

**CHARLOTTE COUNTY**  
VIRGINIA

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



COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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COUNTY OF CHARLOTTE, VIRGINIA

Financial Report  
For the Year Ended June 30, 2015

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## COUNTY OF CHARLOTTE, VIRGINIA

### Board of Supervisors

Warren E. Weston	Haywood J. Hamlet, Chairman	Garland H. Hamlett, Jr.
David M. Guill	Gary D. Walker, Vice-Chairman	Robert L. Shook, Jr.
	Nancy R. Carwile	

### School Board

	Thomas E. Locke, Jr., Chairman	
	William B. Devin, Vice-Chairman	
Brette Arbogast		Kenny Redmond
Henry W. Carwile	Bernadine Johnson	Raymond "Jay" George

### Board of Public Welfare

	Larry Fannon, Chairman	
	Alex Haskins, Vice-Chairman	
Jean Elliott		Marilyn McIvor
Margaret Elder		Gloria Talbott
Gloria Talbott		Gary D. Walker

### Library Board

	Eleanor B. Williams, Chairman	
	Velda Agee, Secretary	
Ruth Brogdon		Barbara B. Hamlett
Jean Elliot	Teresa Osborne	Winnie Morris

### Other Officials

Judge of the Circuit Court	Joel Cunningham
Clerk of the Circuit Court	Stuart B. Fallen
Judge of the General District Court	J. William Watson, Jr.
Judge of the Juvenile & Domestic Relations Court	S. Anderson Nelson
Commonwealth's Attorney	William E. Green, Jr.
Commissioner of the Revenue	Naisha N. Pridgen
Treasurer	Patricia P. Berkeley
Sheriff	Thomas D. Jones
Superintendent of Schools	Nancy Leonard
Director of Social Services	Sari C. Goff
Librarian	James C. Watkins
County Administrator	Russell B. Clark



# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Honorable Members of  
the Board of Supervisors  
County of Charlotte, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia'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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 18 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 68, and 69-74 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 Charlotte, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

*Other Information (Continued)*

The other statistical information has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015, on our consideration of the County of Charlotte, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Charlotte, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 27, 2015

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### To the Citizens of Charlotte County County of Charlotte, Virginia

As management of the County of Charlotte, 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, 2015.

### Financial Highlights

#### Government-wide Financial Statements

The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,635,817 (net position).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources of \$289,452 (Exhibit 5) after making contributions totaling \$4,006,282 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$8,785,771, an increase of \$289,452 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,493,840, or 48% of total general fund expenditures.
- Our combined long-term obligations decreased \$1,815,564 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

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

## Overview of the Financial Statements (Continued)

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's a) assets and deferred outflows of resources, and b) liabilities and deferred inflows of resources, with the difference 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.

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, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Charlotte, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Charlotte, Virginia is financially accountable. Financial information for this component unit 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 Charlotte, 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 two categories: governmental funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided on Exhibit 4. The County has one major governmental fund - the General Fund.

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. 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.



## Overview of the Financial Statements (Continued)

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 for budgetary comparison schedules and schedule of OPEB funding progress. The School Board does not issue separate financial statements. Other supplementary information consists of combining statements and schedules for nonmajor funds, fiduciary funds, the discretely presented component unit School Board, budgetary schedules, and statistical information.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$8,635,817 at the close of the most recent fiscal year.

County of Charlotte, Virginia's Net Position			
	Governmental Activities		
	2015	2014	
Current and other assets	\$ 9,946,249	\$ 9,698,473	
Capital assets	5,131,544	5,632,729	
Total assets	\$ 15,077,793	\$ 15,331,202	
Deferred outflows of resources			
Post measurement date employer pension contributions	\$ 508,998	\$ -	
Current liabilities	\$ 606,841	\$ 638,090	
Long-term liabilities outstanding	5,153,675	3,575,386	
Total liabilities	\$ 5,760,516	\$ 4,213,476	
Deferred inflows of resources			
Net difference of actual and expected pension liability earnings	\$ 1,129,971	\$ -	
Unavailable revenue-property taxes	60,487	79,761	
Total deferred inflows of resources	\$ 1,190,458	\$ 79,761	
Net position:			
Net investment in capital assets	\$ 3,856,544	\$ 3,977,990	
Restricted for Library	277,823	282,348	
Unrestricted	4,501,450	6,777,627	
Total net position	\$ 8,635,817	\$ 11,037,965	

At the end of the current fiscal year, the County's net investment in capital assets is \$3,856,544. The County's net position restricted for Library use is \$277,823. The remaining \$4,501,450 of net position is unrestricted and available for use at the County's discretion.

## Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$668,346.

<u>County of Charlotte, Virginia's Change in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 734,320	\$ 774,868
Operating grants and contributions	6,583,012	6,514,563
Capital grants and contributions	4,650	2,706
General revenues:		
Property taxes	7,751,808	7,623,280
Other local taxes	1,199,274	1,144,264
Grants and other contributions unrestricted	986,389	1,034,590
Other	824,222	937,706
Total revenues	<u>\$ 18,083,675</u>	<u>\$ 18,031,977</u>
Expenses:		
General government administration	\$ 1,334,397	\$ 1,394,498
Judicial administration	599,410	617,495
Public safety	4,098,244	4,117,916
Public works	1,215,782	1,210,398
Health and welfare	5,344,807	5,231,004
Education	4,164,205	3,898,251
Parks, recreation and culture	328,364	329,270
Community development	265,568	333,780
Interest	64,552	87,107
Total expenses	<u>\$ 17,415,329</u>	<u>\$ 17,219,719</u>
Increases (decrease) in net position	\$ 668,346	\$ 812,258
Net position-beginning, as restated	<u>7,967,471</u>	<u>10,266,922</u>
Net position-ending	<u>\$ 8,635,817</u>	<u>\$ 11,079,180</u>

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

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

## Government-wide Financial Analysis (Continued)

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a 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 fund balances of \$8,785,771, an increase of \$289,452 in comparison with the prior year. Approximately 97% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$820,348 and can be briefly summarized as follows:

- \$154,085 in increases for General Government Administration
- \$9,856 in increases for Judicial Administration
- \$180,212 in increases for Public Safety
- \$334,515 in increases for Health and Welfare
- \$141,680 in increases to other functions

The budget increases were to be funded from state and federal revenue increases. During the year, revenues were less than budgetary estimates by \$206,985. Expenditures were less than budgetary estimates by \$1,146,693.

### Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2015 amounts to \$5,131,544 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

<u>County of Charlotte, Virginia's Capital Assets</u>			
		<u>Governmental Activities</u>	
		<u>2015</u>	<u>2014</u>
Land	\$	250,555	\$ 250,555
Buildings and improvements		7,077,802	7,077,802
Equipment		2,310,216	2,182,035
Tenancy in common		75,000	648,708
Construction in progress		155,766	-
Total	\$	9,869,339	\$ 10,159,100
Less accumulated depreciation		<u>(4,737,795)</u>	<u>(4,526,371)</u>
Net capital assets	\$	<u>5,131,544</u>	<u>\$ 5,632,729</u>

Additional information on the County's capital assets can be found in Note 4 of this report.

## **Capital Asset and Debt Administration (Continued)**

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$1,275,000 comprised of debt backed by the full faith and credit of the County. The following table depicts all debt reported by the County:

<b>County of Charlotte, Virginia's Outstanding Obligations</b>		
	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
General obligation bonds	\$ 1,275,000	\$ 1,643,320
Lease revenue notes	-	11,419
Compensated absences	166,988	166,895
Net OPEB obligation	101,700	92,900
Net pension obligation	1,981,484	3,393,853
Landfill closure liability	1,628,503	1,660,852
Total	\$ <u>5,153,675</u>	\$ <u>6,969,239</u>

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the primary government. The legislation affects the reporting of local school capital assets as well.

The County's total debt decreased by \$1,815,564 during the current fiscal year.

Additional information on the County of Charlotte, Virginia's long-term debt can be found in Note 6 of this report.

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

The unemployment rate for the County is currently 5.7 percent, which is down from 7.9 percent as reported in the previous year. This compares unfavorably to the state's average unemployment rate of 4.8 percent and the national average rate of 5.3 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2016 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Charlotte, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 250 Le Grande Avenue, Charlotte Court House, Virginia 23923.

## BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

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Statement of Net Position  
June 30, 2015

	Primary Government	Component Unit
	Governmental Activities	School Board
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,465,304	\$ 942,998
Investments	-	160,917
Receivables (net of allowance for uncollectibles):		
Taxes receivable	702,337	-
Accounts receivable	193,373	58,888
Inventory	-	34,452
Due from component unit	440,498	-
Due from other governmental units	852,861	509,854
Prepaid items	14,053	112,567
Restricted assets:		
Temporarily restricted:		
Investments	177,823	-
Permanently restricted:		
Investments	100,000	-
Net pension asset	-	339,759
Capital assets (net of accumulated depreciation):		
Land	250,555	65,745
Buildings and improvements	4,167,373	7,533,528
Machinery and equipment	557,850	482,223
Construction in progress	155,766	-
Total assets	<u>\$ 15,077,793</u>	<u>\$ 10,240,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Post measurement date employer pension contributions	<u>\$ 508,998</u>	<u>\$ 1,580,109</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 606,841	\$ 197,579
Accrued liabilities	-	919,080
Due to primary government	-	440,498
Long-term liabilities:		
Due within one year	91,699	78,310
Due in more than one year	5,061,976	18,898,393
Total liabilities	<u>\$ 5,760,516</u>	<u>\$ 20,533,860</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Net difference of actual and expected pension liability earnings	\$ 1,129,971	\$ 2,873,482
Changes in proportionate share of employer contributions	-	1,591,000
Deferred revenue-property taxes	60,861	-
Total deferred inflows of resources	<u>\$ 1,190,832</u>	<u>\$ 4,464,482</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 3,856,544	\$ 7,117,793
Restricted:		
Library	277,823	-
Unrestricted	4,501,076	(20,295,095)
Total net position	<u>\$ 8,635,443</u>	<u>\$ (13,177,302)</u>

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

Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit School Board
Primary Government:						
Governmental activities:						
General government						
administration	\$ 1,323,096	\$ 39,919	\$ 223,103	\$ -	\$ (1,060,074)	\$ -
Judicial administration	599,410	71,313	334,282	4,650	(189,165)	-
Public safety	4,098,244	556,094	1,699,378	-	(1,842,772)	-
Public works	1,215,782	66,994	22,807	-	(1,125,981)	-
Health and welfare	5,344,807	-	4,226,403	-	(1,118,404)	-
Education	4,164,205	-	-	-	(4,164,205)	-
Parks, recreation, and cultural	328,364	-	45,248	-	(283,116)	-
Community development	265,568	-	31,791	-	(233,777)	-
Interest on long-term debt	64,552	-	-	-	(64,552)	-
Total governmental activities	<u>\$ 17,404,028</u>	<u>\$ 734,320</u>	<u>\$ 6,583,012</u>	<u>\$ 4,650</u>	<u>\$ (10,082,046)</u>	<u>\$ -</u>
Total primary government	<u>\$ 17,404,028</u>	<u>\$ 734,320</u>	<u>\$ 6,583,012</u>	<u>\$ 4,650</u>	<u>\$ (10,082,046)</u>	<u>\$ -</u>
Component Unit:						
School Board	<u>\$ 19,712,644</u>	<u>\$ 279,023</u>	<u>\$ 15,241,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,192,042)</u>
Total component unit	<u>\$ 19,712,644</u>	<u>\$ 279,023</u>	<u>\$ 15,241,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,192,042)</u>
General revenues:						
General property taxes				\$ 7,751,434	\$ -	
Other local taxes:						
Local sales and use taxes				578,782	-	
Consumer utility taxes				230,538	-	
Motor vehicle licenses				303,503	-	
Other local taxes				86,451	-	
Unrestricted revenues from use of money and property				247,787	385	
Miscellaneous				576,435	494,482	
Gain/(loss) on disposal of assets				(11,301)	-	
Grants and contributions not restricted to specific programs				986,389	-	
Contributions from Charlotte County				-	4,160,275	
Total general revenues				<u>\$ 10,750,018</u>	<u>\$ 4,655,142</u>	
Change in net position				<u>\$ 667,972</u>	<u>\$ 463,100</u>	
Net position - beginning, as restated				<u>7,967,471</u>	<u>(13,640,402)</u>	
Net position - ending				<u>\$ 8,635,443</u>	<u>\$ (13,177,302)</u>	

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



## BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

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Balance Sheet  
 Governmental Funds  
 June 30, 2015

	General	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,465,249	\$ 55	\$ 7,465,304
Receivables (net of allowance for uncollectibles):			
Taxes receivable	702,337	-	702,337
Accounts receivable	193,373	-	193,373
Prepaid items	14,053	-	14,053
Due from component unit	440,498	-	440,498
Due from other funds	-	825	825
Due from other governmental units	852,861	-	852,861
Restricted assets:			
Temporarily restricted:			
Investments	-	177,823	177,823
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 9,668,371</u>	<u>\$ 278,703</u>	<u>\$ 9,947,074</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 606,016	\$ 825	\$ 606,841
Due to other funds	825	-	825
Total liabilities	<u>\$ 606,841</u>	<u>\$ 825</u>	<u>\$ 607,666</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	<u>\$ 553,637</u>	<u>\$ -</u>	<u>\$ 553,637</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Prepaid items	14,053	-	14,053
Restricted:			
Library operations	-	177,823	177,823
Assigned:			
Library operations	-	55	55
Unassigned	<u>8,493,840</u>	<u>-</u>	<u>8,493,840</u>
Total fund balances	<u>\$ 8,507,893</u>	<u>\$ 277,878</u>	<u>\$ 8,785,771</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,668,371</u>	<u>\$ 278,703</u>	<u>\$ 9,947,074</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	8,785,771
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Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the funds.

Capital assets, cost	\$	9,869,339	
Accumulated depreciation		<u>(4,737,795)</u>	5,131,544

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

Unavailable revenue - property taxes	\$	492,776	
Items related to measurement of net pension liability		<u>(1,129,971)</u>	(637,195)

Pension contributions subsequent to the measurement date will be a reduction to  
the net pension liability in the next fiscal year and, therefore, are not reported  
in the funds.

508,998

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

Bonds and notes payable	\$	(1,275,000)	
Net OPEB obligation		(101,700)	
Net pension liability		(1,981,484)	
Compensated absences		(166,988)	
Landfill postclosure and corrective action liability		<u>(1,628,503)</u>	(5,153,675)

Net position of governmental activities	\$	<u><u>8,635,443</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Other Govern- mental Funds	Total
<b>REVENUES</b>			
General property taxes	\$ 7,793,049	\$ -	\$ 7,793,049
Other local taxes	1,199,274	-	1,199,274
Permits, privilege fees, and regulatory licenses	48,342	-	48,342
Fines and forfeitures	163,519	-	163,519
Revenue from the use of money and property	242,252	5,535	247,787
Charges for services	522,459	-	522,459
Miscellaneous	576,334	100	576,434
Intergovernmental:			
Commonwealth	4,557,163	45,248	4,602,411
Federal	2,971,640	-	2,971,640
Total revenues	\$ 18,074,032	\$ 50,883	\$ 18,124,915
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 1,387,020	\$ -	\$ 1,387,020
Judicial administration	581,314	-	581,314
Public safety	4,134,125	-	4,134,125
Public works	1,157,675	-	1,157,675
Health and welfare	5,429,748	-	5,429,748
Education	4,010,212	-	4,010,212
Parks, recreation, and cultural	74,764	246,238	321,002
Community development	270,683	-	270,683
Nondepartmental	90,520	-	90,520
Debt service:			
Principal retirement	379,739	-	379,739
Interest and other fiscal charges	73,425	-	73,425
Total expenditures	\$ 17,589,225	\$ 246,238	\$ 17,835,463
Excess (deficiency) of revenues over (under) expenditures	\$ 484,807	\$ (195,355)	\$ 289,452
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 190,830	\$ 190,830
Transfers (out)	(190,830)	-	(190,830)
Total other financing sources (uses)	\$ (190,830)	\$ 190,830	\$ -
Net change in fund balances	\$ 293,977	\$ (4,525)	\$ 289,452
Fund balances - beginning	8,213,916	282,403	8,496,319
Fund balances - ending	\$ 8,507,893	\$ 277,878	\$ 8,785,771

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	289,452
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$	313,066	
Depreciation expense		(394,820)	
Joint assets		(153,993)	(235,747)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.			<u>(11,301)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(41,615)	
Items related to the measurement of net pension liability		<u>(1,129,971)</u>	(1,171,586)

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.

Change in landfill closure and post-closure liability	\$	32,349	
Principal payments		<u>379,739</u>	412,088

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in interest payable	\$	8,873	
Change in net OPEB obligation		(8,800)	
Change in net pension liability		1,412,369	
Change in compensated absences		(93)	
Change in deferred outflows of resources		<u>(27,283)</u>	<u>1,385,066</u>

Change in net position of governmental activities	\$	<u><u>667,972</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

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		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	<u>425,166</u>
Total assets	\$	<u><u>425,166</u></u>
<b>LIABILITIES</b>		
Amounts held for social services clients	\$	56,795
Accounts and salaries payable		173,587
Amounts held for others		<u>194,784</u>
Total liabilities	\$	<u><u>425,166</u></u>

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

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## COUNTY OF CHARLOTTE, VIRGINIA

### Notes to Financial Statements As of June 30, 2015

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

The County of Charlotte, Virginia was formed in 1764 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

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

#### Financial Statement Presentation

##### Government-wide and Fund Financial Statements

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

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

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

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

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

Separate financial statements are provided for governmental 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.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

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

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

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

*Blended Component Unit:* The County has no blended component units to be included for the fiscal year ended June 30, 2015.

*Discretely Presented Component Unit:* The Component unit columns in the combined financial statements include the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Charlotte County School Board operates the elementary and secondary public schools in the County. School Board Members are elected by the voters. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers.

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

Included in the County's Financial Report

None

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

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

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

##### Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements. For the year ended June 30, 2015, the County contributed \$70,000 to the Board.

##### Charlotte County Industrial Development Authority

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Charlotte County Industrial Development Authority.

##### Virginia's Heartland Regional Industrial Facility Authority

The Authority was created pursuant to the provision of Title 15.2, Chapter 64 of the Code of Virginia, 1950 as amended. The Authority's purpose is to create a regional industrial park to enhance the economic base by developing, owning or operating one or more facilities on a cooperative basis. The County appoints two of the Authority's board members. The County has no further financial responsibilities to the Authority. Therefore, it is not included in the County's financial statements.

##### Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Halifax are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$194,376 for solid waste transferred to the Authority and incurred by the Authority in fiscal year 2015.

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

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

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

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

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

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

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

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

#### 1. Governmental Funds

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

##### a. General Fund

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

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

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

###### b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Library Fund, which is considered a nonmajor fund.

###### c. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Library Trust Fund, which is considered a nonmajor fund.

##### 2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

##### 3. Component Unit

The Charlotte County School Board has the following funds:

###### Governmental Funds:

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

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major fund.

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

#### **E. 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 department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Library Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets, except School Operating and Cafeteria Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP). The School Operating and Cafeteria Funds are adopted using the cash basis of accounting.
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

#### **F. Cash and Investments**

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

At June 30, 2015 the County had restricted cash in the following amounts:

- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$177,823 of earnings on library investments restricted for library operations

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

#### **G. 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). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$141,173 at June 30, 2015 and is comprised solely of property taxes.

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

#### **H. Prepaid Items**

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

#### **I. Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the School Cafeteria Fund consists of school food.

#### **J. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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 the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	8
Police Vehicles	3



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

**K. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

**L. Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. 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.



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

**M. Fund Equity (Continued)**

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 Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by 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 20% of the actual GAAP basis expenditures and other financing sources and uses.

**N. 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.

**O. Investments**

Investments are reported at fair market value. Certificates of deposits, money market mutual funds and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

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

**P. 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.

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

#### Q. Net Position Flow Assumption

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

#### R. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

#### S. Pensions

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 2 - 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 acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The County has no formal investment policy addressing the various risks related to investments.

#### Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	AAAm	AAf	Unrated	
Local Government Investment Pool	\$ 160,917	\$ -	\$ -	
Virginia Investment Pool	-	500,882	-	
U.S. Government Money Market	-	-	277,823	
Total	\$ 160,917	\$ 500,882	\$ 277,823	

#### Interest Rate Risk

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

#### External Investment Pools

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 pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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**Note 3 - Due From Other Governmental Units:**

At June 30, 2015 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales tax	\$ 103,615	\$ 360,801
Communication tax	21,027	-
Prisoner days	40,904	-
Rolling stock	83,925	-
Public assistance	44,391	-
Comprehensive services	145,545	-
Mobile home titling tax	10,753	-
E-911 wireless	7,244	-
Commonwealth's Attorney	12,638	-
Sheriff	97,308	-
Clerk of the Circuit Court	12,349	-
Commissioner of Revenue	6,709	-
Treasurer	7,053	-
Workforce Investment Board	21,355	-
Other state funds	7,422	-
Federal Government:		
School funds	-	149,053
Public assistance	99,763	-
Other federal funds	31,150	-
Workforce Investment Board	99,710	-
Total	\$ <u>852,861</u>	\$ <u>509,854</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 4 - Capital Assets:**

The following is a summary of capital assets activity for the year ended June 30, 2015:

**Primary Government:**

	Restated Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 250,555	\$ 6,695	\$ 6,695	\$ 250,555
Construction in progress	-	155,766	-	155,766
Total capital assets not being depreciated	\$ 250,555	\$ 162,461	\$ 6,695	\$ 406,321
Capital assets being depreciated:				
Buildings and improvements	\$ 7,077,802	\$ -	\$ -	\$ 7,077,802
Equipment	2,182,035	150,605	22,424	2,310,216
Jointly owned assets	368,320	-	293,320	75,000
Total capital assets being depreciated	\$ 9,628,157	\$ 150,605	\$ 315,744	\$ 9,463,018
Accumulated depreciation:				
Buildings and improvements	\$ 2,739,358	\$ 176,068	\$ 4,997	\$ 2,910,429
Equipment	1,546,435	218,752	12,821	1,752,366
Jointly owned assets	214,327	-	139,327	75,000
Total accumulated depreciation	\$ 4,500,120	\$ 394,820	\$ 157,145	\$ 4,737,795
Total capital assets being depreciated, net	\$ 5,128,037	\$ (244,215)	\$ 158,599	\$ 4,725,223
Governmental activities capital assets, net	\$ 5,378,592	\$ (81,754)	\$ 165,294	\$ 5,131,544

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

	Restated Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 65,745	\$ -	\$ -	\$ 65,745
Total capital assets not being depreciated	\$ 65,745	\$ -	\$ -	\$ 65,745
Capital assets being depreciated:				
Buildings and improvements	\$ 11,183,783	\$ 71,500	\$ -	\$ 11,255,283
Equipment	4,107,366	169,314	-	4,276,680
Jointly owned assets	3,842,751	293,320	-	4,136,071
Total capital assets being depreciated	\$ 19,133,900	\$ 534,134	\$ -	\$ 19,668,034
Accumulated depreciation:				
Buildings and improvements	\$ 5,888,081	\$ 360,317	\$ -	\$ 6,248,398
Equipment	3,556,800	237,657	-	3,794,457
Jointly owned assets	1,470,101	139,327	-	1,609,428
Total accumulated depreciation	\$ 10,914,982	\$ 737,301	\$ -	\$ 11,652,283
Total capital assets being depreciated, net	\$ 8,218,918	\$ (203,167)	\$ -	\$ 8,015,751
Governmental activities capital assets, net	\$ 8,284,663	\$ (203,167)	\$ -	\$ 8,081,496

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 4 - Capital Assets: (Continued)**

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

Governmental activities:	
General government administration	\$ 34,226
Judicial administration	29,080
Public safety	180,220
Public works	112,331
Health and welfare	30,188
Parks, recreation and cultural	<u>8,775</u>
Total	<u>\$ 394,820</u>
Component Unit-School Board	<u>\$ 737,301</u>

**Note 5 - Compensated Absences:**

In accordance with GASB statement 16 - *Accounting for Compensated Absences*, the County has accrued the liability arising from compensated absences.

Certain County employees (Department of Social Services employees) earn vacation and sick leave at various rates. The County had outstanding compensated absences pay as follows:

Primary Government	<u>\$ 166,988</u>
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**Note 6 - Long-Term Obligations:**

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

	<u>Restated Balance at July 1, 2014</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2015</u>	<u>Due Within One Year</u>
Primary Government:					
General obligation bonds	\$ 1,643,320	\$ -	\$ 368,320	\$ 1,275,000	\$ 75,000
Refunding lease revenue notes	11,419	-	11,419	-	-
Compensated absences	166,895	93	-	166,988	16,699
Net OPEB obligation	92,900	16,700	7,900	101,700	-
Net pension liability	3,393,853	1,864,346	3,276,715	1,981,484	-
Landfill postclosure and corrective action liability	<u>1,660,852</u>	<u>24,067</u>	<u>56,416</u>	<u>1,628,503</u>	<u>-</u>
Total Primary Government	<u>\$ 6,969,239</u>	<u>\$ 1,905,206</u>	<u>\$ 3,720,770</u>	<u>\$ 5,153,675</u>	<u>\$ 91,699</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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

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

Year Ending June 30,	Primary Government General Obligation Bond	
	Principal	Interest
2016	\$ 75,000	\$ 9,680
2017	80,000	-
2018	80,000	-
2019	80,000	-
2020	80,000	-
2021-2025	400,000	-
2026-2030	400,000	-
2031	80,000	-
Total	\$ <u>1,275,000</u>	\$ <u>9,680</u>

Details of Long-Term Indebtedness (Payable from the General Fund):

General Obligations Bonds:

\$1,500,000 Virginia Public School Authority Bonds 2011, issued December 15, 2011, maturing annually through June 1, 2031, interest at 4.25%	\$ <u>1,275,000</u>
Compensated Absences	\$ <u>166,988</u>
Net OPEB obligation	\$ <u>101,700</u>
Net pension liability	\$ <u>1,981,484</u>
Landfill postclosure and corrective action liability	\$ <u>1,628,503</u>
Total Primary Government	\$ <u>5,153,675</u>

**Component Unit-School Board:**

The following is a summary of long-term obligation transactions of the Component Unit-School Board:

	Restated Balance at July 1, 2014	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2015	Amounts Due Within One Year
Capital Lease	\$ 1,030,229	\$ -	\$ 66,526	\$ 963,703	\$ 78,310
Net OPEB obligation	137,100	137,800	152,900	122,000	-
Net pension liability	<u>22,336,000</u>	<u>1,063,302</u>	<u>5,508,302</u>	<u>17,891,000</u>	<u>-</u>
	\$ <u>23,503,329</u>	\$ <u>1,201,102</u>	\$ <u>5,727,728</u>	\$ <u>18,976,703</u>	\$ <u>78,310</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

The County has entered into a capital lease for energy efficient equipment. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through the capital lease are as follows:

Energy efficient equipment	\$ 1,500,000
Accumulated depreciation	<u>(150,000)</u>
Net book value of Capital Asset	<u>\$ 1,350,000</u>

Present value of future minimum lease payments:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2016	\$ 111,072
2017	111,081
2018	111,089
2019	111,098
2020	111,108
2021-2025	555,687
2026	<u>41,175</u>
Total minimum lease payments	\$ 1,152,310
Less: amount representing interest	<u>(188,607)</u>
Present value of future minimum lease payments	<u>\$ 963,703</u>

Details of long-term indebtedness (payable from the Component Unit-School Board):

Capital Lease:

\$2,296,949 issued July 22, 2011 for the lease/purchase of energy efficient equipment due in monthly installments of principal and interest through November 30, 2026, open to prepayment, interest at 3.54% \$ 963,703

Net OPEB obligation \$ 122,000

Net pension liability \$ 17,891,000

Total Component Unit - School Board \$ 18,976,703



COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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**Note 7 - Commitments and Contingencies:**

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

**Note 8 - Litigation:**

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

**Note 9 - Interfund Obligations:**

<u>Fund</u>	<u>Due from Component Unit School Board</u>	<u>Due to Primary Government</u>
General	\$ 440,498	\$ -
School	<u>-</u>	<u>440,498</u>
Total	\$ <u>440,498</u>	\$ <u>440,498</u>

  

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Special Revenue Fund - Library</u>
Library	\$ 825	\$ -
General	<u>-</u>	<u>825</u>
Total	\$ <u>825</u>	\$ <u>825</u>

# COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

## Note 10 - Pension Plan:

### *Plan Description*

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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



COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

*Plan Description (Continued)*

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### **Note 10 - Pension Plan: (Continued)**

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	45	32
Inactive members:		
Vested inactive members	6	2
Non-vested inactive members	11	10
Inactive members active elsewhere in VRS	36	5
Total inactive members	53	17
Active members	97	17
Total covered employees	195	66

#### ***Contributions***

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 12.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$508,998 and \$536,281 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 6.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

#### *Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$32,484 and \$22,365 for the years ended June 30, 2015 and June 30, 2014, respectively.

#### *Net Pension Liability (Asset)*

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

#### *Actuarial Assumptions - General Employees*

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

#### *Actuarial Assumptions - Public Safety Employees*

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

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

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



## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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



COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

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

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

**Discount Rate**

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

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 19,403,312	\$ 16,009,459	\$ 3,393,853
Changes for the year:			
Service cost	\$ 517,448	\$ -	\$ 517,448
Interest	1,333,403	-	1,333,403
Differences between expected and actual experience	-	-	-
Contributions - employer	-	536,281	(536,281)
Contributions - employee	-	206,474	(206,474)
Net investment income	-	2,533,826	(2,533,826)
Benefit payments, including refunds of employee contributions	(709,385)	(709,385)	-
Administrative expenses	-	(13,495)	13,495
Other changes	-	134	(134)
Net changes	\$ 1,141,466	\$ 2,553,835	\$ (1,412,369)
Balances at June 30, 2014	\$ 20,544,778	\$ 18,563,294	\$ 1,981,484

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

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

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 3,108,528	\$ 3,171,810	\$ (63,282)
Changes for the year:			
Service cost	\$ 40,341	\$ -	\$ 40,341
Interest	211,225	-	211,225
Contributions - employer	-	22,365	(22,365)
Contributions - employee	-	18,302	(18,302)
Net investment income	-	490,086	(490,086)
Benefit payments, including refunds of employee contributions	(182,060)	(182,060)	-
Administrative expenses	-	(2,736)	2,736
Other changes	-	26	(26)
Net changes	\$ 69,506	\$ 345,983	\$ (276,477)
Balances at June 30, 2014	\$ 3,178,034	\$ 3,517,793	\$ (339,759)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Charlotte			
Net Pension Liability (Asset)	\$ 4,629,449	\$ 1,981,484	\$ (229,465)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (8,017)	\$ (339,759)	\$ (622,115)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

**Note 10 - Pension Plan: (Continued)**

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$253,883 and (\$35,630), respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,129,971	\$ -	\$ 218,482
Employer contributions subsequent to the measurement date	508,998	-	32,484	-
Total	\$ 508,998	\$ 1,129,971	\$ 32,484	\$ 218,482

\$508,998 and \$32,484 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (282,493)	\$ (54,621)
2017	(282,493)	(54,621)
2018	(282,493)	(54,621)
2019	(282,492)	(54,619)
Thereafter	-	-

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

#### Component Unit School Board (professional)

##### *Plan Description*

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

##### *Contributions*

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,547,625 and \$1,262,302 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$17,891,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .16% as compared to .15% at June 30, 2013.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$1,064,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 1,591,000
Net difference between projected and actual earnings on pension plan investments	-	2,655,000
Employer contributions subsequent to the measurement date	<u>1,547,625</u>	<u>-</u>
Total	\$ <u><u>1,547,625</u></u>	\$ <u><u>4,246,000</u></u>

\$1,547,625 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (1,015,000)
2017	(1,015,000)
2018	(1,015,000)
2019	(1,015,000)
Thereafter	(186,000)

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

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

##### *Actuarial Assumptions*

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

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

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

##### Mortality rates:

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Long-Term Expected Rate of Return*

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

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

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



## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 10 - Pension Plan: (Continued)

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

##### *Discount Rate*

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

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

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

		Rate		
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability (Asset)	\$	26,270,000	\$ 17,891,000	\$ 10,991,000

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

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### **Note 11 - Deferred/Unavailable Revenue**

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$553,637 is comprised of the following:

- A. Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$492,776.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015, but paid in advance by the taxpayers totaled \$60,861 at June 30, 2015.

### **Note 12 - Surety Bonds:**

Fidelity and Deposit Company of Maryland -Surety	
Stuart B. Fallen, Clerk of Circuit Court	\$ 100,000
Patricia P. Berkeley, Treasurer	400,000
Naisha N. Pridgen, Commissioner of the Revenue	3,000
Thomas D. Jones, Sheriff	30,000
The above constitutional officer's employees- blanket bond	50,000
Nationwide Insurance Agency- Surety	
Nancy Leonard, Superintendent of Schools	10,000
Dana Ramsey, Clerk of the School Board	10,000
All social services employees - employee dishonesty coverage- blanket bond	100,000
Gary D. Walker, Vice Chairman	1,000
Garland H. Hamlett, Jr., Supervisor	1,000
Robert L. Shook, Jr., Supervisor	1,000
Warren E. Weston, Supervisor	1,000
David M. Guill, Supervisor	1,000
Haywood J. Hamlet, Chairman	1,000
Nancy R. Carwile, Supervisor	1,000
Russell B. Clark, County Administrator	1,000

### **Note 13 - Risk Management:**

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

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### **Note 13 - Risk Management: (Continued)**

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 into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years.

### **Note 14 - Jail Funds:**

The following is a summary of activity from the special accounts at the Charlotte County Sheriff's Office for the year ended June 30, 2015:

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Receipts over (under) Disbursements</u>
Sheriff's Office	\$ 279	\$ 279	\$ -
Commissary (Operating) Account	3,764	3,779	(15)
Inmate Trust Accounts	345,327	359,442	(14,115)
Inmate Accounts	25,363	22,247	3,116
Petty Cash	15,480	15,108	372
Jail Telephone Commissions	12,856	13,929	(1,073)
Totals	<u>\$ 403,069</u>	<u>\$ 414,784</u>	<u>\$ (11,715)</u>

### **Note 15 - Solid Waste Landfill Postclosure Care and Corrective Action Costs:**

The County has closed a previously operated solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The total \$1,628,503 reported as landfill postclosure care and corrective action liability at June 30, 2015, represents \$1,225,653 for postclosure care liability and \$402,850 for ground water corrective action and remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from accumulated funds held in the general fund.

The County has demonstrated financial assurance requirements for postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 16 - Other Postemployment Benefits Program:

#### County:

#### A. Plan Description

In addition to the pension benefits described in Note 10, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

#### B. Funding Policy

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

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

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding, that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 16,600
Interest on net OPEB obligation	3,700
Adjustment to annual required contribution	(3,600)
Annual OPEB cost (expense)	\$ 16,700
Contributions made	(7,900)
Increase (decrease) in net OPEB obligation	\$ 8,800
Net OPEB obligation - beginning of year	92,900
Net OPEB obligation - end of year	<u>\$ 101,700</u>

For 2015, the County's expected cash payment of \$7,900 was \$8,800 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 18,200	12%	\$ 77,800
June 30, 2014	19,100	21%	92,900
June 30, 2015	16,700	47%	101,700

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 16 - Other Postemployment Benefits Program: (Continued)

#### County: (Continued)

#### D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$	224,400
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		224,400
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		3,937,200
UAAL as a percentage of covered payroll		5.70%

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

#### E. Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 5.50 percent after 5 years. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

**Note 16 - Other Postemployment Benefits Program: (Continued)**

**County: (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 cost 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 these methods, inactive participants have normal cost, and their 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.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	8.00%
Payroll growth	3.00%

**School Board:**

**A. Plan Description**

In addition to the pension benefits described in Note 10, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 55 with 5 years of service, age 50 with 10 years of service, or with 30 years of service are eligible to remain on the School Board's health insurance plan. The retiree is responsible for 100% premium. Coverage ceases at age 65, or when the retiree becomes eligible for Medicare. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

**B. Funding Policy**

Eligible retirees from the School Board may elect to remain on the School Board's health insurance plan, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the plan at the retiree's expense.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table show the components of the annual OPEB cost for the year, the School Board's amount contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$	137,600
Interest on net OBEB obligation		5,500
Adjustment to annual required contribution		(5,300)
Annual OPEB cost (expense)	\$	137,800
Contributions made		(152,900)
Decrease in net OPEB obligation	\$	(15,100)
Net OPEB obligation - beginning of year		137,100
Net OPEB obligation - end of year	\$	122,000

For 2015, the School Board's expected cash payment of \$152,900 was \$15,100 more than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 131,000	162%	\$ 209,800
June 30, 2014	129,300	156%	137,100
June 30, 2015	137,800	111%	122,000



## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 16 - Other Postemployment Benefits Program: (Continued)

#### School Board: (Continued)

#### D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 1,630,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,630,600
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	11,236,000
UAAL as a percentage of covered payroll	14.51%

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

#### E. Actuarial Methods and Assumptions

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

In July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 8.00 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 5 years. Both rates included 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

#### Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost 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).



COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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**Note 16 - Other Postemployment Benefits Program: (Continued)**

**School Board: (Continued)**

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

Cost Method (Continued)

Under these methods, inactive participants have no normal cost, and their 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.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	8.00%
Payroll growth	3.00%

**Note 17 - Interfund Transfers:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 190,830
Library Fund	190,830	-
Total	<u>\$ 190,830</u>	<u>\$ 190,830</u>

**Note 18 - Adoption of Accounting Principles & Other Restatement:**

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

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

## COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2015 (Continued)

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### Note 18 - Adoption of Accounting Principles & Other Restatement: (Continued)

Additionally, during fiscal year 2015 the County transferred capital assets and related accumulated depreciation for joint tenancy assets with debt previously extinguished. This transfer resulted in a restatement of net position.

The following table reports the effects of the restatements of net position:

	<u>County</u>	<u>School Board</u>
Net Position as reported at June 30, 2014	\$ 11,079,180	\$ 7,093,512
Implementation of GASB Statement No. 68	(2,857,572)	(20,988,051)
Transfer of joint tenancy assets	<u>(254,137)</u>	<u>254,137</u>
Net Position as restated at June 30, 2014	<u>\$ 7,967,471</u>	<u>\$ (13,640,402)</u>

### Note 19 - Upcoming Pronouncements:

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

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

**Note 19 - Upcoming Pronouncements: (Continued)**

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

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

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

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

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**- Required Supplementary Information -**

Note to Required Supplementary Information:

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

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## General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 7,272,710	\$ 7,272,710	\$ 7,793,049	\$ 520,339
Other local taxes	1,081,500	1,081,500	1,199,274	117,774
Permits, privilege fees, and regulatory licenses	50,250	50,250	48,342	(1,908)
Fines and forfeitures	165,000	165,000	163,519	(1,481)
Revenue from the use of money and property	216,938	216,938	242,252	25,314
Charges for services	655,783	655,783	522,459	(133,324)
Miscellaneous	560,530	560,530	576,334	15,804
Intergovernmental:				
Commonwealth	5,324,134	5,733,146	4,557,163	(1,175,983)
Federal	2,538,143	2,545,160	2,971,640	426,480
Total revenues	\$ 17,864,988	\$ 18,281,017	\$ 18,074,032	\$ (206,985)
EXPENDITURES				
Current:				
General government administration	\$ 1,286,530	\$ 1,440,615	\$ 1,387,020	\$ 53,595
Judicial administration	607,542	617,398	581,314	36,084
Public safety	4,177,326	4,357,538	4,134,125	223,413
Public works	1,180,157	1,219,097	1,157,675	61,422
Health and welfare	5,993,075	6,327,590	5,429,748	897,842
Education	4,219,569	4,219,569	4,010,212	209,357
Parks, recreation, and cultural	75,460	83,960	74,764	9,196
Community development	257,780	351,507	270,683	80,824
Nondepartmental	107,220	107,220	90,520	16,700
Debt service:				
Principal retirement	-	-	379,739	(379,739)
Interest and other fiscal charges	10,911	11,424	73,425	(62,001)
Total expenditures	\$ 17,915,570	\$ 18,735,918	\$ 17,589,225	\$ 1,146,693
Excess (deficiency) of revenues over (under) expenditures	\$ (50,582)	\$ (454,901)	\$ 484,807	\$ 939,708
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	\$ 50,582	\$ 363,280	\$ (190,830)	\$ (554,110)
Net change in fund balances	\$ -	\$ (91,621)	\$ 293,977	\$ 385,598
Fund balances - beginning	-	91,621	8,213,916	8,122,295
Fund balances - ending	\$ -	\$ -	\$ 8,507,893	\$ 8,507,893

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

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 517,448
Interest	1,333,403
Benefit payments, including refunds of employee contributions	(709,385)
<b>Net change in total pension liability</b>	\$ 1,141,466
<b>Total pension liability - beginning</b>	19,403,312
<b>Total pension liability - ending (a)</b>	<u><u>\$ 20,544,778</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 536,281
Contributions - employee	206,474
Net investment income	2,533,826
Benefit payments, including refunds of employee contributions	(709,385)
Administrative expense	(13,495)
Other	134
<b>Net change in plan fiduciary net position</b>	\$ 2,553,835
<b>Plan fiduciary net position - beginning</b>	16,009,459
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 18,563,294</u></u>
 <b>County's net pension liability - ending (a) - (b)</b>	 \$ 1,981,484
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	  90.36%
 <b>Covered-employee payroll</b>	 \$ 4,062,738
 <b>County's net pension liability as a percentage of covered-employee payroll</b>	  48.77%

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



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

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 40,341
Interest	211,225
Benefit payments, including refunds of employee contributions	(182,060)
<b>Net change in total pension liability</b>	<u>\$ 69,506</u>
<b>Total pension liability - beginning</b>	<u>3,108,528</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,178,034</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 22,365
Contributions - employee	18,302
Net investment income	490,086
Benefit payments, including refunds of employee contributions	(182,060)
Administrative expense	(2,736)
Other	26
<b>Net change in plan fiduciary net position</b>	<u>\$ 345,983</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,171,810</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,517,793</u></u>
 <b>School subdivision's net pension liability (asset) - ending (a) - (b)</b>	 \$ (339,759)
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	  110.69%
 <b>Covered-employee payroll</b>	 \$ 377,136
 <b>School subdivision's net pension liability (asset) as a percentage of covered-employee payroll</b>	  -90.09%

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

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

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		<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)		0.15%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	17,891,000
Employer's Covered-Employee Payroll		10,326,025
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		173.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

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

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

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

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
County:					
2015	\$ 508,998	\$ 508,998	\$ -	\$ 4,046,086	12.58%
School Board - Non-Professionals:					
2015	\$ 32,484	\$ 32,484	\$ -	\$ 505,035	6.43%
School Board - Professionals:					
2015	\$ 1,547,625	\$ 1,547,625	\$ -	\$ 10,885,051	14.22%

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

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

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

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Schedule of OPEB Funding Progress  
Last Three Fiscal Years

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Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (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 ((a-b)/c)
07/01/12 \$	-	\$ 230,000	\$ 230,000	0.00%	\$ 3,580,600	6.42%
(R) 07/01/13	-	246,300	246,300	0.00%	3,688,000	6.68%
07/01/14	-	224,400	224,400	0.00%	3,937,200	5.70%

Discretely Presented Component Unit:

## School Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (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 ((a-b)/c)
07/01/12 \$	-	\$ 1,967,800	\$ 1,967,800	0.00%	\$ 9,803,500	20.07%
(R) 07/01/13	-	1,885,200	1,885,200	0.00%	10,100,000	18.67%
07/01/14	-	1,630,600	1,630,600	0.00%	11,236,600	14.51%

(R) - Roll forward of prior year's results

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**- Other Supplementary Information -**  
**Combining and Individual Fund Statements and Schedules**

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Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 55	\$ -	\$ 55
Due from other funds	825	-	825
Restricted assets:			
Temporarily restricted:			
Investments	-	177,823	177,823
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 880</u>	<u>\$ 277,823</u>	<u>\$ 278,703</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 825	\$ -	\$ 825
Total liabilities	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ 825</u>
Fund balances:			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted:			
Library operations	-	177,823	177,823
Assigned:			
Library operations	55	-	55
Total fund balances	<u>\$ 55</u>	<u>\$ 277,823</u>	<u>\$ 277,878</u>
Total liabilities and fund balances	<u>\$ 880</u>	<u>\$ 277,823</u>	<u>\$ 278,703</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue Fund	Permanent Fund	Total Nonmajor Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 5,535	\$ 5,535
Miscellaneous	-	100	100
Intergovernmental:			
Commonwealth	45,248	-	45,248
Total revenues	<u>\$ 45,248</u>	<u>\$ 5,635</u>	<u>\$ 50,883</u>
<b>EXPENDITURES</b>			
Current:			
Parks, recreation, and cultural	\$ 236,078	\$ 10,160	\$ 246,238
Total expenditures	<u>\$ 236,078</u>	<u>\$ 10,160</u>	<u>\$ 246,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (190,830)</u>	<u>\$ (4,525)</u>	<u>\$ (195,355)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>\$ 190,830</u>	<u>\$ -</u>	<u>\$ 190,830</u>
Net change in fund balances	\$ -	\$ (4,525)	\$ (4,525)
Fund balances - beginning	<u>55</u>	<u>282,348</u>	<u>282,403</u>
Fund balances - ending	<u><u>\$ 55</u></u>	<u><u>\$ 277,823</u></u>	<u><u>\$ 277,878</u></u>

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

	Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 4,224	\$ 4,224	\$ -	\$ (4,224)
Intergovernmental:				
Commonwealth	48,127	48,127	45,248	(2,879)
Total revenues	\$ 52,351	\$ 52,351	\$ 45,248	\$ (7,103)
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 244,081	\$ 244,081	\$ 236,078	\$ 8,003
Total expenditures	\$ 244,081	\$ 244,081	\$ 236,078	\$ 8,003
Excess (deficiency) of revenues over (under) expenditures	\$ (191,730)	\$ (191,730)	\$ (190,830)	\$ 900
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 191,730	\$ 191,730	\$ 190,830	\$ (900)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	55	55
Fund balances - ending	\$ -	\$ -	\$ 55	\$ 55

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Virtual Virginia</u>	<u>Sheriff</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 56,795	\$ 341,418	\$ 26,953	\$ 425,166
Total assets	<u>\$ 56,795</u>	<u>\$ 341,418</u>	<u>\$ 26,953</u>	<u>\$ 425,166</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 56,795	\$ -	\$ -	\$ 56,795
Accounts and salaries payable	-	173,587	-	173,587
Amounts held for others	-	167,831	26,953	194,784
Total liabilities	<u>\$ 56,795</u>	<u>\$ 341,418</u>	<u>\$ 26,953</u>	<u>\$ 425,166</u>

Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 47,740	\$ 24,139	\$ 15,084	\$ 56,795
Accounts receivable	2,065	-	2,065	-
Total assets	<u>\$ 49,805</u>	<u>\$ 24,139</u>	<u>\$ 17,149</u>	<u>\$ 56,795</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 49,805</u>	<u>\$ 24,139</u>	<u>\$ 17,149</u>	<u>\$ 56,795</u>
<b>Virtual Virginia Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 432,689</u>	<u>\$ 3,394,386</u>	<u>\$ 3,485,657</u>	<u>\$ 341,418</u>
Liabilities:				
Accounts payable	\$ 153,564	\$ 173,587	\$ 153,564	\$ 173,587
Amounts held for others	279,125	3,220,799	3,332,093	167,831
Total liabilities	<u>\$ 432,689</u>	<u>\$ 3,394,386</u>	<u>\$ 3,485,657</u>	<u>\$ 341,418</u>
<b>Sheriff Funds:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 38,668</u>	<u>\$ 403,069</u>	<u>\$ 414,784</u>	<u>\$ 26,953</u>
Liabilities:				
Amounts held for others	<u>\$ 38,668</u>	<u>\$ 403,069</u>	<u>\$ 414,784</u>	<u>\$ 26,953</u>
<b>Governor's School of Southside Virginia Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 712,515</u>	<u>\$ 238,747</u>	<u>\$ 951,262</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ 22,665	\$ -	\$ 22,665	\$ -
Unearned revenue	199,754	-	199,754	-
Amounts held for others	490,096	238,747	728,843	-
Total liabilities	<u>\$ 712,515</u>	<u>\$ 238,747</u>	<u>\$ 951,262</u>	<u>\$ -</u>
<b>Totals -- All agency funds:</b>				
Assets:				
Cash and cash equivalents	\$ 1,231,612	\$ 4,060,341	\$ 4,866,787	\$ 425,166
Accounts receivable	2,065	-	2,065	-
Total assets	<u>1,233,677</u>	<u>4,060,341</u>	<u>4,868,852</u>	<u>\$ 425,166</u>
Liabilities:				
Amounts held for social services clients	\$ 49,805	\$ 24,139	\$ 17,149	\$ 56,795
Accounts and salaries payable	176,229	173,587	176,229	173,587
Unearned revenue	199,754	-	199,754	-
Amounts held for others	807,889	3,862,615	4,475,720	194,784
Total liabilities	<u>\$ 1,233,677</u>	<u>\$ 4,060,341</u>	<u>\$ 4,868,852</u>	<u>\$ 425,166</u>

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2015

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 919,380	\$ 23,618	\$ 942,998
Investments	160,917	-	160,917
Receivables (net of allowance for uncollectibles):			
Accounts receivable	58,888	-	58,888
School food inventory	-	34,452	34,452
Due from other governmental units	509,854	-	509,854
Prepaid items	112,567	-	112,567
Total assets	<u>\$ 1,761,606</u>	<u>\$ 58,070</u>	<u>\$ 1,819,676</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 195,705	\$ 1,874	\$ 197,579
Accrued liabilities	919,080	-	919,080
Due to primary government	440,498	-	440,498
Total liabilities	<u>\$ 1,555,283</u>	<u>\$ 1,874</u>	<u>\$ 1,557,157</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 34,452	\$ 34,452
Prepaid expenses	112,567	-	112,567
Assigned to:			
Cafeteria operations	-	21,744	21,744
Unassigned	93,756	-	93,756
Total fund balances	<u>\$ 206,323</u>	<u>\$ 56,196</u>	<u>\$ 262,519</u>
Total liabilities and fund balances	<u>\$ 1,761,606</u>	<u>\$ 58,070</u>	<u>\$ 1,819,676</u>

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

Total fund balances per above	\$ 262,519
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, cost	\$ 19,733,779
Accumulated depreciation	(11,652,283)
	<u>8,081,496</u>
The net pension asset is not an available resource and, therefore, is not reported in the funds	
	339,759
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to measurement of net pension liability	(4,464,482)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds	
	1,580,109
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net OPEB obligation	\$ (122,000)
Net pension liability	(17,891,000)
Capital leases	(963,703)
	<u>(18,976,703)</u>
Net position of governmental activities	<u>\$ (13,177,302)</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 180	\$ 205	\$ 385
Charges for services	-	279,023	279,023
Miscellaneous	494,482	-	494,482
Intergovernmental:			
Local government	4,006,282	-	4,006,282
Commonwealth	13,071,841	9,578	13,081,419
Federal	1,554,451	605,709	2,160,160
Total revenues	\$ 19,127,236	\$ 894,515	\$ 20,021,751
<b>EXPENDITURES</b>			
Current:			
Education	\$ 18,998,096	\$ 886,898	\$ 19,884,994
Debt service:			
Principal retirement	66,526	-	66,526
Interest and other fiscal charges	38,027	-	38,027
Total expenditures	\$ 19,102,649	\$ 886,898	\$ 19,989,547
Excess (deficiency) of revenues over (under) expenditures	\$ 24,587	\$ 7,617	\$ 32,204
Net change in fund balances	\$ 24,587	\$ 7,617	\$ 32,204
Fund balances - beginning	181,736	48,579	230,315
Fund balances - ending	\$ 206,323	\$ 56,196	\$ 262,519

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 32,204

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

Capital outlay	\$ 240,814	
Depreciation expense	(597,974)	
Joint assets - net	153,993	(203,167)

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

Items related to the measurement of the net pension liability/asset (4,464,482)

The issuance of capital 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.

Principal payments 66,526

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in net pension asset	\$ 276,477	
Change in net OPEB obligation	15,100	
Change in net pension liability	4,445,000	
Change in deferred outflows of resources	295,442	5,032,019
Change in net position of governmental activities		\$ 463,100

COUNTY OF CHARLOTTE, VIRGINIA

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

School Operating Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 180	\$ 180
Charges for services	-	-	-	-
Miscellaneous	121,500	121,500	494,482	372,982
Intergovernmental:				
Local government	4,215,639	4,215,639	4,006,282	(209,357)
Commonwealth	13,994,190	14,061,487	13,071,841	(989,646)
Federal	1,290,000	1,290,000	1,554,451	264,451
Total revenues	\$ 19,621,329	\$ 19,688,626	\$ 19,127,236	\$ (561,390)
EXPENDITURES				
Current:				
Education	\$ 19,179,579	\$ 19,380,876	\$ 18,998,096	\$ 382,780
Debt service:				
Principal retirement	368,320	368,320	66,526	301,794
Interest and other fiscal charges	73,430	73,430	38,027	35,403
Total expenditures	\$ 19,621,329	\$ 19,822,626	\$ 19,102,649	\$ 719,977
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (134,000)	\$ 24,587	\$ 158,587
Net change in fund balances	\$ -	\$ (134,000)	\$ 24,587	\$ 158,587
Fund balances - beginning	-	134,000	181,736	47,736
Fund balances - ending	\$ -	\$ -	\$ 206,323	\$ 206,323



School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 260	\$ 260	\$ 205	\$ (55)
278,090	278,090	279,023	933
-	-	-	-
-	-	-	-
14,350	14,350	9,578	(4,772)
707,300	707,300	605,709	(101,591)
<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 894,515</u>	<u>\$ (105,485)</u>
\$ 1,000,000	\$ 1,000,000	\$ 886,898	\$ 113,102
-	-	-	-
-	-	-	-
<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 886,898</u>	<u>\$ 113,102</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,617</u>	<u>\$ 7,617</u>
\$ -	\$ -	\$ 7,617	\$ 7,617
-	-	48,579	48,579
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,196</u>	<u>\$ 56,196</u>

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- Supporting Schedules -

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,223,006	\$ 4,223,006	\$ 4,425,221	\$ 202,215
Real and personal public service corporation taxes	298,000	298,000	325,915	27,915
Personal property taxes	2,370,000	2,370,000	2,602,153	232,153
Mobile home taxes	31,000	31,000	28,723	(2,277)
Machinery and tools taxes	180,704	180,704	219,619	38,915
Merchant's capital taxes	25,000	25,000	29,467	4,467
Penalties	85,000	85,000	96,301	11,301
Interest	60,000	60,000	65,650	5,650
Total general property taxes	<u>\$ 7,272,710</u>	<u>\$ 7,272,710</u>	<u>\$ 7,793,049</u>	<u>\$ 520,339</u>
Other local taxes:				
Local sales and use taxes	\$ 487,000	\$ 487,000	\$ 578,782	\$ 91,782
Consumers' utility taxes	220,000	220,000	230,538	10,538
Motor vehicle licenses	300,000	300,000	303,503	3,503
Taxes on recordation and wills	45,500	45,500	53,739	8,239
Utility consumption taxes	29,000	29,000	32,712	3,712
Total other local taxes	<u>\$ 1,081,500</u>	<u>\$ 1,081,500</u>	<u>\$ 1,199,274</u>	<u>\$ 117,774</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,500	\$ 8,500	\$ 8,423	\$ (77)
Transfer fees	450	450	436	(14)
Permits and other licenses	41,300	41,300	39,483	(1,817)
Total permits, privilege fees, and regulatory licenses	<u>\$ 50,250</u>	<u>\$ 50,250</u>	<u>\$ 48,342</u>	<u>\$ (1,908)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 163,519</u>	<u>\$ (1,481)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 29,100	\$ 29,100	\$ 31,800	\$ 2,700
Revenue from use of property	187,838	187,838	210,452	22,614
Total revenue from use of money and property	<u>\$ 216,938</u>	<u>\$ 216,938</u>	<u>\$ 242,252</u>	<u>\$ 25,314</u>
Charges for services:				
Charges for work release/inmate fees	\$ 99,133	\$ 99,133	\$ 106,932	\$ 7,799
Charges for law enforcement and traffic control	3,500	3,500	5,885	2,385
Jail bed days - other localities	272,000	272,000	96,444	(175,556)
Law library fees	1,500	1,500	869	(631)
Courthouse security fees	36,000	36,000	37,034	1,034
Courthouse maintenance fees	20,200	20,200	19,825	(375)
Charges for Commonwealth's Attorney	450	450	13,585	13,135
School charges for sheriff	150,000	150,000	174,891	24,891
Charges for sanitation and waste removal	73,000	73,000	66,994	(6,006)
Total charges for services	<u>\$ 655,783</u>	<u>\$ 655,783</u>	<u>\$ 522,459</u>	<u>\$ (133,324)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Miscellaneous revenue:				
Miscellaneous	\$ 560,530	\$ 560,530	\$ 576,334	\$ 15,804
Total revenue from local sources	\$ 10,002,711	\$ 10,002,711	\$ 10,545,229	\$ 542,518
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax	\$ 80,000	\$ 80,000	\$ 83,925	\$ 3,925
Mobile home titling tax	21,000	21,000	30,679	9,679
Tax on deeds (grantor tax)	27,000	27,000	38,344	11,344
Auto rental tax	1,500	1,500	320	(1,180)
Aid to Commonwealth	-	-	(53,738)	(53,738)
Communication sales and use tax	131,000	131,000	128,097	(2,903)
Personal property tax relief funds	686,900	686,900	686,910	10
Total noncategorical aid	\$ 947,400	\$ 947,400	\$ 914,537	\$ (32,863)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 150,000	\$ 150,000	\$ 150,820	\$ 820
Sheriff	1,114,000	1,114,000	1,150,213	36,213
Commissioner of revenue	72,900	72,900	73,178	278
Treasurer	86,600	86,600	86,604	4
Medical examiner	-	-	87	87
Registrar/electoral board	38,000	38,000	36,271	(1,729)
DMV license agent	16,000	16,000	27,050	11,050
Clerk of the Circuit Court	179,000	179,000	183,375	4,375
Total shared expenses	\$ 1,656,500	\$ 1,656,500	\$ 1,707,598	\$ 51,098
Other categorical aid:				
Litter control	\$ 12,000	\$ 12,000	\$ 10,593	\$ (1,407)
Fire programs funds	27,948	27,948	33,123	5,175
Prisoner days	212,000	212,000	199,108	(12,892)
VJCCCA grant	85,787	85,787	60,466	(25,321)
WIB fiscal agent fees	20,000	20,000	20,000	-
Victim witness	6,775	6,982	6,573	(409)
E911 wireless	40,000	190,000	108,679	(81,321)
Public assistance and welfare administration	1,590,893	1,590,893	521,259	(1,069,634)
Comprehensive services act funds	712,500	969,500	931,613	(37,887)
Emergency services	12,331	12,331	11,823	(508)
Other categorical aid	-	1,805	31,791	29,986
Total other categorical aid	\$ 2,720,234	\$ 3,129,246	\$ 1,935,028	\$ (1,194,218)
Total categorical aid	\$ 4,376,734	\$ 4,785,746	\$ 3,642,626	\$ (1,143,120)
Total revenue from the Commonwealth	\$ 5,324,134	\$ 5,733,146	\$ 4,557,163	\$ (1,175,983)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	\$ 63,750	\$ 63,750	\$ 63,750	\$ -
Payments in lieu of taxes	3,000	3,000	8,102	5,102
Total noncategorical aid	<u>\$ 66,750</u>	<u>\$ 66,750</u>	<u>\$ 71,852</u>	<u>\$ 5,102</u>
Categorical aid:				
Emergency services	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Bulletproof vest grant	-	-	4,650	4,650
VDOT grant	-	-	52,341	52,341
Disaster recovery grant	-	6,395	29,834	23,439
Victim witness	20,729	21,351	19,718	(1,633)
Welfare administration and assistance	23,000	23,000	1,191,244	1,168,244
Workforce investment act	2,409,564	2,409,564	1,582,287	(827,277)
Ground transportation grant	10,600	10,600	12,214	1,614
Total categorical aid	<u>\$ 2,471,393</u>	<u>\$ 2,478,410</u>	<u>\$ 2,899,788</u>	<u>\$ 421,378</u>
Total revenue from the federal government	<u>\$ 2,538,143</u>	<u>\$ 2,545,160</u>	<u>\$ 2,971,640</u>	<u>\$ 426,480</u>
Total General Fund	<u>\$ 17,864,988</u>	<u>\$ 18,281,017</u>	<u>\$ 18,074,032</u>	<u>\$ (206,985)</u>
<b>Nonmajor Funds:</b>				
<b>Special Revenue Fund:</b>				
<b>Library Fund:</b>				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 4,224	\$ 4,224	\$ -	\$ (4,224)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State library funds	\$ 48,127	\$ 48,127	\$ 45,248	\$ (2,879)
Total Library Fund	<u>\$ 52,351</u>	<u>\$ 52,351</u>	<u>\$ 45,248</u>	<u>\$ (7,103)</u>
<b>Permanent Fund:</b>				
<b>Library Trust Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,535	\$ 5,535
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 100	\$ 100
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,635</u>	<u>\$ 5,635</u>
Total Nonmajor funds	<u>\$ 52,351</u>	<u>\$ 52,351</u>	<u>\$ 50,883</u>	<u>\$ (1,468)</u>
Total Primary Government	<u>\$ 17,917,339</u>	<u>\$ 18,333,368</u>	<u>\$ 18,124,915</u>	<u>\$ (208,453)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 180	\$ 180
Total revenue from use of money and property	\$ -	\$ -	\$ 180	\$ 180
Miscellaneous revenue:				
Other miscellaneous	\$ 121,500	\$ 121,500	\$ 494,482	\$ 372,982
Total revenue from local sources	\$ 121,500	\$ 121,500	\$ 494,662	\$ 373,162
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charlotte, Virginia	\$ 4,215,639	\$ 4,215,639	\$ 4,006,282	\$ (209,357)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,941,607	\$ 1,941,607	\$ 1,984,268	\$ 42,661
Basic school aid	6,734,608	6,734,608	6,636,968	(97,640)
Remedial education	258,544	258,544	254,983	(3,561)
Regular foster care	35,139	35,139	-	(35,139)
GED	67,897	67,897	7,859	(60,038)
Gifted and talented	66,402	66,402	65,487	(915)
Remedial summer education	48,147	48,147	60,455	12,308
Special education	1,198,343	1,198,343	1,201,068	2,725
Textbook payment	134,598	134,598	134,068	(530)
Vocational education	162,408	162,408	160,872	(1,536)
Fringe Benefits	1,333,690	1,333,690	1,315,323	(18,367)
Homebound	14,784	14,784	9,283	(5,501)
Class size reduction	320,044	320,044	335,546	15,502
English as a second language	7,937	7,937	3,268	(4,669)
Governor's school	541,704	541,704	-	(541,704)
Algebra readiness	34,225	34,225	29,233	(4,992)
Regional programs	-	-	49,405	49,405
Technology	180,000	180,000	180,000	-
At risk	535,361	535,361	495,364	(39,997)
Early reading	47,529	47,529	45,152	(2,377)
Other state funds	331,223	398,520	103,239	(295,281)
Total categorical aid	\$ 13,994,190	\$ 14,061,487	\$ 13,071,841	\$ (989,646)
Total revenue from the Commonwealth	\$ 13,994,190	\$ 14,061,487	\$ 13,071,841	\$ (989,646)



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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 695,500	\$ 695,500	\$ 741,166	\$ 45,666
Title VI-B, special education flow-through	210,000	210,000	456,117	246,117
Vocational education	42,500	42,500	44,523	2,023
Title VI-B, special education pre-school	-	-	39,020	39,020
EESA - Title II	60,000	60,000	131,332	71,332
Education technology	30,000	30,000	1,530	(28,470)
Rural schools	42,000	42,000	10,383	(31,617)
Title IV Part B	175,000	175,000	116,817	(58,183)
Summer food service	35,000	35,000	13,563	(21,437)
Total categorical aid	<u>\$ 1,290,000</u>	<u>\$ 1,290,000</u>	<u>\$ 1,554,451</u>	<u>\$ 264,451</u>
Total School Operating Fund	<u>\$ 19,621,329</u>	<u>\$ 19,688,626</u>	<u>\$ 19,127,236</u>	<u>\$ (561,390)</u>
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 260	\$ 260	\$ 205	\$ (55)
Charges for services:				
Cafeteria sales	\$ 278,090	\$ 278,090	\$ 279,023	\$ 933
Total revenue from local sources	<u>\$ 278,350</u>	<u>\$ 278,350</u>	<u>\$ 279,228</u>	<u>\$ 878</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,350	\$ 14,350	\$ 9,578	\$ (4,772)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 707,300	\$ 707,300	\$ 605,709	\$ (101,591)
Total intergovernmental	<u>\$ 721,650</u>	<u>\$ 721,650</u>	<u>\$ 615,287</u>	<u>\$ (106,363)</u>
Total School Cafeteria Fund	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 894,515</u>	<u>\$ (105,485)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,621,329</u>	<u>\$ 20,688,626</u>	<u>\$ 20,021,751</u>	<u>\$ (666,875)</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 138,121	\$ 194,806	\$ 190,042	\$ 4,764
General and financial administration:				
County administrator	\$ 425,791	\$ 435,791	\$ 429,449	\$ 6,342
Independent auditor	47,000	47,000	45,885	1,115
Commissioner of revenue	211,089	212,489	212,190	299
Treasurer	291,295	291,295	288,505	2,790
County attorney	25,270	111,270	102,616	8,654
Total general and financial administration	\$ 1,000,445	\$ 1,097,845	\$ 1,078,645	\$ 19,200
Board of elections:				
Electoral board and officials	\$ 37,944	\$ 37,944	\$ 19,295	\$ 18,649
Registrar	110,020	110,020	99,038	10,982
Total board of elections	\$ 147,964	\$ 147,964	\$ 118,333	\$ 29,631
Total general government administration	\$ 1,286,530	\$ 1,440,615	\$ 1,387,020	\$ 53,595
Judicial administration:				
Courts:				
Circuit court	\$ 23,231	\$ 29,378	\$ 9,643	\$ 19,735
General district court	7,800	7,800	3,868	3,932
Juvenile and domestic relations court	4,380	4,380	3,109	1,271
Special magistrates	1,900	1,900	1,257	643
Clerk of the circuit court	344,546	344,546	335,194	9,352
Total courts	\$ 381,857	\$ 388,004	\$ 353,071	\$ 34,933
Commonwealth's attorney:				
Commonwealth's attorney	\$ 225,685	\$ 229,394	\$ 228,243	\$ 1,151
Total judicial administration	\$ 607,542	\$ 617,398	\$ 581,314	\$ 36,084
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,824,166	\$ 1,828,327	\$ 1,738,667	\$ 89,660
Witness assistance	27,639	28,468	26,291	2,177
Dare	-	10,370	3,548	6,822
Asset forfeiture	-	9,888	1,765	8,123
E-911 system	208,140	358,140	326,177	31,963
Total law enforcement and traffic control	\$ 2,059,945	\$ 2,235,193	\$ 2,096,448	\$ 138,745

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Fire services	\$ 297,867	\$ 302,831	\$ 291,083	\$ 11,748
Rescue squad	90,328	90,328	89,521	807
Division of forestry	19,760	19,760	19,758	2
Total fire and rescue services	<u>\$ 407,955</u>	<u>\$ 412,919</u>	<u>\$ 400,362</u>	<u>\$ 12,557</u>
Correction and detention:				
Sheriff	\$ 1,375,915	\$ 1,375,915	\$ 1,377,477	\$ (1,562)
VJCCA	220,730	220,730	158,432	62,298
Total correction and detention	<u>\$ 1,596,645</u>	<u>\$ 1,596,645</u>	<u>\$ 1,535,909</u>	<u>\$ 60,736</u>
Inspections:				
Building	<u>\$ 64,147</u>	<u>\$ 64,147</u>	<u>\$ 55,961</u>	<u>\$ 8,186</u>
Other protection:				
Animal control	\$ 48,134	\$ 48,134	\$ 45,425	\$ 2,709
Medical examiner	500	500	20	480
Total other protection	<u>\$ 48,634</u>	<u>\$ 48,634</u>	<u>\$ 45,445</u>	<u>\$ 3,189</u>
Total public safety	<u>\$ 4,177,326</u>	<u>\$ 4,357,538</u>	<u>\$ 4,134,125</u>	<u>\$ 223,413</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	<u>\$ 791,386</u>	<u>\$ 791,386</u>	<u>\$ 730,003</u>	<u>\$ 61,383</u>
Maintenance of general buildings and grounds:				
General properties	\$ 387,771	\$ 426,711	\$ 426,672	\$ 39
Canneries	1,000	1,000	1,000	-
Total maintenance of general buildings and grounds	<u>\$ 388,771</u>	<u>\$ 427,711</u>	<u>\$ 427,672</u>	<u>\$ 39</u>
Total public works	<u>\$ 1,180,157</u>	<u>\$ 1,219,097</u>	<u>\$ 1,157,675</u>	<u>\$ 61,422</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 125,598</u>	<u>\$ 130,113</u>	<u>\$ 97,820</u>	<u>\$ 32,293</u>
Mental health and mental retardation:				
Crossroads Board	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Public assistance	\$ 2,076,395	\$ 2,415,413	\$ 2,342,825	\$ 72,588
Workforce investment	2,748,582	2,409,564	1,664,466	745,098
Comprehensive services act	972,500	1,302,500	1,254,637	47,863
Total welfare	<u>\$ 5,797,477</u>	<u>\$ 6,127,477</u>	<u>\$ 5,261,928</u>	<u>\$ 865,549</u>
 Total health and welfare	 <u>\$ 5,993,075</u>	 <u>\$ 6,327,590</u>	 <u>\$ 5,429,748</u>	 <u>\$ 897,842</u>
 Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 3,930	\$ 3,930	\$ 3,930	\$ -
Contribution to County school board	4,215,639	4,215,639	4,006,282	209,357
Total education	<u>\$ 4,219,569</u>	<u>\$ 4,219,569</u>	<u>\$ 4,010,212</u>	<u>\$ 209,357</u>
 Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 16,804</u>	<u>\$ 8,196</u>
 Cultural enrichment:				
Red hill shrine	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Adult programs	48,460	48,460	47,460	1,000
Historical Staunton River Foundation	-	8,500	8,500	-
Total cultural enrichment	<u>\$ 50,460</u>	<u>\$ 58,960</u>	<u>\$ 57,960</u>	<u>\$ 1,000</u>
 Total parks, recreation, and cultural	 <u>\$ 75,460</u>	 <u>\$ 83,960</u>	 <u>\$ 74,764</u>	 <u>\$ 9,196</u>
 Community development:				
Planning and community development:				
Planning	\$ 23,200	\$ 23,200	\$ 21,064	\$ 2,136
Zoning appeals board	2,600	2,600	-	2,600
Economic development	22,686	112,213	82,050	30,163
Total planning and community development	<u>\$ 48,486</u>	<u>\$ 138,013</u>	<u>\$ 103,114</u>	<u>\$ 34,899</u>
 Environmental management:				
Contribution to soil and water district	<u>\$ 163,194</u>	<u>\$ 163,194</u>	<u>\$ 117,269</u>	<u>\$ 45,925</u>
 Cooperative extension program:				
Extension office	<u>\$ 46,100</u>	<u>\$ 50,300</u>	<u>\$ 50,300</u>	<u>\$ -</u>
 Total community development	 <u>\$ 257,780</u>	 <u>\$ 351,507</u>	 <u>\$ 270,683</u>	 <u>\$ 80,824</u>
 Nondepartmental:				
Fixed charges	<u>\$ 107,220</u>	<u>\$ 107,220</u>	<u>\$ 90,520</u>	<u>\$ 16,700</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 379,739	\$ (379,739)
Interest and other fiscal charges	10,911	11,424	73,425	(62,001)
Total debt service	\$ 10,911	\$ 11,424	\$ 453,164	\$ (441,740)
Total General Fund	\$ 17,915,570	\$ 18,735,918	\$ 17,589,225	\$ 1,146,693
<b>Nonmajor Funds:</b>				
<b>Special Revenue Fund:</b>				
<b>Library Fund</b>				
Parks, recreation, and cultural:				
Library	\$ 244,081	\$ 244,081	\$ 236,078	\$ 8,003
Total Library Fund	\$ 244,081	\$ 244,081	\$ 236,078	\$ 8,003
<b>Permanent Fund:</b>				
<b>Library Trust Fund</b>				
Parks, recreation, and cultural:				
Library	\$ -	\$ -	\$ 10,160	\$ (10,160)
Total Library Trust Fund	\$ -	\$ -	\$ 10,160	\$ (10,160)
Total Nonmajor funds	\$ 244,081	\$ 244,081	\$ 246,238	\$ (2,157)
Total Primary Government	\$ 18,159,651	\$ 18,979,999	\$ 17,835,463	\$ 1,144,536
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Education costs:				
Elementary and secondary schools	\$ 15,248,475	\$ 15,449,772	\$ 14,589,792	\$ 859,980
Administration attendance and health services	853,907	853,907	664,191	189,716
Pupil transportation	1,532,898	1,532,898	1,798,031	(265,133)
Operation and maintenance of school plant	1,544,299	1,544,299	1,946,082	(401,783)
Total education	\$ 19,179,579	\$ 19,380,876	\$ 18,998,096	\$ 382,780
Debt service:				
Principal retirement	\$ 368,320	\$ 368,320	\$ 66,526	\$ 301,794
Interest and other fiscal charges	73,430	73,430	38,027	35,403
Total debt service	\$ 441,750	\$ 441,750	\$ 104,553	\$ 337,197
Total School Operating Fund	\$ 19,621,329	\$ 19,822,626	\$ 19,102,649	\$ 719,977
<b>Special revenue fund:</b>				
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,000,000	\$ 1,000,000	\$ 886,898	\$ 113,102
Total Cafeteria Fund	\$ 1,000,000	\$ 1,000,000	\$ 886,898	\$ 113,102
Total Discretely Presented Component Unit - School Board	\$ 20,621,329	\$ 20,822,626	\$ 19,989,547	\$ 833,079

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- Other Statistical Information -

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COUNTY OF CHARLOTTE, VIRGINIA

Table 1

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General			Judicial		Public		Health		Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
	Admini- stration	Admini- stration	Admini- stration	Admini- stration	Admini- stration	Safety	Public Works	Welfare	Education				
2005-06	\$ 1,198,605	\$ 477,181	\$ 3,239,862	\$ 960,029	\$ 4,948,521	\$ 3,520,345	\$ 278,866	\$ 235,750	\$ 218,073	\$ 15,077,232			
2006-07	1,187,579	508,746	3,672,013	1,077,918	5,402,871	3,160,662	282,518	187,479	169,542	15,649,328			
2007-08	1,207,426	530,807	3,715,718	1,200,163	5,150,012	4,009,759	344,549	502,205	149,299	16,809,938			
2008-09	1,170,626	602,610	3,733,311	1,127,597	4,857,792	3,152,675	309,900	478,363	129,807	15,562,681			
2009-10	1,175,629	549,960	3,301,492	603,238	6,305,896	3,216,899	320,954	2,526,132	97,682	18,097,882			
2010-11	1,239,455	569,155	3,588,708	1,392,987	5,443,673	3,704,470	333,627	565,944	102,899	16,940,918			
2011-12	1,467,594	560,488	3,617,834	1,213,874	5,184,311	4,195,289	309,725	922,497	92,060	17,563,672			
2012-13	1,443,296	605,104	3,712,218	1,183,134	5,455,050	4,906,144	300,895	259,403	111,091	17,976,335			
2013-14	1,394,498	617,495	4,117,916	1,210,398	5,231,004	3,898,251	329,270	333,780	87,107	17,219,719			
2014-15	1,323,096	599,410	4,098,244	1,215,782	5,344,807	4,164,205	328,364	265,568	64,552	17,404,028			

COUNTY OF CHARLOTTE, VIRGINIA Table 2

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Other		Unrestricted Investment		Grants and Contributions Not Restricted to Specific Programs	
					General Property Taxes	Local Taxes	Earnings	Miscellaneous		
2005-06	\$ 551,538	\$ 6,063,356	\$ -	\$ 6,208,981	\$ 1,049,176	\$ 436,417	\$ 372,299	\$ 1,305,801	\$ 15,987,568	
2006-07	604,438	6,650,634	-	6,215,930	1,218,807	496,509	509,340	1,485,773	17,181,431	
2007-08	610,830	6,155,731	25,000	6,229,055	1,166,161	387,571	466,179	1,421,941	16,462,468	
2008-09	467,923	7,036,608	652,657	6,416,117	1,178,829	268,040	600,052	1,329,928	17,950,154	
2009-10	626,193	8,590,253	87,343	6,078,882	1,017,490	286,739	683,153	1,776,238	19,146,291	
2010-11	675,278	6,595,190	-	9,332,210	1,176,624	285,420	709,739	749,669	19,524,130	
2011-12	623,029	7,121,806	-	6,443,161	1,053,969	203,431	740,907	842,788	17,029,091	
2012-13	666,104	6,451,959	-	6,637,649	1,099,381	250,885	664,065	1,011,234	16,781,277	
2013-14	774,868	6,514,563	2,706	7,623,280	1,144,264	252,857	684,849	1,034,590	18,031,977	
2014-15	734,320	6,583,012	4,650	7,751,434	1,199,274	247,787	576,435	986,389	18,083,301	

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)  
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total					
	Fiscal Year	Administration		Public Safety	Public Works		Health and Welfare	Education (2)										
2005-06	\$	1,068,851	\$	444,812	\$	3,182,009	\$	1,071,583	\$	4,945,516	\$	277,516	\$	235,750	\$	579,280	\$	31,749,337
2006-07		1,066,733		488,377		3,644,730		1,169,130		5,403,679		281,168		187,479		722,831		33,313,038
2007-08		1,070,191		494,306		3,702,573		1,318,050		5,130,902		343,199		502,205		659,609		36,139,207
2008-09		1,023,597		565,689		3,714,469		1,100,126		4,849,312		308,321		1,897,890		846,744		35,878,005
2009-10		1,022,532		520,384		3,381,657		1,247,171		6,271,008		313,651		2,524,469		882,174		36,676,651
2010-11		1,087,620		539,281		3,594,502		1,443,796		5,410,945		324,954		563,281		774,910		33,740,810
2011-12		1,311,671		530,529		3,560,627		1,176,084		5,167,086		309,374		920,971		1,751,310		34,525,904
2012-13		1,319,692		575,456		3,831,711		1,174,795		5,417,806		339,939		259,147		682,697		34,733,040
2013-14		1,258,647		587,717		4,087,186		1,138,119		5,228,491		320,409		333,384		650,993		33,836,313
2014-15		1,387,020		581,314		4,134,125		1,157,675		5,429,748		321,002		270,683		557,717		33,728,208

(1) Includes General, Special Revenue Funds, and Permanent Funds of the primary government and its discretely presented component unit, except for capital projects and nondepartmental.

(2) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA Table 4

General Governmental Revenues by Source (1)										
Last Ten Fiscal Years										
Fiscal Year	General Property Taxes (2)	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (3)	Total
2005-06	\$ 6,893,945	\$ 1,049,176	\$ 32,355	\$ 238,942	\$ 447,256	\$ 642,807	\$ 598,621	\$ -	\$ 21,779,657	\$ 31,682,759
2006-07	6,798,741	1,218,807	32,659	141,962	517,854	775,292	811,167	-	24,066,490	34,362,972
2007-08	7,007,489	1,166,161	40,890	180,790	402,906	755,388	792,594	-	25,363,438	35,709,656
2008-09	7,091,372	1,178,829	33,431	150,785	274,422	753,038	896,069	-	26,125,514	36,503,460
2009-10	6,796,248	1,017,490	52,931	166,714	288,265	879,103	1,003,439	-	26,965,640	37,169,830
2010-11	9,771,363	1,176,624	50,015	133,944	286,728	958,296	1,098,833	-	22,573,541	36,049,344
2011-12	7,141,599	1,053,969	57,974	163,470	206,015	825,807	1,395,333	-	23,255,678	34,099,845
2012-13	7,314,529	1,099,381	45,241	179,309	251,665	781,881	1,062,335	-	23,389,751	34,124,092
2013-14	8,231,883	1,144,264	53,642	170,134	253,330	815,356	932,933	-	22,660,056	34,261,598
2014-15	8,479,959	1,199,274	48,342	163,519	248,172	801,482	1,070,916	-	22,128,720	34,140,384

(1) Includes General, Special Revenue Funds and Permanent Funds of the primary government and its discretely presented component unit.

(2) Includes Commonwealth of Virginia PPTRA reimbursement.

(3) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 5

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax (1), (3)		Percent of Levy Collected	Delinquent (1)		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding (1) Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
	Levy (1)		Tax (1), (3)	Collections		Tax (2)	Collections	Tax	Collections			Delinquent Taxes			
2005-06	\$ 6,739,553	\$	6,632,723		98.41%	\$ 254,843	\$	6,887,566		102.20%	\$	371,226		5.51%	
2006-07	6,816,391		6,501,660		95.38%	154,821		6,656,481		97.65%		402,681		5.91%	
2007-08	6,942,514		6,750,577		97.24%	111,178		6,861,755		98.84%		341,680		4.92%	
2008-09	7,093,544		6,810,979		96.02%	155,161		6,966,140		98.20%		391,164		5.51%	
2009-10	6,532,177		6,463,416		98.95%	210,276		6,673,692		102.17%		406,270		6.22%	
2010-11	9,954,838		9,407,507		94.50%	218,401		9,625,908		96.70%		801,307		8.05%	
2011-12	6,408,642		6,378,940		99.54%	619,938		6,998,878		109.21%		611,439		9.54%	
2012-13	6,585,952		6,190,451		93.99%	437,168		6,627,619		100.63%		622,182		9.45%	
2013-14	7,463,161		6,821,614		91.40%	723,359		7,544,973		101.10%		769,679		10.31%	
2014-15	7,684,759		7,048,066		91.71%	744,983		7,793,049		101.41%		705,643		9.18%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes Commonwealth of Virginia PPTRA reimbursement.

COUNTY OF CHARLOTTE, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years (1)

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools			Merchants' Capital	Public Service	Total
2005-06	\$ 595,247,620	\$ 77,374,258	\$ 7,334,170	\$ 12,623,170	\$ 816,849	\$ 44,755,418	\$ 738,151,485		
2006-07	604,537,500	82,731,982	7,651,460	8,214,562	788,494	43,095,318	747,019,316		
2007-08	945,895,550	83,806,224	6,090,910	5,193,843	753,388	59,538,191	1,101,278,106		
2008-09	953,460,850	86,840,009	6,863,850	6,389,078	831,637	56,355,953	1,110,741,377		
2009-10	961,990,800	67,884,109	6,877,367	5,755,896	771,449	54,534,257	1,097,813,878		
2010-11	970,876,650	77,910,392	6,805,157	5,699,916	786,073	54,191,406	1,116,269,594		
2011-12	977,029,100	84,524,978	6,903,429	5,072,447	810,656	63,793,637	1,138,134,247		
2012-13	982,544,351	87,611,014	6,867,313	5,718,422	835,149	71,330,319	1,154,906,568		
2013-14	910,302,065	86,196,036	5,770,563	6,428,450	817,174	63,909,257	1,073,423,545		
2014-15	914,675,911	90,291,046	6,038,431	7,327,130	943,444	65,005,310	1,084,281,272		

(1) 100% of fair market value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 7

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchant's Capital	
2005-06	\$	0.62	\$	3.00	\$	0.62	\$	3.00	\$	3.20
2006-07		0.62		3.00		0.62		3.00		3.20
2007-08		0.42		3.00		0.42		3.00		3.20
2008-09		0.42		3.00		0.42		3.00		3.20
2009-10		0.42		3.00		0.42		3.00		3.20
2010-11		0.42		3.00		0.42		3.00		3.20
2011-12		0.42		3.00		0.42		3.00		3.20
2012-13		0.42		3.00		0.42		3.00		3.20
2013-14		0.48		3.75		0.48		3.75		3.20
2014-15		0.48		3.75		0.48		3.75		3.20

(1) Per \$100 of assessed value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of	
				Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005-06	12,512	\$ 738,151,485	\$ 2,243,787	0.30%	\$ 179
2006-07	12,762	747,019,316	2,031,068	0.27%	159
2007-08	12,696	1,101,278,106	1,811,012	0.16%	143
2008-09	12,696	1,110,741,377	1,582,863	0.14%	125
2009-10	12,672	1,097,813,878	1,345,795	0.12%	106
2010-11	12,586	1,116,269,594	1,099,064	0.10%	87
2011-12	12,565	1,138,134,247	2,341,990	0.21%	186
2012-13	12,560	1,154,906,568	1,998,708	0.17%	159
2013-14	12,305	1,073,423,545	1,643,320	0.15%	134
2014-15	12,641	1,084,281,272	1,275,000	0.12%	101

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

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



COUNTY OF CHARLOTTE, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures(2)	Ratio of Debt Service to General Governmental Expenditures
2005-06	\$ 381,119	\$ 198,161	\$ 579,280	\$ 31,749,337	1.82%
2006-07	514,676	208,155	722,831	33,313,038	2.17%
2007-08	475,060	184,549	659,609	36,139,207	1.83%
2008-09	677,525	169,219	846,744	35,878,005	2.36%
2009-10	731,161	151,013	882,174	36,676,651	2.41%
2010-11	665,023	109,887	774,910	33,740,810	2.30%
2011-12	1,573,160	178,150	1,751,310	34,525,904	5.07%
2012-13	523,075	159,622	682,697	34,733,040	1.97%
2013-14	520,631	130,362	650,993	33,836,313	1.92%
2014-15	446,265	111,452	557,717	33,728,208	1.65%

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

(2) Excludes capital projects and nondepartmental

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- Compliance -

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of  
the Board of Supervisors  
County of Charlotte, 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Charlotte, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia's basic financial statements and have issued our report thereon dated November 27, 2015.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Charlotte, 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 Charlotte, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Charlotte, 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 Charlotte, 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, Farney Cox Associates*  
Charlottesville, Virginia  
November 27, 2015

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of  
the Board of Supervisors  
County of Charlotte, Virginia

### Report on Compliance for Each Major Federal Program

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

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

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

## Report on Internal Control over Compliance

Management of County of Charlotte, 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 Charlotte, 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 Charlotte, 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*  
Charlottesville, Virginia  
November 27, 2015



COUNTY OF CHARLOTTE, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950113	\$ 487
Temporary Assistance for Needy Families (TANF)	93.558	0400113 / 0400114	336,835
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113 / 0500114	246
Low-Income Home Energy Assistance	93.568	0600413 / 0600414	18,672
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113 / 0760114	27,533
Chafee Education and Training Vouchers Program	93.599	9160113	2,426
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113 / 0900114	1,145
Foster Care - Title IV-E	93.658	1100113 / 1100114	118,447
Adoption Assistance	93.659	1120113 / 1120114	129,192
Social Services Block Grant	93.667	1000113 / 1000114	150,746
Chafee Foster Care Independence Program	93.674	9150113 / 9150114	3,132
Children's Health Insurance Program	93.767	0540113 / 0540114	5,842
Medical Assistance Program	93.778	1200113 / 1200114	208,470
Total Department of Health and Human Services			\$ 1,003,173
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children	10.559	Unknown	\$ 10,777
Food Distribution	10.555	Unknown	\$ 34,008
Department of Education:			
National School Lunch Program	10.555	406230	381,088
School Breakfast Program	10.553	405910	190,613
Child and Adult Care Food Program	10.558	Unknown	4,301
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040113 / 0040114	188,071
Total Department of Agriculture			\$ 808,858
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 19,718
Bulletproof Vest Partnership Program	16.607	Unknown	4,650
Total Department of Justice			\$ 24,368

COUNTY OF CHARLOTTE, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Labor:			
Pass Through Payments:			
Virginia Community College System:			
Senior Community Service Employment Program	17.235	Unknown	\$ 1,795
Workforce Investment Act (WIA) National Emergency Grants	17.277	Unknown	96,345
WIA Cluster:			
Workforce Investment Act - Adult Program	17.258	Unknown	514,335
Workforce Investment Act - Youth Activities	17.259	Unknown	472,800
Workforce Investment Act - Dislocated Worker Formula Grants	17.278	Unknown	496,658
Total Department of Labor			\$ 1,581,933
Department of Homeland Security			
Pass Through Payments:			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	Unknown	\$ 29,834
Emergency Management Performance Grants	97.042	Unknown	7,500
Total Department of Homeland Security			\$ 37,334
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Planning and Construction	20.205	Unknown	\$ 52,341
State and Community Highway Safety	20.600	Unknown	1,934
Alcohol Open Container Requirements	20.607	154AL201513004240	10,279
Total Department of Transportation			\$ 64,554
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 731,166
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	456,117
Special Education - Preschool Grants	84.173	625210	39,020
Career and Technical Education - Basic Grants to States	84.048	610950	44,523
Improving Teacher Quality State Grants	84.367	614800 / 867390	131,332
Advanced Placement Program	84.330	609570	370
Twenty-First Century Community Learning Centers	84.287	605650	126,817
Rural Education	84.358	434810	10,383
Total Department of Education			\$ 1,539,728
Total Expenditures of Federal Awards			\$ 5,059,948

See accompanying notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF CHARLOTTE, VIRGINIA

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

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#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charlotte, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Charlotte, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Charlotte, Virginia.

#### Note 2 - Summary of Significant Accounting Policies

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

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,971,640
Less: Payments in lieu of taxes	(8,102)
Less: BAB Subsidy	(63,750)
Total General Fund	<u>2,899,788</u>
Total primary government	<u>\$ 2,899,788</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,554,451
School Cafeteria Fund	605,709
Total component unit public schools	<u>\$ 2,160,160</u>

Total federal expenditures per basic financial statements	<u>\$ 5,059,948</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 5,059,948</u>
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COUNTY OF CHARLOTTE, VIRGINIA

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

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

**Financial Statements**

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

**Federal Awards**

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
17.258 / 17.259 / 17.278	WIA Cluster
84.027 / 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Findings**

There are no prior year findings to report