



COUNTY
OF
SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

**COUNTY OF SHENANDOAH, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014**

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County of Shenandoah

BOARD OF SUPERVISORS

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

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



Tel: 540.459.6165 Fax: 540.459.6168
www.shenandoahcountyva.us

OFFICE OF COUNTY ADMINISTRATION

MARY T. PRICE
COUNTY ADMINISTRATOR

EVAN L. VASS
ASSISTANT COUNTY ADMINISTRATOR

December 22, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Shenandoah (County) for the fiscal year ended 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report. The independent auditors' report is presented as the first component of the financial section of this report.

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

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component units included in this report are the Shenandoah County School Board and the Shenandoah County Library.

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

□ The Reporting Entity and Economic Outlook □

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

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

Although a rural county, the County's 2014 population was 42,684. Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 24% of the jobs in the County. Agriculture accounts for less than 10% of the full-time and part-time jobs in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The national economy and a slow housing market continue to impact the economy of Shenandoah County during fiscal year 2014. The County's housing market has stabilized as a result of lower interest rates. Despite the fact that consumer confidence in the economy remained sluggish, sales and transient occupancy taxes for the County continued to show signs of improvement in fiscal year 2014. While unemployment remains near the State average, from June 2013 to June 2014, Shenandoah County saw its unemployment rates decrease from 6.2 percent to 5.6 percent.

□ Major Initiatives and Goals □

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

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

In 2010, Rappahannock, Shenandoah and Warren counties formed the RSW Regional Jail Authority. The RSW Jail Authority hired an architectural firm to design a 375 bed regional jail to be constructed on land purchased in Warren County, Virginia. Plans for the RSW Regional Jail were completed in the fall of 2011. Construction of the RSW Regional Jail will be funded by a 50 percent match from the Commonwealth of Virginia while the remaining portion will be funded by each locality based on their proportional share of beds utilized. Application for long-term financing was completed during the winter of fiscal year 2012 and closing was held in June 2012. Construction began in June 2012, and the County is pleased to report that the jail officially opened in July 2014. As a result, each of the member jurisdictions closed their local jails and moved prisoners into the RSW Regional Jail. This was a significant initiative for the County.

□ Financial Information □

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

Single Audit

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

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

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

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

Relevant financial policies

The County of Shenandoah, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). Anticipated fiscal year 2014 revenues were less than appropriations and transfers to other funds by \$562,487. In such cases, the policy allows for appropriation of fund balance to close the gap. However, because of measures taken during the year to control expenditures and an increase in certain revenue sources, the County ultimately increased the fund balance by \$2,645,112 for the year.

□ Other Information □

Independent Audit

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

Awards

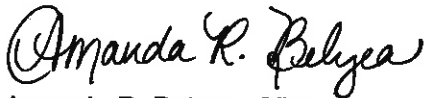
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Shenandoah, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Sincerely,

A handwritten signature in black ink that reads "Amanda R. Belyea". The signature is written in a cursive, flowing style.

Amanda R. Belyea, CPA
Director of Finance



Government Finance Officers Association

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

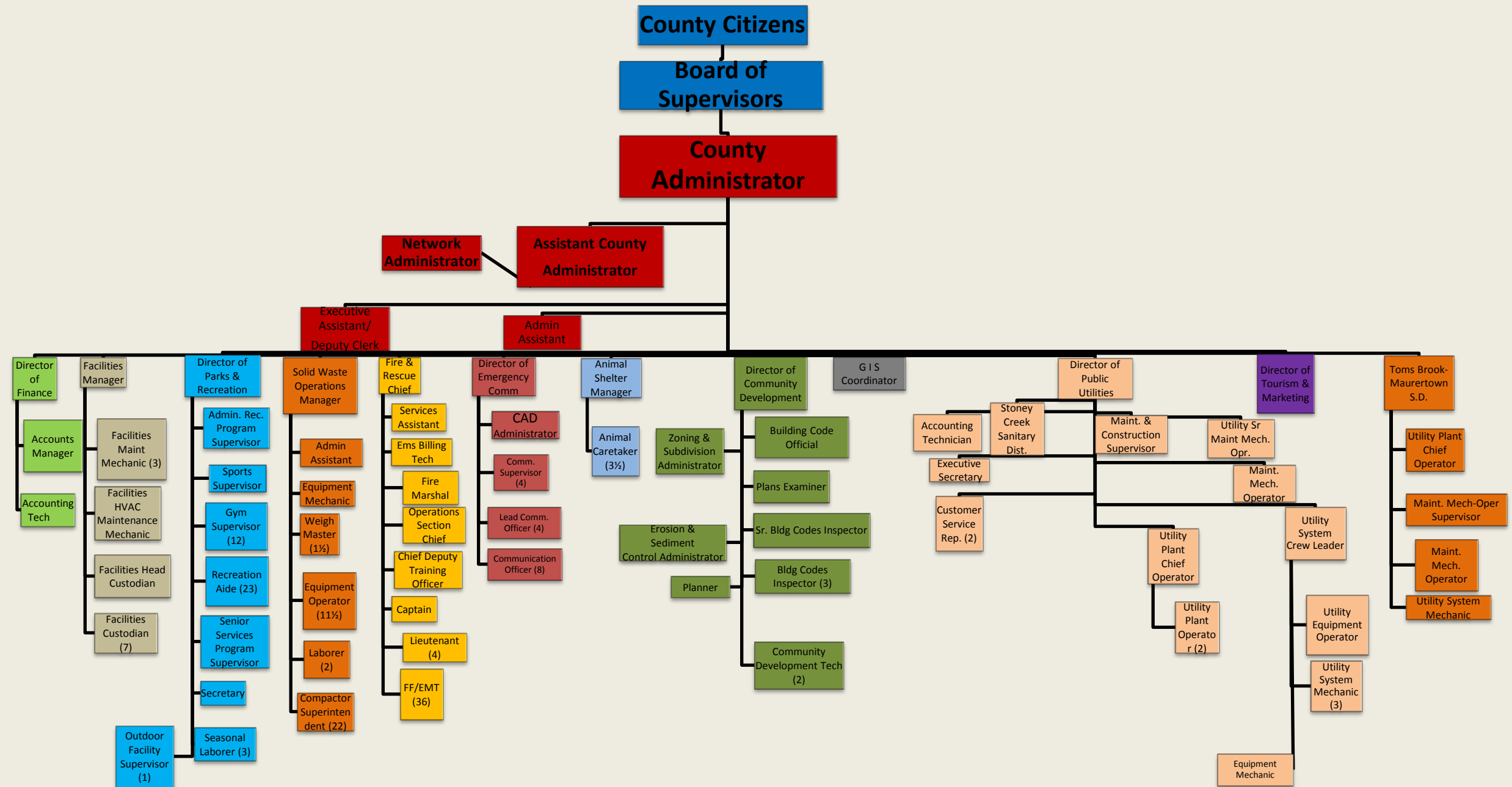
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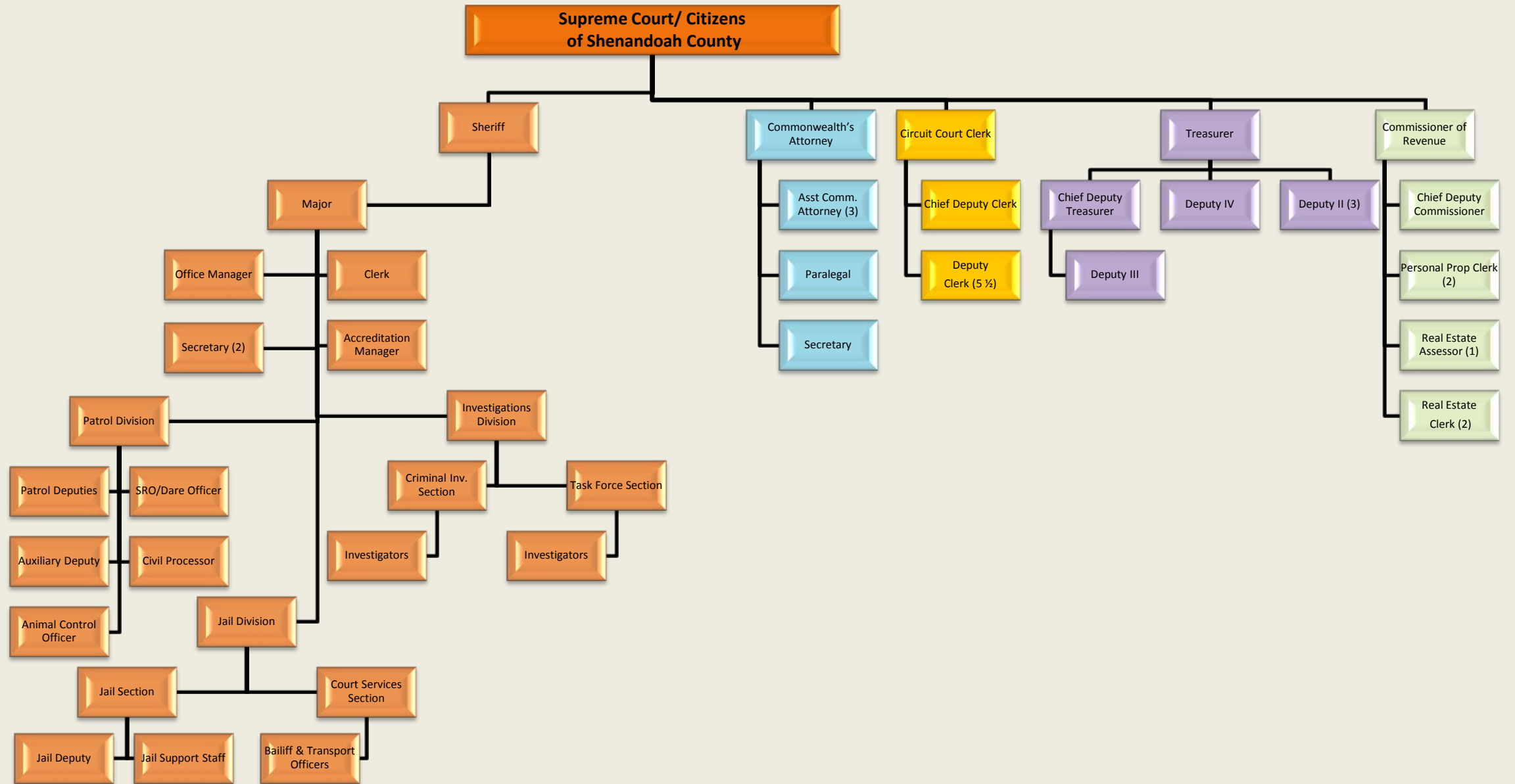
**County of Shenandoah
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO





COUNTY OF SHENANDOAH, VIRGINIA

BOARD OF SUPERVISORS

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

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

Cindy Bailey, District 4
Marsha Shruntz, District 5

COUNTY SCHOOL BOARD

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

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

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

OTHER OFFICIALS

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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2014, 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 Shenandoah, Virginia, as of June 30, 2014, 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.

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 of pension and OPEB funding progress on pages 12-19, 85, and 86-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Shenandoah, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2014, on our consideration of the County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shenandoah, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Lee Associates

Staunton, Virginia
November 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2013.

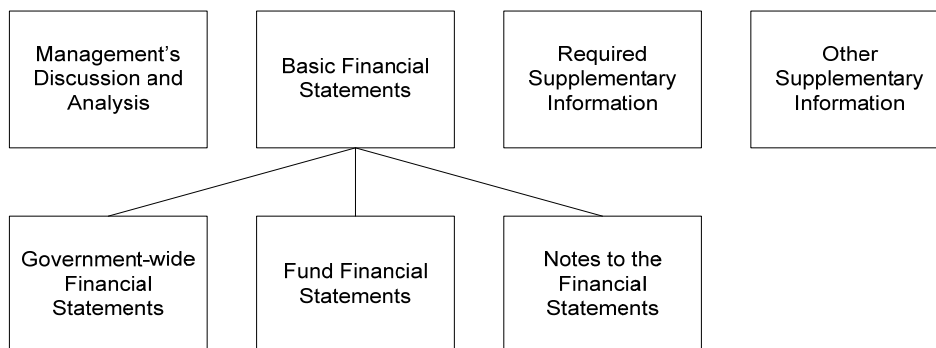
Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,426,869 (net position). Of this amount, \$12,327,962 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$26,858,724, an increase of \$557,650 in comparison with the prior year. Approximately \$12,772,653 or 48 percent of the total fund balance is unassigned and available for spending at the County of Shenandoah's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$12,772,653 represents 24 percent of total general fund expenditures.
- The County of Shenandoah, Virginia's total long-term debt decreased by \$4,025,030 during the current fiscal year.

Overview of the Financial Statements

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

Components of the Financial Report



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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant fund, and the Landfill fund.

The government-wide financial statements include not only the County of Shenandoah, Virginia (known as the primary government), but also a legally separate school district and a legally separate library for which the County of Shenandoah, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Shenandoah, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,426,869 at the close of the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Shenandoah County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 37 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary Statement of Net Position

County of Shenandoah, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 51,541,664	\$ 50,379,002	\$ 2,357,120	\$ 2,886,102	\$ 53,898,784	\$ 53,265,104
Capital assets	52,188,642	52,255,478	9,448,541	9,547,265	61,637,183	61,802,743
Total assets	<u>\$ 103,730,306</u>	<u>\$ 102,634,480</u>	<u>\$ 11,805,661</u>	<u>\$ 12,433,367</u>	<u>\$ 115,535,967</u>	<u>\$ 115,067,847</u>
Current liabilities	\$ 2,578,271	\$ 2,912,511	\$ 219,750	\$ 620,650	\$ 2,798,021	\$ 3,533,161
Long-term liabilities	54,489,034	57,947,559	11,934,060	14,577,825	66,423,094	72,525,384
Total liabilities	<u>\$ 57,067,305</u>	<u>\$ 60,860,070</u>	<u>\$ 12,153,810</u>	<u>\$ 15,198,475</u>	<u>\$ 69,221,115</u>	<u>\$ 76,058,545</u>
Total deferred inflows of resources	<u>\$ 19,607,225</u>	<u>\$ 18,654,775</u>	<u>\$ 280,758</u>	<u>\$ 280,247</u>	<u>\$ 19,887,983</u>	<u>\$ 18,935,022</u>
Net position:						
Net investment in capital assets	\$ 2,474,405	\$ 766,198	\$ 7,182,189	\$ 6,744,936	\$ 9,656,594	\$ 7,511,134
Restricted:						
Capital projects	621,544	2,181,996	-	-	621,544	2,181,996
Asset forfeiture	3,820,769	3,938,418	-	-	3,820,769	3,938,418
Unrestricted	20,139,058	16,233,023	(7,811,096)	(9,790,291)	12,327,962	6,442,732
Total net position	<u>\$ 27,055,776</u>	<u>\$ 23,119,635</u>	<u>\$ (628,907)</u>	<u>\$ (3,045,355)</u>	<u>\$ 26,426,869</u>	<u>\$ 20,074,280</u>

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

Summary of Changes in Net Position

County of Shenandoah, Virginia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,279,110	\$ 2,273,578	\$ 2,792,674	\$ 2,780,421	\$ 5,071,784	\$ 5,053,999
Operating grants and contributions	8,941,953	7,994,332	-	-	8,941,953	7,994,332
Capital grants and contributions	1,190,549	1,102,782	202,000	515,666	1,392,549	1,618,448
General Revenues:						
Property taxes	37,418,269	35,569,694	572,600	592,586	37,990,869	36,162,280
Other local taxes	6,498,009	6,495,383	6,084	10,256	6,504,093	6,505,639
Other	5,533,535	6,710,622	48,904	45,218	5,582,439	6,755,840
Total revenues	\$ 61,861,425	\$ 60,146,391	\$ 3,622,262	\$ 3,944,147	\$ 65,483,687	\$ 64,090,538
Expenses:						
General government administration	\$ 1,969,430	\$ 2,463,006	\$ -	\$ -	\$ 1,969,430	\$ 2,463,006
Judicial administration	2,073,679	1,982,483	-	-	2,073,679	1,982,483
Public safety	13,932,695	13,053,085	-	-	13,932,695	13,053,085
Public works	1,228,217	1,414,273	-	-	1,228,217	1,414,273
Health and welfare	6,420,661	6,971,130	-	-	6,420,661	6,971,130
Education	25,808,176	24,661,559	-	-	25,808,176	24,661,559
Parks, recreation and culture	1,548,584	1,426,020	-	-	1,548,584	1,426,020
Community development	1,086,801	892,852	-	-	1,086,801	892,852
Interest	2,285,296	2,639,028	-	-	2,285,296	2,639,028
Business-type activities	-	-	2,777,559	5,292,608	2,777,559	5,292,608
Total expenses	\$ 56,353,539	\$ 55,503,436	\$ 2,777,559	\$ 5,292,608	\$ 59,131,098	\$ 60,796,044
Increase (decrease) in net position before transfers	\$ 5,507,886	\$ 4,642,955	\$ 844,703	\$ (1,348,461)	\$ 6,352,589	\$ 3,294,494
Transfers	(1,571,745)	(1,632,819)	1,571,745	1,632,819	-	-
Increase (decrease) in net position	\$ 3,936,141	\$ 3,010,136	\$ 2,416,448	\$ 284,358	\$ 6,352,589	\$ 3,294,494
Net position beginning	23,119,635	20,109,499	(3,045,355)	(3,329,713)	20,074,280	16,779,786
Net position ending	\$ 27,055,776	\$ 23,119,635	\$ (628,907)	\$ (3,045,355)	\$ 26,426,869	\$ 20,074,280

Governmental activities – Governmental activities increased the County's net position by \$3,936,141.

Key elements of this increase are as follows:

- Property taxes increased \$1,848,575 during the year. This is primarily due to the rise in real property taxes due to an increase in the tax rate of \$0.03.
- Charges for services and other local taxes did not change significantly from the prior year to the current year.
- Other revenues decreased by \$1,177,087, which is primarily due to a donation to the Parks and Recreation Department in the prior fiscal year.
- Operating grants and contributions increased \$947,621, which is largely a result of federal asset forfeiture funds of \$1,030,220 that the Sheriff's Department received in fiscal year 2014.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Public safety expenses increased by \$879,610 as a result of the hiring of new school resource officers, and the acquisition of police supplies and equipment through federal asset forfeiture proceeds.

Business-type activities – Business-type activities of the two Sanitary Districts increased the Shenandoah County Government's net position by \$290,112. This was a decrease of \$207,642 from the previous fiscal year. This decrease is primarily contributed to a decrease in the connection fees received by both the Stoney Creek Sanitary District and the Toms Brook Maurertown Sanitary District as compared to the prior fiscal year.

Two other enterprise funds are included in the Business-type activities. First is the North Fork Wastewater Treatment Plant and the second is the Landfill Enterprise Fund. In fiscal year 2011, the North Fork Wastewater Treatment Plant fund was created and the shift generated an increase in assets. In fiscal year 2014, this fund experienced an increase in assets of \$53,122. The Landfill Enterprise Fund was created in fiscal year 2012 in response to the leachate line project. The creation of this fund required significant changes to the financial statements as assets moved from the General Fund to the Landfill Fund. The landfill had a negative impact on the business-type activities of \$6,767,643 for fiscal year 2014; however, the General Fund assets benefits from this transfer.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,858,724 an increase of \$557,650 in comparison with the prior year. Approximately 48% of the total fund balance, \$12,772,653 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is assigned to indicate that is not available to finance operations as it has been designated by the Board of Supervisors for future capital projects.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,772,653, while the total fund balance was \$18,277,191. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.8 percent of total general fund expenditures, while total fund balance represents 34.1 percent of that same amount.

The General Fund's fund balance increased \$2,645,112 during the current fiscal year.

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were a \$1,530,630 increase in appropriations and can be briefly summarized as follows:

- \$70,546 increase in judicial administration expenditures due in part to the receipt of a records restoration grant in the amount of \$30,106.

- \$759,381 increase in public safety expenditures due in part to the expenditure of federal asset forfeiture proceeds in the amount of \$260,238 and the purchase of EDP equipment for \$145,319.
- \$587,927 increase in capital projects funding due in large part to the DHCD free clinic expansion project in the amount of \$435,322.

Fiscal year 2014 actual revenues were approximately \$1,924,312 more than the fiscal year 2014 final budgeted revenues. Fiscal year 2014 actual expenditures were approximately \$512,574 less than the fiscal year 2014 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- General property taxes were \$890,838 more than the final budgeted revenues primarily due to increased real property tax collections that were higher than anticipated.
- Miscellaneous revenues were \$1,156,268 more than the final budgeted revenues largely due to an insurance recovery of \$676,756 from a fire in the ALMS house.
- Intergovernmental revenues from the Commonwealth were \$508,239 less than the final budgeted revenues due in part to a \$649,166 decrease in Comprehensive Services Act revenues.
- Intergovernmental revenues from the Federal government were \$1,242,970 more than the budgeted revenues due in part to Federal Forfeited Asset funds of \$1,030,220 and a federal conservation easement grant of \$522,000 that were not budgeted.
- Health and welfare expenditures were \$1,516,461 less than the final budgeted expenditures due in part to a \$1,065,519 decrease in Comprehensive Services Act expenditures.
- Capital project expenditures were \$1,048,164 more than final budgeted expenditures due in part to \$1,044,029 paid for a conservation land easement for which a federal grant was received.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$52,188,642 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total of the County's investment in capital assets for the current fiscal year did not significantly change from the prior fiscal year.

County of Shenandoah, Virginia's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 4,079,816	\$ 3,035,787	\$ 503,500	\$ 503,500	\$ 4,583,316	\$ 3,539,287
Building and improvements	54,478,020	51,227,986	-	-	54,478,020	51,227,986
Utility plant in service	-	-	27,448,056	26,039,863	27,448,056	26,039,863
Equipment	8,198,021	7,151,178	-	-	8,198,021	7,151,178
Construction in progress	-	4,181,285	112,613	908,463	112,613	5,089,748
Subtotal	\$ 66,755,857	\$ 65,596,236	\$ 28,064,169	\$ 27,451,826	\$ 94,820,026	\$ 93,048,062
Accumulated depreciation	(14,567,215)	(13,340,758)	(18,615,628)	(17,904,561)	(33,182,843)	(31,245,319)
Net capital assets	<u>\$ 52,188,642</u>	<u>\$ 52,255,478</u>	<u>\$ 9,448,541</u>	<u>\$ 9,547,265</u>	<u>\$ 61,637,183</u>	<u>\$ 61,802,743</u>

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$54,265,316. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's long-term debt decreased by \$4,025,030.

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

Economic Factors and Next Year's Budgets and Rates

- The June 2014 unemployment rate for the County was 5.6 percent, which is a decrease from a rate of 6.3 percent in June 2013. Shenandoah's rate is slightly higher than the region's average unemployment rate of 5.3 and the state average of 5.4 percent but lower than the national average rate of 6.3 percent.
- Growth in the County is expected to remain slow, which will continue to cause general property and other local tax revenues to experience little growth.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its funding to localities, particularly given the impact of federal government budgetary cuts to the Commonwealth.

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
June 30, 2014

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Library
ASSETS					
Cash and cash equivalents	\$ 20,445,293	\$ 1,619,611	\$ 22,064,904	\$ 7,266,893	\$ 363,608
Cash in custody of others	1,954,950	-	1,954,950	-	-
Restricted assets-customer deposits	-	21,325	21,325	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	21,927,176	358,751	22,285,927	-	-
Accounts receivable	1,370,157	393,758	1,763,915	1,562,077	8,464
Internal balances	99,956	(99,956)	-	-	-
Due from component unit	3,316,975	-	3,316,975	-	-
Due from other governmental units	1,766,538	-	1,766,538	1,596,506	-
Inventories	-	-	-	99,170	-
Prepaid items	39,075	2,719	41,794	1,230	25,845
Deposits	-	-	-	5,000	-
Restricted assets:					
Cash and cash equivalents	621,544	60,912	682,456	-	-
Capital assets (net of accumulated depreciation):					
Land	4,079,816	503,500	4,583,316	5,725,275	-
Buildings and improvements	45,455,504	1,697,826	47,153,330	36,430,338	201,410
Wells, lines, reservoirs	-	4,230,995	4,230,995	-	-
Machinery and equipment	2,653,322	2,903,607	5,556,929	1,475,188	10,423
Construction in progress	-	112,613	112,613	-	-
Total assets	<u>\$ 103,730,306</u>	<u>\$ 11,805,661</u>	<u>\$ 115,535,967</u>	<u>\$ 54,161,677</u>	<u>\$ 609,750</u>
LIABILITIES					
Accounts payable	\$ 1,331,975	\$ 186,929	\$ 1,518,904	\$ 6,261,973	\$ -
Accrued interest payable	698,457	11,496	709,953	-	-
Due to primary government	-	-	-	3,316,975	-
Unearned revenue	547,839	-	547,839	-	-
Deposits payable-restricted assets	-	21,325	21,325	-	-
Long-term liabilities:					
Due within one year	4,179,378	339,173	4,518,551	175,787	-
Due in more than one year	50,309,656	11,594,887	61,904,543	2,669,760	-
Total liabilities	<u>\$ 57,067,305</u>	<u>\$ 12,153,810</u>	<u>\$ 69,221,115</u>	<u>\$ 12,424,495</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 19,282,523	\$ 280,758	\$ 19,563,281	\$ -	\$ -
Deferred charge refunding	324,702	-	324,702	-	-
Total deferred inflows of resources	<u>\$ 19,607,225</u>	<u>\$ 280,758</u>	<u>\$ 19,887,983</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 2,474,405	\$ 7,182,189	\$ 9,656,594	\$ 43,630,801	\$ 211,833
Restricted:					
Capital projects	621,544	-	621,544	-	-
Asset forfeiture	3,820,769	-	3,820,769	-	-
Unrestricted (deficit)	20,139,058	(7,811,096)	12,327,962	(1,893,619)	397,917
Total net position	<u>\$ 27,055,776</u>	<u>\$ (628,907)</u>	<u>\$ 26,426,869</u>	<u>\$ 41,737,182</u>	<u>\$ 609,750</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,969,430	\$ -	\$ 290,020	\$ -
Judicial administration	2,073,679	196,855	653,572	-
Public safety	13,932,695	924,949	4,128,167	-
Public works	1,228,217	2,400	19,060	62,580
Health and welfare	6,420,661	-	3,831,882	-
Education	25,808,176	397,445	-	-
Parks, recreation, and cultural	1,548,584	428,031	19,252	622,000
Community development	1,086,801	329,430	-	505,969
Interest on long-term debt	2,285,296	-	-	-
Total governmental activities	<u>\$ 56,353,539</u>	<u>\$ 2,279,110</u>	<u>\$ 8,941,953</u>	<u>\$ 1,190,549</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,461,005	\$ 1,057,053	\$ -	\$ 46,500
Toms Brook Maurertown Sanitary District	728,962	593,438	-	155,500
North Fork Wastewater	177,751	105,479	-	-
Landfill	409,841	1,036,704	-	-
Total business-type activities	<u>2,777,559</u>	<u>2,792,674</u>	<u>-</u>	<u>202,000</u>
Total primary government	<u>\$ 59,131,098</u>	<u>\$ 5,071,784</u>	<u>\$ 8,941,953</u>	<u>\$ 1,392,549</u>
COMPONENT UNITS:				
School Board	\$ 63,661,899	\$ 2,953,250	\$ 35,735,250	\$ 370,855
Library	880,848	31,158	865,166	-
Total component units	<u>\$ 64,542,747</u>	<u>\$ 2,984,408</u>	<u>\$ 36,600,416</u>	<u>\$ 370,855</u>

General revenues:

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

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Library
\$ (1,679,410)	\$ -	\$ (1,679,410)	\$ -	\$ -
(1,223,252)	-	(1,223,252)	-	-
(8,879,579)	-	(8,879,579)	-	-
(1,144,177)	-	(1,144,177)	-	-
(2,588,779)	-	(2,588,779)	-	-
(25,410,731)	-	(25,410,731)	-	-
(479,301)	-	(479,301)	-	-
(251,402)	-	(251,402)	-	-
(2,285,296)	-	(2,285,296)	-	-
<u>\$ (43,941,927)</u>	<u>\$ -</u>	<u>\$ (43,941,927)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (357,452)	\$ (357,452)	\$ -	\$ -
-	19,976	19,976	-	-
-	(72,272)	(72,272)	-	-
-	626,863	626,863	-	-
-	217,115	217,115	-	-
<u>\$ (43,941,927)</u>	<u>\$ 217,115</u>	<u>\$ (43,724,812)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (24,602,544)	\$ -
-	-	-	-	15,476
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,602,544)</u>	<u>\$ 15,476</u>
\$ 37,418,269	\$ 572,600	\$ 37,990,869	\$ -	\$ -
3,207,116	-	3,207,116	-	-
1,994,637	-	1,994,637	-	-
830,861	-	830,861	-	-
304,745	-	304,745	-	-
160,650	-	160,650	-	-
360,343	6,084	366,427	1,880	27
1,106,265	48,904	1,155,169	129,642	4,586
4,066,927	-	4,066,927	25,396,416	5,778
(1,571,745)	1,571,745	-	-	-
<u>\$ 47,878,068</u>	<u>\$ 2,199,333</u>	<u>\$ 50,077,401</u>	<u>\$ 25,527,938</u>	<u>\$ 10,391</u>
\$ 3,936,141	\$ 2,416,448	\$ 6,352,589	\$ 925,394	\$ 25,867
23,119,635	(3,045,355)	20,074,280	40,811,788	583,883
<u>\$ 27,055,776</u>	<u>\$ (628,907)</u>	<u>\$ 26,426,869</u>	<u>\$ 41,737,182</u>	<u>\$ 609,750</u>

FUND FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2014

Exhibit 3

	Primary Government			
	General	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,840,703	\$ 8,444,066	\$ 160,524	\$ 20,445,293
Cash in custody of others	1,954,950	-	-	1,954,950
Receivables (net of allowance for uncollectibles):				
Taxes receivable	21,927,176	-	-	21,927,176
Accounts receivable	1,366,614	-	3,543	1,370,157
Due from other funds	99,956	-	-	99,956
Due from component unit	3,316,975	-	-	3,316,975
Due from other governmental units	1,766,538	-	-	1,766,538
Prepaid items	39,075	-	-	39,075
Restricted assets:				
Cash and cash equivalents	396,970	224,574	-	621,544
Total assets	<u>\$ 42,708,957</u>	<u>\$ 8,668,640</u>	<u>\$ 164,067</u>	<u>\$ 51,541,664</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,080,801	\$ 251,174	\$ -	\$ 1,331,975
Unearned revenue	547,839	-	-	547,839
Total liabilities	<u>\$ 1,628,640</u>	<u>\$ 251,174</u>	<u>\$ -</u>	<u>\$ 1,879,814</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>\$ 22,803,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,803,126</u>
FUND BALANCES				
Nonspendable	\$ 39,075	\$ -	\$ -	\$ 39,075
Restricted	4,217,739	224,574	-	4,442,313
Assigned	1,247,724	8,192,892	164,067	9,604,683
Unassigned	12,772,653	-	-	12,772,653
Total fund balances	<u>\$ 18,277,191</u>	<u>\$ 8,417,466</u>	<u>\$ 164,067</u>	<u>\$ 26,858,724</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,708,957</u>	<u>\$ 8,668,640</u>	<u>\$ 164,067</u>	<u>\$ 51,541,664</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

Exhibit 4

**Primary
Government**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 26,858,724
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,188,642
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,871,199
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(54,862,789)</u>
Net position of governmental activities	\$ <u><u>27,055,776</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit 5

	Primary Government				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 37,482,790	\$ -	\$ -	\$ -	\$ 37,482,790
Other local taxes	6,498,009	-	-	-	6,498,009
Permits, privilege fees, and regulatory licenses	349,335	-	-	-	349,335
Fines and forfeitures	71,259	-	-	-	71,259
Revenue from the use of money and property	355,859	-	4,434	50	360,343
Charges for services	1,858,516	-	-	-	1,858,516
Miscellaneous	1,655,376	146,116	-	3,573	1,805,065
Recovered costs	550,983	-	-	-	550,983
Intergovernmental:					
Commonwealth	10,303,365	-	-	-	10,303,365
Federal	3,896,064	-	-	-	3,896,064
Total revenues	<u>\$ 63,021,556</u>	<u>\$ 146,116</u>	<u>\$ 4,434</u>	<u>\$ 3,623</u>	<u>\$ 63,175,729</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,463,728	\$ -	\$ -	\$ -	\$ 2,463,728
Judicial administration	1,822,544	-	-	-	1,822,544
Public safety	14,007,900	-	-	-	14,007,900
Public works	1,172,071	-	-	-	1,172,071
Health and welfare	6,353,432	-	-	-	6,353,432
Education	23,354,643	-	-	-	23,354,643
Parks, recreation, and cultural	1,408,573	-	-	-	1,408,573
Community development	1,033,232	-	-	-	1,033,232
Nondepartmental	13,374	-	-	-	13,374
Capital projects	1,636,091	-	1,899,102	-	3,535,193
Debt service:					
Principal retirement	331,901	3,470,662	-	-	3,802,563
Interest and other fiscal charges	28,006	2,448,045	-	-	2,476,051
Total expenditures	<u>\$ 53,625,495</u>	<u>\$ 5,918,707</u>	<u>\$ 1,899,102</u>	<u>\$ -</u>	<u>\$ 61,443,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,396,061</u>	<u>\$ (5,772,591)</u>	<u>\$ (1,894,668)</u>	<u>\$ 3,623</u>	<u>\$ 1,732,425</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 5,772,591	\$ -	\$ 60,541	\$ 5,833,132
Transfers out	(7,147,919)	-	(256,958)	-	(7,404,877)
Issuance of Capital leases	396,970	-	-	-	396,970
Total other financing sources (uses)	<u>\$ (6,750,949)</u>	<u>\$ 5,772,591</u>	<u>\$ (256,958)</u>	<u>\$ 60,541</u>	<u>\$ (1,174,775)</u>
Net change in fund balances	\$ 2,645,112	\$ -	\$ (2,151,626)	\$ 64,164	\$ 557,650
Fund balances - beginning	15,632,079	-	10,569,092	99,903	26,301,074
Fund balances - ending	<u>\$ 18,277,191</u>	<u>\$ -</u>	<u>\$ 8,417,466</u>	<u>\$ 164,067</u>	<u>\$ 26,858,724</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

Exhibit 6

**Primary
Government**

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

Net change in fund balances - total governmental funds	\$ 557,650
--	------------

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.

82,137

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

(148,973)

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

(64,521)

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

3,508,302

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.

1,546

Change in net position of governmental activities

\$ 3,936,141

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit 7

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Mauertown Sanitary District	North Fork Wastewater	Landfill	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 654,867	\$ 821,700	\$ 143,044	\$ -	\$ 1,619,611
Restricted assets-customer deposits	7,200	14,125	-	-	21,325
Taxes receivable, net of allowances for uncollectibles	327,632	31,119	-	-	358,751
Accounts receivable, net of allowances for uncollectibles	167,905	48,851	10,862	166,140	393,758
Prepaid items	2,719	-	-	-	2,719
Total current assets	<u>\$ 1,160,323</u>	<u>\$ 915,795</u>	<u>\$ 153,906</u>	<u>\$ 166,140</u>	<u>\$ 2,396,164</u>
Noncurrent assets:					
Designated cash-septage	\$ -	\$ 60,912	\$ -	\$ -	\$ 60,912
Capital assets (net of accumulated depreciation):					
Land	37,251	84,047	4,950	377,252	503,500
Building and improvements	-	-	33,934	1,663,892	1,697,826
Wells, lines, reservoirs	2,382,339	1,848,656	-	-	4,230,995
Machinery and equipment	846,763	72,230	1,281,652	702,962	2,903,607
Construction in progress	112,613	-	-	-	112,613
Total noncurrent assets	<u>\$ 3,378,966</u>	<u>\$ 2,065,845</u>	<u>\$ 1,320,536</u>	<u>\$ 2,744,106</u>	<u>\$ 9,509,453</u>
Total assets	<u>\$ 4,539,289</u>	<u>\$ 2,981,640</u>	<u>\$ 1,474,442</u>	<u>\$ 2,910,246</u>	<u>\$ 11,905,617</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 45,913	\$ 19,455	\$ 6,355	\$ 115,206	\$ 186,929
Compensated absences	13,983	2,091	-	8,557	24,631
Deposits payable-restricted assets	7,200	14,125	-	-	21,325
Accrued interest payable	7,750	738	3,008	-	11,496
Due to other funds	-	99,956	-	-	99,956
Bonds payable	240,000	21,695	52,847	-	314,542
Total current liabilities	<u>\$ 314,846</u>	<u>\$ 158,060</u>	<u>\$ 62,210</u>	<u>\$ 123,763</u>	<u>\$ 658,879</u>
Noncurrent liabilities:					
Compensated absences	\$ 56,554	\$ 8,362	\$ -	\$ 34,227	\$ 99,143
Bonds payable	410,000	426,334	1,115,476	-	1,951,810
Landfill closure and post-closure care	-	-	-	9,500,484	9,500,484
Net OPEB Obligations	18,315	5,720	-	19,415	43,450
Total noncurrent liabilities	<u>\$ 484,869</u>	<u>\$ 440,416</u>	<u>\$ 1,115,476</u>	<u>\$ 9,554,126</u>	<u>\$ 11,594,887</u>
Total liabilities	<u>\$ 799,715</u>	<u>\$ 598,476</u>	<u>\$ 1,177,686</u>	<u>\$ 9,677,889</u>	<u>\$ 12,253,766</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	<u>\$ 253,997</u>	<u>\$ 26,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,758</u>
NET POSITION					
Net investment in capital assets	\$ 2,728,966	\$ 1,556,904	\$ 152,213	\$ 2,744,106	\$ 7,182,189
Unrestricted	756,611	799,499	144,543	(9,511,749)	(7,811,096)
Total net position	<u>\$ 3,485,577</u>	<u>\$ 2,356,403</u>	<u>\$ 296,756</u>	<u>\$ (6,767,643)</u>	<u>\$ (628,907)</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 8

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 436,062	\$ 229,089	\$ -	\$ -	\$ 665,151
Sewer sales	620,991	349,349	-	-	970,340
Septage income	-	15,000	105,479	-	120,479
Waste collection charges	-	-	-	1,036,704	1,036,704
Total operating revenues	<u>\$ 1,057,053</u>	<u>\$ 593,438</u>	<u>\$ 105,479</u>	<u>\$ 1,036,704</u>	<u>\$ 2,792,674</u>
OPERATING EXPENSES					
Treatment and purification	\$ 121,371	\$ 131,720	\$ -	\$ -	\$ 253,091
Maintenance	167,172	56,305	91,541	-	315,018
Administration	883,824	262,879	-	-	1,146,703
Other	74,539	84,402	13,660	-	172,601
Refuse collection	-	-	-	759,608	759,608
Refuse disposal	-	-	-	1,411,152	1,411,152
Landfill closure and post-closure costs (recovery)	-	-	-	(2,095,979)	(2,095,979)
Depreciation and amortization	179,399	166,414	37,297	335,060	718,170
Total operating expenses	<u>\$ 1,426,305</u>	<u>\$ 701,720</u>	<u>\$ 142,498</u>	<u>\$ 409,841</u>	<u>\$ 2,680,364</u>
Operating income (loss)	<u>\$ (369,252)</u>	<u>\$ (108,282)</u>	<u>\$ (37,019)</u>	<u>\$ 626,863</u>	<u>\$ 112,310</u>
NONOPERATING REVENUES (EXPENSES)					
General property taxes	\$ 516,591	\$ 56,009	\$ -	\$ -	\$ 572,600
Investment earnings	1,404	4,680	-	-	6,084
Other	30,738	18,166	-	-	48,904
Interest expense	(34,700)	(27,242)	(35,253)	-	(97,195)
Total nonoperating revenues (expenses)	<u>\$ 514,033</u>	<u>\$ 51,613</u>	<u>\$ (35,253)</u>	<u>\$ -</u>	<u>\$ 530,393</u>
Income before contributions and transfers	<u>\$ 144,781</u>	<u>\$ (56,669)</u>	<u>\$ (72,272)</u>	<u>\$ 626,863</u>	<u>\$ 642,703</u>
Capital contributions	\$ 46,500	\$ 155,500	\$ -	\$ -	\$ 202,000
Transfers in	-	-	88,560	1,483,185	1,571,745
Change in net position	<u>\$ 191,281</u>	<u>\$ 98,831</u>	<u>\$ 16,288</u>	<u>\$ 2,110,048</u>	<u>\$ 2,416,448</u>
Total net position - beginning	<u>\$ 3,294,296</u>	<u>\$ 2,257,572</u>	<u>\$ 280,468</u>	<u>\$ (8,877,691)</u>	<u>\$ (3,045,355)</u>
Total net position - ending	<u>\$ 3,485,577</u>	<u>\$ 2,356,403</u>	<u>\$ 296,756</u>	<u>\$ (6,767,643)</u>	<u>\$ (628,907)</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 9

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,070,827	\$ 596,836	\$ 98,846	\$ 988,864	\$ 2,755,373
Payments to suppliers	(520,045)	(315,852)	(113,770)	(1,076,968)	(2,026,635)
Payments to employees	(781,341)	(288,075)	-	(1,110,713)	(2,180,129)
Net cash provided (used for) operating activities	\$ (230,559)	\$ (7,091)	\$ (14,924)	\$ (1,198,817)	\$ (1,451,391)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	\$ -	\$ (1,688)	\$ 88,560	\$ 1,483,185	\$ 1,570,057
General property taxes	515,337	63,433	-	-	578,770
Other income	30,738	18,166	-	-	48,904
Net cash provided (used for) noncapital financing activities	\$ 546,075	\$ 79,911	\$ 88,560	\$ 1,483,185	\$ 2,197,731
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (224,476)	\$ (110,602)	\$ -	\$ (284,368)	\$ (619,446)
Principal paid on capital debt	(220,000)	(262,795)	(53,182)	-	(535,977)
Repayment of debt due to general fund	-	(3,215)	-	-	(3,215)
Interest paid on capital debt	(37,450)	(28,078)	(35,378)	-	(100,906)
Capital contributions	46,500	155,500	-	-	202,000
Net cash provided (used for) capital and related financing activities	\$ (435,426)	\$ (249,190)	\$ (88,560)	\$ (284,368)	\$ (1,057,544)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 1,404	\$ 4,680	\$ -	\$ -	\$ 6,084
Net cash provided (used for) investing activities	\$ 1,404	\$ 4,680	\$ -	\$ -	\$ 6,084
Net increase (decrease) in cash and cash equivalents	\$ (118,506)	\$ (171,690)	\$ (14,924)	\$ -	\$ (305,120)
Cash and cash equivalents (including designated cash)- beginning	780,573	1,068,427	157,968	-	2,006,968
Cash and cash equivalents (including designated cash)- ending	\$ 662,067	\$ 896,737	\$ 143,044	\$ -	\$ 1,701,848
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (369,252)	\$ (108,282)	\$ (37,019)	\$ 626,863	\$ 112,310
Adjustments to reconcile operating loss to net cash provided (used for) operating activities:					
Depreciation and amortization expense	\$ 179,399	\$ 166,414	\$ 37,297	\$ 335,060	\$ 718,170
Non-cash closure and post closure costs (recovery)	-	-	-	(2,095,979)	(2,095,979)
(Increase) decrease in accounts receivable	(12,166)	2,417	(6,633)	(47,840)	(64,222)
(Increase) decrease in prepaid items	26,240	14,464	-	-	40,704
(Increase) decrease in due from other funds	141,765	-	-	-	141,765
Increase (decrease) in accounts payable and accrued liabilities	(194,517)	(78,464)	(8,569)	(11,461)	(293,011)
Increase (decrease) in compensated absences	620	(3,881)	-	1,518	(1,743)
Increase (decrease) in prepaid water and sewer charges	-	(694)	-	-	(694)
Increase (decrease) in deposits payable	(300)	1,675	-	-	1,375
Increase (decrease) in net OPEB obligation	(2,348)	(740)	-	(6,978)	(10,066)
Total adjustments	\$ 138,693	\$ 101,191	\$ 22,095	\$ (1,825,680)	\$ (1,563,701)
Net cash provided (used for) operating activities	\$ (230,559)	\$ (7,091)	\$ (14,924)	\$ (1,198,817)	\$ (1,451,391)
Schedule of non-cash capital and related financing activities:					
Landfill closure and post-closure costs (recovery)	\$ -	\$ -	\$ -	\$ 2,095,979	\$ -

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

Exhibit 10

	Private- Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 10,094	\$ 599,280
Cash in custody of others	-	24,743
Receivables:		
Accounts receivable	-	278,938
Total assets	<u>\$ 10,094</u>	<u>\$ 902,961</u>
LIABILITIES		
Amounts held for social service clients	\$ -	\$ 2,440
Amounts held for locality rescue agencies	-	875,778
Amounts held for inmates	-	24,743
Total liabilities	<u>\$ -</u>	<u>\$ 902,961</u>
NET POSITION		
Restricted for scholarships	<u>\$ 10,094</u>	<u>\$ -</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

Exhibit 11

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ <u>5</u>
Total additions	\$ <u>5</u>
 Change in net position	 \$ 5
 Net position - beginning	 <u>10,089</u>
Net position - ending	\$ <u><u>10,094</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

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

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

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

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

Jointly Governed Organizations – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$229,187 for operations to the Northwestern Community Services Board and \$364,670 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$1,590,679 to the Shenandoah Valley Regional Program for operations.

B. Government-wide and fund financial statements

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

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

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

The government reports the following governmental fund types:

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

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

The government reports the following fiduciary fund types:

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

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

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

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

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

1. Cash and cash equivalents

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

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

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

2. Receivables and payables

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

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

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

3. Property taxes

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

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,632,870 at June 30, 2014 and is comprised solely of property taxes. This allowance represents 1.2506% of the total levies for the previous six years.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$4,486 for Toms Brook-Maurertown Sanitary District and \$6,354 for Stoney Creek Sanitary District at June 30, 2014.

5. Inventories and prepaid items

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

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

6. Restricted assets

At June 30, 2014, the County had the following restricted assets. Restricted assets in the Toms Brook-Maurertown Sanitary District consist of funds restricted for septage expenses in the amount of \$60,912. The restricted assets in the General Fund are for debt service in the amount of \$396,970. The Capital Projects fund had unspent bond proceeds in the amount of \$224,574.

7. Capital assets

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

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

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

7. Capital assets (continued)

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

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

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

8. Compensated absences

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

9. Long-term obligations

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

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

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

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

10. Fund equity

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

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

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

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

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

10. Fund equity (continued)

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

	General Fund	Major Capital Projects Fund	Other Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 39,075	\$ -	\$ -	\$ 39,075
Restricted:				
Debt service proceeds	\$ 396,970	\$ 224,574	\$ -	\$ 621,544
Asset forfeiture proceeds-Virginia	21,952	-	-	21,952
Asset forfeiture proceeds-Federal	3,798,817	-	-	3,798,817
Total Restricted Fund Balance	<u>\$ 4,217,739</u>	<u>\$ 224,574</u>	<u>\$ -</u>	<u>\$ 4,442,313</u>
Assigned:				
Capital projects	\$ -	\$ 8,192,892	\$ 99,953	\$ 8,292,845
Transient occupancy	179,209	-	-	179,209
Seven Bends Student Center	117,346	-	-	117,346
Sludge disposal	355,327	-	-	355,327
Landfill recovery	224,249	-	-	224,249
Telephone commissions	176,373	-	-	176,373
Other purposes	195,220	-	64,114	259,334
Total Assigned Fund Balance	<u>\$ 1,247,724</u>	<u>\$ 8,192,892</u>	<u>\$ 164,067</u>	<u>\$ 9,604,683</u>
Unassigned Fund Balance	<u>\$ 12,772,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,772,653</u>
Total Fund Balances	<u>\$ 18,277,191</u>	<u>\$ 8,417,466</u>	<u>\$ 164,067</u>	<u>\$ 26,858,724</u>

11. Net position

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

12. Net position flow assumption

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

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

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

13. Reclassifications

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

E. Investments

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

F. Use of Estimates

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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 had two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. The County also shows a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

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

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

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

	Primary Government	Unit School Board
General obligation bonds	\$ (40,615,678)	\$ -
Lease revenue bonds payable	(7,435,000)	-
Unamortized bond premium	(1,746,786)	-
Literary loans payable	(2,201,500)	-
Accrued interest payable	(698,457)	-
Capital leases payable	(1,196,369)	-
Deferred charge refunding	324,702	-
Net OPEB obligation	(506,550)	(1,951,000)
Compensated absences	(787,151)	(894,547)
<i>Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities</i>	<u>\$ (54,862,789)</u>	<u>\$ (2,845,547)</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

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

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

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

	Primary Government	Component Unit School Board
Capital outlay	\$ 3,792,236	\$ 1,195,501
Depreciation expense	(1,256,566)	(2,448,703)
Primary government capital asset allocation	(2,453,533)	2,453,533
<i>Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 82,137</u>	<u>\$ 1,200,331</u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

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

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

	<u>Primary Government</u>
Debt issued or incurred:	
Amortization of premium on bond issue	\$ 139,432
Amortization of deferred amount on refunding	19,249
Capital lease financing	(396,970)
Principal repayments:	
General obligation bonds	3,254,690
Lease revenue bonds	160,000
Capital leases	<u>331,901</u>
<i>Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 3,508,302</u>

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ 54,538	\$ (7,807)
Accrued interest payable	32,074	-
Net OPEB obligation	<u>(85,066)</u>	<u>(325,000)</u>
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 1,546</u>	<u>\$ (332,807)</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

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

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED):

Custodial Credit Risk (Investments)

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

Credit Risk of Debt Securities

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

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

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 10,778,459
State Non-Arbitrage Program	224,574
Total	<u><u>\$ 11,003,033</u></u>

External Investment Pool

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 5—INTERFUND OBLIGATIONS:

	Receivable Primary Government/ Component Unit	Payable Primary Government/ Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 3,316,975	\$ -	\$ 99,956	\$ -
Toms Brook-Maurertown Sanitary District	-	-	-	99,956
Sub-total	\$ 3,316,975	\$ -	\$ 99,956	\$ 99,956
Discretely Presented Component Units:				
School Fund	\$ -	\$ 3,316,975	\$ 104,769	\$ -
School Cafeteria Fund	-	-	-	104,769
Sub-total	\$ -	\$ 3,316,975	\$ 104,769	\$ 104,769
Total reporting entity	\$ 3,316,975	\$ 3,316,975	\$ 204,725	\$ 204,725

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

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ (7,147,919)
County Debt Service	5,772,591	-
Landfill Contingency	60,541	-
Capital Projects	-	(256,958)
North Fork Wastewater	88,560	-
Landfill	1,483,185	-
Total	\$ 7,404,877	\$ (7,404,877)

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

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

During fiscal year 1994, the General Fund built a septage handling facility at the Toms Brook-Maurertown Sanitary District location for \$235,240. This amount is being repaid to the General Fund from tipping fees that are collected by Toms Brook and from septic application fees collected by the General Fund on behalf of the District. The balance as of June 30, 2014 was \$99,956.

NOTE 8—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 1,102,952
Local sales taxes	570,383	-
Comprehensive services act funds	245,518	-
Public assistance and welfare	106,617	-
Fringe benefits	257,312	-
Other funds	435,356	148,048
Federal Government:		
Public assistance and welfare	133,381	-
Other funds	17,971	-
School funds	-	278,361
Cafeteria funds	-	67,145
Total	\$ <u>1,766,538</u>	\$ <u>1,596,506</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 9—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 3,035,787	\$ 1,044,029	\$ -	\$ -	\$ 4,079,816
Construction in progress	4,181,285	1,897,425	(6,078,710)	-	-
Total capital assets not being depreciated	\$ 7,217,072	\$ 2,941,454	\$ (6,078,710)	\$ -	\$ 4,079,816
Capital assets being depreciated:					
Buildings and improvements	\$ 51,227,986	\$ 5,864,175	\$ (2,614,141)	\$ -	\$ 54,478,020
Machinery and equipment	7,151,178	1,458,624	(411,781)	-	8,198,021
Total capital assets being depreciated	\$ 58,379,164	\$ 7,322,799	\$ (3,025,922)	\$ -	\$ 62,676,041
Accumulated depreciation:					
Buildings and improvements	\$ (8,418,720)	\$ (1,060,404)	\$ 456,608	\$ -	\$ (9,022,516)
Machinery and equipment	(4,922,038)	(856,493)	233,832	-	(5,544,699)
Total accumulated depreciation	\$ (13,340,758)	\$ (1,916,897)	\$ 690,440	\$ -	\$ (14,567,215)
Total capital assets being depreciated, net	\$ 45,038,406	\$ 5,405,902	\$ (2,335,482)	\$ -	\$ 48,108,826
Governmental activities capital assets, net	\$ 52,255,478	\$ 8,347,356	\$ (8,414,192)	\$ -	\$ 52,188,642
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 503,500	\$ -	\$ -	\$ -	\$ 503,500
Construction in progress	908,463	531,491	-	(1,327,341)	112,613
Total capital assets not being depreciated	\$ 1,411,963	\$ 531,491	\$ -	\$ (1,327,341)	\$ 616,113
Capital assets being depreciated:					
Buildings and infrastructure	\$ 4,029,311	\$ -	\$ -	\$ (317,866)	\$ 3,711,445
Water distribution system	10,226,503	16,819	(925)	2,485,282	12,727,679
Machinery and equipment	11,784,049	71,136	(6,178)	(840,075)	11,008,932
Total capital assets being depreciated	\$ 26,039,863	\$ 87,955	\$ (7,103)	\$ 1,327,341	\$ 27,448,056
Accumulated depreciation:					
Buildings and improvements	\$ (2,967,529)	\$ (195,932)	\$ -	\$ 1,149,842	\$ (2,013,619)
Wells, lines and reservoirs	(6,844,498)	(227,888)	925	(1,425,223)	(8,496,684)
Machinery and equipment	(8,092,534)	(294,350)	6,178	275,381	(8,105,325)
Total accumulated depreciation	\$ (17,904,561)	\$ (718,170)	\$ 7,103	\$ -	\$ (18,615,628)
Business-type activities , capital assets, net	\$ 9,547,265	\$ (98,724)	\$ -	\$ -	\$ 9,448,541

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 9—CAPITAL ASSETS (CONTINUED):**

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

Governmental Activities:	
General government administration	\$ 246,771
Judicial administration	241,484
Public safety	602,820
Public works	6,266
Health and welfare	23,517
Education	660,331
Culture and recreation	135,708
Total depreciation expense-governmental activities	<u>\$ 1,916,897</u>
Business-type Activities:	
Stoney Creek Sanitary District	\$ 179,399
Toms Brook-Maurertown Sanitary District	166,414
North Fork Wastewater Fund	37,297
Landfill	335,060
Total depreciation expense business-type activities	<u>\$ 718,170</u>

Capital Leases:

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 1,131,298
Less: Accumulated depreciation	(382,463)
Total	<u>\$ 748,835</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2015	\$ 350,834
2016	350,834
2017	269,784
2018	157,261
2019	75,543
2020	37,579
Total minimum lease payments	<u>\$ 1,241,835</u>
Less: Amount representing interest	(45,466)
Present value of minimum lease payments	<u>\$ 1,196,369</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 9—CAPITAL ASSETS (CONTINUED):

Discretely presented component units:

Activity for the School Board for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Total capital assets not being depreciated	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Capital assets being depreciated:				
Buildings and improvements	\$ 59,953,929	\$ 2,546,225	\$ -	\$ 62,500,154
Machinery and equipment	7,708,265	915,528	-	8,623,793
Total capital assets being depreciated	\$ 67,662,194	\$ 3,461,753	\$ -	\$ 71,123,947
Accumulated depreciation:				
Buildings and improvements	\$ (24,406,363)	\$ (1,663,453)	\$ -	\$ (26,069,816)
Machinery and equipment	(6,550,636)	(597,969)	-	(7,148,605)
Total accumulated depreciation	\$ (30,956,999)	\$ (2,261,422)	\$ -	\$ (33,218,421)
Total capital assets being depreciated, net	\$ 36,705,195	\$ 1,200,331	\$ -	\$ 37,905,526
School Board capital assets, net	\$ 42,430,470	\$ 1,200,331	\$ -	\$ 43,630,801

Depreciation expense for the Component Unit School Board was \$2,448,703 and a net transfer of (\$187,281) was transferred in accumulated depreciation from the primary government due to debt repayments for the year ended June 30, 2014.

Activity for the Shenandoah County Library for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and system	\$ 285,197	\$ -	\$ -	\$ 285,197
Furniture and Fixtures	42,213	-	-	42,213
Machinery and equipment	188,431	5,480	(87,575)	106,336
Total capital assets being depreciated	\$ 515,841	\$ 5,480	\$ (87,575)	\$ 433,746
Accumulated depreciation:				
Buildings and system	\$ (76,657)	\$ (7,130)	\$ -	\$ (83,787)
Furniture and Fixtures	(36,153)	(1,468)	-	(37,621)
Machinery and equipment	(183,499)	(3,835)	86,829	(100,505)
Total accumulated depreciation	\$ (296,309)	\$ (12,433)	\$ 86,829	\$ (221,913)
Total Library capital assets being depreciated, net	\$ 219,532	\$ (6,953)	\$ (746)	\$ 211,833

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 10—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$547,839 is comprised of the following:

- A. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$234,056 was outstanding at June 30, 2014. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee's personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- B. Asset Forfeiture Proceeds – Assets seized as a result of law enforcement raids awaiting approval from the federal government totaled \$313,783 at June 30, 2014.

NOTE 11—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$19,282,523 and \$22,803,126 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2014, but paid in advance by the taxpayers totaled \$1,759,923 in the general fund at June 30, 2014.
- B. Unbilled Property Taxes – Property taxes for the second half of 2014 that had not been billed as of June 30, 2014 amounted to \$17,522,600.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,520,603 at June 30, 2014.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS:

Changes in long-term obligations

The following is a summary of changes in long-term obligation transactions of the Primary Government for the year ended June 30, 2014:

	Balance July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2014
Governmental Activities:				
General Obligation Bonds	\$ 43,555,868	\$ -	\$ 2,940,190	\$ 40,615,678
Bond Premium	1,886,218	-	139,432	1,746,786
Literary Loan Funds	2,516,000	-	314,500	2,201,500
Compensated Absences	841,689	505,013	559,551	787,151
Net OPEB Obligation	421,484	117,888	32,822	506,550
Capital Leases	1,131,300	396,970	331,901	1,196,369
Lease Revenue Bonds	7,595,000	-	160,000	7,435,000
Total Governmental Activities	\$ 57,947,559	\$ 1,019,871	\$ 4,478,396	\$ 54,489,034
Business-type Activities:				
General Obligation/Revenue Bonds	\$ 2,802,329	\$ -	\$ 535,977	\$ 2,266,352
Net OPEB Obligation	53,516	10,112	20,178	43,450
Compensated Absences	125,517	75,311	77,054	123,774
Landfill Closure and Post-Closure Care	11,596,463	-	2,095,979	9,500,484
Total Business-type Activities	\$ 14,577,825	\$ 85,423	\$ 2,729,188	\$ 11,934,060
Total Long-Term Obligations	\$ 72,525,383	\$ 1,105,294	\$ 7,207,584	\$ 66,423,094

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

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

Years Ending June 30,	Governmental Activities			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 332,973	\$ 17,861	\$ 170,000	\$ 299,588
2016	336,816	14,018	265,000	289,666
2017	261,961	7,823	280,000	277,825
2018	153,506	3,755	285,000	265,047
2019	73,871	1,673	300,000	252,281
2020	37,242	337	315,000	239,097
2021	-	-	330,000	224,369
2022	-	-	345,000	208,172
2023	-	-	365,000	190,328
2024	-	-	385,000	171,935
2025	-	-	405,000	153,415
2026	-	-	415,000	135,478
2027	-	-	365,000	118,041
2028	-	-	220,000	104,716
2029	-	-	175,000	10,095
2030	-	-	160,000	89,725
2031	-	-	165,000	83,497
2032	-	-	170,000	77,663
2033	-	-	180,000	70,969
2034	-	-	185,000	64,641
2035	-	-	190,000	58,781
2036	-	-	195,000	52,728
2037	-	-	205,000	46,403
2038	-	-	210,000	39,844
2039	-	-	215,000	33,125
2040	-	-	225,000	26,169
2041	-	-	230,000	18,975
2042	-	-	240,000	11,544
2043	-	-	245,000	3,875
Total	\$ <u>1,196,369</u>	\$ <u>45,467</u>	\$ <u>7,435,000</u>	\$ <u>3,617,991</u>

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)**

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

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

Years Ending June 30,	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2015	\$ 3,012,560	\$ 2,006,539	\$ 314,500	\$ 66,046
2016	3,121,250	1,885,158	314,500	56,610
2017	3,245,277	1,756,699	314,500	47,174
2018	3,379,655	1,619,034	314,500	37,740
2019	3,509,398	1,479,771	314,500	28,306
2020	3,649,519	1,332,368	314,500	18,870
2021	3,788,879	1,173,813	314,500	9,434
2022	3,932,565	1,007,332	-	-
2023	4,072,128	833,193	-	-
2024	2,162,468	703,893	-	-
2025	2,218,180	622,133	-	-
2026	2,032,314	538,513	-	-
2027	2,094,789	452,190	-	-
2028	262,490	9,947	-	-
2029	134,203	2,015	-	-
Total	<u>\$ 40,615,678</u>	<u>\$ 15,422,595</u>	<u>\$ 2,201,500</u>	<u>\$ 264,180</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

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

Years Ending June 30,	Business-type Activities					
	Stoney Creek Sanitary District Bonds		Toms Brook-Maurertown Sanitary District Bonds		North Fork Wastewater VRA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 240,000	\$ 25,000	\$ 21,695	\$ 19,717	\$ 52,847	\$ 35,712
2016	260,000	12,500	22,692	18,720	54,406	34,153
2017	150,000	3,000	23,734	17,678	56,012	32,547
2018	-	-	24,825	16,587	57,665	30,894
2019	-	-	25,965	15,447	59,367	29,192
2020	-	-	27,158	14,254	61,120	27,440
2021	-	-	28,406	13,006	62,924	25,636
2022	-	-	29,710	11,701	64,781	23,779
2023	-	-	31,075	10,337	66,693	21,867
2024	-	-	32,503	8,909	68,661	19,898
2025	-	-	33,996	7,416	70,688	17,872
2026	-	-	35,558	5,854	72,774	15,785
2027	-	-	37,192	4,221	74,922	13,637
2028	-	-	38,900	2,512	77,133	11,426
2029	-	-	26,111	806	79,410	9,150
2030	-	-	3,664	308	81,753	6,806
2031	-	-	3,833	139	84,166	4,393
2032	-	-	1,012	5	23,002	1,909
	<u>\$ 650,000</u>	<u>\$ 40,500</u>	<u>\$ 448,029</u>	<u>\$ 167,617</u>	<u>\$ 1,168,323</u>	<u>\$ 362,094</u>

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COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):****PRIMARY GOVERNMENT**

Details of long-term obligations:

Governmental Activities:

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$377,850 issued June 20, 2011, due in quarterly installments of \$20,286 beginning December 1, 2011, through December 1, 2015, for the purchase of six school buses	\$ 157,186	\$ 77,611
\$148,883 issued December 8, 2011, due in quarterly installments of \$8,031-\$10,809 beginning July 15, 2012, through April 15, 2017, for the purchase of field lighting	92,099	30,001
\$381,985 issued June 25, 2012, due in quarterly installments of \$20,123 beginning August 15, 2012, through May 15, 2017, for the purchase of five school buses	233,567	76,186
\$393,907 issued June 20, 2013, due in quarterly installments of \$20,429 beginning August 15, 2013, through May 15, 2018, for the purchase of five school buses	316,547	77,345
\$396,970 issued June 17, 2014, due in semi-annual installments of \$37,772 beginning July 24, 2014, through July 24, 2019, for the purchase of five school buses	<u>396,970</u>	<u>71,830</u>
Total capital leases	\$ <u>1,196,369</u>	\$ <u>332,973</u>
Lease Revenue Bonds:		
\$3,255,000 2011B refunding bonds were issued on November 26, 2011, due in varying annual installments beginning June 1, 2012, through June 1, 2029, bearing interest at 2.97%	\$ 2,940,000	\$ 170,000
\$4,495,000 2012C lease revenue bonds were issued on December 6, 2012, due in varying annual installments beginning October 1, 2015 through October 1, 2042, bearing interest at varying rates ranging from 3.125%-4.845%	<u>4,495,000</u>	<u>-</u>
Total lease revenue bonds	\$ <u>7,435,000</u>	\$ <u>170,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, semi-annual payments of \$136,219 maturing January 1, 2029, with interest payable at 3%.	\$ 3,184,254	\$ 178,236
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments totaling \$1,539,334 maturing October 1, 2026, with interest payable at 5.125%	14,175,000	840,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, annual payments of \$2,019,563 through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	14,565,000	1,310,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	2,436,424	204,324
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, annual payments of \$480,000 through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest subsidy.	<u>6,255,000</u>	<u>480,000</u>
Total general obligation bonds	\$ <u>40,615,678</u>	\$ <u>3,012,560</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	Total Amount Due	Amount Due Within One Year
<u>Literary Fund Loans:</u>		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%.	\$ 451,500	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%.	675,850	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%.	1,074,150	153,450
Total Literary Fund Loans	\$ 2,201,500	\$ 314,500
Unamortized Bond Premium	\$ 1,746,786	\$ 139,433
Compensated absences	\$ 787,151	\$ 209,912
Net OPEB obligation	\$ 506,550	\$ -
Total Governmental Activities Long-term Obligation	\$ 54,489,034	\$ 4,179,378
<u>Business-type Activities:</u>		
<u>Stoney Creek Sanitary District:</u>		
<u>Revenue bond:</u>		
\$2,660,000 Water and Sewer Revenue Bonds issued August 7, 2003, due in annual principal installments of \$35,000 to \$260,000 from October 1, 2003, through October 1, 2016, interest rates from 2.0% to 5.0% payable semi-annually.	\$ 650,000	\$ 240,000
Compensated absences	\$ 70,537	\$ 13,983
Net OPEB obligation	\$ 18,315	\$ -
Total Stoney Creek Sanitary District	\$ 738,852	\$ 253,983

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2014 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities: (continued)

	Total Amount Due	Amount Due Within One Year
<u>Toms Brook-Maurertown Sanitary District:</u>		
<u>General Obligation Revenue Bonds:</u>		
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029.	\$ 400,425	\$ 19,827
\$68,000 General Obligation Bond Series of 1997, with interest only payable through December 22, 1998, and thereafter payable in monthly installments of \$331, including principal and interest at 4.5% per annum beginning January 1999, and ending January 2032.	47,604	1,868
Total general obligation revenue bonds	\$ 448,029	\$ 21,695
Compensated absences	\$ 10,453	\$ 2,091
Net OPEB obligation	\$ 5,720	\$ -
Total Toms Brook-Maurertown Sanitary District	\$ 464,202	\$ 23,786
<u>North Fork Wastewater:</u>		
<u>Lease Revenue Bond:</u>		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032.	\$ 1,168,323	\$ 52,847
<u>Landfill:</u>		
Landfill closure and post-closure care	\$ 9,500,484	\$ -
Compensated absences	\$ 42,784	\$ 8,557
Net OPEB obligation	\$ 19,415	\$ -
Total landfill	\$ 9,562,683	\$ 8,557
Total Business-type Activities	\$ 11,934,060	\$ 339,173

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS (CONTINUED):****DISCRETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Changes in long-term obligations:

The following is a summary of long-term liability transactions of the Component Unit – School Board for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amount Due Within One Year
Compensated absences	\$ 886,740	\$ 532,044	\$ 524,237	\$ 894,547	\$ 175,787
Net OPEB obligation	<u>1,626,000</u>	<u>650,000</u>	<u>325,000</u>	<u>1,951,000</u>	<u>-</u>
Total	<u>\$ 2,512,740</u>	<u>\$ 1,182,044</u>	<u>\$ 849,237</u>	<u>\$ 2,845,547</u>	<u>\$ 175,787</u>

NOTE 13—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2014, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ <u>7,200</u>	\$ <u>14,125</u>	\$ <u>21,325</u>
Total	<u>\$ 7,200</u>	<u>\$ 14,125</u>	<u>\$ 21,325</u>

NOTE 14—DEFERRED COMPENSATION PLAN:

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

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

NOTE 15—PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.
4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - 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.

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.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 1 (CONTINUED)

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS 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 VRS 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.
- 2. Eligible Members** - Employees are in VRS 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.
- 3. Hybrid Opt-In Election** - VRS 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.
- 5. Creditable Service** – Same as VRS Plan 1— Refer to Section 5.
- 6. Vesting** – Same as VRS Plan 1—Refer to Section 6.
- 7. Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

VRS – PLAN 2 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** – Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - 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.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS 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
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - 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.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - 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. VRS Plan 1 or VRS 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.

Defined Contribution Component - 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.

Members are always 100% vested in the contributions that they make.

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.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - 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.

- 8. Average Final Compensation** – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 15—PENSION PLAN: (Continued)

A. Plan Description (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

14. Eligibility – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 15—PENSION PLAN: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board's contribution rates for the fiscal year ended 2014 were 12.40% and 10.53% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$3,664,224, \$3,663,267, and \$1,887,320, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$1,616,015 was equal to the County's required and actual contributions.

Three-Year Trend Information - County

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 1,616,015	100%	\$ -
June 30, 2013	869,126	100%	-
June 30, 2012	990,583	100%	-
(1) Employer portion only			

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 15—PENSION PLAN: (Continued)****C. Annual Pension Cost (continued)**

For fiscal year 2014, School Board's annual pension cost of \$425,991 was equal to the School Board's required and actual contributions.

Three Year Trend Information - School Board Non-Professional			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 425,991	100%	\$ -
June 30, 2013	408,651	100%	-
June 30, 2012	303,522	100%	-

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 77.74% funded. The actuarial accrued liability for benefits was \$39,074,838, and the actuarial value of assets was \$30,378,400, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,696,438. The covered payroll (annual payroll of active employees covered by the plan) was \$11,769,373 and ratio of the UAAL to the covered payroll was 73.89%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 80.94% funded. The actuarial accrued liability for benefits was \$11,782,606, and the actuarial value of assets was \$9,356,542, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,246,064. The covered payroll (annual payroll of active employees covered by the plan) was \$3,938,178 and ratio of the UAAL to the covered payroll was 57.03%.

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS:

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

Primary Government:

Health Insurance Program

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$128,000 for fiscal year 2014. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years on an open basis.

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****Primary Government: (Continued)****Health Insurance Program (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

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

Annual Required Contribution (ARC)	\$ 128,000
Interest on OPEB Obligation	20,000
Adjustment to ARC	(20,000)
Annual OPEB cost	\$ 128,000
Contributions Made	(53,000)
Increase in Net OPEB Obligation	\$ 75,000
Net OPEB Obligation - beginning of year	475,000
Net OPEB Obligation - end of year	<u>\$ 550,000</u>

The County's net OPEB obligation was reported as \$506,550 and \$43,450 in the governmental and business-type activities, respectively. The general fund is responsible for the payment of the governmental activities net OPEB obligation. Likewise, the Stoney Creek and Toms Brook-Maurertown Sanitary Districts and the landfill fund are responsible for the business-type activities net OPEB cost.

The County made an OPEB contribution of \$53,000 during fiscal year 2014. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Primary Government:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 128,000	41.4%	\$ 550,000
June 30, 2013	121,000	27.3%	475,000
June 30, 2012	146,000	34.9%	387,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Primary Government: (Continued)

Health Insurance Program (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

		Primary Government
Actuarial accrued liability (AAL)	\$	1,106,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	1,106,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	8,948,000
UAAL as a percentage of covered payroll		12.4%

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

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

E. Actuarial Methods and Assumptions

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Primary Government (Continued)

Health Insurance Program (continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

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

Actuarial Assumptions:

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

VRS Health Insurance Credit Program

A. Plan Description

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

An employee, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Primary Government: (Continued)

VRS Health Insurance Credit Program (continued)

A. Plan Description (continued)

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

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)**

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Primary Government: (Continued)**VRS Health Insurance Credit Program (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For 2014, the County's contribution of \$155,197 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 155,197	100%	\$ -
June 30, 2013	140,591	100%	-
June 30, 2012	30,503	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	196,589
Actuarial value of plan assets	\$	160,317
Unfunded actuarial accrued liability	\$	36,272
Funded ratio (actuarial value of plan assets/AAL)		81.55%
Covered payroll (active plan members)	\$	8,407,186
UAAL as a percentage of covered payroll		0.67%

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

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Primary Government: (Continued)

VRS Health Insurance Credit Program (continued)

E. Actuarial Methods and Assumptions

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

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2013 was 30 years.

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

Component Unit School Board:

A. Plan Description

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****Component Unit School Board: (Continued)****B. Funding Policy**

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is \$650,000 for fiscal year 2014. The Component Unit School Board has elected not to pre-fund OPEB liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years on an open basis.

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

Annual Required Contribution (ARC)	\$ 652,000
Interest on OPEB Obligation	69,000
Adjustment to ARC	(71,000)
Annual OPEB cost	\$ 650,000
Contributions Made	(325,000)
Increase in Net OPEB Obligation	\$ 325,000
Net OPEB Obligation - beginning of year	1,626,000
Net OPEB Obligation - end of year	\$ 1,951,000

The Component Unit School Board made an OPEB contribution of \$325,000 during fiscal year 2014. The Component Unit School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

Component Unit School Board:			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 650,000	50.0%	\$ 1,951,000
June 30, 2013	627,000	40.7%	1,626,000
June 30, 2012	638,000	53.1%	1,254,000

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Component Unit School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the date of the most recent actuarial valuation is as follows:

		Component Unit School Board
Actuarial accrued liability (AAL)	\$	5,877,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	5,877,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	26,517,000
UAAL as a percentage of covered payroll		22.2%

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

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

E. Actuarial Methods and Assumptions

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Component Unit School Board: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

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

Actuarial Assumptions:

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

VRS Health Insurance Credit Program

A. Plan Description

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

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4.00 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a maximum monthly credit, which is the greater of \$4.00 multiplied by the smaller of (i) twice the amount of their creditable service for (ii) the amount of creditable service they would have completed at age sixty if they had remained in service to that age.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Component Unit School Board: (Continued)

VRS Health Insurance Credit Program (Continued)

A. Plan Description (continued)

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$348,819, \$348,660, and \$178,893, respectively and equaled the required contributions for each year.

NOTE 17—CONTINGENT LIABILITIES:

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

While \$448,029 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2014 (Continued)

NOTE 18—RISK MANAGEMENT:

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

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The county pays Virginia Municipal Group contributions and assessments based upon classifications and rates. These amounts are deposited into a designated cash reserve fund of the association out of which expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

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

State and federal laws and regulations require the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and post-closure care costs has a balance of \$9,500,484 as of June 30, 2014, which is based on the estimated number of years remaining, which is zero for the old landfill and four years for the new landfill cells and the capacity used to date which is estimated to be 98.03% for the new landfill. The estimated total current cost of the landfill closure and post-closure care of \$9,691,405 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2014. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2014 (Continued)****NOTE 20—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:**

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Landfill Fund	Total Enterprise Funds
Operating revenue	\$ 1,057,053	\$ 593,438	\$ 105,479	\$ 1,036,704	\$ 2,792,674
Depreciation and amortization	179,399	166,414	37,297	335,060	718,170
Operating income (loss)	(369,252)	(108,282)	(37,019)	626,863	112,310
Current connection fees	46,500	155,500	-	-	202,000
Property, plant and equipment additions, net of retirements	(217,373)	(110,602)	-	(284,368)	(612,343)
Net working capital	845,477	757,735	91,696	42,377	1,737,285
Total assets	4,539,289	2,981,640	1,474,442	2,910,246	11,905,617
Long-term liabilities	484,869	440,416	1,115,476	9,554,126	11,594,887
Net position	3,485,577	2,356,403	296,756	(6,767,643)	(628,907)

NOTE 21—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material contracts outstanding at June 30, 2014:

	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Edinburg school	\$ 4,213,000	\$ 4,094,420	\$ 118,580
Historic courthouse renovation	1,211,000	1,087,624	123,376
Totals	\$ 5,424,000	\$ 5,182,044	\$ 241,956

NOTE 22—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that area administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

NOTE 23—LITIGATION:

At June 30, 2014, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 36,591,952	\$ 36,591,952	\$ 37,482,790	\$ 890,838
Other local taxes	6,471,750	6,471,750	6,498,009	26,259
Permits, privilege fees, and regulatory licenses	334,250	334,250	349,335	15,085
Fines and forfeitures	60,000	60,000	71,259	11,259
Revenue from the use of money and property	405,576	435,416	355,859	(79,557)
Charges for services	2,286,409	2,315,363	1,858,516	(456,847)
Miscellaneous	251,900	499,108	1,655,376	1,156,268
Recovered costs	547,528	924,707	550,983	(373,724)
Intergovernmental:				
Commonwealth	10,748,636	10,811,604	10,303,365	(508,239)
Federal	2,063,500	2,653,094	3,896,064	1,242,970
Total revenues	\$ 59,761,501	\$ 61,097,244	\$ 63,021,556	\$ 1,924,312
EXPENDITURES				
Current:				
General government administration	\$ 2,605,229	\$ 2,636,397	\$ 2,463,728	\$ 172,669
Judicial administration	1,710,829	1,785,272	1,822,544	(37,272)
Public safety	12,946,571	13,705,952	14,007,900	(301,948)
Public works	1,149,398	1,201,141	1,172,071	29,070
Health and welfare	7,869,893	7,869,893	6,353,432	1,516,461
Education	23,626,697	23,626,697	23,354,643	272,054
Parks, recreation, and cultural	1,318,965	1,389,129	1,408,573	(19,444)
Community development	1,014,357	1,024,904	1,033,232	(8,328)
Nondepartmental	365,500	310,757	13,374	297,383
Capital projects	-	587,927	1,636,091	(1,048,164)
Debt service:				
Principal retirement	-	-	331,901	(331,901)
Interest and other fiscal charges	-	-	28,006	(28,006)
Total expenditures	\$ 52,607,439	\$ 54,138,069	\$ 53,625,495	\$ 512,574
Excess (deficiency) of revenues over (under) expenditures	\$ 7,154,062	\$ 6,959,175	\$ 9,396,061	\$ 2,436,886
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (7,716,549)	\$ (7,991,868)	\$ (7,147,919)	\$ 843,949
Issuance of Capital leases	-	-	396,970	396,970
Total other financing sources (uses)	\$ (7,716,549)	\$ (7,991,868)	\$ (6,750,949)	\$ 1,240,919
Net change in fund balances	\$ (562,487)	\$ (1,032,693)	\$ 2,645,112	\$ 3,677,805
Fund balances - beginning	562,487	1,032,693	15,632,079	14,599,386
Fund balances - ending	\$ -	\$ -	\$ 18,277,191	\$ 18,277,191

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Pension Funding Progress
As of June 30, 2014

Exhibit 13

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 30,378,400	\$ 39,074,838	\$ 8,696,438	77.74%	\$ 11,769,373	73.89%
06/30/12	28,460,449	38,605,749	10,145,300	73.72%	10,834,028	93.64%
06/30/11	27,931,405	37,152,968	9,221,563	75.18%	10,915,982	84.48%
06/30/10	27,035,963	35,171,270	8,135,307	76.87%	11,301,506	71.98%
06/30/09	25,949,614	30,764,183	4,814,569	84.35%	11,203,944	42.97%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/13	\$ 9,536,542	\$ 11,782,606	\$ 2,246,064	80.94%	\$ 3,938,178	57.03%
06/30/12	9,091,090	11,641,421	2,550,331	78.09%	3,697,634	68.97%
06/30/11	8,930,536	11,464,113	2,533,577	77.90%	3,675,456	68.93%
06/30/10	8,601,912	11,053,881	2,451,969	77.82%	3,807,391	64.40%
06/30/09	8,454,294	9,947,201	1,492,907	84.99%	3,776,032	39.54%

Schedule of OPEB Funding Progress
As of June 30, 2014

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

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
07/01/12	\$ -	\$ 1,106,000	\$ 1,106,000	0.00%	\$ 8,948,000	12.4%
07/01/10	-	967,000	967,000	0.00%	10,409,000	9.3%

* OPEB actuarial valuations are performed every 3 years and the valuation at July 1, 2010 was the initial valuation.

Virginia Retirement System-Health Insurance Credit

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 160,317	\$ 196,589	\$ 36,272	81.55%	\$ 5,407,186	0.67%
06/30/11	162,436	199,980	37,544	81.23%	5,391,388	0.70%
06/30/10	138,108	187,937	49,829	73.49%	11,301,506	9.30%

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

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
07/01/12	\$ -	\$ 5,877,000	\$ 5,877,000	0.00%	\$ 26,517,000	22.2%
07/01/10	-	5,410,000	5,410,000	0.00%	27,004,000	20.0%

* OPEB actuarial valuations are performed every 3 years and the valuation at July 1, 2010 was the initial valuation.

OTHER SUPPLEMENTARY INFORMATION

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

County Debt Service Fund

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 146,116	\$ 146,116
Total revenues	\$ -	\$ -	\$ 146,116	\$ 146,116
EXPENDITURES				
Debt service:				
Principal retirement	\$ 3,564,451	\$ 3,564,451	\$ 3,470,662	\$ 93,789
Interest and other fiscal charges	2,046,515	2,046,515	2,448,045	(401,530)
Total expenditures	\$ 5,610,966	\$ 5,610,966	\$ 5,918,707	\$ (307,741)
Excess (deficiency) of revenues over (under) expenditures	\$ (5,610,966)	\$ (5,610,966)	\$ (5,772,591)	\$ (161,625)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,610,966	\$ 5,610,966	\$ 5,772,591	\$ 161,625
Total other financing sources (uses)	\$ 5,610,966	\$ 5,610,966	\$ 5,772,591	\$ 161,625
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF SHENANDOAH, VIRGINIA

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

County Capital Projects Fund

For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,434	\$ 4,434
Total revenues	\$ -	\$ -	\$ 4,434	\$ 4,434
EXPENDITURES				
Capital projects	\$ 150,000	\$ 3,373,861	\$ 1,899,102	\$ 1,474,759
Total expenditures	\$ 150,000	\$ 3,373,861	\$ 1,899,102	\$ 1,474,759
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (3,373,861)	\$ (1,894,668)	\$ 1,479,193
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,620	\$ -	\$ (2,620)
Transfers out	\$ -	\$ -	\$ (256,958)	\$ (256,958)
Total other financing sources (uses)	\$ -	\$ 2,620	\$ (256,958)	\$ (259,578)
Net change in fund balances	\$ (150,000)	\$ (3,371,241)	\$ (2,151,626)	\$ 1,219,615
Fund balances - beginning	150,000	3,371,241	10,569,092	7,197,851
Fund balances - ending	\$ -	\$ -	\$ 8,417,466	\$ 8,417,466

COMBINING FUND STATEMENTS AND SCHEDULES

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 60,571	\$ 99,953	\$ 160,524
Accounts receivable	<u>3,543</u>	<u>-</u>	<u>3,543</u>
Total assets	<u>\$ 64,114</u>	<u>\$ 99,953</u>	<u>\$ 164,067</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Assigned:			
Landfill contingency	\$ 64,114	\$ -	\$ 64,114
Capital projects	<u>-</u>	<u>99,953</u>	<u>99,953</u>
Total fund balances	<u>\$ 64,114</u>	<u>\$ 99,953</u>	<u>\$ 164,067</u>
Total liabilities and fund balances	<u>\$ 64,114</u>	<u>\$ 99,953</u>	<u>\$ 164,067</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Exhibit 18

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 50	\$ 50
Miscellaneous	3,573	-	3,573
Total revenues	\$ 3,573	\$ 50	\$ 3,623
Excess (deficiency) of revenues over (under) expenditures	\$ 3,573	\$ 50	\$ 3,623
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 60,541	\$ -	\$ 60,541
Total other financing sources (uses)	\$ 60,541	\$ -	\$ 60,541
Net change in fund balances	\$ 64,114	\$ 50	\$ 64,164
Fund balances - beginning	-	99,903	99,903
Fund balances - ending	\$ 64,114	\$ 99,953	\$ 164,067

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

Exhibit 19

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Ambulance Recovery</u>	<u>Jail Inmate</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,395	\$ 596,885	\$ -	\$ 599,280
Cash in custody of others	-	-	24,743	24,743
Receivables:				
Accounts receivable	45	278,893	-	278,938
Total assets	<u>\$ 2,440</u>	<u>\$ 875,778</u>	<u>\$ 24,743</u>	<u>\$ 902,961</u>
LIABILITIES				
Amounts held for social services clients	\$ 2,440	\$ -	\$ -	\$ 2,440
Amounts held for locality rescue agencies	-	875,778	-	875,778
Amounts held for inmates	-	-	24,743	24,743
Total liabilities	<u>\$ 2,440</u>	<u>\$ 875,778</u>	<u>\$ 24,743</u>	<u>\$ 902,961</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

Exhibit 20

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
ASSETS				
Cash and cash equivalents	\$ 3,914	\$ 33,846	\$ 35,365	\$ 2,395
Accounts receivable	-	45	-	45
Total assets	<u>\$ 3,914</u>	<u>\$ 33,891</u>	<u>\$ 35,365</u>	<u>\$ 2,440</u>
LIABILITIES				
Amounts held for social services clients	\$ 3,914	\$ 33,891	\$ 35,365	\$ 2,440
Total liabilities	<u>\$ 3,914</u>	<u>\$ 33,891</u>	<u>\$ 35,365</u>	<u>\$ 2,440</u>
Ambulance Recovery				
ASSETS				
Cash and cash equivalents	\$ 364,690	\$ 1,079,686	\$ 847,491	\$ 596,885
Accounts receivable	-	494,084	215,191	278,893
Total assets	<u>\$ 364,690</u>	<u>\$ 1,573,770</u>	<u>\$ 1,062,682</u>	<u>\$ 875,778</u>
LIABILITIES				
Amounts held for locality rescue agencies	\$ 364,690	\$ 1,573,770	\$ 1,062,682	\$ 875,778
Total liabilities	<u>\$ 364,690</u>	<u>\$ 1,573,770</u>	<u>\$ 1,062,682</u>	<u>\$ 875,778</u>
Jail Inmate				
ASSETS				
Cash in custody of others	\$ 28,466	\$ 259,427	\$ 263,150	\$ 24,743
Total assets	<u>\$ 28,466</u>	<u>\$ 259,427</u>	<u>\$ 263,150</u>	<u>\$ 24,743</u>
LIABILITIES				
Amounts held for inmates	\$ 28,466	\$ 259,427	\$ 263,150	\$ 24,743
Total liabilities	<u>\$ 28,466</u>	<u>\$ 259,427</u>	<u>\$ 263,150</u>	<u>\$ 24,743</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 368,604	\$ 1,113,532	\$ 882,856	\$ 599,280
Cash in custody of others	28,466	259,427	263,150	24,743
Accounts receivable	-	494,129	215,191	278,938
Total assets	<u>\$ 397,070</u>	<u>\$ 1,867,088</u>	<u>\$ 1,361,197</u>	<u>\$ 902,961</u>
LIABILITIES				
Amounts held for social services clients	\$ 3,914	\$ 33,891	\$ 35,365	\$ 2,440
Amounts held for locality rescue agencies	364,690	1,573,770	1,062,682	875,778
Amounts held for inmates	28,466	259,427	263,150	24,743
Total liabilities	<u>\$ 397,070</u>	<u>\$ 1,867,088</u>	<u>\$ 1,361,197</u>	<u>\$ 902,961</u>

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

Exhibit 21

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,189,178	\$ 1,077,715	\$ 7,266,893
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,562,077	-	1,562,077
Due from other funds	104,769	-	104,769
Due from other governmental units	1,529,361	67,145	1,596,506
Inventories	-	99,170	99,170
Prepaid items	1,230	-	1,230
Deposits	5,000	-	5,000
Total assets	<u>\$ 9,391,615</u>	<u>\$ 1,244,030</u>	<u>\$ 10,635,645</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 624,578	\$ 30,956	\$ 655,534
Accrued payroll	5,450,062	156,377	5,606,439
Due to other funds	-	104,769	104,769
Due to primary government	3,316,975	-	3,316,975
Total liabilities	<u>\$ 9,391,615</u>	<u>\$ 292,102</u>	<u>\$ 9,683,717</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 99,170	\$ 99,170
Prepaid items	1,230	-	1,230
Assigned:			
Cafeteria	-	852,758	852,758
Unassigned	(1,230)	-	(1,230)
Total fund balances	<u>\$ -</u>	<u>\$ 951,928</u>	<u>\$ 951,928</u>
Total liabilities and fund balances	<u>\$ 9,391,615</u>	<u>\$ 1,244,030</u>	<u>\$ 10,635,645</u>

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

Total fund balances per above	\$ 951,928
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	43,630,801
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,845,547)</u>
Net position of governmental activities	<u>\$ 41,737,182</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, 2014

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 1,880	\$ 1,880
Charges for services	2,158,808	794,442	2,953,250
Miscellaneous	83,387	46,255	129,642
Recovered costs	47,500	-	47,500
Intergovernmental:			
Local government	22,942,883	-	22,942,883
Commonwealth	32,065,347	43,502	32,108,849
Federal	2,563,410	1,433,846	3,997,256
Total revenues	<u>\$ 59,861,335</u>	<u>\$ 2,319,925</u>	<u>\$ 62,181,260</u>
EXPENDITURES			
Current:			
Education	\$ 59,861,335	\$ 2,262,055	\$ 62,123,390
Total expenditures	<u>\$ 59,861,335</u>	<u>\$ 2,262,055</u>	<u>\$ 62,123,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 57,870</u>	<u>\$ 57,870</u>
Net change in fund balances	\$ -	\$ 57,870	\$ 57,870
Fund balances - beginning	-	894,058	894,058
Fund balances - ending	<u>\$ -</u>	<u>\$ 951,928</u>	<u>\$ 951,928</u>

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

Net change in fund balances - total governmental funds \$ 57,870

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

1,200,331

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.

(332,807)

Change in net position of governmental activities

\$ 925,394

COUNTY OF SHENANDOAH, VIRGINIA

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	2,385,393	2,385,393	2,158,808	(226,585)
Miscellaneous	114,607	114,607	83,387	(31,220)
Recovered costs	68,886	68,886	47,500	(21,386)
Intergovernmental:				
Local government	23,582,693	23,864,662	22,942,883	(921,779)
Commonwealth	31,205,386	31,572,104	32,065,347	493,243
Federal	2,435,451	2,435,451	2,563,410	127,959
Total revenues	<u>\$ 59,792,416</u>	<u>\$ 60,441,103</u>	<u>\$ 59,861,335</u>	<u>\$ (579,768)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 59,792,416</u>	<u>\$ 60,441,103</u>	<u>\$ 59,861,335</u>	<u>\$ 579,768</u>
Total expenditures	<u>\$ 59,792,416</u>	<u>\$ 60,441,103</u>	<u>\$ 59,861,335</u>	<u>\$ 579,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,393	\$ 2,393	\$ 1,880	\$ (513)
980,132	980,132	794,442	(185,690)
1,032	1,032	46,255	45,223
-	-	-	-
-	-	-	-
49,237	49,237	43,502	(5,735)
1,281,205	1,281,205	1,433,846	152,641
<u>\$ 2,313,999</u>	<u>\$ 2,313,999</u>	<u>\$ 2,319,925</u>	<u>\$ 5,926</u>
\$ 2,313,999	\$ 2,513,999	\$ 2,262,055	\$ 251,944
<u>\$ 2,313,999</u>	<u>\$ 2,513,999</u>	<u>\$ 2,262,055</u>	<u>\$ 251,944</u>
\$ -	\$ (200,000)	\$ 57,870	\$ 257,870
\$ -	\$ (200,000)	\$ 57,870	\$ 257,870
-	200,000	894,058	694,058
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,928</u>	<u>\$ 951,928</u>

SUPPORTING SCHEDULES

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 1 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 23,759,952	\$ 23,759,952	\$ 24,477,844	\$ 717,892
Real and personal public service corporation taxes	1,050,000	1,050,000	1,197,962	147,962
Personal property taxes	8,696,000	8,696,000	8,918,252	222,252
Mobile home taxes	11,000	11,000	15,149	4,149
Machinery and tools taxes	2,275,000	2,275,000	2,081,845	(193,155)
Merchants capital	260,000	260,000	277,381	17,381
Penalties	300,000	300,000	297,925	(2,075)
Interest	240,000	240,000	216,432	(23,568)
Total general property taxes	\$ 36,591,952	\$ 36,591,952	\$ 37,482,790	\$ 890,838
Other local taxes:				
Local sales and use taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,207,116	\$ 7,116
Consumers' utility taxes	2,000,000	2,000,000	1,994,637	(5,363)
Utility license taxes	28,750	28,750	30,249	1,499
Motor vehicle licenses	850,000	850,000	830,861	(19,139)
Taxes on recordation and wills	275,000	275,000	304,745	29,745
Transient occupancy tax	118,000	118,000	130,401	12,401
Total other local taxes	\$ 6,471,750	\$ 6,471,750	\$ 6,498,009	\$ 26,259
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,500	\$ 24,500	\$ 19,905	\$ (4,595)
Land use application fees	49,000	49,000	2,512	(46,488)
Transfer fees	2,000	2,000	1,778	(222)
Permits and other licenses	258,750	258,750	325,140	66,390
Total permits, privilege fees, and regulatory licenses	\$ 334,250	\$ 334,250	\$ 349,335	\$ 15,085
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 71,259	\$ 11,259
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 94,212	\$ 44,185	\$ (50,027)
Revenue from use of property	335,576	341,204	311,674	(29,530)
Total revenue from use of money and property	\$ 405,576	\$ 435,416	\$ 355,859	\$ (79,557)
Charges for services:				
Excess fees of clerk	\$ 32,000	\$ 32,000	\$ -	\$ (32,000)
Charges for courthouse security	92,038	92,038	85,600	(6,438)
Law library fees	-	-	13,670	13,670
Jail telephone commissions	-	-	23,369	23,369
Charges for Commonwealth's Attorney	2,000	2,000	3,734	1,734
Board of prisoners	30,000	36,424	23,724	(12,700)
Charges for animal protection	-	-	10,225	10,225
Charges for sanitation and waste removal	1,100,000	1,100,000	-	(1,100,000)
Charges for parks and recreation	261,871	284,401	428,031	143,630
Charges for spay and neuter	16,500	16,500	3,945	(12,555)
Charges for day care	-	-	397,445	397,445
Charges for courthouse maintenance	27,000	27,000	22,592	(4,408)
Charges for ambulance recoveries	700,000	700,000	838,404	138,404
Charges for services - other	25,000	25,000	7,777	(17,223)
Total charges for services	\$ 2,286,409	\$ 2,315,363	\$ 1,858,516	\$ (456,847)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Miscellaneous revenue:				
Miscellaneous	\$ 225,500	\$ 289,324	\$ 500,975	\$ 211,651
Refunds and recoveries	26,400	209,784	1,154,401	944,617
Total miscellaneous revenue	<u>\$ 251,900</u>	<u>\$ 499,108</u>	<u>\$ 1,655,376</u>	<u>\$ 1,156,268</u>
Recovered costs:				
Other recovered costs	\$ 547,528	\$ 924,707	\$ 550,983	\$ (373,724)
Total recovered costs	<u>\$ 547,528</u>	<u>\$ 924,707</u>	<u>\$ 550,983</u>	<u>\$ (373,724)</u>
Total revenue from local sources	<u>\$ 46,949,365</u>	<u>\$ 47,632,546</u>	<u>\$ 48,822,127</u>	<u>\$ 1,189,581</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 7,000	\$ 7,000	\$ 44,265	\$ 37,265
Mobile home titling tax	14,000	14,000	23,485	9,485
Motor vehicle rental tax	16,000	16,000	36,699	20,699
State recordation tax	180,000	180,000	211,373	31,373
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	<u>\$ 3,864,829</u>	<u>\$ 3,864,829</u>	<u>\$ 3,963,651</u>	<u>\$ 98,822</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 334,169	\$ 334,169	\$ 349,813	\$ 15,644
Sheriff	2,514,546	2,514,546	2,502,254	(12,292)
Commissioner of revenue	119,855	119,855	121,616	1,761
Treasurer	122,800	122,800	125,749	2,949
Registrar/electoral board	48,954	48,954	41,503	(7,451)
Clerk of the Circuit Court	284,488	299,688	303,759	4,071
Total shared expenses	<u>\$ 3,424,812</u>	<u>\$ 3,440,012</u>	<u>\$ 3,444,694</u>	<u>\$ 4,682</u>
Other categorical aid:				
Litter control grant	\$ -	\$ -	\$ 18,689	\$ 18,689
Welfare administration and assistance	1,440,607	1,440,607	1,221,559	(219,048)
Forfeited drug assets	-	-	11,990	11,990
DMV grant	-	16,481	-	(16,481)
Comprehensive services act	1,741,400	1,741,400	1,092,234	(649,166)
VJCCCA grant	30,808	30,808	31,204	396
Victim-witness grant	27,671	27,671	27,541	(130)
Wireless E-911 grant	80,000	80,000	249,170	169,170
Fire programs fund	60,000	60,000	75,260	15,260
Conservation easement	-	-	100,000	100,000
Extradition of prisoners	-	1,181	1,240	59
Other categorical aid	78,509	108,615	66,133	(42,482)
Total other categorical aid	<u>\$ 3,458,995</u>	<u>\$ 3,506,763</u>	<u>\$ 2,895,020</u>	<u>\$ (611,743)</u>
Total categorical aid	<u>\$ 6,883,807</u>	<u>\$ 6,946,775</u>	<u>\$ 6,339,714</u>	<u>\$ (607,061)</u>
Total revenue from the Commonwealth	<u>\$ 10,748,636</u>	<u>\$ 10,811,604</u>	<u>\$ 10,303,365</u>	<u>\$ (508,239)</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
Page 3 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 160,000	\$ 160,000	\$ 103,276	\$ (56,724)
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ -	\$ 23,386	\$ 23,386
U.S. Forest Service Patrol	-	5,575	4,425	(1,150)
Bullet proof vest grant	-	4,947	5,297	350
Welfare administration and assistance	1,833,500	1,833,500	1,518,089	(315,411)
Forfeited drug assets	-	-	1,030,220	1,030,220
CDBG	-	435,322	505,969	70,647
Conservation easement	-	-	522,000	522,000
Project lifesaver	-	-	855	855
ATF overtime sheriff	-	46,148	-	(46,148)
Triad grant	-	-	2,825	2,825
Highway planning and construction	-	40,313	62,580	22,267
Other categorical aid	70,000	127,289	117,142	(10,147)
Total categorical aid	\$ 1,903,500	\$ 2,493,094	\$ 3,792,788	\$ 1,299,694
Total revenue from the federal government	\$ 2,063,500	\$ 2,653,094	\$ 3,896,064	\$ 1,242,970
Total General Fund	\$ 59,761,501	\$ 61,097,244	\$ 63,021,556	\$ 1,924,312
Landfill contingency fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 3,573	\$ 3,573
Total revenue from local sources	\$ -	\$ -	\$ 3,573	\$ 3,573
Total Landfill Contingency Fund	\$ -	\$ -	\$ 3,573	\$ 3,573
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Interest subsidy	\$ -	\$ -	\$ 146,116	\$ 146,116
Total miscellaneous revenue	\$ -	\$ -	\$ 146,116	\$ 146,116
Total Debt Service Fund	\$ -	\$ -	\$ 146,116	\$ 146,116
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,434	\$ 4,434
Total revenue from use of money and property	\$ -	\$ -	\$ 4,434	\$ 4,434
Total revenue from local sources	\$ -	\$ -	\$ 4,434	\$ 4,434
Total Capital Projects Fund	\$ -	\$ -	\$ 4,434	\$ 4,434

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds (Continued):				
Industrial Park Water & Sewer Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 50	\$ 50
Total revenue from local sources	\$ -	\$ -	\$ 50	\$ 50
Total Industrial Park Water & Sewer Fund	\$ -	\$ -	\$ 50	\$ 50
Total Primary Government	\$ 59,761,501	\$ 61,097,244	\$ 63,175,729	\$ 2,078,485
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and other payments	\$ 2,230,167	\$ 2,230,167	\$ 1,999,063	\$ (231,104)
Other charges for services	155,226	155,226	159,745	4,519
Total charges for services	\$ 2,385,393	\$ 2,385,393	\$ 2,158,808	\$ (226,585)
Miscellaneous revenue:				
Other miscellaneous	\$ 114,607	\$ 114,607	\$ 83,387	\$ (31,220)
Total miscellaneous revenue	\$ 114,607	\$ 114,607	\$ 83,387	\$ (31,220)
Recovered costs:				
Other recovered costs	\$ 68,886	\$ 68,886	\$ 47,500	\$ (21,386)
Total revenue from local sources	\$ 2,568,886	\$ 2,568,886	\$ 2,289,695	\$ (279,191)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 23,582,693	\$ 23,864,662	\$ 22,942,883	\$ (921,779)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Operating Fund (continued):				
Intergovernmental: (continued)				
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 6,428,005	\$ 6,428,005	\$ 6,222,238	\$ (205,767)
Basic aid	15,488,045	15,488,045	15,693,560	205,515
Remedial summer school	77,106	77,106	58,053	(19,053)
Foster home children	40,850	40,850	26,618	(14,232)
GED	15,717	15,717	17,418	1,701
Gifted and talented	174,004	174,004	174,940	936
Remedial education	412,314	412,314	414,531	2,217
Special education	1,407,162	1,407,162	1,414,729	7,567
Textbook payments	339,421	339,421	341,246	1,825
Vocational education	599,034	599,034	637,422	38,388
Fringe benefits	2,600,680	2,600,680	2,601,277	597
Early reading intervention	84,497	84,497	102,183	17,686
Mentor teacher program	5,396	5,396	6,815	1,419
Homebound	-	-	8,646	8,646
Special education regional program	493,377	493,377	901,424	408,047
At risk program	349,292	349,292	351,081	1,789
Primary class size payments	415,883	415,883	425,072	9,189
School technology funds	284,000	284,000	310,000	26,000
School construction	319,355	319,355	370,855	51,500
Algebra readiness	60,354	60,354	60,354	-
English as a second language	182,386	182,386	186,139	3,753
Virginia preschool initiative payment	377,640	377,640	377,640	-
Academic year governors school	715,125	715,125	580,374	(134,751)
National board certification bonus	-	-	12,500	12,500
Other categorical aid	335,743	702,461	770,232	67,771
Total categorical aid	\$ 31,205,386	\$ 31,572,104	\$ 32,065,347	\$ 493,243
Total revenue from the Commonwealth	\$ 31,205,386	\$ 31,572,104	\$ 32,065,347	\$ 493,243
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 961,642	\$ 961,642	\$ 955,935	\$ (5,707)
Title I school improvement grant	-	-	18,576	18,576
Forest reserve	21,251	21,251	15,859	(5,392)
Title II Part A	186,100	186,100	236,414	50,314
Title VI-B	1,099,572	1,099,572	1,164,729	65,157
Vocational education	89,727	89,727	99,689	9,962
Preschool	45,160	45,160	35,486	(9,674)
Other	\$ 31,999	\$ 31,999	\$ 36,722	\$ 4,723
Total categorical aid	\$ 2,435,451	\$ 2,435,451	\$ 2,563,410	\$ 127,959
Total revenue from the federal government	\$ 2,435,451	\$ 2,435,451	\$ 2,563,410	\$ 127,959
Total School Operating Fund	\$ 59,792,416	\$ 60,441,103	\$ 59,861,335	\$ (579,768)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,393	\$ 2,393	\$ 1,880	\$ (513)
Charges for services:				
School food services	\$ 980,132	\$ 980,132	\$ 794,442	\$ (185,690)
Miscellaneous revenue:				
Miscellaneous	\$ 1,032	\$ 1,032	\$ 46,255	\$ 45,223
Total revenue from local sources	\$ 983,557	\$ 983,557	\$ 842,577	\$ (140,980)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 49,237	\$ 49,237	\$ 43,502	\$ (5,735)
Total revenue from the Commonwealth	\$ 49,237	\$ 49,237	\$ 43,502	\$ (5,735)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 1,281,205	\$ 1,281,205	\$ 1,264,019	\$ (17,186)
USDA commodities	-	-	169,827	169,827
Total categorical aid	\$ 1,281,205	\$ 1,281,205	\$ 1,433,846	\$ 152,641
Total revenue from the federal government	\$ 1,281,205	\$ 1,281,205	\$ 1,433,846	\$ 152,641
Total School Cafeteria Fund	\$ 2,313,999	\$ 2,313,999	\$ 2,319,925	\$ 5,926
Total Discretely Presented Component Unit - School Board	\$ 62,106,415	\$ 62,755,102	\$ 62,181,260	\$ (573,842)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 269,397	\$ 273,264	\$ 291,630	\$ (18,366)
General and financial information:				
County administrator	\$ 504,671	\$ 478,855	\$ 405,808	\$ 73,047
Budget	176,750	202,651	176,081	26,570
Legal services	100,000	100,000	62,109	37,891
Commissioner of revenue	451,392	451,392	455,140	(3,748)
Treasurer	551,780	575,992	573,104	2,888
Central accounting	63,910	63,910	71,044	(7,134)
Data processing	151,467	154,471	152,656	1,815
Geographic information system	99,437	99,437	101,623	(2,186)
Total general and financial information	\$ 2,099,407	\$ 2,126,708	\$ 1,997,565	\$ 129,143
Board of elections:				
Electoral board and officials	\$ 109,915	\$ 108,915	\$ 58,370	\$ 50,545
Registrar	126,510	127,510	116,163	11,347
Total board of elections	\$ 236,425	\$ 236,425	\$ 174,533	\$ 61,892
Total general government administration	\$ 2,605,229	\$ 2,636,397	\$ 2,463,728	\$ 172,669
Judicial administration:				
Courts:				
Circuit court	\$ 59,492	\$ 59,492	\$ 61,799	\$ (2,307)
General district court	10,600	10,600	6,672	3,928
Special magistrates	3,025	3,025	2,822	203
Clerk of the circuit court	482,006	512,478	530,967	(18,489)
Sheriff	589,998	599,966	620,345	(20,379)
Juvenile domestic	17,225	17,225	7,562	9,663
Law library	22,800	22,800	17,665	5,135
Records restoration	-	30,106	30,106	-
Victim witness	29,071	29,071	27,578	1,493
Total courts	\$ 1,214,217	\$ 1,284,763	\$ 1,305,516	\$ (20,753)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 496,612	\$ 500,509	\$ 517,028	\$ (16,519)
Total judicial administration	\$ 1,710,829	\$ 1,785,272	\$ 1,822,544	\$ (37,272)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,136,319	\$ 4,793,744	\$ 4,624,630	\$ 169,114
E-911 enforcement and traffic control	51,350	51,350	24,238	27,112
Total law enforcement and traffic control	\$ 4,187,669	\$ 4,845,094	\$ 4,648,868	\$ 196,226
Fire and rescue services:				
Volunteer fire department	\$ 769,050	\$ 770,104	\$ 759,539	\$ 10,565
Ambulance and rescue services	231,461	231,461	256,805	(25,344)
Forest fire extinction	9,695	9,695	9,495	200
Fire and rescue services	3,433,649	3,446,986	3,903,203	(456,217)
Total fire and rescue services	\$ 4,443,855	\$ 4,458,246	\$ 4,929,042	\$ (470,796)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Correction and detention:				
Jail	\$ 1,820,395	\$ 1,880,643	\$ 1,850,316	\$ 30,327
Juvenile probation and detention	398,484	398,484	397,926	558
Total correction and detention	<u>\$ 2,218,879</u>	<u>\$ 2,279,127</u>	<u>\$ 2,248,242</u>	<u>\$ 30,885</u>
Inspections:				
Building	\$ 368,156	\$ 368,251	\$ 378,444	\$ (10,193)
Other protection:				
Animal control	\$ 138,659	\$ 144,057	\$ 140,514	\$ 3,543
Animal shelter	238,585	259,409	241,682	17,727
Medical examiner	900	900	500	400
Emergency services	1,349,868	1,350,868	1,420,608	(69,740)
Total other protection	<u>\$ 1,728,012</u>	<u>\$ 1,755,234</u>	<u>\$ 1,803,304</u>	<u>\$ (48,070)</u>
Total public safety	<u>\$ 12,946,571</u>	<u>\$ 13,705,952</u>	<u>\$ 14,007,900</u>	<u>\$ (301,948)</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,149,398	\$ 1,201,141	\$ 1,172,071	\$ 29,070
Total public works	<u>\$ 1,149,398</u>	<u>\$ 1,201,141</u>	<u>\$ 1,172,071</u>	<u>\$ 29,070</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 294,708	\$ 294,708	\$ 294,708	\$ -
Mental health and mental retardation:				
Administration	\$ 230,187	\$ 230,187	\$ 230,187	\$ -
Total mental health and mental retardation	<u>\$ 230,187</u>	<u>\$ 230,187</u>	<u>\$ 230,187</u>	<u>\$ -</u>
Welfare administration	\$ 4,249,272	\$ 4,249,272	\$ 3,751,754	\$ 497,518
Comprehensive services act	2,767,026	2,767,026	1,701,507	1,065,519
Area Agency on Aging	83,000	83,000	83,000	-
Tax relief for the elderly	150,000	150,000	193,075	(43,075)
Operation county/farm home	53,700	53,700	57,201	(3,501)
Other local health and welfare organizations	42,000	42,000	42,000	-
Total welfare administration	<u>\$ 7,344,998</u>	<u>\$ 7,344,998</u>	<u>\$ 5,828,537</u>	<u>\$ 1,516,461</u>
Total health and welfare	<u>\$ 7,869,893</u>	<u>\$ 7,869,893</u>	<u>\$ 6,353,432</u>	<u>\$ 1,516,461</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 44,004	\$ 44,004	\$ 44,004	\$ -
Contribution to County School Board	23,582,693	23,582,693	22,942,883	639,810
Seven Bends student center	-	-	367,756	(367,756)
Total education	\$ 23,626,697	\$ 23,626,697	\$ 23,354,643	\$ 272,054
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 658,241	\$ 724,190	\$ 741,961	\$ (17,771)
Cultural enrichment:				
Operation of television translators	\$ 4,000	\$ 4,000	\$ 2,166	\$ 1,834
Contributions to community programs	6,500	6,500	6,500	-
Total cultural enrichment	\$ 10,500	\$ 10,500	\$ 8,666	\$ 1,834
Library:				
Contribution to County Library	\$ 650,224	\$ 654,439	\$ 657,946	\$ (3,507)
Total parks, recreation, and cultural	\$ 1,318,965	\$ 1,389,129	\$ 1,408,573	\$ (19,444)
Community development:				
Planning and community development:				
Community development	\$ 367,768	\$ 367,768	\$ 372,883	\$ (5,115)
Economic development	72,353	72,353	56,246	16,107
Tourism	184,790	195,337	180,249	15,088
Litter control	-	-	18,689	(18,689)
Total planning and community development	\$ 624,911	\$ 635,458	\$ 628,067	\$ 7,391
Environmental management:				
Soil and water conservation district	\$ 237,475	\$ 237,475	\$ 268,183	\$ (30,708)
Gypsy moth	1,300	1,300	-	1,300
Total environmental management	\$ 238,775	\$ 238,775	\$ 268,183	\$ (29,408)
Cooperative extension program:				
Extension office	\$ 150,671	\$ 150,671	\$ 136,982	\$ 13,689
Total community development	\$ 1,014,357	\$ 1,024,904	\$ 1,033,232	\$ (8,328)
Nondepartmental:				
Judgments and settlements	\$ 250	\$ 250	\$ 375	\$ (125)
Revenue refunds	11,600	11,600	12,199	(599)
Miscellaneous	353,650	298,907	800	298,107
Total nondepartmental	\$ 365,500	\$ 310,757	\$ 13,374	\$ 297,383
Capital projects:				
Other capital projects	\$ -	\$ 587,927	\$ 1,636,091	\$ (1,048,164)
Total capital projects	\$ -	\$ 587,927	\$ 1,636,091	\$ (1,048,164)
Debt service:				
Principal	\$ -	\$ -	\$ 331,901	\$ (331,901)
Interest and other fiscal charges	-	-	28,006	(28,006)
Total debt service	\$ -	\$ -	\$ 359,907	\$ (359,907)
Total General Fund	\$ 52,607,439	\$ 54,138,069	\$ 53,625,495	\$ 512,574

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Debt service:				
Principal	\$ 3,564,451	\$ 3,564,451	\$ 3,470,662	\$ 93,789
Interest and other fiscal charges	2,046,515	2,046,515	2,448,045	(401,530)
Total County Debt Service Fund	<u>\$ 5,610,966</u>	<u>\$ 5,610,966</u>	<u>\$ 5,918,707</u>	<u>\$ (307,741)</u>
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
Construction of courthouse building	\$ -	\$ 56,838	\$ -	\$ 56,838
Edinburg school	-	1,696,899	999,747	697,152
Law enforcement records management upgrade	-	155,929	10,800	145,129
Cell development	150,000	451,569	55	451,514
Other	-	26,855	1,622	25,233
Historic courthouse	-	985,771	886,878	98,893
Total County Capital Projects Expenditures	<u>\$ 150,000</u>	<u>\$ 3,373,861</u>	<u>\$ 1,899,102</u>	<u>\$ 1,474,759</u>
Total County Capital Projects Fund	<u>\$ 150,000</u>	<u>\$ 3,373,861</u>	<u>\$ 1,899,102</u>	<u>\$ 1,474,759</u>
Total Primary Government	<u>\$ 58,368,405</u>	<u>\$ 63,122,896</u>	<u>\$ 61,443,304</u>	<u>\$ 1,679,592</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instructional	\$ 46,457,710	\$ 47,077,997	\$ 45,968,709	\$ 1,109,288
Operating costs:				
Attendance and health services	2,086,535	2,042,831	2,298,336	(255,505)
Pupil transportation	4,314,499	4,316,899	4,668,670	(351,771)
Operation and maintenance of school plant	5,953,697	5,997,401	5,837,907	159,494
Electronic technology	979,975	1,005,975	1,087,713	(81,738)
Total operating costs	<u>\$ 13,334,706</u>	<u>\$ 13,363,106</u>	<u>\$ 13,892,626</u>	<u>\$ (529,520)</u>
Total School Fund	<u>\$ 59,792,416</u>	<u>\$ 60,441,103</u>	<u>\$ 59,861,335</u>	<u>\$ 579,768</u>
School Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,513,999	\$ 2,513,999	\$ 2,262,055	\$ 251,944
Total school cafeteria fund	<u>\$ 2,513,999</u>	<u>\$ 2,513,999</u>	<u>\$ 2,262,055</u>	<u>\$ 251,944</u>
Total Discretely Presented Component Unit School Board	<u>\$ 62,306,415</u>	<u>\$ 62,955,102</u>	<u>\$ 62,123,390</u>	<u>\$ 831,712</u>

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STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

6-10

Debt Capacity

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

11-13

Demographic and Economic Information

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

14-15

Operating Information

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

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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 SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities:				
Net investment in capital assets	\$ 3,255,224	\$ 3,371,945	\$ 1,529,687	\$ 821,843
Restricted	297,723	-	-	-
Unrestricted	15,249,305	14,777,373	18,280,691	17,099,923
Total governmental activities net position	<u>\$ 18,802,252</u>	<u>\$ 18,149,318</u>	<u>\$ 19,810,378</u>	<u>\$ 17,921,766</u>
Business-type Activities:				
Net investment in capital assets	\$ 1,750,860	\$ 1,789,103	\$ 1,926,523	\$ 2,382,773
Restricted	-	-	-	-
Unrestricted	1,686,078	2,600,107	2,500,097	2,308,568
Total business-type activities net position	<u>\$ 3,436,938</u>	<u>\$ 4,389,210</u>	<u>\$ 4,426,620</u>	<u>\$ 4,691,341</u>
Primary government:				
Net investment in capital assets	\$ 5,006,084	\$ 5,161,048	\$ 3,456,210	\$ 3,204,616
Restricted	297,723	-	-	-
Unrestricted	16,935,383	17,377,480	20,780,788	19,408,491
Total primary government net position	<u>\$ 22,239,190</u>	<u>\$ 22,538,528</u>	<u>\$ 24,236,998</u>	<u>\$ 22,613,107</u>

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 3,525,823	\$ 4,902,912	\$ 3,331,416	\$ (352,810)	\$ 766,198	\$ 2,474,405
315,168	315,168	4,372,985	3,896,099	6,120,414	4,442,313
8,482,928	5,193,805	5,091,476	16,893,494	16,233,023	20,139,058
<u>\$ 12,323,919</u>	<u>\$ 10,411,885</u>	<u>\$ 12,795,877</u>	<u>\$ 20,436,783</u>	<u>\$ 23,119,635</u>	<u>\$ 27,055,776</u>
\$ 2,686,610	\$ 3,093,376	\$ 3,633,593	\$ 6,106,858	\$ 6,744,936	\$ 7,182,189
59,736	-	-	-	-	-
1,818,107	1,415,311	1,436,310	(9,436,571)	(9,790,291)	(7,811,096)
<u>\$ 4,564,453</u>	<u>\$ 4,508,687</u>	<u>\$ 5,069,903</u>	<u>\$ (3,329,713)</u>	<u>\$ (3,045,355)</u>	<u>\$ (628,907)</u>
\$ 6,212,433	\$ 7,996,288	\$ 6,965,009	\$ 5,754,048	\$ 7,511,134	\$ 9,656,594
374,904	315,168	4,372,985	3,896,099	6,120,414	4,442,313
10,301,035	6,609,116	6,527,786	7,456,923	6,442,732	12,327,962
<u>\$ 16,888,372</u>	<u>\$ 14,920,572</u>	<u>\$ 17,865,780</u>	<u>\$ 17,107,070</u>	<u>\$ 20,074,280</u>	<u>\$ 26,426,869</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental Activities:				
General government administration	\$ 2,917,362	\$ 2,321,080	\$ 2,421,199	\$ 2,359,284
Judicial administration	1,058,088	1,375,534	1,384,331	1,797,846
Public safety	7,403,358	8,546,482	9,493,390	10,872,246
Public works	3,942,182	4,040,447	4,893,094	6,661,832
Health and welfare	4,785,076	6,188,101	6,588,118	6,589,034
Education	21,462,122	21,717,115	21,503,186	22,671,491
Parks, recreation, and cultural	1,188,198	1,424,007	1,440,098	1,992,628
Community development	739,321	772,629	1,251,165	883,431
Interest on long-term debt	2,454,129	2,401,070	2,176,372	2,017,426
Total governmental activities expenses	\$ 45,949,836	\$ 48,786,465	\$ 51,150,953	\$ 55,845,218
Business-type Activities:				
Sanitary Districts	\$ 1,893,887	\$ 1,939,384	\$ 2,201,825	\$ 2,439,706
North Fork Wastewater	-	-	-	-
Landfill	-	-	-	-
Total business-type activities expenses	\$ 1,893,887	\$ 1,939,384	\$ 2,201,825	\$ 2,439,706
Total primary government expenses	\$ 47,843,723	\$ 50,725,849	\$ 53,352,778	\$ 58,284,924
Program Revenues				
Governmental Activities:				
Charges for services:				
General government administration	\$ 61,594	\$ 16,334	\$ 6,174	\$ 524
Judicial administration	268,852	364,093	340,234	308,142
Public safety	120,217	113,108	93,359	123,461
Public works	1,097,117	1,254,582	1,207,667	1,195,032
Health and welfare	-	-	-	-
Education	350,951	-	486,364	494,698
Parks, recreation, and cultural	283,514	752,049	290,833	320,960
Community development	617,033	620,580	509,206	477,440
Operating grants and contributions	7,132,330	8,548,607	8,604,101	8,803,623
Capital grants and contributions	245,994	-	-	-
Total governmental activities program revenues	\$ 10,177,602	\$ 11,669,353	\$ 11,537,938	\$ 11,723,880
Business-type Activities:				
Charges for services:				
Sanitary Districts	\$ 1,134,249	\$ 1,152,365	\$ 1,339,808	\$ 1,414,774
North Fork Wastewater	-	-	-	-
Landfill	-	-	-	-
Capital grants and contributions	221,250	1,081,559	207,745	563,500
Total business-type activities program revenues	\$ 1,355,499	\$ 2,233,924	\$ 1,547,553	\$ 1,978,274
Total primary government program revenues	\$ 11,533,101	\$ 13,903,277	\$ 13,085,491	\$ 13,702,154
Net (expense) / revenue				
Governmental Activities	\$ (35,772,234)	\$ (37,117,112)	\$ (39,613,015)	\$ (44,121,338)
Business-type Activities	(538,388)	294,540	(654,272)	(461,432)
Total primary government net expense	\$ (36,310,622)	\$ (36,822,572)	\$ (40,267,287)	\$ (44,582,770)

Table 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,817,148	\$ 2,694,098	\$ 2,402,794	\$ 2,714,331	\$ 2,463,006	\$ 1,969,430
1,686,886	1,563,538	1,794,214	1,908,573	1,982,483	2,073,679
11,121,538	11,327,324	11,247,826	11,627,376	13,053,085	13,932,695
5,686,960	3,669,994	4,836,959	1,840,310	1,414,273	1,228,217
6,331,863	6,147,406	6,728,853	7,462,916	6,971,130	6,420,661
27,122,413	24,147,779	24,476,243	25,310,174	24,661,559	25,808,176
1,465,416	1,820,175	1,487,353	1,528,660	1,426,020	1,548,584
1,151,216	965,207	1,606,664	745,870	892,852	1,086,801
2,003,040	2,152,971	2,728,110	2,845,792	2,639,028	2,285,296
<u>\$ 59,386,480</u>	<u>\$ 54,488,492</u>	<u>\$ 57,309,016</u>	<u>\$ 55,984,002</u>	<u>\$ 55,503,436</u>	<u>\$ 56,353,539</u>
\$ 2,600,989	\$ 2,354,749	\$ 2,297,808	\$ 2,211,341	\$ 2,249,735	\$ 2,189,967
-	-	-	169,990	209,261	177,751
-	-	-	2,768,790	2,833,612	409,841
<u>\$ 2,600,989</u>	<u>\$ 2,354,749</u>	<u>\$ 2,297,808</u>	<u>\$ 5,150,121</u>	<u>\$ 5,292,608</u>	<u>\$ 2,777,559</u>
<u>\$ 61,987,469</u>	<u>\$ 56,843,241</u>	<u>\$ 59,606,824</u>	<u>\$ 61,134,123</u>	<u>\$ 60,796,044</u>	<u>\$ 59,131,098</u>
\$ 48,746	\$ 23,382	\$ 32,530	\$ 41,362	\$ 7,903	-
315,354	269,943	292,908	258,918	249,069	196,855
122,117	122,681	78,043	73,224	1,046,987	924,949
1,075,280	1,005,193	1,070,662	-	-	2,400
-	-	-	-	27,283	-
522,635	469,308	465,158	388,851	355,435	397,445
357,904	534,855	481,901	454,494	262,619	428,031
353,584	340,486	330,143	321,647	324,282	329,430
9,364,373	8,116,656	8,500,571	8,043,215	7,994,332	8,941,953
-	-	3,996,634	1,411,363	1,102,782	1,190,549
<u>\$ 12,159,993</u>	<u>\$ 10,882,504</u>	<u>\$ 15,248,550</u>	<u>\$ 10,993,074</u>	<u>\$ 11,370,692</u>	<u>\$ 12,411,612</u>
\$ 1,468,721	\$ 1,446,521	\$ 1,555,987	\$ 1,534,485	\$ 1,628,981	\$ 1,650,491
-	-	-	132,693	100,784	105,479
-	-	-	1,081,369	1,095,874	1,036,704
307,694	175,383	239,000	329,067	515,666	202,000
<u>\$ 1,776,415</u>	<u>\$ 1,621,904</u>	<u>\$ 1,794,987</u>	<u>\$ 3,077,614</u>	<u>\$ 3,341,305</u>	<u>\$ 2,994,674</u>
<u>\$ 13,936,408</u>	<u>\$ 12,504,408</u>	<u>\$ 17,043,537</u>	<u>\$ 14,070,688</u>	<u>\$ 14,711,997</u>	<u>\$ 15,406,286</u>
\$ (47,226,487)	\$ (43,605,988)	\$ (42,060,466)	\$ (44,990,928)	\$ (44,132,744)	\$ (43,941,927)
(824,574)	(732,845)	(502,821)	(2,072,507)	(1,951,303)	217,115
<u>\$ (48,051,061)</u>	<u>\$ (44,338,833)</u>	<u>\$ (42,563,287)</u>	<u>\$ (47,063,435)</u>	<u>\$ (46,084,047)</u>	<u>\$ (43,724,812)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 25,056,214	\$ 24,042,683	\$ 29,257,624	\$ 29,220,882
Local sales and use taxes	2,932,417	3,231,113	3,113,379	3,238,398
Consumer utility taxes	688,517	989,849	801,128	477,500
Motor vehicle licenses taxes	654,599	669,047	891,116	552,815
Taxes on recordation and wills	1,393,268	1,385,736	1,718,438	2,100,986
Business licenses taxes	-	-	-	-
Other local taxes	625,906	736,144	80,565	81,334
Unrestricted grants and contributions	346,074	4,206,588	4,307,511	4,626,255
Unrestricted revenues from use of money and property	605,028	639,621	916,709	776,679
Miscellaneous	3,911,179	563,397	187,605	324,047
Transfers	-	-	-	-
Total governmental activities	\$ 36,213,202	\$ 36,464,178	\$ 41,274,075	\$ 41,398,896
Business-type Activities:				
Property taxes	\$ 471,482	\$ 478,659	\$ 470,393	\$ 505,237
Unrestricted grants and contributions	-	29,118	5,143	8,852
Unrestricted revenues from use of money and property	29,156	72,922	84,725	106,304
Miscellaneous	105,953	77,033	131,421	105,760
Transfers	-	-	-	-
Total business-type activities	\$ 606,591	\$ 657,732	\$ 691,682	\$ 726,153
Total primary government	\$ 36,819,793	\$ 37,121,910	\$ 41,965,757	\$ 42,125,049
Change in Net Position				
Governmental Activities	\$ 440,968	\$ (652,934)	\$ 1,661,060	\$ (2,722,442)
Business-type Activities	68,203	952,272	37,410	264,721
Total primary government	\$ 509,171	\$ 299,338	\$ 1,698,470	\$ (2,457,721)

Table 2

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 30,598,287	\$ 31,119,938	\$ 31,699,815	\$ 33,793,896	\$ 35,569,694	\$ 37,418,269	
3,313,542	2,909,578	3,048,872	3,168,917	3,224,641	3,207,116	
322,715	325,862	298,353	1,962,053	1,943,136	1,994,637	
795,000	815,279	857,901	826,120	825,623	830,861	
1,960,982	1,995,591	1,994,437	258,430	347,126	304,745	
-	-	-	-	-	-	
132,608	107,777	147,423	164,242	154,857	160,650	
3,876,482	3,842,578	3,791,210	3,959,108	3,874,170	4,066,927	
326,895	121,661	133,941	258,340	130,565	360,343	
302,129	455,690	2,816,283	1,237,842	2,705,887	1,106,265	
-	-	(343,777)	7,002,886	(1,632,819)	(1,571,745)	
<u>\$ 41,628,640</u>	<u>\$ 41,693,954</u>	<u>\$ 44,444,458</u>	<u>\$ 52,631,834</u>	<u>\$ 47,142,880</u>	<u>\$ 47,878,068</u>	
\$ 522,155	\$ 541,459	\$ 561,634	\$ 562,552	\$ 592,586	\$ 572,600	
-	-	-	-	-	-	
39,957	21,019	19,004	23,331	10,256	6,084	
116,020	114,601	139,622	89,893	-	48,904	
-	-	343,777	(7,002,886)	1,632,819	1,571,745	
<u>\$ 678,132</u>	<u>\$ 677,079</u>	<u>\$ 1,064,037</u>	<u>\$ (6,327,110)</u>	<u>\$ 2,235,661</u>	<u>\$ 2,199,333</u>	
<u>\$ 42,306,772</u>	<u>\$ 42,371,033</u>	<u>\$ 45,508,495</u>	<u>\$ 46,304,724</u>	<u>\$ 49,378,541</u>	<u>\$ 50,077,401</u>	
\$ (5,597,847)	\$ (1,912,034)	\$ 2,383,992	\$ 7,640,906	\$ 3,010,136	\$ 3,936,141	
<u>(146,442)</u>	<u>(55,766)</u>	<u>561,216</u>	<u>(8,399,617)</u>	<u>284,358</u>	<u>2,416,448</u>	
<u>\$ (5,744,289)</u>	<u>\$ (1,967,800)</u>	<u>\$ 2,945,208</u>	<u>\$ (758,711)</u>	<u>\$ 3,294,494</u>	<u>\$ 6,352,589</u>	

COUNTY OF SHENANDOAH, VIRGINIA

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Total
2005 \$	25,056,214 \$	2,932,417 \$	1,393,268 \$	654,599 \$	688,517 \$	30,725,015
2006	24,042,683	3,231,113	1,385,736	669,047	989,849	30,318,428
2007	29,257,624	3,113,379	1,718,438	891,116	316,013	35,296,570
2008	29,220,882	3,238,398	2,100,986	552,815	477,500	35,590,581
2009	30,598,287	3,313,542	1,960,982	795,000	322,715	36,990,526
2010	31,119,938	2,909,578	1,995,591	815,279	325,862	37,166,248
2011	31,699,815	3,048,872	1,994,437	857,901	298,353	37,899,378
2012	33,793,896	3,168,917	1,962,053	826,120	258,430	40,009,416
2013	35,569,694	3,224,641	1,943,136	825,623	347,126	41,910,220
2014	37,418,269	3,207,116	1,994,637	830,861	304,745	43,755,628

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COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
General fund				
Reserved	\$ 297,723	\$ -	\$ -	\$ -
Unreserved	10,546,157	13,596,381	16,656,188	16,823,568
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>10,843,880</u>	\$ <u>13,596,381</u>	\$ <u>16,656,188</u>	\$ <u>16,823,568</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds	\$ 364,499	\$ 415,682	\$ 464,264	\$ 513,479
Capital projects funds	8,139,801	8,475,802	7,972,658	8,452,910
Restricted, reported in:				
Capital projects funds	-	-	-	-
Committed, reported in:				
Landfill contingency	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	\$ <u>8,504,300</u>	\$ <u>8,891,484</u>	\$ <u>8,436,922</u>	\$ <u>8,966,389</u>

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

Table 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -	\$ -	-
11,621,797	10,747,591	-	-	-	-
-	-	42,362	88,905	16,995	39,075
-	-	4,372,985	3,896,099	3,938,418	4,217,739
-	-	-	5,035	-	-
-	-	1,132,855	1,043,063	1,178,694	1,247,724
-	-	9,686,116	9,655,914	10,497,972	12,772,653
\$ <u>11,621,797</u>	\$ <u>10,747,591</u>	\$ <u>15,234,318</u>	\$ <u>14,689,016</u>	\$ <u>15,632,079</u>	\$ <u>18,277,191</u>
\$ 641,844	\$ 566,016	\$ -	\$ -	\$ -	-
8,895,067	18,156,955	-	-	-	-
-	-	8,653,713	2,505,751	1,788,689	224,574
-	-	-	39,303	-	-
-	-	6,918,627	8,046,955	8,780,403	8,192,892
-	-	576,406	99,893	99,903	164,067
\$ <u>9,536,911</u>	\$ <u>18,722,971</u>	\$ <u>16,148,746</u>	\$ <u>10,691,902</u>	\$ <u>10,668,995</u>	\$ <u>8,581,533</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
General property taxes	\$ 24,302,925	\$ 26,044,683	\$ 29,159,806	\$ 29,555,714
Other local taxes	6,294,707	7,011,889	6,920,639	6,451,033
Permits, privilege fees and regulatory licenses	630,162	633,654	509,206	550,482
Fines and forfeitures	24,471	29,025	40,655	45,425
Revenue from use of money and property	345,895	639,621	916,709	776,679
Charges for services	2,144,610	2,458,067	2,383,976	2,423,291
Miscellaneous	605,028	506,425	640,321	345,555
Recovered costs	65,635	123,625	741,736	497,325
Intergovernmental:	245,994	-	-	-
Commonwealth	9,108,772	10,210,743	10,155,332	10,647,989
Federal	1,934,737	2,544,452	2,440,267	2,185,623
Total revenues	\$ 45,702,936	\$ 50,202,184	\$ 53,908,647	\$ 53,479,116
Expenditures				
General government administration	\$ 2,261,209	\$ 2,218,412	\$ 2,418,823	\$ 2,401,055
Judicial administration	973,663	1,335,854	1,379,827	1,709,822
Public safety	7,333,883	8,535,147	9,564,087	11,211,113
Public works	2,631,585	2,871,704	4,110,671	3,598,286
Health and welfare	4,780,944	6,178,127	6,868,977	6,560,503
Education	18,656,116	18,015,034	17,660,412	19,535,900
Parks, recreation and cultural	1,164,205	1,288,881	1,374,490	1,553,319
Community development	695,742	755,914	718,688	878,681
Nondepartmental	-	16,045	30,000	59,500
Capital projects	1,791,873	294,520	2,177,928	4,016,683
Debt service				
Principal	8,313,719	3,648,503	3,752,580	3,958,168
Interest and other fiscal charges	2,406,655	2,483,157	2,279,406	2,105,512
Bond issuance costs	-	-	-	-
Total expenditures	\$ 51,009,594	\$ 47,641,298	\$ 52,335,889	\$ 57,588,542
Excess (deficiency) of revenues over (under) expenditures	\$ (5,306,658)	\$ 2,560,886	\$ 1,572,758	\$ (4,109,426)
Other financing sources (uses)				
Transfers in	\$ 7,613,071	\$ 5,861,463	\$ 5,410,369	\$ 6,266,659
Transfers out	(6,814,173)	(5,861,463)	(5,410,369)	(6,266,659)
Refunding bonds issued	4,130,808	-	-	-
Bonds issued	-	-	313,653	2,329,416
Premium on bonds issued	300,424	-	-	-
Capital leases	1,128,311	578,799	718,834	1,643,027
Notes Payable	-	-	-	-
Total other financing sources (uses)	\$ 6,358,441	\$ 578,799	\$ 1,032,487	\$ 3,972,443
Net change in fund balances	\$ 1,051,783	\$ 3,139,685	\$ 2,605,245	\$ (136,983)
Debt service as a percentage of noncapital expenditures	21.78%	12.95%	12.03%	11.32%

Table 5

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 30,532,857	\$ 30,805,595	\$ 31,744,361	\$ 33,009,862	\$ 35,693,366	\$ 37,482,790
6,524,847	6,154,087	6,346,986	6,379,762	6,495,383	6,498,009
353,584	340,486	330,143	321,647	347,305	349,335
91,857	114,651	107,215	77,345	78,423	71,259
326,895	121,661	133,941	258,340	130,565	360,343
2,350,179	2,310,711	2,313,987	1,139,504	1,847,850	1,858,516
302,129	455,690	2,334,514	1,237,842	2,705,887	1,805,065
276,908	312,420	482,269	276,297	499,341	550,983
-	-	-	-	-	-
10,031,639	10,126,436	10,387,854	9,948,179	10,281,425	10,303,365
3,209,216	1,832,798	5,900,561	3,465,508	2,689,859	3,896,064
\$ 54,000,111	\$ 52,574,535	\$ 60,081,831	\$ 56,114,286	\$ 60,769,404	\$ 63,175,729
\$ 2,853,762	\$ 2,637,070	\$ 2,228,906	\$ 2,435,352	\$ 2,540,618	\$ 2,463,728
1,677,491	1,553,936	1,579,642	1,685,561	1,764,922	1,822,544
10,726,741	10,965,435	10,781,294	11,645,005	13,244,694	14,007,900
2,920,804	2,686,143	2,983,349	1,100,767	1,062,575	1,172,071
6,320,719	6,127,943	6,707,951	6,876,762	6,775,287	6,353,432
23,088,598	21,303,551	21,197,950	22,090,351	22,094,286	23,354,643
1,717,606	1,780,076	1,469,314	1,487,219	1,384,394	1,408,573
860,309	965,488	930,856	953,673	951,035	1,033,232
35,596	196,308	15,159	133,482	16,891	13,374
4,021,266	7,338,539	10,764,620	6,628,375	6,932,038	3,535,193
4,024,084	4,430,936	4,390,177	7,176,059	3,897,642	3,802,563
2,093,305	1,875,209	2,932,961	2,800,854	2,569,834	2,476,051
-	-	-	57,604	156,175	-
\$ 60,340,281	\$ 61,860,634	\$ 65,982,179	\$ 65,071,064	\$ 63,390,391	\$ 61,443,304
\$ (6,340,170)	\$ (9,286,099)	\$ (5,900,348)	\$ (8,956,778)	\$ (2,620,987)	\$ 1,732,425
\$ 6,688,843	\$ 6,078,976	\$ 3,874,348	\$ 5,861,710	\$ 5,868,257	\$ 5,833,132
(6,688,843)	(6,078,976)	(3,874,348)	(7,192,458)	(7,501,076)	(7,404,877)
-	-	-	-	-	-
1,356,931	15,760,000	7,435,000	3,255,000	4,495,000	-
-	723,003	-	499,512	285,655	-
351,990	452,301	377,850	530,868	393,307	396,970
-	662,649	-	-	-	-
\$ 1,708,921	\$ 17,597,953	\$ 7,812,850	\$ 2,954,632	\$ 3,541,143	\$ (1,174,775)
\$ (4,631,249)	\$ 8,311,854	\$ 1,912,502	\$ (6,002,146)	\$ 920,156	\$ 557,650
10.86%	11.57%	13.26%	16.88%	11.56%	10.86%

COUNTY OF SHENANDOAH, VIRGINIA

Table 6

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Total
2005 \$	24,302,925 \$	2,932,417 \$	1,393,268 \$	654,599 \$	688,517 \$	29,971,726
2006	26,044,683	3,231,113	1,385,736	669,047	989,849	32,320,428
2007	29,159,806	3,113,379	1,718,438	891,116	801,128	35,683,867
2008	29,555,714	3,238,398	1,368,894	552,815	477,500	35,193,321
2009	30,532,857	3,313,542	1,243,628	795,000	322,715	36,207,742
2010	30,805,595	2,909,578	1,248,883	815,279	325,862	36,105,197
2011	31,744,361	3,048,872	1,994,437	857,901	298,353	37,943,924
2012	33,009,862	3,168,917	1,962,053	826,120	258,430	39,225,382
2013	35,693,366	3,224,641	1,943,136	825,623	347,126	42,033,892
2014	37,482,790	3,207,116	1,994,637	830,861	304,745	43,820,149

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COUNTY OF SHENANDOAH, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service (2)
2005 \$	2,394,494,850	\$ 289,239,613	\$ 3,803,521	\$ 72,596,435	\$ 35,081,578	\$ 135,353,194
2006	3,046,358,050	327,177,172	4,688,573	70,152,682	36,933,965	111,175,331
2007	3,715,824,650	356,334,022	5,523,101	73,317,081	38,950,950	110,806,557
2008	3,841,542,450	378,309,055	5,539,784	66,351,535	43,652,302	125,063,172
2009	3,921,886,100	372,121,056	5,469,665	60,505,707	48,726,763	122,679,339
2010	4,371,701,000	346,758,402	4,443,414	64,372,075	46,001,179	149,466,288
2011	4,403,310,900	357,328,471	4,360,059	78,202,016	44,439,756	200,723,875
2012	4,413,197,300	363,099,193	4,271,041	74,030,957	45,520,162	194,503,654
2013	4,441,341,600	367,548,462	4,141,738	75,260,772	46,502,386	194,991,068
2014	4,465,692,800	381,440,803	4,202,476	74,590,349	48,541,466	209,304,337

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation.

Table 7

	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	2,930,569,191	\$ 5,834,300,599	50.23%	\$ 7.68
	3,596,485,773	5,221,378,881	68.88%	7.34
	4,300,756,361	6,242,932,735	68.89%	7.34
	4,460,458,298	5,680,665,178	78.52%	7.34
	4,531,388,630	5,115,011,435	88.59%	7.92
	4,982,742,358	4,877,868,192	102.15%	7.84
	5,088,365,077	5,202,827,277	97.80%	7.84
	5,094,622,307	4,702,872,987	108.33%	7.92
	5,129,786,026	4,735,332,803	108.33%	8.33
	5,183,772,231	4,785,167,757	108.33%	8.39

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

Direct Rates												
Fiscal Years		Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital		Total Direct Rate
2005	\$	0.68	\$	2.86	\$	0.68	\$	2.86	\$	0.60	\$	7.68
2006		0.51		2.86		0.51		2.86		0.60		7.34
2007		0.51		2.86		0.51		2.86		0.60		7.34
2008		0.51		2.86		0.51		2.86		0.60		7.34
2009		0.51		3.15		0.51		3.15		0.60		7.92
2010		0.47		3.15		0.47		3.15		0.60		7.84
2011		0.47		3.15		0.47		3.15		0.60		7.84
2012		0.51		3.15		0.51		3.15		0.60		7.92
2013		0.54		3.50		0.54		3.15		0.60		8.33
2014		0.57		3.50		0.57		3.15		0.60		8.39

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2014		Fiscal Year 2005	
		2014 Assessed Valuation	% of Total Assessed Valuation	2005 Assessed Valuation	% of Total Assessed Valuation
North Shenandoah Investors	Mfg	20,596,500	0.40%	982,100	0.03%
Art Mortgage Borrower	Distribution	13,368,800	0.26%	13,174,600	0.45%
Howell Metal	Mfg	11,116,100	0.21%	8,068,100	0.28%
294 Front Royal LLC	Mfg	10,718,600	0.21%	8,226,800	0.28%
Lowes Home Centers	Retail	9,499,400	0.18%	-	0.00%
Bowman Andros Products	Mfg	9,434,300	0.18%	7,616,800	0.26%
Wal-Mart Real Estate	Retail	9,269,000	0.18%	5,653,000	0.19%
Telesat Network Services	Communications	9,013,000	0.17%	8,594,500	0.29%
Masco Cabinetry	Mfg	7,889,100	0.15%	7,249,100	0.25%
Spectrum I Woodstock	Retail	6,801,800	0.13%	4,316,000	0.15%
Valley Fertilizer and Chemical	Retail	6,299,900	0.12%	2,575,400	0.09%
LH & H LLC	Hotel	6,014,300	0.12%	95,600	0.00%
Shree Ganesh Hospitality	Hotel	5,700,200	0.11%	526,200	0.02%
		<u>125,721,000</u>	<u>3.35%</u>	<u>67,078,200</u>	<u>1.79%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005 \$	27,837,037	\$ 26,176,277	94.03%	\$ 1,650,556	\$ 27,826,833	99.96%
2006	26,146,589	24,565,050	93.95%	1,566,894	26,131,944	99.94%
2007	28,582,118	27,256,379	95.36%	1,298,531	28,554,910	99.90%
2008	29,698,692	28,304,547	95.31%	1,344,252	29,648,799	99.83%
2009	31,221,250	28,851,374	92.41%	1,815,931	30,667,305	98.23%
2010	31,762,302	28,815,151	90.72%	2,496,764	31,311,915	98.58%
2011	32,838,732	29,867,700	90.95%	2,422,145	32,289,845	98.33%
2012	35,018,934	33,281,231	95.04%	920,264	34,201,495	97.67%
2013	36,226,476	33,721,380	93.08%	1,112,245	34,833,625	96.16%
2014	39,644,404	37,448,266	94.46%	-	37,448,266	94.46%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

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COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Notes Payable
2005	\$ 38,882,819	\$ 5,084,500	\$ 4,607,040	\$ 1,963,352	\$ 3,502,335	\$ 9,763
2006	36,201,544	4,752,500	4,436,571	713,218	3,284,016	6,396
2007	33,817,733	4,420,500	4,315,597	2,020,718	3,066,198	20,450
2008	33,403,293	4,088,500	4,179,796	2,860,442	2,838,236	16,330
2009	31,999,361	3,774,000	4,044,912	2,341,443	2,591,701	11,721
2010	45,560,848	3,459,500	4,338,322	1,865,903	2,339,188	6,888
2011	50,367,176	3,145,000	3,972,674	1,060,237	2,284,811	1,379
2012	48,306,971	2,830,500	3,255,000	1,145,505	3,072,421	-
2013	45,442,086	2,516,000	7,595,000	1,131,300	2,802,329	-
2014	42,362,464	2,201,500	7,435,000	1,196,369	2,266,352	-

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

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

Table 11

Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ -	\$ 54,049,809	5.13%	\$ 1,425
-	49,394,245	4.36%	1,268
-	47,661,196	3.91%	1,190
97,343	47,483,940	3.67%	1,170
71,135	44,834,273	3.38%	1,094
53,284	57,623,933	4.34%	1,404
46,585	60,877,862	4.54%	1,450
4,301	58,614,698	4.24%	1,386
-	59,486,715	3.99%	1,397
-	55,461,685	3.72%	1,302

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2005	\$ 51,359,536	\$ -	\$ 51,359,536	1.75%	\$ 1,354
2006	38,365,062	-	38,365,062	1.07%	985
2007	41,304,431	-	41,304,431	0.96%	1,031
2008	42,553,830	-	42,553,830	0.95%	1,048
2009	45,390,615	-	39,818,273	0.88%	972
2010	48,574,359	-	48,574,359	0.97%	1,184
2011	55,796,987	-	55,796,987	1.10%	1,329
2012	54,209,892	-	54,209,892	1.06%	1,282
2013	58,355,415	-	58,355,415	1.14%	1,370
2014	54,265,316	-	54,265,316	1.05%	1,274

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

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

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Enterprise Fund Revenue Bonds						
	Water/Sewer/Refuse and Septage Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2005	\$ 1,740,840	\$ 1,511,547	\$ 229,293	\$ 217,192	\$ 161,578	60.54%	
2006	1,780,979	1,568,728	212,251	245,000	154,936	53.07%	
2007	2,026,347	1,824,398	201,949	245,747	152,228	50.74%	
2008	2,132,075	2,040,483	91,592	267,462	147,282	22.08%	
2009	2,147,619	2,149,861	(2,242)	273,088	126,785	-0.56%	
2010	2,121,710	1,925,427	196,283	284,415	116,742	48.93%	
2011	2,276,247	1,863,237	413,010	264,005	102,950	112.55%	
2012	3,424,323	4,594,573	(1,170,250)	249,378	85,698	-349.25%	
2013	3,428,481	4,581,746	(1,153,265)	274,393	142,435	-276.68%	
2014	3,420,262	2,680,364	739,898	535,977	97,195	116.86%	

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2005	37,931	1,052,623,181	27,751	40.9	6,153	3.00%
2006	38,956	1,133,230,040	29,090	40.9	6,107	3.00%
2007	40,060	1,217,984,240	30,404	40.9	6,155	3.20%
2008	40,589	1,294,383,210	31,890	40.9	6,244	4.70%
2009	40,984	1,326,652,080	32,370	40.9	6,184	8.30%
2010	41,036	1,328,335,320	32,370	40.9	6,106	8.30%
2011	41,993	1,340,290,581	31,917	42.2	6,094	7.00%
2012	42,289	1,380,820,428	32,652	43.5	6,076	6.60%
2013	42,583	1,491,086,328	35,016	43.7	6,069	6.20%
2014	42,684	1,550,624,352	36,328	43.8	6,115	5.60%

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2014		Fiscal Year 2005	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
George's Chicken	500 to 999	2	500 to 999	2
R.R. Donnelley and Sons Company	250 to 499	3	500 to 999	-
Iac Strasburg LLC	250 to 499	4	500 to 999	-
Bowman Andros Products	250 to 499	5	100 to 249	-
County of Shenandoah	250 to 499	6	250 to 499	9
Life Style Staffing	250 to 499	7	-	-
Valley Health System	250 to 499	8	250 to 499	7
Shentel Management Company	250 to 499	9	100 to 249	-
Wal Mart	250 to 499	10	250 to 499	8
Lear Operations Corporation	-	-	500 to 999	3
Perry Judd's, Inc.	-	-	500 to 999	4
Merillat Corporation	-	-	250 to 499	5
Howell Metal Company	-	-	250 to 499	6
Kennametal, Inc.	-	-	100 to 249	10

Source: Virginia Employment Commission

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government administration	27	27	27	27	27	25	22	22	21	23
Judicial administration	19	22	22	22	20	21	21	19	15	19
Public safety										
Sheriff's department	64	65	67	72	67	70	70	71	84	69
Fire and rescue	5	21	25	33	33	32	33	34	42	44
Building inspections	9	9	10	10	8	7	7	5	5	6
Animal control	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance	4	4	5	5	5	7	7	6	5	5
Landfill	17	21	20	21	20	20	20	22	19	17
Health and welfare										
Department of social services	33	36	33	36	34	35	35	35	35	35
Culture and recreation										
Parks and recreation	4	5	5	4	6	5	4	5	5	5
Library	7	7	7	7	7	5	6	6	6	6
Community development										
Planning	4	4	4	5	5	5	4	5	5	5
Totals	<u>195</u>	<u>223</u>	<u>227</u>	<u>244</u>	<u>234</u>	<u>234</u>	<u>231</u>	<u>232</u>	<u>244</u>	<u>236</u>

Source: Individual county departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/Arrests	1951	2237	2003	2115	3222	2800	2200	2110	2070	2195
Civil papers	10422	10924	9654	9918	10479	9269	9163	12308	10500	12428
Fire and rescue:										
Number of calls answered	5779	4794	6253	6520	9967	9998	10303	13124	11150	5933
Building inspections:										
Permits issued	585	506	196	113	120	127	88	90	78	82
Animal control:										
Number of calls answered	1741	1836	1834	1933	2102	1636	1544	1729	1643	1847
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	4	4	6	6	6	6
Landfill:	6									
Refuse collected (tons/day)	161.1	158.0	178.0	148	135	130	133	116	117.02	132
Recycling (tons/day)	11.6	13.9	13.5	7.0	6.1	7.5	9.0	7.8	6.81	7.2
Health and welfare										
Department of Social Services:										
Caseload	3666	3876	3950	4016	5141	5780	5998	5854	5753	10905
Culture and recreation										
Parks and recreation:										
Recreation facility permits	1641	1310	1350	1300	1571	2059	1298	1291	1137	1853
Youth sports participants	925	2660	2400	1827	1606	1430	1449	1209	1156	1013
Community development										
Planning:										
Zoning permits issued	689	721	663	608	434	303	374	438	375	331
Component Unit - School Board										
Education:										
School age population	6153	6107	6155	6224	6184	6106	6094	6076	6069	6115
Number of teachers	456	483	499	512	529	501	496	523	520	521
Local expenditures per pupil	3733	3913	3430	3486	3509	3433	3440	3557	3711	3832

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	4	4	4	2	2	2	2	2
Public safety										
Sheriffs department:										
Patrol units	45	45	47	49	50	50	47	46	51	56
Other vehicles										
Building inspections:										
Vehicles	6	6	6	6	5	5	5	4	4	4
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	6	6	6	6	6	6
Landfill:										
Vehicles	19	21	21	21	21	20	22	22	23	23
Equipment	16	16	16	16	16	16	16	18	21	21
Sites	15	15	15	14	15	15	15	15	15	16
Health and welfare										
Department of Social Services:										
Vehicles	10	10	10	10	10	10	10	10	8	8
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	5	5	5	4	4
Parks acreage	345	345	345	345	345	345	345	345	645	645
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	3	3	3	3	2	2	2	2	2
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	101	104	104	104	104	104	109	108	108	110

Source: Individual county departments

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Shenandoah, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Finner, Cox Associates

Staunton, Virginia
November 30, 2014

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Shenandoah, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2014. County of Shenandoah, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Shenandoah, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Shenandoah, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Shenandoah, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of County of Shenandoah, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Shenandoah, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Shenandoah, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2014

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
Department of Agriculture:			
Direct Payments:			
Agriculture Conservation Easement Program	10.931	Unavailable	\$ 522,000
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	\$ 345,643
Total Department of Agriculture			\$ 867,643
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558	Unavailable	\$ 231,369
Refugee & Entrant Assistance - State Administered Programs	93.566	Unavailable	2,231
Promoting Safe and Stable Families	93.556	Unavailable	13,998
Low-Income Home Energy Assistance	93.568	Unavailable	22,358
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	33,467
Foster Care - Title IV-E	93.658	Unavailable	241,645
Chafee Education and Training Vouchers	93.599	Unavailable	624
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	Unavailable	1,730
Chafee Foster Care Independence Program	93.674	Unavailable	4,853
Social Services Block Grant	93.667	Unavailable	182,231
Children's Health Insurance Program	93.767	Unavailable	10,169
Adoption Assistance	93.659	Unavailable	123,972
Medical Assistance Program (Title XIX)	93.778	Unavailable	303,799
Total Department of Health and Human Services			\$ 1,172,446
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Unavailable	\$ 505,969
Total Department of Housing and Urban Development			\$ 505,969
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	Unavailable	\$ 40,778
Emergency Management Performance Grants	97.042	Unavailable	23,509
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Unavailable	35,973
Total Department of Homeland Security			\$ 100,260
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Immigration Custom Enforcement	16.000	Unavailable	\$ 16,511
Project Lifesaver	16.000	Unavailable	855
U.S. Forest Service Patrol	16.000	Unavailable	4,425
Equitable Sharing Program-Asset Forfeiture Fund	16.922	Unavailable	490,910
Bulletproof Vest Paternship Program	16.607	Unavailable	5,297
Triad grant	16.000	Unavailable	2,825
Total Department of Justice			\$ 520,823

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ royalty grants	66.000	Unavailable	\$ 371
Total Environmental Protection Agency			\$ 371
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway			
State and Community Highway Safety	20.600	Unavailable	\$ 23,386
Highway Planning and Construction	20.205	Unavailable	62,580
Total Department of Transportation			\$ 85,966
Total Expenditures of Federal Awards - Primary Government			\$ 3,253,478
COMPONENT UNIT SCHOOL BOARD:			
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unavailable	\$ 177,369
National School Lunch Program	10.555	Unavailable	1,086,650
Department of Agriculture:			
Child Nutrition Cluster:			
Commodities-School Lunch	10.555	Unavailable	169,827
Schools and Roads - Grants to States	10.665	Unavailable	15,859
Total Department of Agriculture			\$ 1,449,705
Department of Education:			
Pass Through Payments:			
Title I Grants to Local Education Agencies	84.010	S010A09046/S010A10046	\$ 955,935
School Improvement Grants	84.377	Unavailable	18,576
Improving Teacher Quality State Grants	84.367	Unavailable	236,414
Special Education Cluster:			
Special Education - State Grants	84.027	H027A10017	1,164,729
Special Education - Preschool Grants	84.173	H173A090112/H173A100112	35,486
Career and Technical Education - Basic Grants to States	84.048	Unavailable	99,689
English Language Acquisition State Grants	84.365	Unavailable	35,372
Advanced Placement Program	84.330	Unavailable	1,350
Total Department of Education			\$ 2,547,551
Total Expenditures of Federal Awards Component Unit School Board			\$ 3,997,256
Total Expenditures of Federal Awards			\$ 7,250,734

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Shenandoah, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Shenandoah, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Shenandoah, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the County had food commodities totaling \$99,170 in inventory.

NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	\$ 3,896,064
Reconciling items:	
Revenues for forfeited drug asset proceeds in excess of expenditures	(539,310)
Payment in lieu of taxes not included above	(103,276)
Total primary government	<u>\$ 3,253,478</u>
Discretely presented component unit - School Board	<u>\$ 3,997,256</u>
Total discretely presented component unit - School Board	<u>\$ 3,997,256</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 7,250,734</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 7,250,734</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
16.922	Equitable Sharing Program-Asset Forfeiture Fund
10.931	Agriculture Conservation Easement Program
93.778	Medical Assistance Program (Title XIX)

Child Nutrition Cluster

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

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

COUNTY OF SHENANDOAH, VIRGINIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014

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