Governed Organizations

The County participates with eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The County provided funding of \$99,305 to District 19 CSB during fiscal 2016. The County provided funding of \$267,311 to Crater Youth Care Commission during fiscal 2016. The County provided funding of \$30,479 to Virginia Gateway Region during fiscal 2016.

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

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

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus since they do not record equity balances, only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Generally the effect of interfund activity has been eliminated from the County's government-wide financial statements. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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

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

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 within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other 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 cash is received by the government.

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

#### **1. Governmental Funds**

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

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



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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

##### **1. Governmental Funds: (Continued)**

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds are considered nonmajor governmental funds and consist of the Economic Development Fund, Community Corrections Fund, Asset Forfeiture Fund and Tourism Fund.

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

Debt Service Fund – The Debt Service Fund Accounts for and reports resources that are restricted, committed or assigned to expenditure for principal and interest or to report financial resources being accumulated for future debt service. The Debt Service fund is considered a major governmental fund.

##### **2. Proprietary Funds**

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Water and Sewer Fund, which is considered a major fund.

##### **3. Fiduciary Funds (Trust and Agency Funds)**

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust and Agency Funds. These funds utilize the accrual basis of accounting as described in the Proprietary Funds. Fiduciary funds are not included in the government-wide financial statements. Trust Funds include the Pension Trust Fund. Agency funds include the Special Welfare Fund, Fringe Benefits Fund and the Performance Bond Fund.

##### **4. Component Unit**

The Prince George County School Board has the following funds:

##### **Governmental Funds:**

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Prince George and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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

##### **4. Component Unit: (Continued)**

**Special Revenue Funds:** Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Adult Basic Education and School Cafeteria Funds are considered to be nonmajor funds.

#### **E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

#### **F. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

#### **G. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$490,527 at June 30, 2016 is comprised of property taxes in the amount of \$368,541 and utility accounts of \$121,986.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>
Levy	July 1	January 1
Due Date	June 5/December 5	June 5
Lien Date	July 1	January 1

The County bills and collects its own property taxes.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2016.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and Equipment	5-20
Utility Plant	30-50
Buses	10

#### **I. Compensated Absences**

County employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary statements.

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For the County's Water and Sewer Fund, the cost of vacation and sick leave is recorded as a liability when earned.

#### **J. 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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **K. Fund Equity**

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

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

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

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this 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). The County's Board of Supervisors has not delegated this authority to assign amounts to any individual for the fiscal year ended June 30, 2016.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

#### **L. Long-term Obligations**

In the government-wide 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. 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 as well as premiums received are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **M. Restricted Cash**

The County has restricted assets which consist of proffers in the amount of \$393,414 at June 30, 2016.

#### **N. Net Position**

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

#### **O. Net Position Flow Assumption**

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

#### **P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has four items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension liability. This includes changes in proportion and differences between employer contributions and proportionate share of contributions. Another item relates to 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. Another is the deferred amount on bond refunding, which is the difference between the reacquisition price and the net carrying amount of the retired debt. The other item includes contributions to the LOSAP made during the current year and subsequent to the LOSAP liability measurement date, which will be recognized as a reduction of the LOSAP liability next fiscal year.

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

#### **P. Deferred Outflows/Inflows of Resources: (Continued)**

taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on the pension item, reference the pension note.

#### **Q. Pensions**

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

### **NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:**

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

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and Fund level for other Governmental Funds. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30 for all County units with the exception of Capital Projects.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)**

#### **Expenditures and Appropriations**

Expenditures exceeded appropriations in the following department levels for the General Fund and Fund level for the other Governmental Funds and the School Board category at June 30, 2016.

	<b><u>Variance with Final Budget</u></b>
General Fund:	
Fire and rescue services	\$ (22,098)
Parks and recreation	(16,664)
Community development - environmental management	(138,190)
Total General Fund	<u>\$ (176,952)</u>
Economic Development Fund	<u>\$ (15,784)</u>
School Operating Fund:	
Instruction - regular	<u>\$ (3,560)</u>

### **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 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

#### **Investments**

Statutes authorize the County and School Board Component Unit 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). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

#### **Credit Risk of Debt Securities**

The County limits the investment of funds in Debt Securities to those with credit ratings of at least Aa3/AA-. The County's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<b>Rated Debt Investments' Values</b>		
<b>Rated Debt Investments</b>	<b>Value</b>	<b>AAAm</b>
Virginia Investment Pool	\$ 8,115,008	\$ 8,115,008
SNAP	9,972,978	9,972,978
Total	<u>\$ 18,087,986</u>	<u>\$ 18,087,986</u>

#### **Interest Rate Risk**

The County does not have a formal policy relating to interest rate risk.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>
Virginia Investment Pool	\$ 8,115,008	\$ 8,115,008
SNAP	9,972,978	9,972,978
Total	<u>\$ 18,087,986</u>	<u>\$ 18,087,986</u>

#### **Custodial Credit Risk**

The County's investments are all insured, registered in the County's name and held in an account in the County's name, or invested in an external investment pool.

#### **External Investment Pools**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. Government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

#### **External Investment Pools: (Continued)**

The value of the positions in the Virginia Investment Pool (VIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. VIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

### **NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:**

At June 30, 2016, the County has amounts due from other governments as follows:

	<b><u>Primary Government</u></b>	<b><u>Component Unit School Board</u></b>
County of Hopewell:		
Community corrections	\$ 115,617	-
Commonwealth of Virginia:		
Local sales tax	402,097	-
Social Services	53,584	-
Comprehensive services	385,761	-
Constitutional officer reimbursements	118,799	-
Communication tax	101,876	-
Other funds	273,382	156,163
State sales tax	-	1,006,581
Federal Government:		
Other funds	6,418	
School grants	-	921,569
Social Services	99,322	-
Total due from other governments	<u>\$ 1,556,856</u>	<u>\$ 2,084,313</u>



# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

### **Primary Government:**

	<b><u>Restated Balance July 1, 2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2016</u></b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,995,396	\$ -	\$ -	\$ 3,995,396
Construction in progress	<u>3,403,028</u>	<u>5,045,737</u>	<u>4,708,599</u>	<u>3,740,166</u>
Total capital assets not being depreciated	<u>\$ 7,398,424</u>	<u>\$ 5,045,737</u>	<u>\$ 4,708,599</u>	<u>\$ 7,735,562</u>
Capital assets being depreciated:				
Buildings	\$ 33,312,578	\$ -	\$ -	\$ 33,312,578
Machinery and equipment	22,123,068	4,747,477	411,960	26,458,585
Jointly owned assets	<u>36,249,258</u>	<u>2,750,813</u>	<u>1,465,590</u>	<u>37,534,481</u>
Total capital assets being depreciated	<u>\$ 91,684,904</u>	<u>\$ 7,498,290</u>	<u>\$ 1,877,550</u>	<u>\$ 97,305,644</u>
Accumulated depreciation:				
Buildings	\$ 11,917,773	\$ 881,355	\$ -	\$ 12,799,128
Machinery and equipment	16,647,431	1,361,668	411,960	17,597,139
Jointly owned assets	<u>13,084,534</u>	<u>1,416,095</u>	<u>347,638</u>	<u>14,152,991</u>
Total accumulated depreciation	<u>\$ 41,649,738</u>	<u>\$ 3,659,118</u>	<u>\$ 759,598</u>	<u>\$ 44,549,258</u>
Total capital assets being depreciated, net	<u>\$ 50,035,166</u>	<u>\$ 3,839,172</u>	<u>\$ 1,117,952</u>	<u>\$ 52,756,386</u>
Governmental activities capital assets, net	<u><u>\$ 57,433,590</u></u>	<u><u>\$ 8,884,909</u></u>	<u><u>\$ 5,826,551</u></u>	<u><u>\$ 60,491,948</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**NOTE 5—CAPITAL ASSETS: (CONTINUED)****Primary Government: (continued)**

The following is a summary of capital project activity for the fiscal year ended June 30, 2016:

	<b>Restated Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
Carson construction project	\$ 614,792	\$ 1,640,196	\$ -	\$ 2,254,988
Courthouse HVAC	-	528,416	-	528,416
New Scott fields	437,515	350,492	788,007	-
Financial system replacement	1,414,267	20,943	1,435,210	-
Community Center Parking Lot	-	14,447	-	14,447
Central Wellness Parking Lot	-	10,236	-	10,236
Central Wellness Center	10,532	151,358	-	161,890
Broadband	-	20,787	-	20,787
Community Playground Upgrades	-	61,722	61,722	-
Foodbank Roof	-	14,308	-	14,308
Beazley / PGHS Re-Roofing	-	1,153,307	1,153,307	-
New Route 10 Fire Station	-	52,693	-	52,693
Burrowsville Fire Station Renovations	-	305,307	-	305,307
Board Room Upgrades	-	48,654	48,654	-
Birchett Estate - Stormwater Stream Restoration	-	28,500	-	28,500
Cedar Creek - Stormwater Stream Restoration	-	34,575	-	34,575
Exit 45 improvements	35,865	278,154	-	314,019
Fire trucks	890,057	331,642	1,221,699	-
	<u>\$ 3,403,028</u>	<u>\$ 5,045,737</u>	<u>\$ 4,708,599</u>	<u>\$ 3,740,166</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**NOTE 5—CAPITAL ASSETS: (CONTINUED)****Primary Government: (continued)**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 244,744	\$ -	\$ -	\$ 244,744
Construction in progress	<u>-</u>	<u>177,100</u>	<u>40,032</u>	<u>137,068</u>
Total capital assets not being depreciated	\$ <u>244,744</u>	\$ <u>177,100</u>	\$ <u>40,032</u>	\$ <u>381,812</u>
Capital assets being depreciated:				
Utility plant in service	\$ 30,182,708	\$ 78,702	\$ -	\$ 30,261,410
Machinery and equipment	<u>812,164</u>	<u>218,419</u>	<u>-</u>	<u>1,030,583</u>
Total capital assets being depreciated	\$ <u>30,994,872</u>	\$ <u>297,121</u>	\$ <u>-</u>	\$ <u>31,291,993</u>
Accumulated depreciation:				
Utility plant in service	\$ 14,630,362	\$ 670,538	\$ -	\$ 15,300,900
Machinery and equipment	<u>305,974</u>	<u>14,023</u>	<u>-</u>	<u>319,997</u>
Total accumulated depreciation	\$ <u>14,936,336</u>	\$ <u>684,561</u>	\$ <u>-</u>	\$ <u>15,620,897</u>
Total capital assets being depreciated, net	\$ <u>16,058,536</u>	\$ <u>(387,440)</u>	\$ <u>-</u>	\$ <u>15,671,096</u>
Business-type activities capital assets, net	<u>\$ 16,303,280</u>	<u>\$ (210,340)</u>	<u>\$ 40,032</u>	<u>\$ 16,052,908</u>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 5—CAPITAL ASSETS: (CONTINUED)

### Discretely Presented Component Unit—School Board:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 1,154,404	\$ -	\$ -	\$ 1,154,404
Total capital assets not being depreciated	\$ 1,154,404	\$ -	\$ -	\$ 1,154,404
Capital assets being depreciated:				
Buildings	\$ 45,595,154	\$ 1,465,590	\$ -	\$ 47,060,744
Machinery and equipment	9,917,867	1,352,042	889,301	10,380,608
Total capital assets being depreciated	\$ 55,513,021	\$ 2,817,632	\$ 889,301	\$ 57,441,352
Accumulated depreciation:				
Buildings	\$ 16,458,029	\$ 1,286,996	\$ -	\$ 17,745,025
Machinery and equipment	6,897,838	822,195	889,301	6,830,732
Total accumulated depreciation	\$ 23,355,867	\$ 2,109,191	\$ 889,301	\$ 24,575,757
Total capital assets being depreciated, net	\$ 32,157,154	\$ 708,441	\$ -	\$ 32,865,595
School Board capital assets, net	\$ 33,311,558	\$ 708,441	\$ -	\$ 34,019,999

Depreciation expense was charged to functions/programs as follows:

#### Governmental activities:

General government administration	\$ 497,679
Judicial administration	198,955
Public safety	1,123,732
Public works	32,708
Health and welfare	80,810
Education	1,416,095
Parks, recreation and cultural	276,385
Community development	32,754
Total Governmental activities	\$ 3,659,118
Business-type activities	\$ 684,561
Component Unit School Board	\$ 1,761,553 *
* Transfer of jointly owned assets	347,638
Total accumulated depreciation increase	\$ 2,109,191

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 8,570,900
Proprietary Fund	158,000	-
Capital Projects Fund	1,213,350	-
Debt Service Fund	7,489,648	-
Nonmajor Funds	951,242	1,241,340
Total	<u>\$ 9,812,240</u>	<u>\$ 9,812,240</u>

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

The following is a summary of due to/from other funds/Component Units at June 30, 2016:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ -	\$ 1,972,716
Water and Sewer Fund	1,972,716	-
Total	<u>\$ 1,972,716</u>	<u>\$ 1,972,716</u>
Entity-Wide		
Component Unit School Board	\$ -	\$ 907,151
General Fund	907,151	-
Total	<u>\$ 907,151</u>	<u>\$ 907,151</u>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 7—LONG-TERM OBLIGATIONS:**

### **Primary Government:**

The following is a summary of long-term obligation transactions for the year ended June 30, 2016:

	<b><u>Balance at July 1, 2015</u></b>	<b><u>Issuances / Increases</u></b>	<b><u>Retirements / Decreases</u></b>	<b><u>Balance at June 30, 2016</u></b>	<b><u>Amounts Due Within One Year</u></b>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,574,192	\$ 234,792	\$ 157,419	\$ 1,651,565	\$ 165,157
Net OPEB obligation	1,498,817	243,211	75,922	1,666,106	-
Net pension liability	10,787,903	5,391,305	4,275,595	11,903,613	-
Net LOSAP liability	357,256	37,772	-	395,028	-
General obligation bonds	<u>25,671,810</u>	<u>7,293,000</u>	<u>9,100,278</u>	<u>23,864,532</u>	<u>3,219,497</u>
Total incurred by County	<u>\$ 39,889,978</u>	<u>\$ 13,200,080</u>	<u>\$ 13,609,214</u>	<u>\$ 39,480,844</u>	<u>\$ 3,384,654</u>
Incurred by School Board:					
State Literary Fund Loans	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000	\$ 85,000
General Obligation Bonds	23,164,724	2,533,000	9,816,234	15,881,490	3,282,257
Premium on Bonds	<u>233,699</u>	<u>-</u>	<u>21,246</u>	<u>212,453</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 23,398,423</u>	<u>\$ 10,033,000</u>	<u>\$ 9,837,480</u>	<u>\$ 23,593,943</u>	<u>\$ 3,388,503</u>
Total Governmental Obligations	<u>\$ 63,288,401</u>	<u>\$ 23,233,080</u>	<u>\$ 23,446,694</u>	<u>\$ 63,074,787</u>	<u>\$ 6,773,157</u>

The general fund revenues are used to liquidate compensated absences and other long-term obligation amounts to include net pension obligations and net other postemployment benefit obligation.

	<b><u>Balance at July 1, 2015</u></b>	<b><u>Issuances / Increases</u></b>	<b><u>Retirements / Decreases</u></b>	<b><u>Balance at June 30, 2016</u></b>	<b><u>Amounts Due Within One Year</u></b>
Enterprise Fund Obligations:					
Compensated absences	\$ 71,899	\$ 11,323	\$ 7,190	\$ 76,032	\$ 7,603
Net pension liability	538,873	294,764	219,668	613,969	-
General obligation bonds	<u>963,992</u>	<u>2,446,000</u>	<u>963,992</u>	<u>2,446,000</u>	<u>227,000</u>
Total Enterprise Fund Obligations	<u>\$ 1,574,764</u>	<u>\$ 2,752,087</u>	<u>\$ 1,190,850</u>	<u>\$ 3,136,001</u>	<u>\$ 234,603</u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Primary Government: (Continued)**

Annual requirements to amortize general obligation long-term obligations are as follows:

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 3,219,497	\$ 532,576
2018	3,285,117	466,724
2019	3,351,937	399,606
2020	2,526,757	332,871
2021	1,796,576	284,681
2022	1,756,396	240,496
2023	1,793,216	195,771
2024	1,301,036	150,181
2025	925,000	115,498
2026	671,000	90,375
2027	685,000	74,440
2028	705,000	58,161
2029	720,000	41,422
2030	557,000	24,313
2031	571,000	11,137
Total	\$ <u>23,864,532</u>	\$ <u>3,018,252</u>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

### **Primary Government: (Continued)**

Annual requirements to amortize school and enterprise long-term obligations are as follows:

Year Ending June 30,	School				Enterprise Obligations	
	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	85,000	150,000	\$ 3,282,257	\$ 632,665	\$ 227,000	\$ 49,361
2018	85,000	148,300	3,402,037	477,415	230,000	45,097
2019	170,000	146,600	1,990,497	353,700	234,000	40,760
2020	445,000	143,200	1,782,512	265,150	240,000	36,327
2021	460,000	134,300	1,841,090	184,406	244,000	31,794
2022	470,000	125,100	595,769	130,318	249,000	27,172
2023	480,000	115,700	611,786	103,904	103,000	23,583
2024	485,000	106,100	628,282	77,926	105,000	21,056
2025	495,000	96,400	580,666	51,829	108,000	18,468
2026	505,000	86,500	596,594	26,423	111,000	15,807
2027	515,000	76,400	108,000	12,539	113,000	13,086
2028	525,000	66,100	111,000	9,878	116,000	10,303
2029	535,000	55,600	114,000	7,144	119,000	7,448
2030	545,000	44,900	117,000	4,338	122,000	4,520
2031	555,000	34,000	120,000	1,458	125,000	1,513
2032	565,000	22,900	-	-	-	-
2033	580,000	11,600	-	-	-	-
Total	\$ 7,500,000	\$ 1,563,700	\$ 15,881,490	\$ 2,339,093	\$ 2,446,000	\$ 346,295

### **General Obligations—Incurred by the County:**

The following is a summary of general obligations incurred by the County:

#### General Obligation Bonds:

\$405,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	\$ 405,000
\$2,431,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%	2,431,000
\$4,457,000 General Obligation Refunding Bond 2016A series issued February 11, 2016 due in varying annual installments through February 1, 2031, interest payable semi-annually, at 2.32%	4,457,000
\$1,218,000 General Obligation Note 2014C series issued December 12, 2014 due in varying annual installments through August 1, 2024, interest payable semi-annually, at 2.01%	1,110,000



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Primary Government: (Continued)**

#### **General Obligations—Incurred by the County: (Continued)**

##### General Obligation Bonds:

\$2,130,000 General Obligation Note 2014D series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semi-annually, at 1.365%	1,719,000
\$1,625,000 General Obligation Note 2014E series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semi-annually, at 1.47%	1,447,000
\$386,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%	321,332
\$2,257,000 General Obligation Note 2014B series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.4%	2,022,000
\$5,233,000 General Obligation Refunding Note, Series 2012 A issued May 10, 2012 due in varying installments through February 1, 2019, interest payable semi-annually, at 1.70%	2,309,000
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments through February 1, 2038, interest payable semi-annually, at 4.25%	385,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semi-annually at average rate of 5.5%, subsidized by the Federal Government at .35%	594,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semi-annually, at 3.271%	486,000
\$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments through February 11, 2024, interest payable semi-annually, at 2.25%	6,062,000
\$1,819,400 General Obligation Public Safety Facilities Note Series 2006B issued June 27, 2006 due in varying annual installments through August 1, 2016, interest payable semi-annually, at 3.98%	116,200
Total General Obligation Bonds	\$ 23,864,532
Net OPEB obligation	1,666,106
Net pension liability	11,903,613
Net LOSAP liability	395,028
Compensated absences	1,651,565
Total incurred by the County	\$ 39,480,844

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Primary Government: (Continued)**

##### **General Obligations—Incurred by the School Board:**

The following is a summary of long-term obligations incurred by the School Board:

Premium on bond	\$ <u>212,453</u>
<b><u>State Literary Fund Loans:</u></b>	
\$7,500,000, issued April 1, 2016, due in various annual installments through April 1, 2033, interest payable annually at 2%	\$ <u>7,500,000</u>
<b><u>General Obligation Bonds:</u></b>	
\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018. Interest payable semi-annually at coupon rates varying from 4.35% to 5.35%	\$ 484,486
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017. Interest payable semi-annually at coupon rates varying from 4.35% to 5.35%	2,235,000
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%	2,900,487
\$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%	1,989,576
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semi-annually at 4.06%	4,356,273
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in various semi-annual installments through February 1, 2033, interest at 4.25%	920,000
\$556,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%	462,668
\$1,013,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	1,013,000
\$1,520,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%	<u>1,520,000</u>
Total General Obligation Bonds	\$ <u>15,881,490</u>
Total Incurred by School Board	\$ <u>23,593,943</u>
Total Governmental Long-term Obligations	\$ <u><u>63,074,787</u></u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Primary Government: (Continued)**

##### **Incurred by Enterprise Fund:**

The following is a summary of long-term obligations incurred by the Enterprise Fund:

##### **General Obligation Bonds:**

\$856,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	\$	856,000
\$1,590,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%		<u>1,590,000</u>
Total General Obligation Bonds	\$	2,446,000
Net pension liability	\$	<u>613,969</u>
Compensated Absences	\$	<u>76,032</u>
Total Incurred by Enterprise Fund	\$	<u><u>3,136,001</u></u>

##### **Component Unit School Board:**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2016:

	<b><u>Balance at</u></b>		<b><u>Increases</u></b>		<b><u>Decreases</u></b>	<b><u>Balance at</u></b>	<b><u>Amounts</u></b>
	<b><u>July 1, 2015</u></b>					<b><u>June 30, 2016</u></b>	<b><u>Due</u></b>
							<b><u>Within</u></b>
							<b><u>One Year</u></b>
Compensated absences	\$ 388,526	\$	31,367	\$	38,853	\$ 381,040	\$ 38,104
Net pension liability	54,093,376		14,071,079		13,264,245	54,900,210	-
Net OPEB obligation	<u>5,318,053</u>		<u>901,472</u>		<u>370,572</u>	<u>5,848,953</u>	<u>-</u>
Total	<u>\$ 59,799,955</u>	\$	<u>15,003,918</u>	\$	<u>13,673,670</u>	<u>\$ 61,130,203</u>	<u>\$ 38,104</u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 8—DEFERRED/UNAVAILABLE REVENUE:**

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2016:

	<b>Government-wide Statements</b>	<b>Balance Sheet</b>	
	<b>Governmental Activities</b>	<b>Governmental Funds</b>	<b>School Board</b>
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 2,730,909	\$ -
Prepaid property taxes due in December 2016, but paid in advance by the taxpayers.	128,853	128,853	-
Prepaid tuition due in upcoming school year, but paid in advance.	-	-	18,750
Total deferred / unavailable	\$ 128,853	\$ 2,859,762	\$ 18,750

### **NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES:**

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and the Uniform Guidance. 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 our 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 disallowance of current grant program expenditures, if any, would be immaterial.

At June 30, 2016, the County had the following construction contracts outstanding:

<b>Project</b>	<b>Contractor</b>	<b>Balance June 30, 2016</b>
Upper Blackwater Sewer Rehab	Insituform Technologies, LLC	\$ 977,443
Courthouse HVAC	ABM Energy Services	988,171
Total		\$ 1,965,614

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 10—LITIGATION:**

At June 30, 2016, a taxpayer has asserted a claim against the County seeking \$379,628 in refund of wrongly billed taxes to a manufacturer. The County is contesting this claim and at this time cannot predict the outcome of this claim.

### **NOTE 11—RISK MANAGEMENT:**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Risk Pool (VaCorp) insurance program for its property, automobile, liability, public officials and worker's compensation coverage. The pool is a nonprofit, tax exempt association.

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

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

### **NOTE 12—PENSION PLAN:**

#### ***Plan Description***

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Plan Description: (Continued)***

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has 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:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")  <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li></ul>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 12—PENSION PLAN: (CONTINUED)**

### ***Plan Description (Continued)***

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



# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 12—PENSION PLAN: (CONTINUED)**

### ***Plan Description (Continued)***

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 12—PENSION PLAN: (CONTINUED)**

**Plan Description (Continued)**

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 12—PENSION PLAN: (CONTINUED)**

### ***Plan Description (Continued)***

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

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

The System issues a publicly available comprehensive annual financial report (CAFR) 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/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Employees Covered by Benefit Terms***

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	121	111
Inactive members:		
Vested inactive members	36	11
Non-vested inactive members	46	54
Inactive members active elsewhere in VRS	82	19
Total inactive members	164	84
Active members	225	183
Total covered employees	510	378

#### ***Contributions***

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

The County's contractually required contribution rate for the year ended June 30, 2016 was 15.73% 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 \$1,935,066 and \$1,912,023 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 11.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Contributions (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$438,618 and \$442,480 for the years ended June 30, 2016 and June 30, 2015, respectively.

#### ***Net Pension Liability***

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

#### ***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

#### **Largest 10 – Non-LEOS:**

##### **Pre-Retirement:**

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

##### **Post-Retirement:**

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

##### **Post-Disablement:**

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Actuarial Assumptions – General Employees (Continued)***

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

#### ***Actuarial Assumptions – Public Safety Employees***

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Actuarial Assumptions – Public Safety Employees (Continued)***

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 12—PENSION PLAN: (CONTINUED)**

#### ***Long-Term Expected Rate of Return***

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

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

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

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 12—PENSION PLAN: (CONTINUED)**

### ***Discount Rate***

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

### ***Changes in Net Pension Liability***

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2014	\$ 54,120,946	\$ 42,794,170	\$ 11,326,776
Changes for the year:			
Service cost	\$ 1,613,853	\$ -	\$ 1,613,853
Interest	3,699,509	-	3,699,509
Differences between expected and actual experience	329,000	-	329,000
Contributions - employer	-	1,906,737	(1,906,737)
Contributions - employee	-	603,046	(603,046)
Net investment income	-	1,968,791	(1,968,791)
Benefit payments, including refunds of employee contributions	(2,541,646)	(2,541,646)	-
Administrative expenses	-	(26,604)	26,604
Other changes	-	(414)	414
Net changes	\$ 3,100,716	\$ 1,909,910	\$ 1,190,806
Balances at June 30, 2015	\$ 57,221,662	\$ 44,704,080	\$ 12,517,582

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## NOTE 12—PENSION PLAN: (CONTINUED)

### Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 17,338,511	\$ 14,870,135	\$ 2,468,376
Changes for the year:			
Service cost	\$ 428,123	\$ -	\$ 428,123
Interest	1,181,493	-	1,181,493
Differences between expected and actual experience	(66,650)	-	(66,650)
Contributions - employer	-	441,561	(441,561)
Contributions - employee	-	194,358	(194,358)
Net investment income	-	670,676	(670,676)
Benefit payments, including refunds of employee contributions	(920,068)	(920,068)	-
Administrative expenses	-	(9,320)	9,320
Other changes	-	(143)	143
Net changes	\$ 622,898	\$ 377,064	\$ 245,834
Balances at June 30, 2015	\$ 17,961,409	\$ 15,247,199	\$ 2,714,210

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Prince George			
Net Pension Liability (Asset)	\$ 20,171,839	\$ 12,517,582	\$ 6,164,766
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 4,681,976	\$ 2,714,210	\$ 1,044,294

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

## **NOTE 12—PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,390,440 and \$220,048, respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Primary Government</b>		<b>Component Unit School Board (nonprofessional)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 244,857	-	-	44,869
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,123,429	\$ -	\$ 387,865
Employer contributions subsequent to the measurement date	1,935,066	-	438,618	-
Total	<u>\$ 2,179,923</u>	<u>\$ 1,123,429</u>	<u>\$ 438,618</u>	<u>\$ 432,734</u>

\$2,179,923 and \$438,618 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b>Year ended June 30</b>	<b>Primary Government</b>	<b>Component Unit School Board (nonprofessional)</b>
2017	\$ (358,649)	\$ (174,958)
2018	(358,649)	(174,958)
2019	(366,222)	(154,486)
2020	204,948	71,993
Thereafter	-	-



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

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

##### ***Plan Description***

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

##### ***Contributions***

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

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20% however, it was reduced to 17.64% as a result of the transfer. The actuarially determined 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, 2016. Contributions to the pension plan from the School Board were \$4,516,837 and \$4,323,112 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$52,186,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.4146% as compared to 0.4272% at June 30, 2014.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

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

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

For the year ended June 30, 2016, the school division recognized pension expense of \$3,780,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 719,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 1,425,000
Net difference between projected and actual earnings on pension plan investments	-	3,195,000
Employer contributions subsequent to the measurement date	<u>4,516,837</u>	<u>-</u>
Total	<u>\$ 4,516,837</u>	<u>\$ 5,339,000</u>

\$4,516,837 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 fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b><u>Year ended June 30</u></b>	
2017	\$ (1,456,000)
2018	(1,456,000)
2019	(1,456,000)
2020	265,000
20210	(226,000)

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

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

##### ***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

##### Mortality rates:

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

### **NOTE 12—PENSION PLAN: (CONTINUED)**

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

##### ***Long-Term Expected Rate of Return***

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

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

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 12—PENSION PLAN: (CONTINUED)**

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

##### ***Discount Rate***

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

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

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

		Rate		
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability (Asset)	\$	76,370,000	\$ 52,186,000	\$ 32,279,000

##### ***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67:**

This disclosure applies to the Pension Plan itself and includes specific additional pension disclosures required by GASB 67 Financial Reporting for Pension Plans not already included in Note 12.

#### **A. Plan Description and Provisions**

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

As of January 1, 2016, the date of the most recent actuarial valuation, the program membership consisted of the following:

Eligible Members	88
Retirees and beneficiaries	38

#### **B. Funding Policy**

This plan is available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a five year period. Benefits accrue at the rate of \$15 per month for every two years of active service. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.25% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the fiscal year ended June 30, 2016 totaled \$127,637. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At January 1, 2016, the plan had a fiduciary net position of \$1,638,110 available to pay benefits. Unfunded past service costs total \$395,028 and will be fully amortized in ten years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2016	\$ 127,637	100%
June 30, 2015	144,755	100%
June 30, 2014	144,598	100%
June 30, 2013	130,478	100%
June 30, 2012	134,037	100%
June 30, 2011	138,122	100%
June 30, 2010	129,905	100%
June 30, 2009	126,134	100%

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67: (CONTINUED)**

#### **C. Investments**

As of January 1, 2016, Investments held by the County consist of the following guaranteed investment contracts:

Empire National Bank	\$ 97,422
American Equity Annuity	465,378
First Security Benefit Annuity	850,310
American National	225,000
Total	<u>\$ 1,638,110</u>

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

As of January 1, 2016, the most recent actuarial valuation date, the County's plan was 80.57% funded. The actuarial accrued liability for benefits was \$2,033,138 and the actuarial value of assets was \$1,638,110, resulting in an unfunded actuarial accrued liability (UAAL) of \$395,028. The plan is being amortized over a ten year period and the amortization period is still open. The UAAL is being amortized as a level dollar on a closed amortization period basis.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

#### **E. Net Pension Liability of the LOSAP**

The components of the net pension liability of the LOSAP at January 1, 2016, were as follows:

Total pension liability	\$ 2,033,138
Plan fiduciary net position	<u>(1,638,110)</u>
County's net pension liability	<u>\$ 395,028</u>

### **NOTE 14—LANDFILL POSTCLOSURE CARE COSTS:**

The County closed its landfill prior to the date mandated by state and federal laws and regulations and the Department of Environmental Quality in the Commonwealth of Virginia has indicated the County is no longer liable for post closure care monitoring and maintenance.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 15—SURETY BONDS:**

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
C. Bishop Knott, Jr., Clerk of the Circuit Court	\$ 400,000
Jean N. Barker, Treasurer	500,000
Darlene M. Rowsey, Commissioner of the Revenue	3,000
H.E. Allin, Sheriff	30,000
Selective Insurance Company:	
All County employees and School Board employees-blanket bond	500,000

### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:**

#### **County and School Board:**

##### **A. Plan Description**

The County and School Board Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the County and School Board. Retired employees, who were enrolled in the group health insurance plan for the 24 months prior to retirement date and who retire under the VRS plan are eligible to elect post-retirement coverage in the plan. The plan has no separate financial report.

##### **B. Funding Policy**

The County and School Board establish employer contribution rates for plan participants as part of the budgetary process each year. They also determine how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. For participating retirees the County and School Board contribute zero per month towards the monthly premium and the retiree contributes all remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are allowed 36 months of COBRA.

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

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC and for FY 16 totaled \$248,062 for the County and \$918,687 for the School Board. The estimated pay as you go cost for OPEB benefits is \$243,211 for the County and \$901,472 for the School Board. The County 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 twenty-seven years.



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)****County and School Board: (Continued)****C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

During 2016, the County's and School Board's contributions of \$75,922 and \$370,572, respectively, did not equal the required contribution of \$243,211 and \$901,472, respectively. The following table shows the components of the County's and School Board's OPEB cost for the year, the amount actually contributed to the plan and the net OPEB obligation:

	<b>County</b>	<b>School Board</b>
Annual required contribution	\$ 248,062	\$ 918,687
Interest on net OPEB obligation	52,459	186,132
Adjustment to annual required contribution	(57,310)	(203,347)
Annual OPEB cost (expense)	\$ 243,211	\$ 901,472
Contributions made	75,922	370,572
Contribution percentage made	31%	41%
Increase (decrease) in net OPEB obligation	\$ 167,289	\$ 530,900
Net OPEB obligation - beginning of year	1,498,817	5,318,053
Net OPEB obligation - end of year	\$ 1,666,106	\$ 5,848,953

The County's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2016 and the two preceding years are as follows:

<b>Three Year Trend Information - County</b>			
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (1)</b>	<b>Percentage of Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2016	\$ 243,211	31%	\$ 1,666,106
June 30, 2015	324,601	38%	1,498,817
June 30, 2014	324,813	29%	1,298,283

(1) Employer portion only

The School Board's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2016 and the two preceding years are as follows:

<b>Three Year Trend Information - School Board - Non-Professional</b>			
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (1)</b>	<b>Percentage of Cost Contributed</b>	<b>Net OPEB Obligation</b>
School Board:			
June 30, 2016	\$ 901,472	41%	\$ 5,848,953
June 30, 2015	1,153,238	46%	5,318,053
June 30, 2014	1,153,850	35%	4,690,008

(1) Employer portion only

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)**

#### **County and School Board: (Continued)**

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

The funded status of the plan as of July 1, 2013, the date of the most actuarial valuation, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 3,187,751	\$ 12,377,886
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	3,187,751	12,377,886
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (active plan members)	10,245,236	27,673,578
UAAL as a percentage of covered payroll	31%	45%

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

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The remaining amortization period at July 1, 2013 (actuarial valuation date) for the UAAL is 30 years. The UAAL is being amortized as a level percentage of projected payroll on a closed amortization period basis.

#### **Cost Method**

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)**

#### **County and School Board: (Continued)**

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

###### Interest Assumptions

	<u>Unfunded</u>
Discount rate	3.5%
Payroll growth	2.5%
Inflation rate	2.5%
Health care trend rate	7.0%

The General Fund revenues are used to pay all net pension obligations as well as any net other postemployment benefit obligation amounts.

### **NOTE 17—ADOPTION OF ACCOUNTING PRINCIPLES:**

#### **Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application**

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72. The County does not have any investments required to be measured at fair value.

#### **Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants**

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### **NOTE 17—ADOPTION OF ACCOUNTING PRINCIPLES: (CONTINUED)**

#### **Governmental Accounting Standards Board Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73**

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

### **NOTE 18—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.

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.

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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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### NOTE 18—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

### NOTE 19—NET POSITION RESTATEMENT:

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Net position was restated as of June 30, 2015 as follows:

		<b>Primary Government Governmental Activities</b>
		<hr/>
Net Position as reported at June 30, 2015	\$	45,951,392
Crosspointe project previously capitalized, not owned by County		<hr/> (20,142,135)
Net Position as restated at June 30, 2015	\$	<hr/> <u>25,809,257</u>

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### **Required Supplementary Information**

#### **Note to Required Supplementary Information:**

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

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 30,901,000	\$ 31,344,996	\$ 32,466,861	\$ 1,121,865
Other local taxes	6,079,000	6,079,000	6,659,494	580,494
Permits, privilege fees, and regulatory licenses	398,700	398,700	282,172	(116,528)
Fines and forfeitures	626,500	626,500	294,009	(332,491)
Revenue from the use of money and property	224,400	224,400	307,373	82,973
Charges for services	1,157,100	1,160,789	1,035,796	(124,993)
Miscellaneous	-	119,105	158,489	39,384
Recovered costs	131,000	144,500	194,482	49,982
Intergovernmental:				
Commonwealth	8,884,851	9,385,317	9,323,267	(62,050)
Federal	1,403,292	1,513,339	1,563,225	49,886
Total revenues	<u>\$ 49,805,843</u>	<u>\$ 50,996,646</u>	<u>\$ 52,285,168</u>	<u>\$ 1,288,522</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 121,985</u>	<u>\$ 121,985</u>	<u>\$ 120,820</u>	<u>\$ 1,165</u>
General and financial administration:				
County administrator	<u>\$ 518,245</u>	<u>\$ 579,810</u>	<u>\$ 503,577</u>	<u>\$ 76,233</u>
Human resources	314,036	320,486	298,303	22,183
Legal services	248,007	248,007	239,244	8,763
Commissioner of revenue	450,494	450,494	444,493	6,001
Treasurer	563,431	563,431	616,429	(52,998)
Assessor	485,150	502,890	477,953	24,937
Finance	677,206	677,206	660,000	17,206
Information Technology	688,106	688,106	705,786	(17,680)
County garage	416,648	457,953	445,296	12,657
Other general and financial administration	<u>125,450</u>	<u>125,450</u>	<u>127,089</u>	<u>(1,639)</u>
Total general and financial administration	<u>\$ 4,486,773</u>	<u>\$ 4,613,833</u>	<u>\$ 4,518,170</u>	<u>\$ 95,663</u>
Board of elections:				
Registrar	<u>\$ 262,476</u>	<u>\$ 268,407</u>	<u>\$ 281,578</u>	<u>\$ (13,171)</u>
Total general government administration	<u>\$ 4,871,234</u>	<u>\$ 5,004,225</u>	<u>\$ 4,920,568</u>	<u>\$ 83,657</u>
Judicial administration:				
Courts:				
Circuit court	<u>\$ 145,305</u>	<u>\$ 145,305</u>	<u>\$ 154,652</u>	<u>\$ (9,347)</u>
General district court	35,280	35,280	35,976	(696)
Magistrate	475	475	273	202
Sheriff	986,405	1,003,049	998,017	5,032
Law library	-	13,965	11,655	2,310

## General Fund

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

For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 64,103	\$ 72,220	\$ 69,572	\$ 2,648
Clerk of Circuit Court	548,843	548,843	515,083	33,760
Total courts	\$ 1,780,411	\$ 1,819,137	\$ 1,785,228	\$ 33,909
Commonwealth's attorney:				
Commonwealth's attorney	\$ 593,444	\$ 593,444	\$ 571,662	\$ 21,782
Total judicial administration	\$ 2,373,855	\$ 2,412,581	\$ 2,356,890	\$ 55,691
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,188,348	\$ 5,266,705	\$ 5,075,064	\$ 191,641
Law enforcement grants	-	178,645	78,438	100,207
Total law enforcement and traffic control	\$ 5,188,348	\$ 5,445,350	\$ 5,153,502	\$ 291,848
Fire and rescue services:				
Volunteer fire departments	\$ 218,625	\$ 457,915	\$ 335,300	\$ 122,615
Volunteer emergency crew	13,200	13,200	17,008	(3,808)
LOSAP volunteers	104,500	104,500	104,500	-
SAFER Grant	376,822	376,822	301,994	74,828
Fire and rescue service	1,994,678	2,209,487	2,425,220	(215,733)
Total fire and rescue services	\$ 2,707,825	\$ 3,161,924	\$ 3,184,022	\$ (22,098)
Correction and detention:				
Confinement and care of prisoners	\$ 2,176,675	\$ 2,176,675	\$ 1,651,900	\$ 524,775
Juvenile services - VJCCCA	76,679	76,679	74,999	1,680
Court services	850	850	897	(47)
Total correction and detention	\$ 2,254,204	\$ 2,254,204	\$ 1,727,796	\$ 526,408
Inspections:				
Building	\$ 1,146,610	\$ 1,146,610	\$ 1,077,312	\$ 69,298
Other protection:				
Animal control	\$ 450,907	\$ 450,907	\$ 431,949	\$ 18,958
Emergency services	1,057,991	1,057,991	914,679	143,312
Total other protection	\$ 1,508,898	\$ 1,508,898	\$ 1,346,628	\$ 162,270
Total public safety	\$ 12,805,885	\$ 13,516,986	\$ 12,489,260	\$ 1,027,726

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 95,665	\$ 95,665	\$ 65,566	\$ 30,099
Total sanitation and waste removal	\$ 95,665	\$ 95,665	\$ 65,566	\$ 30,099
Maintenance of general buildings and grounds:				
General properties	\$ 2,045,512	\$ 2,140,726	\$ 2,136,046	\$ 4,680
Engineering	7,000	7,000	2,906	4,094
Total maintenance of general buildings and grounds	\$ 2,052,512	\$ 2,147,726	\$ 2,138,952	\$ 8,774
Total public works	\$ 2,148,177	\$ 2,243,391	\$ 2,204,518	\$ 38,873
Health and welfare:				
Health:				
Supplement of local health department	\$ 222,377	\$ 222,377	\$ 222,377	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 99,305	\$ 99,305	\$ 99,305	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,326,007	\$ 2,391,528	\$ 2,279,052	\$ 112,476
Comprehensive services	1,032,500	1,448,147	1,396,990	51,157
Tax Relief for the Elderly & Disabled	250,000	250,000	214,184	35,816
Total welfare	\$ 3,608,507	\$ 4,089,675	\$ 3,890,226	\$ 199,449
Total health and welfare	\$ 3,930,189	\$ 4,411,357	\$ 4,211,908	\$ 199,449
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 15,588,776	\$ 17,496,135	\$ 17,087,896	\$ 408,239
Total education	\$ 15,588,776	\$ 17,496,135	\$ 17,087,896	\$ 408,239
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 882,007	\$ 882,032	\$ 895,032	\$ (13,000)
Farmer's market	500	500	4,173	(3,673)

## General Fund

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

For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 568,432	\$ 568,432	\$ 568,423	\$ 9
Total parks, recreation, and cultural	\$ 1,450,939	\$ 1,450,964	\$ 1,467,628	\$ (16,664)
Community development:				
Environmental management:				
Contribution to soil and water conservation district	\$ 14,250	\$ 14,250	\$ 14,250	\$ -
Stormwater upgrades	(9,770)	(9,770)	128,420	(138,190)
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	\$ 7,480	\$ 7,480	\$ 145,670	\$ (138,190)
Cooperative extension program:				
Extension office	\$ 78,226	\$ 78,226	\$ 61,679	\$ 16,547
Total community development	\$ 85,706	\$ 85,706	\$ 207,349	\$ (121,643)
Total expenditures	\$ 43,254,761	\$ 46,621,345	\$ 44,946,017	\$ 1,675,328
Excess (deficiency) of revenues over (under) expenditures	\$ 6,551,082	\$ 4,375,301	\$ 7,339,151	\$ 2,963,850
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	\$ (7,720,351)	\$ (8,530,717)	\$ (8,570,900)	\$ (40,183)
Total other financing sources (uses)	\$ (7,720,351)	\$ (8,530,717)	\$ (8,570,900)	\$ (40,183)
Net change in fund balances	\$ (1,169,269)	\$ (4,155,416)	\$ (1,231,749)	\$ 2,923,667
Fund balances - beginning	-	4,155,416	20,731,250	16,575,834
Fund balances - ending	\$ (1,169,269)	\$ -	\$ 19,499,501	\$ 19,499,501

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2016

	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>		
Service cost	\$ 1,613,853	\$ 1,467,866
Interest	3,699,509	3,513,756
Changes of benefit terms	-	-
Differences between expected and actual experience	329,000	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(2,541,646)	(2,114,367)
<b>Net change in total pension liability</b>	<b>\$ 3,100,716</b>	<b>\$ 2,867,255</b>
<b>Total pension liability - beginning</b>	<b>54,120,946</b>	<b>51,253,691</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 57,221,662</b>	<b>\$ 54,120,946</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 1,906,737	\$ 1,913,168
Contributions - employee	603,046	593,887
Net investment income	1,968,791	5,814,591
Benefit payments, including refunds of employee contributions	(2,541,646)	(2,114,367)
Administrative expense	(26,604)	(30,700)
Other	(414)	306
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,909,910</b>	<b>\$ 6,176,885</b>
<b>Plan fiduciary net position - beginning</b>	<b>42,794,170</b>	<b>36,617,285</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 44,704,080</b>	<b>\$ 42,794,170</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 12,517,582</b>	<b>\$ 11,326,776</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>78.12%</b>	<b>79.07%</b>
<b>Covered payroll</b>	<b>\$ 12,155,198</b>	<b>\$ 11,848,964</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>102.98%</b>	<b>95.59%</b>

This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 428,123	\$ 409,306
Interest	1,181,493	1,135,508
Changes of benefit terms	-	-
Differences between expected and actual experience	(66,650)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(920,068)	(855,679)
<b>Net change in total pension liability</b>	<b>\$ 622,898</b>	<b>\$ 689,135</b>
<b>Total pension liability - beginning</b>	<b>17,338,511</b>	<b>16,649,376</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 17,961,409</u></b>	<b><u>\$ 17,338,511</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 441,561	\$ 471,667
Contributions - employee	194,358	205,593
Net investment income	670,676	2,031,194
Benefit payments, including refunds of employee contributions	(920,068)	(855,679)
Administrative expense	(9,320)	(11,024)
Other	(143)	107
<b>Net change in plan fiduciary net position</b>	<b>\$ 377,064</b>	<b>\$ 1,841,858</b>
<b>Plan fiduciary net position - beginning</b>	<b>14,870,135</b>	<b>13,028,277</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 15,247,199</u></b>	<b><u>\$ 14,870,135</u></b>
<b>School subdivision's net pension liability - ending (a) - (b)</b>	<b>\$ 2,714,210</b>	<b>\$ 2,468,376</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.89%</b>	<b>85.76%</b>
<b>Covered payroll</b>	<b>\$ 3,930,143</b>	<b>\$ 4,107,517</b>
<b>School subdivision's net pension liability as a percentage of covered payroll</b>	<b>69.06%</b>	<b>60.09%</b>

This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.4146%	0.4272%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 52,186,000	\$ 51,625,000
Employer's Covered Payroll	26,635,819	26,967,312
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	195.92%	191.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%

This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>County:</b>					
2016	\$ 1,935,066	\$ 1,935,066	\$ -	\$ 12,301,757	15.73%
2015	1,912,013	1,912,013	-	12,155,198	15.73%
2014	1,913,608	1,913,608	-	11,848,964	16.15%
2013	1,743,353	1,743,353	-	10,794,754	16.15%
2012	1,505,652	1,505,652	-	10,974,136	13.72%
2011	1,586,153	1,586,153	-	11,560,882	13.72%
2010	1,505,992	1,505,992	-	11,747,210	12.82%
2009	1,487,700	1,487,700	-	11,604,528	12.82%
2008	1,215,925	1,215,925	-	10,209,279	11.91%
2007	1,100,707	1,100,707	-	9,241,874	11.91%
<b>School Board - Non-Professionals:</b>					
2016	\$ 438,618	\$ 438,618	\$ -	\$ 3,885,016	11.29%
2015	443,713	443,713	-	3,930,143	11.29%
2014	448,541	448,541	-	4,107,517	10.92%
2013	421,769	421,769	-	3,862,356	10.92%
2012	381,178	381,178	-	4,125,302	9.24%
2011	398,799	398,799	-	4,316,005	9.24%
2010	460,971	460,971	-	4,423,901	10.42%
2009	463,491	463,491	-	4,448,086	10.42%
2008	401,417	401,417	-	4,225,446	9.50%
2007	385,235	385,235	-	4,055,105	9.50%
<b>School Board - Professionals:</b>					
2016	\$ 4,516,837	\$ 4,516,837	\$ -	\$ 32,125,441	14.06%
2015	4,323,112	4,323,112	-	26,635,819	16.23%

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



Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

Schedule of OPEB Funding Progress  
Last Three Fiscal Years

Other Postemployment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 3,150,454	\$ 3,150,454	0.00%	\$ 10,619,626	29.70%
7/1/2013	-	3,187,751	3,187,751	0.00%	10,245,236	31.10%
<b>School Board</b>						
7/1/2012	\$ -	\$ 13,550,047	\$ 13,550,047	0.00%	\$ 31,074,008	43.60%
7/1/2013	-	12,377,886	12,377,886	0.00%	27,673,578	44.70%

This schedule is intended to report information for 3 years. Information after the 2013 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability and Related Ratios  
Pension Trust Fund  
Year Ended June 30, 2016

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Total pension liability:	
Service costs	\$ 183,562
Benefit payments	<u>(101,623)</u>
Net change in total pension liability	\$ 81,939
Total pension liability - beginning	<u>1,951,199</u>
Total pension liability - ending	<u><u>\$ 2,033,138</u></u>
Plan fiduciary net position:	
Employer contributions	\$ 104,500
Net investment income	41,290
Benefit payments	<u>(101,623)</u>
Net change in plan fiduciary net position	\$ 44,167
Plan fiduciary net position - beginning	<u>1,593,943</u>
Plan fiduciary net position - ending	<u><u>\$ 1,638,110</u></u>
Net pension liability	<u><u>\$ 395,028</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u><u>\$ 81%</u></u>

Schedule of Employer Contributions (GASB 67)  
 Year Ended June 30, 2016

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Actuarially determined contribution	\$ 127,637
Contributions in relation to the actuarially determined contribution	<u>104,500</u>
Contribution deficiency (excess)	\$ <u>(23,137)</u>

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 2016 - 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar on a closed amortization period
Remaining amortization period	10 years
Inflation	n/a
Investment rate of return	5.25%

## **Other Supplementary Information**

County Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ 12,760	\$ 22,760	\$ 43,320	\$ 20,560
Miscellaneous	-	-	49,176	49,176
Total revenues	\$ 12,760	\$ 22,760	\$ 92,496	\$ 69,736
EXPENDITURES				
Current:				
General government administration				
Financial system replacement	\$ 20,943	\$ 20,943	\$ 20,943	\$ -
Broadband implementation	32,060	132,060	20,787	111,273
Courthouse renovations	1,900,000	1,583,413	-	1,583,413
Board room upgrades	-	50,000	48,654	1,346
Courthouse HVAC	1,200,000	1,516,587	528,416	988,171
Miscellaneous outlays / projects	-	-	52,095	(52,095)
Total general government administration	\$ 3,153,003	\$ 3,303,003	\$ 670,895	\$ 2,632,108
Public safety				
Police vehicles	\$ 155,376	\$ 555,376	\$ 548,110	\$ 7,266
Body cameras	56,500	56,500	-	56,500
Fire / EMS apparatus	1,063,726	1,063,726	839,309	224,417
Fire departments - outlays / projects	3,684	3,684	3,684	-
Burrowsville renovations	312,681	312,681	305,307	7,374
New fire station	500,000	500,000	52,693	447,307
Carson VFD construction	1,595,020	1,595,020	1,640,196	(45,176)
Total public safety	\$ 3,686,987	\$ 4,086,987	\$ 3,389,299	\$ 697,688
Health and Welfare				
Human Services Building Renovation	\$ 20,900	\$ 20,900	\$ 20,900	\$ -
Parks, recreation, and cultural:				
Central Wellness Center	\$ 230,931	\$ 230,931	\$ 161,594	\$ 69,337
Community center parking lot	80,000	80,000	14,447	65,553
Park and playground development	28,153	28,153	11,579	16,574
Community playground upgrades	64,600	64,600	61,722	2,878
Riverside Park Access Road	25,260	25,260	-	25,260
Courthouse library	5,957	5,957	-	5,957
Scott Park fields	309,656	309,656	350,492	(40,836)
Total parks, recreation and cultural	\$ 744,557	\$ 744,557	\$ 599,834	\$ 144,723
Education:				
School bus replacement	\$ 12,272	\$ 1,012,781	\$ 996,820	\$ 15,961
School roof replacement	1,500,000	1,500,000	1,153,307	346,693
North Elementary improvements	13,122	13,122	-	13,122
Total education	\$ 1,525,394	\$ 2,525,903	\$ 2,150,127	\$ 375,776
Community development:				
Crosspointe center development	\$ 2,366,946	\$ -	\$ -	\$ -
Food bank roof	30,000	30,000	14,307	15,693
Exit 45 upgrades	586,727	689,951	278,154	411,797
Building permit software	9,020	9,020	5,527	3,493
Total community development	\$ 2,992,693	\$ 728,971	\$ 297,988	\$ 430,983
Debt service:				
Bond issuance cost	\$ -	\$ -	\$ 207,910	\$ (207,910)
Total expenditures	\$ 10,610,412	\$ 11,410,321	\$ 7,336,953	\$ 4,073,368
Excess (deficiency) of revenues over (under) expenditures	\$ (10,597,652)	\$ (11,387,561)	\$ (7,244,457)	\$ 4,143,104
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ -	\$ 1,213,349	\$ 1,213,350	\$ 1
Issuance of refunding debt	29,000	5,325,820	11,957,000	6,631,180
Issuance of debt	-	-	5,369,000	5,369,000
Payments to bond escrow agent	-	-	(14,134,557)	(14,134,557)
Total other financing sources (uses)	\$ 29,000	\$ 6,539,169	\$ 4,404,793	\$ (2,134,376)
Net change in fund balances	\$ (10,568,652)	\$ (4,848,392)	\$ (2,839,664)	\$ 2,008,728
Fund balances - beginning	8,966,378	5,417,649	7,485,088	2,067,439
Fund balances - ending	\$ (1,602,274)	\$ 569,257	\$ 4,645,424	\$ 4,076,167

County Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal subsidy	\$ -	\$ -	\$ 19,202	\$ 19,202
Total revenues	\$ -	\$ -	\$ 19,202	\$ 19,202
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 3,131,580	\$ 3,131,580	\$ 2,886,234	\$ 245,346
Interest and other fiscal charges	1,043,972	1,043,972	1,047,648	(3,676)
Total debt service school obligations	\$ 4,175,552	\$ 4,175,552	\$ 3,933,882	\$ 241,670
Debt Service - County Obligations:				
Principal retirement	\$ 2,950,697	\$ 2,950,697	\$ 2,840,278	\$ 110,419
Interest and other fiscal charges	764,716	764,716	734,690	30,026
Total debt service county obligations	\$ 3,715,413	\$ 3,715,413	\$ 3,574,968	\$ 140,445
Total expenditures:				
Principal retirement	\$ 6,082,277	\$ 6,082,277	\$ 5,726,512	\$ 355,765
Interest and other fiscal charges	1,808,688	1,808,688	1,782,338	26,350
Total debt service expenditures	\$ 7,890,965	\$ 7,890,965	\$ 7,508,850	\$ 382,115
Excess (deficiency) of revenues over (under) expenditures	\$ (7,890,965)	\$ (7,890,965)	\$ (7,489,648)	\$ 401,317
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 7,890,965	\$ 7,890,965	\$ 7,489,648	\$ (401,317)
Total other financing sources (uses)	\$ 7,890,965	\$ 7,890,965	\$ 7,489,648	\$ (401,317)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet  
Nonmajor Governmental Funds  
At June 30, 2016

	<b>Community Corrections Fund</b>	<b>Economic Development Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Tourism Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 231,291	\$ 3,606	\$ 60,501	\$ 143,747	\$ 439,145
Receivables (net of allowance for uncollectibles):					
Accounts receivable	190	167,532	-	37,077	204,799
Due from other government	115,617	-	-	-	115,617
Total assets	<u>\$ 347,098</u>	<u>\$ 171,138</u>	<u>\$ 60,501</u>	<u>\$ 180,824</u>	<u>\$ 759,561</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 8,121	\$ 2,012	\$ -	\$ 460	\$ 10,593
Total liabilities	<u>\$ 8,121</u>	<u>\$ 2,012</u>	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 10,593</u>
<b>FUND BALANCES</b>					
Assigned:					
Special revenue	\$ 338,977	\$ 169,126	\$ 60,501	\$ 180,364	\$ 748,968
Total fund balances	<u>\$ 338,977</u>	<u>\$ 169,126</u>	<u>\$ 60,501</u>	<u>\$ 180,364</u>	<u>\$ 748,968</u>
Total liabilities and fund balances	<u>\$ 347,098</u>	<u>\$ 171,138</u>	<u>\$ 60,501</u>	<u>\$ 180,824</u>	<u>\$ 759,561</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Other local taxes	\$ -	\$ 951,344	\$ -	\$ 405,418	\$ 1,356,762
Charges for services	19,495	-	-	-	19,495
Miscellaneous	-	-	2,201	-	2,201
Recovered costs	141,003	-	-	-	141,003
Intergovernmental:					
Commonwealth	660,621	-	16,307	-	676,928
Federal	-	-	1,204	-	1,204
Total revenues	<u>\$ 821,119</u>	<u>\$ 951,344</u>	<u>\$ 19,712</u>	<u>\$ 405,418</u>	<u>\$ 2,197,593</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ 846,427	\$ -	\$ 49,893	\$ -	\$ 896,320
Community Development	-	1,166,422	-	153,101	1,319,523
Total expenditures	<u>\$ 846,427</u>	<u>\$ 1,166,422</u>	<u>\$ 49,893</u>	<u>\$ 153,101</u>	<u>\$ 2,215,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,308)</u>	<u>\$ (215,078)</u>	<u>\$ (30,181)</u>	<u>\$ 252,317</u>	<u>\$ (18,250)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 85,642	\$ 865,600	\$ -	\$ -	\$ 951,242
Transfers (out)	-	(1,083,340)	-	(158,000)	(1,241,340)
Total other financing sources (uses)	<u>\$ 85,642</u>	<u>\$ (217,740)</u>	<u>\$ -</u>	<u>\$ (158,000)</u>	<u>\$ (290,098)</u>
Net change in fund balances	\$ 60,334	\$ (432,818)	\$ (30,181)	\$ 94,317	\$ (308,348)
Fund balances - beginning	<u>278,643</u>	<u>601,944</u>	<u>90,682</u>	<u>86,047</u>	<u>1,057,316</u>
Fund balances - ending	<u><u>\$ 338,977</u></u>	<u><u>\$ 169,126</u></u>	<u><u>\$ 60,501</u></u>	<u><u>\$ 180,364</u></u>	<u><u>\$ 748,968</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ 951,344	\$ 51,344
Charges for services	28,000	18,153	19,495	1,342	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	143,914	143,914	141,003	(2,911)	-	-	-	-
Intergovernmental:								
Commonwealth	650,774	660,621	660,621	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 822,688	\$ 822,688	\$ 821,119	\$ (1,569)	\$ 900,000	\$ 900,000	\$ 951,344	\$ 51,344
<b>EXPENDITURES</b>								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	913,431	908,330	846,427	61,903	-	-	-	-
Total public safety	\$ 913,431	\$ 908,330	\$ 846,427	\$ 61,903	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	1,321,662	1,150,638	1,166,422	(15,784)
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 1,321,662	\$ 1,150,638	\$ 1,166,422	\$ (15,784)
Total expenditures	\$ 913,431	\$ 908,330	\$ 846,427	\$ 61,903	\$ 1,321,662	\$ 1,150,638	\$ 1,166,422	\$ (15,784)
Excess (deficiency) of revenues over (under) expenditures	\$ (90,743)	\$ (85,642)	\$ (25,308)	\$ 60,334	\$ (421,662)	\$ (250,638)	\$ (215,078)	\$ 35,560
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ 90,743	\$ 85,642	\$ 85,642	\$ -	\$ 889,982	\$ 1,333,978	\$ 865,600	\$ (468,378)
Transfers (out)	-	-	-	-	(397,000)	(607,796)	(1,083,340)	(475,544)
Total other financing sources (uses)	\$ 90,743	\$ 85,642	\$ 85,642	\$ -	\$ 492,982	\$ 726,182	\$ (217,740)	\$ (943,922)
Net change in fund balances	\$ -	\$ -	\$ 60,334	\$ 60,334	\$ 71,320	\$ 475,544	\$ (432,818)	\$ (908,362)
Fund balances - beginning	6,623	40,870	278,643	237,773	234,486	234,486	601,944	367,458
Fund balances - ending	\$ 6,623	\$ 40,870	\$ 338,977	\$ 298,107	\$ 305,806	\$ 710,030	\$ 169,126	\$ (540,904)

Asset Forfeiture Fund				Tourism Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 325,000	\$ 325,000	\$ 405,418	\$ 80,418
-	-	-	-	-	-	-	-
-	2,201	2,201	-	-	-	-	-
-	-	-	-	-	-	-	-
-	16,307	16,307	-	-	-	-	-
-	1,204	1,204	-	-	-	-	-
\$ -	\$ 19,712	\$ 19,712	\$ -	\$ 325,000	\$ 325,000	\$ 405,418	\$ 80,418
\$ -	\$ 110,394	\$ 49,893	\$ 60,501	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 110,394	\$ 49,893	\$ 60,501	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 167,000	\$ 167,000	\$ 153,101	\$ 13,899
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 167,000	\$ 167,000	\$ 153,101	\$ 13,899
\$ -	\$ 110,394	\$ 49,893	\$ 60,501	\$ 167,000	\$ 167,000	\$ 153,101	\$ 13,899
\$ -	\$ (90,682)	\$ (30,181)	\$ 60,501	\$ 158,000	\$ 158,000	\$ 252,317	\$ 94,317
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(158,000)	(158,000)	(158,000)	-
\$ -	\$ -	\$ -	\$ -	\$ (158,000)	\$ (158,000)	\$ (158,000)	\$ -
\$ -	\$ (90,682)	\$ (30,181)	\$ 60,501	\$ -	\$ -	\$ 94,317	\$ 94,317
-	104,039	90,682	(13,357)	30,595	30,595	86,047	55,452
\$ -	\$ 13,357	\$ 60,501	\$ 47,144	\$ 30,595	\$ 30,595	\$ 180,364	\$ 149,769

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Combining Statement of Fiduciary Net Position  
 Agency Funds  
 At June 30, 2016

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,717	\$ 1,614,447	\$ 88,992	\$ 1,707,156
Accounts receivable	-	118,465	-	118,465
Total assets	<u>\$ 3,717</u>	<u>\$ 1,732,912</u>	<u>\$ 88,992</u>	<u>\$ 1,825,621</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 3,717	\$ 1,732,912	\$ 88,992	\$ 1,825,621
Total liabilities	<u>\$ 3,717</u>	<u>\$ 1,732,912</u>	<u>\$ 88,992</u>	<u>\$ 1,825,621</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2016

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	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>14,397</u>	\$ <u>24,329</u>	\$ <u>35,009</u>	\$ <u>3,717</u>
Liabilities:				
Amounts held for others	\$ <u>14,397</u>	\$ <u>24,329</u>	\$ <u>35,009</u>	\$ <u>3,717</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 7,459,916	\$ 5,845,469	\$ 1,614,447
Accounts receivable	<u>305,904</u>	<u>118,465</u>	<u>305,904</u>	<u>118,465</u>
Total assets	\$ <u>305,904</u>	\$ <u>7,578,381</u>	\$ <u>6,151,373</u>	\$ <u>1,732,912</u>
Liabilities:				
Amounts held for others	\$ <u>305,904</u>	\$ <u>7,578,381</u>	\$ <u>6,151,373</u>	\$ <u>1,732,912</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>54,588</u>	\$ <u>201,575</u>	\$ <u>167,171</u>	\$ <u>88,992</u>
Liabilities:				
Amounts held for others	\$ <u>54,588</u>	\$ <u>201,575</u>	\$ <u>167,171</u>	\$ <u>88,992</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 68,985	\$ 7,685,820	\$ 6,047,649	\$ 1,707,156
Accounts receivable	<u>305,904</u>	<u>118,465</u>	<u>305,904</u>	<u>118,465</u>
Total assets	\$ <u>374,889</u>	\$ <u>7,804,285</u>	\$ <u>6,353,553</u>	\$ <u>1,825,621</u>
Liabilities:				
Amounts held for others	\$ <u>374,889</u>	\$ <u>7,804,285</u>	\$ <u>6,353,553</u>	\$ <u>1,825,621</u>
Total liabilities	\$ <u>374,889</u>	\$ <u>7,804,285</u>	\$ <u>6,353,553</u>	\$ <u>1,825,621</u>

## **Discretely Presented Component Unit – School Board**

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## Combining Balance Sheet

Governmental Funds - Discretely Presented Component Unit - School Board

At June 30, 2016

	<u>Major Fund</u>		<u>NonMajor Funds</u>	
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,660,691	\$ 992,649	\$ 235,183	\$ 7,888,523
Receivables (net of allowance for uncollectibles):				
Accounts receivable	13,371	-	11,133	24,504
Prepaid items	44,331	-	-	44,331
Due from other governmental units	1,960,970	91,112	32,231	2,084,313
Total assets	<u>\$ 8,679,363</u>	<u>\$ 1,083,761</u>	<u>\$ 278,547</u>	<u>\$ 10,041,671</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,479,738	\$ -	\$ 536	\$ 1,480,274
Due to Primary Government	907,151	-	-	907,151
Accrued liabilities	6,292,274	142,255	-	6,434,529
Unearned revenues	-	-	18,750	18,750
Total liabilities	<u>\$ 8,679,163</u>	<u>\$ 142,255</u>	<u>\$ 19,286</u>	<u>\$ 8,840,704</u>
Fund balances:				
Assigned:				
Special Revenue	\$ 200	\$ 941,506	\$ 259,261	\$ 1,200,967
Unassigned				
Total fund balances	<u>\$ 200</u>	<u>\$ 941,506</u>	<u>\$ 259,261</u>	<u>\$ 1,200,967</u>
Total liabilities and fund balances	<u>\$ 8,679,363</u>	<u>\$ 1,083,761</u>	<u>\$ 278,547</u>	<u>\$ 10,041,671</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above	\$ 1,200,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,019,999
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 the net pension liability.	(5,771,734)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are reported in the funds.	4,955,455
Changes in proportion and differences between employer contributions and proportionate share of contributions.	1,010,000
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(61,130,203)</u>
Net position of governmental activities	<u>\$ (25,715,516)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2016

	<u>Major Fund</u>		<u>Nonmajor Funds</u>	
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Charges for services	\$ 138,084	\$ 1,213,020	\$ 146,152	\$ 1,497,256
Recovered costs	152,582	-	-	152,582
Intergovernmental:				
County contribution to school board	17,087,896	-	-	17,087,896
Commonwealth	38,965,029	52,343	204,562	39,221,934
Federal	6,863,119	1,667,281	282,684	8,813,084
Total revenues	<u>\$ 63,206,710</u>	<u>\$ 2,932,644</u>	<u>\$ 633,398</u>	<u>\$ 66,772,752</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 63,206,710	\$ 2,837,022	\$ 620,644	\$ 66,664,376
Total expenditures	<u>\$ 63,206,710</u>	<u>\$ 2,837,022</u>	<u>\$ 620,644</u>	<u>\$ 66,664,376</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 95,622	\$ 12,754	\$ 108,376
Net change in fund balances	\$ -	\$ 95,622	\$ 12,754	\$ 108,376
Fund balances - beginning	200	845,884	246,507	1,092,591
Fund balances - ending	<u>\$ 200</u>	<u>\$ 941,506</u>	<u>\$ 259,261</u>	<u>\$ 1,200,967</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 \$ 108,376

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

Current year asset additions	2,348,861
Depreciation expense	(1,761,553)
County contribution for land acquisition	1,753,993

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Items related to the measurement of the net pension liability 2,367,870

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.

Details supporting these changes are as follows:

Change in compensated absences	7,486
Change in net OPEB obligation	(530,900)
Change in net pension liability	(806,834)
Change in deferred outflows of resources	326,260

Transfer of joint tenancy assets from Component Unit to the Primary Government. (1,632,861)

Change in net position of governmental activities \$ 2,180,698

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 114,000	\$ 114,000	\$ 138,084	\$ 24,084
Recovered costs	186,789	186,789	152,582	(34,207)
Intergovernmental:				
County contribution to School Board	15,588,776	17,496,135	17,087,896	(408,239)
Commonwealth	39,555,911	39,555,911	38,965,029	(590,882)
Federal	5,961,963	6,059,482	6,863,119	803,637
Total revenues	<u>\$ 61,407,439</u>	<u>\$ 63,412,317</u>	<u>\$ 63,206,710</u>	<u>\$ (205,607)</u>
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 44,102,871	\$ 44,166,353	\$ 44,169,913	\$ (3,560)
Instruction - Title 1	644,190	741,709	729,014	12,695
Administrative, attendance & health services	2,952,666	3,223,781	3,223,781	-
Pupil transportation	4,194,173	4,137,776	3,956,875	180,901
Operation and maintenance	5,606,412	6,136,301	6,131,048	5,253
Facilities	509,869	1,713,352	1,713,352	-
Technology	2,773,919	3,277,025	3,277,025	-
Contingencies	488,510	5,702	5,702	-
Total education	<u>\$ 61,272,610</u>	<u>\$ 63,401,999</u>	<u>\$ 63,206,710</u>	<u>\$ 195,289</u>
Total expenditures	<u>\$ 61,272,610</u>	<u>\$ 63,401,999</u>	<u>\$ 63,206,710</u>	<u>\$ 195,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 134,829</u>	<u>\$ 10,318</u>	<u>\$ -</u>	<u>\$ (10,318)</u>
Net change in fund balances	\$ 134,829	\$ 10,318	\$ -	\$ (10,318)
Fund balances - beginning	(134,829)	(10,318)	200	10,518
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2016

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,290,000	\$ 1,290,000	\$ 1,213,020	\$ (76,980)
Intergovernmental:				
Commonwealth	47,000	47,000	52,343	5,343
Federal	1,540,000	1,540,000	1,667,281	127,281
Total revenues	\$ 2,877,000	\$ 2,877,000	\$ 2,932,644	\$ 55,644
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	\$ -
School food services	2,902,000	2,902,000	2,837,022	64,978
Total expenditures	\$ 2,902,000	\$ 2,902,000	\$ 2,837,022	\$ 64,978
Excess (deficiency) of revenues over (under) expenditures	\$ (25,000)	\$ (25,000)	\$ 95,622	\$ 120,622
Net change in fund balances	\$ (25,000)	\$ (25,000)	\$ 95,622	\$ 120,622
Fund balances - beginning	25,000	25,000	845,884	820,884
Fund balances - ending	\$ -	\$ -	\$ 941,506	\$ 941,506

Adult Basic Education Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ 207,606	\$ 207,606	\$ 146,152	\$ (61,454)	
387,051	387,051	204,562	(182,489)	
348,663	369,501	282,684	(86,817)	
<u>\$ 943,320</u>	<u>\$ 964,158</u>	<u>\$ 633,398</u>	<u>\$ (330,760)</u>	
\$ 943,320	\$ 964,158	\$ 620,644	\$ 343,514	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 943,320</u>	<u>\$ 964,158</u>	<u>\$ 620,644</u>	<u>\$ 343,514</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,754</u>	<u>\$ 12,754</u>	
\$ -	\$ -	\$ 12,754	\$ 12,754	
<u>-</u>	<u>-</u>	<u>246,507</u>	<u>246,507</u>	
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 259,261</u></u>	<u><u>\$ 259,261</u></u>	

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### **Sources:**

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

**COUNTY OF PRINCE GEORGE, VIRGINIA**

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

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<b>Governmental Activities</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Net investment in capital assets	\$ 9,834,937	\$ 34,908,463	\$ 14,336,083	\$ 16,753,416
Restricted	-	-	-	-
Unrestricted	<u>21,926,560</u>	<u>17,586,425</u>	<u>20,678,342</u>	<u>20,097,636</u>
Total Governmental Activities Net Position	<u><u>\$ 31,761,497</u></u>	<u><u>\$ 52,494,888</u></u>	<u><u>\$ 35,014,425</u></u>	<u><u>\$ 36,851,052</u></u>

**Business-Type Activities**

Net investment in capital assets	\$ 15,399,163	\$ 15,953,939	\$ 15,914,863	\$ 15,801,892
Unrestricted	<u>2,411,666</u>	<u>4,228,623</u>	<u>4,461,519</u>	<u>4,966,361</u>
Total Business-Type Activities Net Position	<u><u>\$ 17,810,829</u></u>	<u><u>\$ 20,182,562</u></u>	<u><u>\$ 20,376,382</u></u>	<u><u>\$ 20,768,253</u></u>

**Primary Government**

Net investment in capital assets	\$ 25,234,100	\$ 50,862,402	\$ 29,231,327	\$ 36,402,257
Restricted	-	-	-	-
Unrestricted	<u>24,338,226</u>	<u>21,815,048</u>	<u>32,489,861</u>	<u>32,343,997</u>
Total Primary Government Activities Net Position	<u><u>\$ 49,572,326</u></u>	<u><u>\$ 72,677,450</u></u>	<u><u>\$ 61,721,188</u></u>	<u><u>\$ 68,746,254</u></u>



Table 1

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 20,812,603	\$ 18,506,792	\$ 22,029,930	\$ 18,291,890	\$ 15,188,357	\$ 17,875,023
704,609	730,241	284,061	338,206	398,838	393,414
<u>9,829,238</u>	<u>11,820,361</u>	<u>9,433,937</u>	<u>13,496,337</u>	<u>10,222,062</u>	<u>7,846,042</u>
<u>\$ 31,346,450</u>	<u>\$ 31,057,394</u>	<u>\$ 31,747,928</u>	<u>\$ 32,126,433</u>	<u>\$ 25,809,257</u>	<u>\$ 26,114,479</u>
\$ 16,652,732	\$ 16,208,880	\$ 15,885,286	\$ 15,778,830	\$ 15,339,288	\$ 13,606,908
<u>5,654,321</u>	<u>5,512,962</u>	<u>6,224,416</u>	<u>6,636,804</u>	<u>6,423,645</u>	<u>8,771,772</u>
<u>\$ 22,307,053</u>	<u>\$ 21,721,842</u>	<u>\$ 22,109,702</u>	<u>\$ 22,415,634</u>	<u>\$ 21,762,933</u>	<u>\$ 22,378,680</u>
\$ 37,465,335	\$ 34,715,672	\$ 37,915,216	\$ 34,070,720	\$ 30,527,645	\$ 31,481,931
704,609	730,241	284,061	338,206	398,838	393,414
<u>15,483,559</u>	<u>17,333,323</u>	<u>15,658,353</u>	<u>20,133,141</u>	<u>16,645,707</u>	<u>16,617,814</u>
<u>\$ 53,653,503</u>	<u>\$ 52,779,236</u>	<u>\$ 53,857,630</u>	<u>\$ 54,542,067</u>	<u>\$ 47,572,190</u>	<u>\$ 48,493,159</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government Administration	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221	\$ 4,578,412	\$ 4,887,534	\$ 4,927,971	\$ 4,895,544	\$ 5,226,913	\$ 5,330,273
Judicial Administration	1,914,889	2,018,229	2,268,022	2,241,269	2,118,018	2,189,341	2,105,719	2,279,571	2,361,018	2,431,271
Public Safety	10,024,872	11,333,146	12,941,920	12,554,537	12,527,189	13,139,882	13,620,239	15,209,669	14,683,153	15,317,725
Public Works	1,738,472	1,934,442	2,955,347	1,789,189	1,813,526	2,008,209	1,985,467	1,918,871	1,976,333	2,225,922
Health and Welfare	2,991,083	3,148,144	3,604,839	3,436,317	3,468,253	3,797,482	3,508,587	3,825,004	3,893,335	4,255,353
Education	13,963,513	16,531,372	27,698,650	14,895,354	24,520,498	15,792,643	15,976,873	17,189,503	13,944,549	17,867,950
Parks, Recreation, and Cultural	1,019,420	1,041,353	986,137	1,212,554	1,248,896	1,839,838	1,803,237	1,840,982	2,169,979	1,749,036
Community Development	1,909,449	1,860,965	7,577,851	980,382	772,579	1,161,919	646,834	1,715,143	1,246,531	1,470,872
Interest on Long-Term Debt	2,633,447	2,619,296	4,234,390	3,701,436	3,577,996	2,586,665	2,006,445	1,848,132	1,585,509	2,268,088
<b>Total Governmental Activities Expenses</b>	<b>\$ 40,140,204</b>	<b>\$ 45,011,600</b>	<b>\$ 67,179,482</b>	<b>\$ 45,277,259</b>	<b>\$ 54,625,367</b>	<b>\$ 47,403,513</b>	<b>\$ 46,581,372</b>	<b>\$ 50,722,418</b>	<b>\$ 47,087,320</b>	<b>\$ 52,916,490</b>
<b>Business-Type Activities</b>										
Public Utilities	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095	\$ 4,551,777	\$ 5,049,902	\$ 5,061,020
<b>Total Business-Type Activities Expenses</b>	<b>\$ 3,993,097</b>	<b>\$ 3,940,346</b>	<b>\$ 3,920,804</b>	<b>\$ 4,078,522</b>	<b>\$ 3,942,765</b>	<b>\$ 4,907,268</b>	<b>\$ 3,919,095</b>	<b>\$ 4,551,777</b>	<b>\$ 5,049,902</b>	<b>\$ 5,061,020</b>
<b>Total Primary Government Expenses</b>	<b>\$ 44,133,301</b>	<b>\$ 48,951,946</b>	<b>\$ 71,100,286</b>	<b>\$ 49,355,781</b>	<b>\$ 58,568,132</b>	<b>\$ 52,310,781</b>	<b>\$ 50,500,467</b>	<b>\$ 55,274,195</b>	<b>\$ 52,137,222</b>	<b>\$ 57,977,510</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services										
General Government Administration	\$ 142,375	\$ -	\$ 312	\$ 4,455	\$ 186,865	\$ 180,435	\$ 44,476	\$ 13,625	\$ 315,724	\$ 295,174
Judicial Administration	423,874	475,295	477,248	572,973	677,370	601,631	788,800	577,035	478,272	430,620
Public Safety	1,156,680	1,386,124	869,831	894,482	764,177	717,115	729,407	857,627	647,770	655,492
Public Works	201,579	390,298	407,362	396,658	227,707	155,793	65,298	427,282	119,175	130,123
Parks, Recreation, and Cultural	92,558	112,023	119,881	130,764	136,609	138,982	125,298	135,969	122,734	120,063
Community Development	4,320	5,031	3,784	1,392	41,718	29,929	407,599	119,583	35,578	-
Operating Grants and Contributions	5,476,358	5,718,613	5,788,348	5,134,599	5,013,445	5,203,184	5,013,258	6,114,788	6,327,951	6,383,355
Capital Grants and Contributions	405,998	21,779,285	6,010,436	3,687,143	5,000,000	-	-	2,691,550	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 7,903,742</b>	<b>\$ 29,866,669</b>	<b>\$ 13,677,202</b>	<b>\$ 10,822,466</b>	<b>\$ 12,047,891</b>	<b>\$ 7,027,069</b>	<b>\$ 7,174,136</b>	<b>\$ 10,937,459</b>	<b>\$ 8,047,204</b>	<b>\$ 8,014,827</b>
<b>Business-Type Activities</b>										
Charges for Services										
Public Utilities	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255	\$ 4,640,279	\$ 4,602,908	\$ 5,127,476
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	73,968
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 4,080,718</b>	<b>\$ 4,610,809</b>	<b>\$ 4,085,219</b>	<b>\$ 4,224,792</b>	<b>\$ 4,974,219</b>	<b>\$ 4,076,488</b>	<b>\$ 4,044,255</b>	<b>\$ 4,640,279</b>	<b>\$ 4,602,908</b>	<b>\$ 5,201,444</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 11,984,460</b>	<b>\$ 34,477,478</b>	<b>\$ 17,762,421</b>	<b>\$ 15,047,258</b>	<b>\$ 17,022,110</b>	<b>\$ 11,103,557</b>	<b>\$ 11,218,391</b>	<b>\$ 15,577,738</b>	<b>\$ 12,650,112</b>	<b>\$ 13,216,271</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Program Revenues: (Continued)</b>										
<b>Net (Expense)/ Revenue</b>										
Governmental Activities	\$ (32,236,462)	\$ (15,144,931)	\$ (53,502,280)	\$ (34,454,793)	\$ (42,577,475)	\$ (40,376,444)	\$ (39,407,236)	\$ (39,784,959)	\$ (39,040,116)	\$ (44,901,663)
Business-Type Activities	87,621	670,463	164,415	146,270	1,031,454	(830,780)	125,160	88,502	(446,994)	140,424
<b>Total Primary Government Net Expense</b>	<b>\$ (32,148,841)</b>	<b>\$ (14,474,468)</b>	<b>\$ (53,337,865)</b>	<b>\$ (34,308,523)</b>	<b>\$ (41,546,021)</b>	<b>\$ (41,207,224)</b>	<b>\$ (39,282,076)</b>	<b>\$ (39,696,457)</b>	<b>\$ (39,487,110)</b>	<b>\$ (44,761,239)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
General Property Taxes	\$ 23,645,616	\$ 26,287,215	\$ 27,104,556	\$ 28,233,803	\$ 28,041,192	\$ 28,463,166	\$ 28,383,780	\$ 30,689,457	\$ 31,796,896	\$ 31,587,598
Other Local Taxes	6,626,221	7,395,231	8,818,359	8,563,138	8,120,610	7,373,261	6,867,373	6,868,405	7,455,217	8,016,257
Unrestricted Revenues from Use of Money and Property	1,958,759	1,647,038	1,145,446	512,337	268,838	314,909	238,946	197,888	200,428	350,693
Miscellaneous	459,721	266,954	128,819	146,753	1,098,511	60,435	330,799	315,552	373,723	209,866
Grants and contributions not restricted to specific programs	3,869,796	3,921,031	3,863,597	3,789,308	3,813,016	5,197,796			5,240,754	5,200,471
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
County Contribution to School Board, unrestricted	-	-	-	-	-	-	5,100,696	5,097,195	-	-
Transfers	(11,280)	(1,605,550)	(157,450)	(157,350)	424,693	(158,070)	(159,189)	(157,100)	(158,000)	(158,000)
<b>Total Governmental Activities</b>	<b>\$ 36,548,833</b>	<b>\$ 37,911,919</b>	<b>\$ 40,903,327</b>	<b>\$ 41,087,989</b>	<b>\$ 41,766,860</b>	<b>\$ 41,251,497</b>	<b>\$ 40,762,405</b>	<b>\$ 43,011,397</b>	<b>\$ 44,909,018</b>	<b>\$ 45,206,885</b>
Business-Type Activities										
Unrestricted Revenues from Use of Money and Property	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196	\$ 51,735	\$ 54,466	\$ 54,438	\$ 60,330	\$ 80,465	\$ 79,578
Miscellaneous	39,252	34,735	30,935	34,055	30,918	33,033	49,073	-	56,952	237,745
Transfers	11,280	1,605,550	157,450	157,350	424,693	158,070	159,189	157,100	158,000	158,000
<b>Total Business-Type Activities</b>	<b>\$ 139,180</b>	<b>\$ 1,701,270</b>	<b>\$ 234,992</b>	<b>\$ 245,601</b>	<b>\$ 507,346</b>	<b>\$ 245,569</b>	<b>\$ 262,700</b>	<b>\$ 217,430</b>	<b>\$ 295,417</b>	<b>\$ 475,323</b>
<b>Total Primary Government</b>	<b>\$ 36,688,013</b>	<b>\$ 39,613,189</b>	<b>\$ 41,138,319</b>	<b>\$ 41,333,590</b>	<b>\$ 42,274,206</b>	<b>\$ 41,497,066</b>	<b>\$ 41,025,105</b>	<b>\$ 43,228,827</b>	<b>\$ 45,204,435</b>	<b>\$ 45,682,208</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196	\$ (810,615)	\$ 875,053	\$ 1,355,169	\$ 3,226,438	\$ 5,868,902	\$ 305,222
Business-Type Activities	226,801	2,371,733	399,407	391,871	1,538,800	(585,211)	387,860	305,932	(151,577)	615,747
<b>Total Primary Government Change in Net Position</b>	<b>\$ 4,539,172</b>	<b>\$ 25,138,721</b>	<b>\$ (12,199,546)</b>	<b>\$ 7,025,067</b>	<b>\$ 728,185</b>	<b>\$ 289,842</b>	<b>\$ 1,743,029</b>	<b>\$ 3,532,370</b>	<b>\$ 5,717,325</b>	<b>\$ 920,969</b>

# COUNTY OF PRINCE GEORGE, VIRGINIA

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

<b>General Fund</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated for Revenue Maximization	75,839	54,740	26,140	38,439
Unreserved, Designated for Housing	140,959	61,943	36,944	38,523
Unreserved, Designated for Community Corrections	-	-	-	150,043
Unreserved	18,209,267	19,946,161	21,377,327	25,356,429
Restricted:				
Public safety	-	-	-	-
Committed:				
Subsequent years expenditures	-	-	-	-
Assigned:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>\$ 18,426,065</b>	<b>\$ 20,062,844</b>	<b>\$ 21,440,411</b>	<b>\$ 25,583,434</b>
<b>All Other Governmental Funds</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects	4,040,010	39,377,808	29,338,168	20,288,574
Unreserved, reported in Debt Service Fund	-	-	-	-
Unreserved, reported in Special Revenue Funds	942,658	1,939,520	1,587,521	748,326
Unreserved, reported in Capital Projects Fund	-	-	-	-
Restricted:				
Proffers	-	-	-	-
Committed:				
Library	-	-	-	-
Crosspointe Center	-	-	-	-
Animal Shelter	-	-	-	-
Police Building	-	-	-	-
Human Services Building	-	-	-	-
Disoutanta Fire Station	-	-	-	-
Broadband Implementation	-	-	-	-
Fire EMS Apparatus	-	-	-	-
Enterprise Resource Software	-	-	-	-
Assigned:				
Other capital purposes	-	-	-	-
Special revenue	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 4,982,668</b>	<b>\$ 41,317,328</b>	<b>\$ 30,925,689</b>	<b>\$ 21,036,900</b>
<b>Total Governmental Funds</b>	<b>\$ 23,408,733</b>	<b>\$ 61,380,172</b>	<b>\$ 52,366,100</b>	<b>\$ 46,620,334</b>

The County implemented GASB 54, the new standard for fund balance reporting, in FY2011.  
Restatement of prior year balances is not feasible. Therefore, ten years of fund balance  
information in accordance with GASB 54 is not available, but will be accumulated over time.

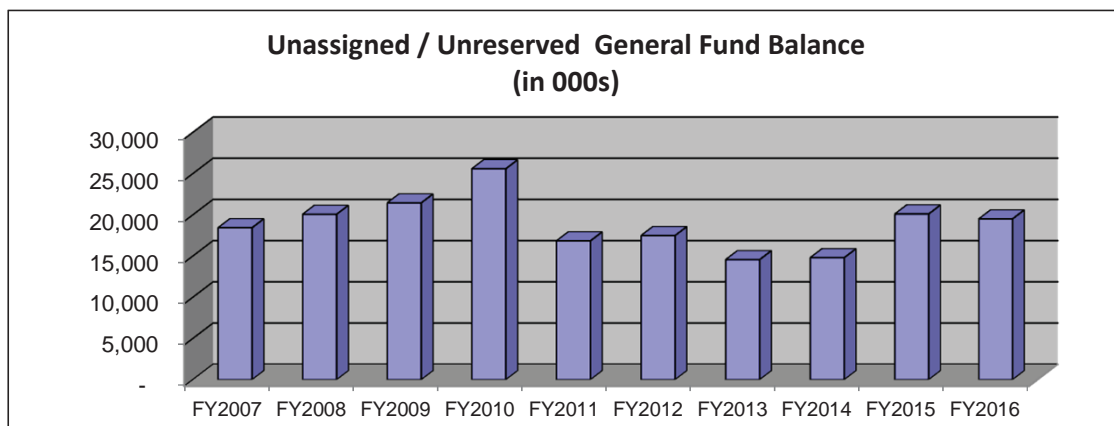


Table 3

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
136,047	210,199	-	-	-	-
-	-	1,269,724	926,055	635,843	-
35,021	-	60,000			
8,932	-	398,582			
16,835,504	17,473,532	14,555,614	14,793,246	20,095,407	19,499,501
\$ 17,015,504	\$ 17,683,731	\$ 16,283,920	\$ 15,719,301	\$ 20,731,250	19,499,501
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
704,609	730,241	284,061	338,206	398,838	393,414
264,573	-	-	-	-	-
1,051,238	1,315,919	953,060	4,185,139	-	-
2,204,096	422,142	146,840	51,256	-	-
65,568	-	-	-	-	-
-	-	515,801	42,423	-	-
-	-	-	172,061	-	-
-	-	32,060	32,060	-	-
-	-	180,073	246,016	-	-
890,000	1,017,636	591,607	121,120	-	-
5,944,695	3,680,196	1,857,859	257,540	7,086,250	4,252,010
915,769	896,868	1,210,370	1,163,795	1,057,316	748,968
\$ 12,745,157	\$ 8,793,243	\$ 5,771,730	\$ 6,609,616	\$ 8,542,404	\$ 5,394,392
\$ 29,760,661	\$ 26,476,974	\$ 22,055,650	\$ 22,328,917	\$ 29,273,654	24,893,893

# COUNTY OF PRINCE GEORGE, VIRGINIA

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

## Revenues

	2007	2008	2009	2010	2011
General Property Taxes	\$ 23,597,753	\$ 25,959,745	\$ 26,778,786	\$ 28,033,301	\$ 27,774,462
Other Local Taxes	6,626,221	7,395,231	8,818,359	8,563,138	8,969,995
Permits, Privilege Fees, and Licenses	733,173	1,032,075	396,316	453,302	360,836
Fines and Forfeitures	295,893	336,579	340,961	411,747	550,593
Revenue from Use of Money					
and Property	1,958,759	1,647,038	1,145,446	512,337	268,838
Charges for Services	992,320	1,000,117	1,141,141	1,135,675	1,123,017
Miscellaneous	451,285	266,954	128,818	146,754	1,098,511
Recovered Costs	476,616	502,252	418,352	321,467	691,048
Intergovernmental Revenues:					
Local Government	-	-	-	-	-
Commonwealth	8,624,196	12,321,427	14,590,546	11,597,678	12,895,099
Federal	1,128,285	1,095,736	1,071,835	1,013,370	931,361
<b>Total Revenues</b>	<b>\$ 44,884,501</b>	<b>\$ 51,557,154</b>	<b>\$ 54,830,560</b>	<b>\$ 52,188,769</b>	<b>\$ 54,663,760</b>

## Expenditures

General Government Administration	\$ 3,801,800	\$ 4,264,176	\$ 4,660,952	\$ 4,254,648	\$ 4,375,716
Judicial Administration	1,788,031	1,911,988	2,089,073	2,103,408	2,045,372
Public Safety	9,385,203	10,285,574	11,076,575	11,250,451	11,790,734
Public Works	1,703,355	1,876,896	1,812,627	1,804,265	1,891,639
Health and Welfare	2,945,060	3,122,249	3,512,350	3,379,645	3,464,941
Education	9,666,163	9,811,924	12,690,392	11,926,355	13,694,270
Parks, Recreation, and Cultural	1,005,038	980,438	1,097,109	1,100,437	1,077,696
Community Development	1,913,858	1,942,574	1,239,599	894,021	928,536
Capital Projects	5,574,828	11,237,307	18,022,853	7,122,731	8,719,257
Debt Service:					
Bond issuance cost	-	-	-	-	-
Principal Retirement	3,414,797	3,942,622	8,978,291	15,564,571	19,855,149
Interest and Other Fiscal Charges	2,723,642	2,673,379	3,807,361	3,826,653	3,960,041
<b>Total Expenditures</b>	<b>\$ 43,921,775</b>	<b>\$ 52,049,127</b>	<b>\$ 68,987,182</b>	<b>\$ 63,227,185</b>	<b>\$ 71,803,351</b>

## Excess (deficiency) of revenues over (under) expenditures

	\$ 962,726	\$ (491,973)	\$ (14,156,622)	\$ (11,038,416)	\$ (17,139,591)
--	------------	--------------	-----------------	-----------------	-----------------

## Other Financing Sources (Uses)

Transfers in	\$ 8,477,352	\$ 9,821,871	\$ 8,167,466	\$ 17,860,254	\$ 30,028,510
Transfers (out)	(8,488,632)	(11,427,421)	(8,324,916)	(18,017,604)	(30,453,203)
Issuance of general obligation debt	-	39,900,000	5,300,000	5,450,000	-
Issuance of refunding debt					
Premium on Bonds	-	168,962	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Sale of Capital Assets	279,004	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 267,724</b>	<b>\$ 38,463,412</b>	<b>\$ 5,142,550</b>	<b>\$ 5,292,650</b>	<b>\$ (424,693)</b>

## Net Change in Fund Balances

	\$ 1,230,450	\$ 37,971,439	\$ (9,014,072)	\$ (5,745,766)	\$ (17,564,282)
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## Debt Service as a Percentage of

Noncapital Expenditures:					
Total debt service	\$ 6,138,439	\$ 6,616,001	\$ 12,785,652	\$ 19,391,224	\$ 23,815,190
Total expenditures	\$ 43,921,775	\$ 52,049,127	\$ 68,987,182	\$ 63,227,185	\$ 71,803,351
Capital outlay	(5,574,828)	(6,083,223)	(17,979,571)	(7,032,012)	(8,980,372)
Non-capital expenditures	\$ 38,346,947	\$ 45,965,904	\$ 51,007,611	\$ 56,195,173	\$ 62,822,979
Debt service as a percentage of non-capital expenditures	16.0%	14.4%	25.1%	34.5%	37.9%

Table 4

	2012	2013	2014	2015	2016
\$	28,278,105	\$ 28,076,404	\$ 30,609,309	\$ 30,767,843	\$ 32,466,861
	7,373,261	6,867,372	6,868,405	7,455,217	8,016,256
	301,859	421,103	314,697	290,882	282,172
	472,094	719,967	525,325	351,183	294,009
	314,909	238,946	197,888	200,428	350,693
	1,049,932	1,019,808	1,291,099	1,077,188	1,055,291
	60,435	330,799	315,552	373,723	209,866
	291,421	316,849	319,517	299,535	335,485
	-	-			
	9,214,172	9,272,385	12,690,688	10,020,925	10,000,195
	1,186,808	841,568	1,233,767	1,547,779	1,583,631
\$	<u>48,542,996</u>	<u>\$ 48,105,201</u>	<u>\$ 54,366,247</u>	<u>\$ 52,384,703</u>	<u>\$ 54,594,459</u>
\$	4,671,416	\$ 4,546,495	\$ 5,029,115	\$ 5,220,634	\$ 5,591,463
	2,083,443	2,122,535	2,191,059	2,331,562	2,356,890
	11,955,650	12,048,224	14,786,501	15,516,848	16,774,879
	1,989,512	1,988,541	1,936,664	2,042,877	2,204,518
	3,854,750	3,520,115	4,481,982	3,994,083	4,232,808
	13,245,989	13,292,762	14,701,665	11,622,198	19,238,023
	1,285,903	3,118,571	2,486,999	1,601,670	2,067,462
	1,187,412	616,973	4,142,473	1,220,391	1,824,860
	4,657,799	3,200,916			
	-	-	-	-	207,910
	18,111,981	5,136,233	5,215,325	4,875,241	5,726,512
	2,892,390	2,045,733	1,984,676	1,829,463	1,782,338
\$	<u>65,936,245</u>	<u>\$ 51,637,098</u>	<u>\$ 56,956,457</u>	<u>\$ 50,254,967</u>	<u>\$ 62,007,663</u>
\$	<u>(17,393,249)</u>	<u>\$ (3,531,897)</u>	<u>\$ (2,590,210)</u>	<u>\$ 2,129,736</u>	<u>\$ (7,413,204)</u>
\$	7,744,887	\$ 8,358,994	\$ 8,923,778	\$ 10,452,421	\$ 9,654,240
	(7,902,957)	(8,518,183)	(9,080,878)	(10,610,421)	(9,812,240)
	13,741,089	-	3,200,000	4,973,000	5,369,000
					11,957,000
	-	-	-	-	-
	-	-	-	-	(14,134,557)
	-	-	-	-	-
\$	<u>13,583,019</u>	<u>\$ (159,189)</u>	<u>\$ 3,042,900</u>	<u>\$ 4,815,000</u>	<u>\$ 3,033,443</u>
\$	<u>(3,810,230)</u>	<u>\$ (3,691,086)</u>	<u>\$ 452,690</u>	<u>\$ 6,944,736</u>	<u>\$ (4,379,761)</u>
\$	<u>21,004,371</u>	<u>\$ 7,181,966</u>	<u>\$ 7,200,001</u>	<u>\$ 6,704,704</u>	<u>\$ 7,508,850</u>
\$	65,936,245	\$ 51,637,098	\$ 56,956,457	\$ 50,254,967	\$ 62,007,663
	(4,708,846)	(3,200,916)	-	-	(5,084,616)
\$	<u>61,227,399</u>	<u>\$ 48,436,182</u>	<u>\$ 56,956,457</u>	<u>\$ 50,254,967</u>	<u>\$ 56,923,047</u>
	34.3%	14.8%	12.6%	13.3%	13.2%

## COUNTY OF PRINCE GEORGE, VIRGINIA

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

### Sources

	2007	2008	2009	2010
Real Property Taxes	\$ 17,250,136	\$ 19,130,413	\$ 20,266,075	\$ 20,882,673
Real & Personal Public Service Corporation Taxes	838,405	727,245	741,904	833,742
Personal Property Taxes	4,895,952	5,449,410	5,186,845	5,666,494
Machinery & Tools Taxes	337,676	335,969	297,517	336,920
Penalties & Interest	275,584	316,708	286,445	313,472
<b>Total, General Property Taxes</b>	<b>\$ 23,597,753</b>	<b>\$ 25,959,745</b>	<b>\$ 26,778,786</b>	<b>\$ 28,033,301</b>
Local Sales and Use Taxes	\$ 1,333,959	\$ 1,427,664	\$ 1,837,964	\$ 1,768,721
Consumer Utility Taxes	1,299,391	778,530	798,962	797,218
Cable Franchise Taxes	56,974	1,915	(1,909)	7
Business License	733,948	998,688	2,275,872	2,178,533
Motor Vehicle Licenses	728,165	800,986	823,067	811,012
Bank Stock Taxes	84,412	80,301	81,240	83,585
Recordation Taxes	487,000	542,669	282,594	252,785
Rental Tax	3,404	2,385	2,388	1,578
Transient Occupancy Taxes	555,486	602,451	513,651	516,806
Communication taxes	522,138	1,474,445	1,358,465	1,314,801
Taxicab licenses	-	-	-	-
E911 Taxes	222,863	54,401	122,397	139,805
Meals Taxes	598,481	630,796	723,668	698,287
<b>Total, Other Local Taxes</b>	<b>\$ 6,626,221</b>	<b>\$ 7,395,231</b>	<b>\$ 8,818,359</b>	<b>\$ 8,563,138</b>
<b>Total General Governmental Tax Revenues</b>	<b>\$ 30,223,974</b>	<b>\$ 33,354,976</b>	<b>\$ 35,597,145</b>	<b>\$ 36,596,439</b>

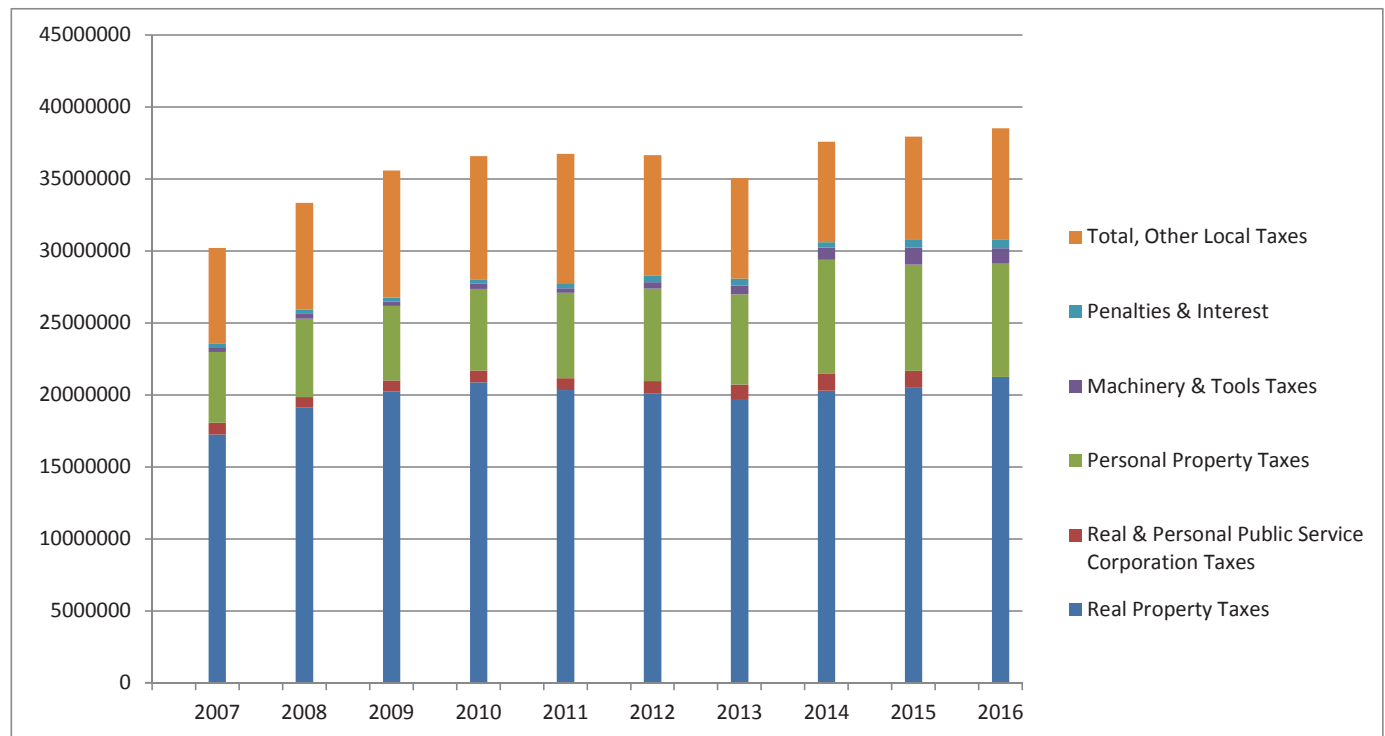




Table 5

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 20,353,123	\$ 20,119,169	\$ 19,721,432	\$ 20,296,880	\$ 20,510,801	\$ 21,251,324
828,069	846,693	1,008,576	1,198,121	1,170,946	1,499,803
5,933,062	6,423,233	6,273,041	7,898,825	7,390,527	7,879,207
295,092	443,667	596,734	858,035	1,170,874	1,058,499
365,116	445,344	476,621	357,449	524,694	639,996
<u>\$ 27,774,462</u>	<u>\$ 28,278,106</u>	<u>\$ 28,076,404</u>	<u>\$ 30,609,309</u>	<u>\$ 30,767,843</u>	<u>\$ 32,328,829</u>
\$ 1,932,433	\$ 1,902,611	\$ 1,933,998	\$ 1,966,673	\$ 1,975,100	\$ 2,310,390
807,714	772,302	832,304	884,536	797,796	832,912
-	-	-	-	-	-
2,218,648	2,018,510	1,493,187	1,498,296	1,422,092	1,379,030
825,154	820,939	802,468	828,701	938,297	978,819
94,432	89,452	92,247	91,358	112,021	99,805
239,477	281,894	287,472	269,505	321,579	395,807
-	-	-	-	-	-
454,216	243,712	588,649	464,452	459,382	621,402
1,348,145	1,388,841	-	-	-	-
-	-	-	-	-	5,839
132,106	174,522	110,988	120,810	161,764	126,500
917,671	703,751	837,049	867,539	998,751	951,344
<u>\$ 8,969,995</u>	<u>\$ 8,396,534</u>	<u>\$ 6,978,361</u>	<u>\$ 6,991,869</u>	<u>\$ 7,186,782</u>	<u>\$ 7,701,847</u>
<u><u>\$ 36,744,457</u></u>	<u><u>\$ 36,674,640</u></u>	<u><u>\$ 35,054,765</u></u>	<u><u>\$ 37,601,179</u></u>	<u><u>\$ 37,954,624</u></u>	<u><u>\$ 40,030,677</u></u>

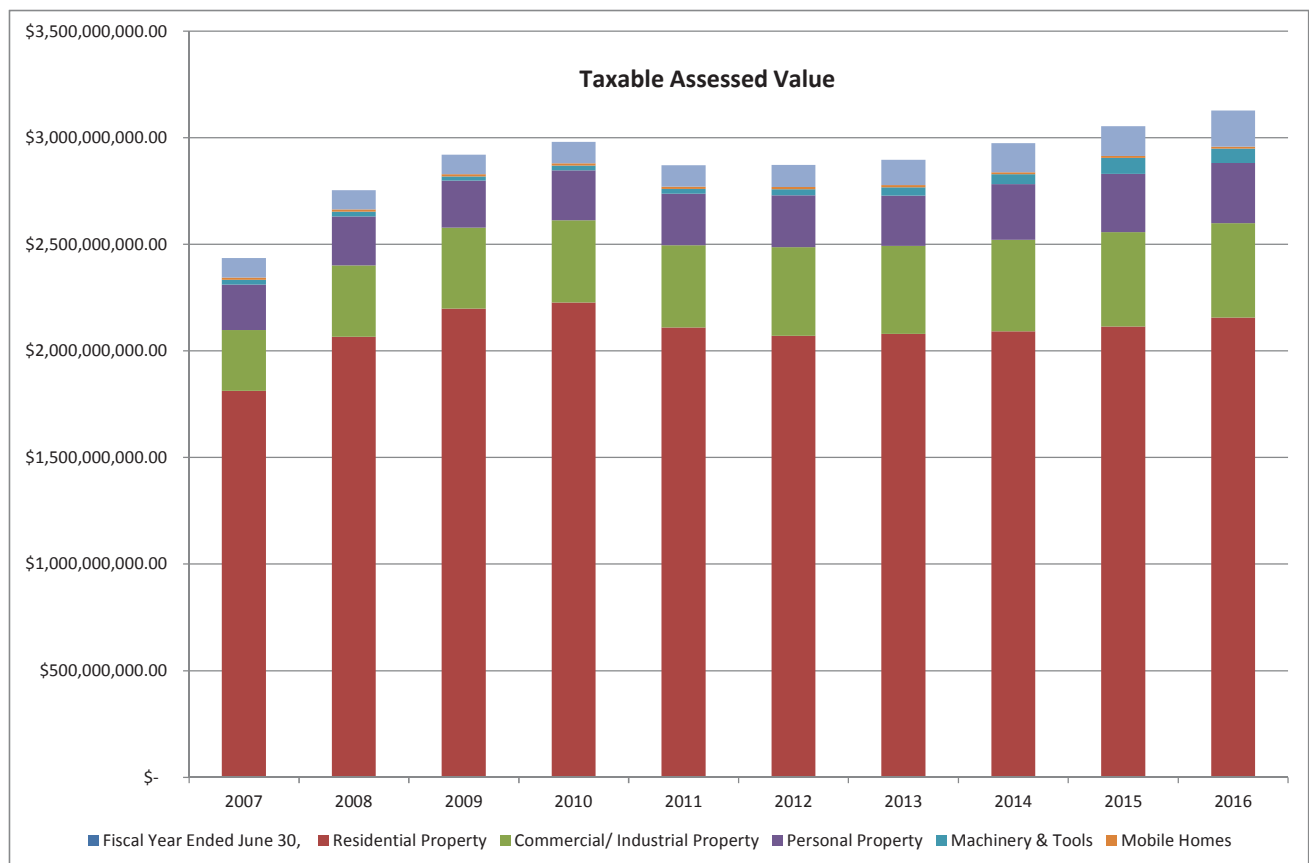
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Assessed Value and Actual Value of Taxable Property and Tax Rates  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial/ Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools	Mobile Homes	Public Service Corporations	Total Taxable Assessed Value	Total Direct Tax Rate
2007	\$ 1,812,825,997	\$ 284,491,563	\$ 2,097,317,560	\$ 214,481,355	\$ 22,479,110	\$ 10,112,446	\$ 91,330,546	\$ 2,435,721,017	1.01
2008	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197	10,172,937	90,463,693	2,754,023,783	1.04
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100	10,457,422	91,883,661	2,920,523,072	1.11
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354	10,426,530	100,234,074	2,980,546,326	1.10
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368	100,859,694	2,871,213,768	1.08
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294	10,321,685	104,214,656	2,872,862,707	1.08
2013	2,079,596,500	413,491,500	2,493,088,000	235,156,981	39,313,969	10,046,854	118,764,823	2,896,370,627	1.07
2014	2,092,011,400	429,741,500	2,521,752,900	260,094,073	46,907,596	9,921,855	136,030,775	2,974,707,199	1.09
2015	2,115,180,600	441,582,500	2,556,763,100	273,519,664	75,173,013	9,503,122	139,887,074	3,054,845,973	1.03
2016	2,157,156,800	442,634,100	2,599,790,900	281,250,151	67,482,556	9,412,558	169,873,939	3,127,810,104	0.98

**Notes:** Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

The County of Prince George does not have any overlapping property tax rates.



Principal Property Taxpayers  
Current Year and Nine Years Prior

Taxpayer	2016			2007		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Rolls Royce Crosspointe LLC	\$ 98,240,143	1	3.14%	\$ N/A	N/A	N/A
Delhaize America Distributing LLC (Food Lion)	43,116,950	2	1.38%	49,527,716	1	2.30%
Ace Hardware Corp.	31,357,907	3	1.00%	32,238,046	2	1.50%
Crossroads Holdings LLC	19,016,200	4	0.61%	N/A	N/A	N/A
Independence Place Jefferson Park	16,700,000	5	0.53%	N/A	N/A	N/A
James C. Justice Companies	16,626,900	6	0.53%	N/A	N/A	N/A
Service Center Metals	14,182,301	7	0.45%	N/A	N/A	N/A
Jefferson Pointe	14,030,000	8	0.45%	N/A	N/A	N/A
RCC Crossings LLC	12,438,100	9	0.40%	N/A	NA	N/A
Standard Motor Products Inc.	10,640,320	10	0.34%	N/A	N/A	N/A
Summit Investments II	N/A	N/A	N/A	10,308,300	7	0.48%
Wachovia Bank NA Trustee	N/A	N/A	N/A	22,838,300	3	1.06%
Crossings Center LLP	N/A	N/A	N/A	15,788,000	4	0.73%
David A Harrison III	N/A	N/A	N/A	11,550,900	5	0.54%
Marvedo Credit Corp	N/A	N/A	N/A	11,025,000	6	0.51%
Robert W. Daniel Jr.	N/A	N/A	N/A	9,663,100	8	0.45%
Noland Properties	N/A	N/A	N/A	8,775,519	9	0.41%
Perdue Farms	N/A	N/A	N/A	9,603,900	10	0.45%

(1) Includes real property, personal property, and machinery and tools

Property Tax Levies and Collections  
Last Ten Fiscal Years

Real Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years (1)	Total Collections as of June 30, 2016	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 18,635,631	\$ 16,471,448	88.39%	\$ 2,164,183	\$ 18,635,631	100.00%
2008	20,474,647	19,006,888	92.83%	1,467,663	20,474,551	100.00%
2009	21,139,550	19,930,582	94.28%	1,204,623	21,135,204	99.98%
2010	20,893,527	20,385,261	97.57%	487,182	20,872,443	99.90%
2011	20,463,446	19,591,946	95.74%	821,496	20,413,442	99.76%
2012	20,363,119	20,072,424	98.57%	220,831	20,293,255	99.66%
2013	19,936,703	19,124,392	95.93%	767,372	19,891,763	99.77%
2014	20,491,748	19,990,130	97.55%	385,228	20,375,357	99.43%
2015	20,555,563	20,167,652	98.11%	172,814	20,340,465	98.95%
2016	21,146,575	20,464,556	96.77%	-	20,464,556	96.77%

Personal Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years (1)	Total Collections as of June 30, 2016	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 5,369,199	\$ 4,947,253	92.14%	\$ 421,946	\$ 5,369,200	100.00%
2008	6,053,157	5,394,924	89.13%	658,233	6,053,157	100.00%
2009	5,225,646	5,033,733	96.33%	191,853	5,225,585	100.00%
2010	6,142,759	5,628,933	91.64%	513,485	6,142,418	99.99%
2011	6,023,216	5,430,303	90.16%	511,836	5,942,139	98.65%
2012	6,764,699	5,950,673	87.97%	686,703	6,637,375	98.12%
2013	7,343,951	6,196,235	84.37%	843,797	7,040,032	95.86%
2014	9,780,855	8,422,027	86.11%	869,110	9,291,137	94.99%
2015	9,226,196	7,538,334	81.71%	952,164	8,490,498	92.03%
2016	10,651,718	8,846,452	83.05%	-	8,846,452	83.05%

(1) - Collected in Subsequent Years amount includes amounts collected, written off and abated in future years.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes		Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes				
	Supported by General Taxes	Supported by Dedicated Revenue							
2007	\$ 20,653,290	\$ 4,462,341	\$ 31,415,317	\$ 920,000	\$ 4,358,110	\$ 61,809,058	13.57%	1,684	
2008	19,381,827	25,191,677	48,029,824	805,000	3,811,281	97,219,609	8.09%	2,653	
2009	23,047,444	20,147,295	45,845,295	690,000	3,432,383	93,162,417	7.19%	2,470	
2010	24,834,067	8,962,205	43,615,789	575,000	3,082,734	81,069,795	6.32%	2,112	
2011	26,350,327	-	33,268,670	460,000	1,684,048	61,763,045	4.50%	1,729	
2012	25,027,000	-	30,815,770	345,000	1,491,730	57,679,500	3.93%	1,578	
2013	22,533,225	-	28,267,066	230,000	1,291,049	52,321,340	5.41%	1,416	
2014	22,695,200	-	26,183,520	115,000	1,082,480	50,076,200	5.18%	1,344	
2015	25,671,810	-	23,398,423	-	963,992	50,034,225	5.43%	1,340	
2016	23,864,532	-	15,881,490	7,500,000	2,446,000	49,692,022	5.37%	1,312	

(1) Reference table 12

Ratios of General Bonded Debt by Type  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Virginia Public School Authority Bonds	Literary Fund Loans	Business-Type Activities	Total		
2007	\$ 25,115,631	\$ 31,415,317	920,000	\$ 4,358,110	\$ 61,809,058	2.54%	1,574
2008	44,573,504	48,029,824	805,000	3,811,281	97,219,609	3.53%	2,649
2009	43,194,739	45,845,295	690,000	3,432,383	93,162,417	3.19%	2,470
2010	33,796,272	43,615,789	575,000	3,082,734	81,069,795	2.72%	2,112
2011	26,350,327	33,268,670	460,000	1,684,048	61,763,045	2.15%	1,729
2012	25,027,000	30,815,770	345,000	1,491,730	57,679,500	2.01%	1,578
2013	22,533,225	28,267,066	230,000	1,291,049	52,321,340	1.81%	1,416
2014	22,695,200	26,183,520	115,000	1,082,480	50,076,200	1.68%	1,344
2015	25,671,810	23,398,423	-	963,992	50,034,225	1.64%	1,340
2016	23,864,532	15,881,490	7,500,000	2,446,000	49,692,022	1.59%	1,312

The County of Prince George does not have any overlapping governmental or business activities debt.

# COUNTY OF PRINCE GEORGE, VIRGINIA

## Computation of Legal Debt Margin Last Ten Fiscal Years

	2007	2008	2009	2010	2011
<b>Net Assessed Value (real property)</b>	\$ 2,097,317,560	\$ 2,401,201,261	\$ 2,578,538,090	\$ 2,612,645,192	\$ 2,495,701,100
Debt Limit (10% of Real Property Assessed Value)	209,731,756	240,120,126	257,853,809	261,264,519	249,570,110
Debt Applicable to Limit	<u>61,809,058</u>	<u>97,219,609</u>	<u>93,305,559</u>	<u>81,069,795</u>	<u>61,444,362</u>
<b>Legal Debt Margin</b>	<u>\$ 147,922,698</u>	<u>\$ 142,900,517</u>	<u>\$ 164,548,250</u>	<u>\$ 180,194,724</u>	<u>\$ 188,125,748</u>
Total net debt applicable to the limit as a percentage of debt limit	29.5%	40.5%	36.2%	31.0%	24.6%

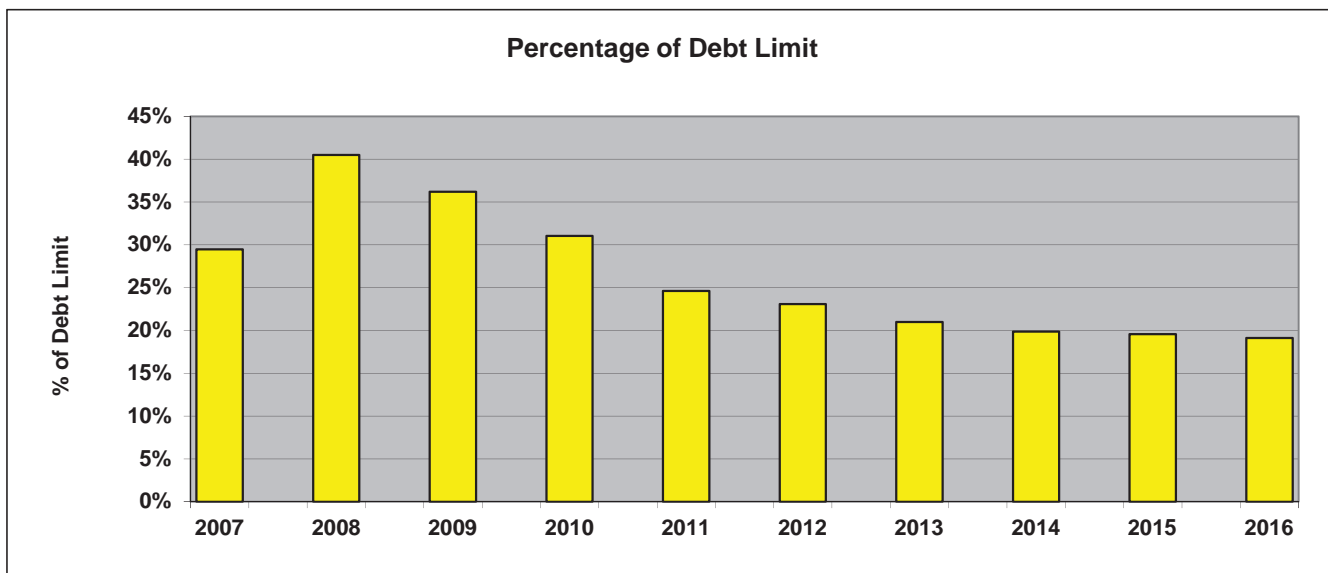




Table 11

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 2,487,439,800	\$ 2,493,088,000	\$ 2,521,752,900	\$ 2,556,763,100	\$ 2,599,790,900
248,743,980	249,308,800	252,175,290	255,676,310	259,979,090
<u>57,382,063</u>	<u>52,321,340</u>	<u>50,076,200</u>	<u>50,034,225</u>	<u>49,692,022</u>
<u>\$ 191,361,917</u>	<u>\$ 196,987,460</u>	<u>\$ 202,099,090</u>	<u>\$ 205,642,085</u>	<u>\$ 210,287,068</u>
23.1%	21.0%	19.9%	19.6%	19.1%

Demographic and Economic Statistics  
Last Ten Years

Year	Population	Student Enrollment (d)	Personal Income (k)	Per Capita Personal Income (f)	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2006	36,694 (a)	6,193 \$	1,129,955,036 \$	30,794 \$	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297	1,201,361,954	32,782	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (f)	6,305	1,295,747,327	34,349	62,570 (h)	32.1 (b)	4.3% (d)	14.0% (d)
2009	38,393 (f)	6,158	1,306,360,218	34,026	67,985 (g)	32.1 (b)	7.0% (h)	19.4% (g)
2010	35,725 (g)	6,357	1,298,639,475	36,351	59,349 (g)	37.3 (g)	7.3% (h)	18.4% (g)
2011	36,555 (g)	6,312	1,422,866,820	38,924	64,171 (g)	36.6 (g)	6.5% (d)	17.2% (g)
2012	36,941 (g)	6,302	946,428,420	25,620	62,924 (g)	38.6 (g)	6.5% (g)	16.8% (g)
2013	37,253 (g)	6,367	954,645,378	25,626	63,913 (g)	38.0 (g)	4.9% (g)	17.0% (g)
2014	37,333 (g)	6,335	912,194,522	24,434	63,074 (g)	38.0 (g)	5.5% (g)	17.9% (g)
2015	37,862 (g)	6,336	928,414,102	24,521	61,792 (g)	37.3 (f)	5.3% (g)	18.5% (g)

(a) Annual Estimates of Population for Virginia & its Localities, April 1, 2000 to July 2005

(b) 2000 Federal Census

(c) September Enrollment

(d) Virginia Employment Commission- LAUS Unit and Bureau of Labor Statistics

(e) US Department of Commerce, Bureau of Economic Analysis

(f) Weldon Cooper Center

(g) US Census Bureau

(h) USDA Economic Research Service

(i) Personal income estimated based upon the municipal population and per capita income

Principal Employers  
Current Year and Nine Years Ago

Employer	2016			2007		
	Approximate Number of Employees	Percentage of Total Principal Employment	Rank	Approximate Number of Employees	Percentage of Total Average Employment	Rank
U.S. Department of Defense	1000+	6.7%	1	1000+	8.7%	1
County of Prince George	1000+	6.7%	2	1000+	8.7%	2
U.S. Department of Justice	500 - 999	3.3%	3	500 - 999	4.4%	4
Perdue Products	500 - 999	3.3%	4	500 - 999	4.4%	9
John Jones Services, LLC	500 - 999	3.3%	5	N/A	N/A	N/A
U.S. Army Non-Appropriated Funds Divison	250 - 499	1.7%	6	250 - 499	2.2%	6
Delhaize America Disbtribution Center	250 - 499	1.7%	7	N/A	N/A	N/A
Standard Motors Products	250 - 499	1.7%	8	250 - 499	2.2%	5
Riverside Regional Jail	250 - 499	1.7%	9	250 - 499	2.2%	7
U.S. Department of Army and Air Force	250 - 499	1.7%	10	250 - 499	2.2%	10
Food Lion	N/A	N/A	N/A	500 - 999	4.4%	3
Ace Hardware	N/A	N/A	N/A	250 - 499	2.2%	8
Total Employment	14,968			11,436		

**Source:** Virginia Employment Commission

County Government Employees  
Last Nine Fiscal Years

Function/Program	Approved Full Time Positions as of June 30								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government Administration									
County Administration	4	4	4	4	4	5	5	4	4
Human Resources	3	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	2	2	2
Commissioner of the Revenue	5	6	6	6	6	6	6	6	6
Treasurer	7	7	7	7	7	7	7	7	7
Real Estate Assessor	7	7	6	6	6	6	6	6	6
Finance	6	6	6	6	6	6	6	7	7
Information Technology	5	5	5	5	5	6	6	6	6
County Garage	4	4	4	4	4	4	4	4	4
Registrar	2	3	3	3	3	3	3	3	3
Judicial Administration									
Circuit Court	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	6	7	7	7	7	7	7	7	7
Sheriff	12	11	11	11	11	11	11	11	11
Victim Witness	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5	5	6	6
Public Safety									
Police	56	57	56	56	56	57	58	58	58
Fire & EMS	12	14	11	11	11	11	20	20	19
VJCCCA	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	10	10	10	10	10	11	11	11	11
Community Development and Code Compliance	12	11	10	10	10	14	14	14	14
Animal Control	6	6	6	6	6	6	6	7	7
Dispatch Center	14	15	14	14	14	14	14	14	14
Public Works									
General Properties	8	8	8	8	8	8	8	8	9
Refuse Disposal	2	3	3	3	3	0	0	0	0
Engineering/Utilities	13	13	13	13	13	12	13	13	14
Health and Welfare									
Social Services	21	21	21	21	21	21	23	23	24
Comprehensive Services Act	1	1	1	1	1	0	0	0	0
Housing Assistance	4	0	0	0	0	0	0	0	0
Parks, Recreation & Cultural									
Parks and Recreation	7	8	7	7	7	7	7	7	7
Community Development									
Planning Department	6	5	4	4	4	0	0	0	0
Economic Development	1	1	1	1	2	2	2	2	2
GIS	1	1	1	1	1	0	0	0	0
<b>Total</b>	<b>241</b>	<b>243</b>	<b>235</b>	<b>235</b>	<b>236</b>	<b>233</b>	<b>247</b>	<b>249</b>	<b>251</b>

Source - Human Resources

Operating Indicators by Function/ Program  
Last Nine Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government Administration									
Real Property Parcels	13,362	13,568	13,597	13,612	13,649	13,597	13,594	13,613	13,398
Public Safety									
Physical Arrests	577	573	528	553	614	503	632	543	555
Traffic Violations	5,355	7,018	7,842	7,309	6,625	7,200	7,522	4,943	4,447
Police Stations	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	57	56	56	56	56	57	58	58	58
Fire Protection									
EMS Service Calls	2,500	2,417	2,374	2,527	2,882	2,938	2,968	3,289	3,400
Fire Service Calls	1,249	1,205	1,060	1,432	1,779	1,440	1,339	1,495	1,431
Fire Stations	6	6	6	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	350	438	314	272	206	232	225	160	160
Professional Paramedic/Firefighter	9	9	6	6	7	7	16	16	16
Building Official									
Residential Permits	1,664	1,133	835	402	407	576	387	451	1,110
Commercial Building Permits	288	215	179	144	108	173	190	137	189
Commercial New-Building Permits	98	115	37	62	27	55	52	22	13
Single Family Resid. Building Permits	172	121	68	53	46	40	45	52	73
Public Works									
Miles of Water Line	72	72	75	75	75	75	75	82	83
Miles of Sewer Line	94	94	95	96	97	97	97	116	117
Utilities Customers	4,170	4,170	4,228	4,261	4,253	4,300	4,545	4,264	4,204
Health and Welfare									
Request for Services (Social Services)	622	638	715	749	747	1,261	1,486	1,515	1,718
Food Stamp Applications	525	897	903	1,013	1,085	1,140	1,063	1,787	2,070
Parks, Recreation & Cultural									
Youth League Participants	2,100	2,286	2,481	2,405	2,418	2,213	2,409	2,319	2,337
Community Development									
Employment	14,648	14,044 (a)	13,853 (a)	14,207 (a)	13,971 (a)	14,022 (a)	14,758 (a)	14,791 (a)	14,968
Component Unit - School Board									
Students Enrolled	6,189	6,305	6,158	6,357	6,312	6,302	6,367	6,335	6,336

Source - Various County Departments  
Data for years prior to 2008 are not available  
(a) Virginia Employment Commission

Capital Asset Statistics by Function  
Last Nine Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government Administration									
Administration Buildings	1	1	1	1	1	1	1	1	1
Administration Vehicles	9	9	9	9	9	9	9	9	8
Public Safety									
Police Department:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	74	74	73	69	72	72	76	66	73
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1
Public Safety Boat	1	1	1	1	1	1	1	1	1
Emergency Management:									
Buildings	1	1	1	1	1	1	1	1	1
Sheriff's Department:									
Vehicles	12	12	12	12	12	12	12	12	12
Fire Department:									
Vehicles	-	67	60	60	60	60	58	63	66
Animal Control:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	5	6	6
Horse Trailer	1	1	1	1	1	1	1	1	1
Community Corrections:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles							2	2	2
Courts:									
Buildings	1	1	1	1	1	1	1	1	1
Operations									
Garage:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	4	4	3
Refuse:									
Sites	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2
Buildings and Grounds:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	9	7	7	7
Community Development									
Building Inspections:									
Vehicles	8	8	7	7	7	7	7	6	6
Culture and Recreation									
Parks and Recreation:									
Pier/Overlook/Nature Park	1	1	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	2	3	3	3
Tennis Courts	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3
Education Center / Central Wellness Center	-	-	-	-	-	-	1	1	1
Canoe Launch	-	-	-	-	-	-	1	1	1
Historical Society	1	1	1	1	1	1	1	1	1
Health & Welfare									
Social Services:									
Building	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	1	1
Vehicles	7	7	5	5	5	5	5	5	5
Component Unit - School Board									
Education:									
High Schools	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5
Administration Buildings	1	1	1	1	1	1	1	1	1
Education Center	1	1	1	1	1	1	-	-	-
School Buses - Active	78	84	87	86	73	75	76	76	74
School Buses - Spare	19	17	15	24	32	32	20	20	23

Source: Individual County Departments

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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**To the Honorable Members of the Board of Supervisors  
County of Prince George  
Prince George, 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Prince George, Virginia's basic financial statements, and have issued our report dated December 28, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Prince George, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Prince George, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Prince George, Virginia's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 28, 2016



# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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**To the Honorable Members of the Board of Supervisors  
County of Prince George  
Prince George, Virginia**

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

We have audited the County of Prince George, Virginia's compliance with the types of compliance requirements described *OMB Compliance Supplement* that could have a direct and material effect on each of County of Prince George, Virginia's major federal programs for the year ended June 30, 2016. County of Prince George, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Prince George, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Prince George, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Prince George, Virginia's compliance.

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

In our opinion, County of Prince George, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## ***Report on Internal Control over Compliance***

Management of the County of Prince George, 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 Prince George, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Prince George, Virginia's internal control over compliance.

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

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

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 28, 2016

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950114 / 0950115	\$ 8,650
Temporary Assistance for Needy Families (TANF)	93.558	0400114 / 0400115	165,291
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114 / 0500115	193
Low-Income Home Energy Assistance	93.568	0600414 / 0600415	18,603
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Care Cluster)	93.596	0760114 / 0760115	28,825
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114 / 0900115	1,144
Foster Care - Title IV-E	93.658	1100114 / 1100115	142,964
Adoption Assistance	93.659	1120114 / 1120115	98,708
Social Services Block Grant	93.667	1000114 / 1000115	115,654
Chafee Foster Care Independence Program	93.674	9150114 / 9150115	1,661
Children's Health Insurance Program (CHIP)	93.767	0540114 / 0540115	10,149
Medical Assistance Program	93.778	1200114 / 1200115	<u>314,248</u>
Total Department of Health and Human Services			\$ <u>906,090</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	\$ 57,699
State Homeland Security Program	97.073	Unknown	8,433
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	256,706
Emergency Management Performance Grants	97.042	7750100-52740 / 7750100-52749	<u>25,231</u>
Total Department of Homeland Security			\$ <u>348,069</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
National School Breakfast Program	10.553	405910	\$ 329,357
Department of Agriculture:			
Food Distribution	10.555	Unknown	\$ 162,796
Department of Education:			
National School Lunch Program	10.555	406230	<u>1,175,128</u> <u>1,337,924</u>
Total Child Nutrition Cluster			\$ 1,667,281
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040114 / 0040115	<u>251,936</u>
Total Department of Agriculture			\$ <u>1,919,217</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2016

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Justice:			
Direct Payments:			
Asset Forfeiture	16.000	n/a	\$ 1,204
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial State and Local Law Enforcement Assistance	16.738	n/a	\$ 1,412
Total Department of Justice			\$ 2,616
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-51129	\$ 13,022
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Unknown	6,148
National Priority Safety Programs	20.616	Unknown	3,711
Total Highway Safety Cluster			\$ 9,859
Total Department of Transportation			\$ 22,881
Department of Education:			
Direct Payments:			
Impact Aid	84.041	n/a	\$ 4,536,899
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	282,685
Title I Grants to Local Educational Agencies	84.010	429010	778,339
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480	44,968
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	1,026,623
Special Education - Preschool Grants	84.173	625210	26,679
Total Special Education Cluster (IDEA)			\$ 1,053,302
Advanced Placement Program	84.330	Unknown	1,517
Career and Technical Education - Basic Grants to States	84.048	610950	81,233
Improving Teacher Quality State Grants	84.367	614800	146,007
Total Department of Education			\$ 6,924,950
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.000	n/a	\$ 97,707
Support for K-12 Student Achievement at Military Connected Schools	12.030	n/a	123,146
Total Department of Defense			\$ 220,853
Total Expenditures of Federal Awards			\$ 10,344,676

See accompanying notes to the schedule of expenditures of federal awards.

## COUNTY OF PRINCE GEORGE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2016

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince George, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the reporting requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Prince George, Virginia.

#### Note 2 - 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 the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 1,563,225
Asset Forfeiture Fund	1,204
Debt Service Fund	19,202
Total primary government	\$ <u>1,583,631</u>
Component Unit School Board - reference Exhibit 29	\$ <u>8,813,084</u>
Total federal expenditures per basic financial statements	\$ 10,396,715
Amounts required to reconcile federal revenues to expenditures:	
Less: Payment in lieu of taxes	(32,837)
Less: QSCB federal credit in debt service fund	<u>(19,202)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>10,344,676</u></u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

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### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with  
2 CFR Section 200.516(a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553 / 10.555	Child Nutrition Cluster
84.041	Impact Aid
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes

### Section II - Financial Statement Findings

There are no financial statement findings to report.

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

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

### Section IV - Prior Year Findings

There are no findings from the prior year.