

# COUNTY OF ROCKBRIDGE, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

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**COUNTY OF ROCKBRIDGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

Steven Bolster, Director of Fiscal Services

County of Rockbridge, Virginia

# COUNTY OF ROCKBRIDGE, VIRGINIA

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015

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## **INTRODUCTORY SECTION**





www.co.rockbridge.va.us

SPENCER SUTER  
County Administrator  
Office: (540) 463-1460  
Fax: (540) 463-4346  
spencer\_suter@co.rockbridge.va.us

# County of Rockbridge

150 South Main Street  
Lexington, Virginia 24450

## County Board of Supervisors

JOHN M. HIGGINS  
Buffalo  
Magisterial District

RUSSELL S. FORD  
Kerrs Creek  
Magisterial District

DAVID W. HINTY, JR.  
Natural Bridge  
Magisterial District

RONNIE R. CAMPBELL  
South River  
Magisterial District

ALBERT W. LEWIS, JR.  
Walkers Creek  
Magisterial District

December 18, 2015

### To the Honorable Board of Supervisors and the Citizens of the County of Rockbridge, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2015. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2015 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion and analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Rockbridge MD&A immediately follows the independent auditor's report.



## *Profile of Rockbridge County*

The County of Rockbridge was formed in 1778 and named after the Natural Bridge of Virginia, a historic geological wonder located in the southern part of the County. Two-thirds of the County's 607 square miles came from Botetourt County to the south and the remainder from Augusta County to the north. Rockbridge County is located in the southern portion of the beautiful Shenandoah Valley between the Alleghany and Blue Ridge Mountain ranges. Two major interstates, I-81 and I-64, intersect near the geographical center of the County creating a superb transportation corridor. In addition, thousands of tourist travel along 17 miles of the Blue Ridge Parkway which lies along the County's eastern border. Furthermore, the Virginia Horse Center is in the heart of Rockbridge County. The Center is located on a 361-acre site and provides year-round activities including equine competition events, major horse sales, instructional classes, and recreation opportunities.

The County of Rockbridge is a political subdivision of the Commonwealth of Virginia that is administered by a five-member Board of Supervisors. Policy-making and legislative authority are vested in the governing body (Board). Board members are elected by magisterial district and serve four-year terms. The Board appoints the County Administrator who oversees the County's department heads.

The Board of Supervisors adopted mission, vision, and values statements on March 11, 2013. The Board envisions a community defined by first-class educational programs for youth and adults, enhanced through widespread and quality access to broadband connectivity; where our citizens enjoy a healthy, safe environment, and where rural character, scenic beauty and agricultural roots are respected, protected and balanced with sensible and managed growth to include high-technology development and promotion of local agriculture and outdoor recreation as part of the economic base; and where the levels of services provided meet or exceed the expectations of our residents at every level; and where our youth and succeeding generations can grow, play, and economically thrive. The Board has a mission to provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education, and managed growth in a manner which is at all times open, honest, and respectful. In every interaction the Board will adhere to the tenets of integrity, openness, mutual respect, innovation and adaptability, humility, accountability, and loyalty.

The County of Rockbridge provides a full range of services, including law enforcement protection; building inspections; licenses and permits; refuse and recycling collection centers; and recreational facilities. Local volunteer fire departments provide fire protection and volunteer rescue squads, supplemented by a paid emergency medical service, deliver emergency medical response and transport services. The County furnishes support to the volunteer agencies through cash contributions for operational and capital expenditures. Rockbridge County is financially accountable for a legally separate school division (education), a public service authority (water & sewer), and a solid waste authority (refuse & recycling). Each organization is a component unit or blended component unit within the County's financial statements.

The Board of Supervisors adopts an initial budget for the fiscal year no later than May 1 preceding the beginning of the fiscal year on July 1, unless events beyond the Board's control preclude such action. This annual budget serves as the foundation for the Rockbridge County's financial planning and control. The budget is prepared by fund, function, department, and object class. Department heads may request to transfer resources within a department to meet changing program needs. Transfers between departments, however, are coordinated between the county executive and Board representatives of the Finance Committee.

## *Local economy*

The County of Rockbridge is a rural locality in the Shenandoah Valley, at the heart of a major transportation network with direct access to air, rail, and highway transportation. The County's geographic position in the west-central portion of Virginia is within a one-day drive of half the population of the United States. Rockbridge County is approximately 45 miles north of Roanoke, VA; 140 miles west of Richmond, VA; and 190 miles southwest of Washington, D.C. Distances to multi-state markets for area industries are Baltimore, MD – 210 miles; Greensboro, NC – 145 miles; New York, NY – 460 miles; Cincinnati, OH – 460 miles; and Atlanta, GA – 440 miles.

During the past ten years, the unemployment rate rose from a low of 3.1 percent in 2005 to a decade high of 7.5 percent in 2010. Typically the County of Rockbridge experiences unemployment rates consistently lower than national averages. However, the unemployment rate as of June 2015 was 5.8 percent compared to 5.5 percent nationally. Since June 2015, the Rockbridge County unemployment dropped to 4.4% by September 2015 compared to 4.9% nationally. Based on economic forecasts, subsequent employment rates are anticipated to remain positive.

Median household incomes within Rockbridge County are lower than the state as a whole. In 2013, the median household income in Rockbridge County was \$46,882. In the Commonwealth of Virginia it was \$62,745. The Commonwealth of Virginia's population was 7,600,467 in 2005 and 8,326,289 in 2014. Rockbridge County's population was 21,377 in 2005, and 22,390 in 2014. Housing prices in the vicinity of Rockbridge County steadily increased beginning in 2005 until the economic downturn a few years later. The 2007 average home sale price was \$284,428 (nominal dollars). At the end of 2007, the median price of a single family home in the vicinity of the Rockbridge County was \$244,913 (nominal dollars).

Rockbridge County has a diverse economy from manufacturing and trucking businesses to retail shops. Over the past ten plus years, the County's economy has been relatively stable compared to Virginia as a whole. None of its top employers have closed or experienced significant layoffs.

In the fiscal year ending June 2015, there were 529 building permits issued in Rockbridge County totaling \$51,804,141. This figure includes part of Washington and Lee University's development of campus property within Rockbridge County. The multi-year projects reflect nearly \$58M in investments with associated permit fees in excess of \$300,000, and will result in the creation of at least 22 jobs. The projects include: 1) construction of 3rd-year student housing area (townhomes and apartments) for 338 students; 2) construction of a 48,000 square foot natatorium; 3) developing a grass practice field in a former overflow parking area; and 4) the repurposing of the former maintenance shop/yard into an overflow parking lot. Stable development, access to major interstates and highways, a vast array of outdoor recreation, and historical tourist sites, as well as the proximity to four higher education institutes, makes Rockbridge County a prime location for business and travel.

The top five industries by employment in Rockbridge County are retail trade (969 reported), manufacturing (915 reported), local government (856 reported), accommodations and food services (606 reported), and construction (501 reported). The top five average weekly wages were in the following industries: construction (\$906), state government (\$903), transportation and warehousing (\$763), information (\$757), and finance and insurance (\$755).

## ***Public School System***

The Rockbridge County Public School (RCPS) system currently serves about 2,600 students in kindergarten through 12th grade. RCPS operates four elementary schools for kindergarten through fifth grade, one middle school for grades six through eight, and one high school for grades nine through twelve. All of the County schools, with the exception of our high school, have been completely renovated within the past 16 years. As the oldest school facility in the system, the high school will receive the highest priority for capital improvements in future years. All schools are accredited by the State Department of Education.

RCPS serves a diverse student population and takes pride in meeting the educational needs of all students. To this end, it continues an expansion of Career & Technical Education (CTE) offerings at both the middle school (four programs) and high school level (twelve programs). RCPS's goal is for interested students to begin their CTE educational experience at the middle school so that they may earn industry certifications earlier during their high school career. These early certifications will in turn lead to internship and work experience opportunities prior to high school graduation, creating a more ready work force for business and industry. Rigorous academic expectations are a standard of RCPS. In Spring 2015, 87% of the 242 RCPS students who took an Advanced Placement (AP) exam scored a three (3) or higher. Comparing this level of success to the Virginia average of 65% meeting this same standard, we are proud to say that RCPS always puts learning first for our students.

## ***Higher Education***

Within the Rockbridge County boundaries lie a unique set of higher education campuses offering various degrees. Washington and Lee, a private liberal arts university, ranks as the ninth oldest institution of higher learning in the nation and second oldest in the Commonwealth of Virginia (1749). The Virginia Military Institute is the first state-supported military college in the United States (1839) and is consistently ranked high as one of the best public colleges in the nation. Southern Virginia University is a private, 4-year liberal arts college tracing its founding to 1867. The Dabney S. Lancaster Community College - Rockbridge Regional Center accommodates a diversity of day and night courses to support the pursuit of associate degrees, certification programs, and workforce training. More than a dozen additional two- and four-year institutions of higher education are within 140 miles of Rockbridge County's borders.

## ***Long-term financial planning and major initiatives***

The County of Rockbridge has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the governmental services desired by the public. The primary objective of establishing financial management policies is to provide a framework wherein sound financial decisions may be made for the long-term development and stability of Rockbridge County. The Board of Supervisors adopted a comprehensive set of financial policies on July 14, 2014 to include: Operating Budget, Capital Budget, Asset Maintenance and Replacement, Financial Reporting, Debt, and Fund Balance/Reserves.

On January 26, 2015, the Board of Supervisors updated their strategic priorities. The targeted changes will drive planning efforts and future funding decisions. The approved strategic priorities are listed below:

1. Continued dedication to a local solution to regional waste challenges.
2. Continued dedication to provision of Fire and EMS services which meet or exceed the expectations of the public served.
3. Proactively position the County to create and subsequently take full advantage of economic development opportunities in a nimble to responsive fashion.
4. Continued exploration of all opportunities for regional cooperation which are operationally and economically sensible and in the best interest of our citizens, with a focus on consideration of the potential to revisit major agreements such as the Annexation and Immunity Agreement with the City of Lexington.
5. Remain dedicated to ensuring the long-term viability of the County through proactive financial planning, with a focus on an ever-improving budget process.

In accordance with Section 15.2-2239 of the Code of Virginia, the Rockbridge County Planning Commission prepares and revises annually a Capital Improvement Program (CIP) based on the Rockbridge County Comprehensive Plan for a period not to exceed the ensuing five years. The CIP is intended to guide the acquisition and construction of the County's capital improvement plans by identifying needed capital projects, estimating their costs, listing the fiscal year each should begin, and determining the optimum method of funding them within our fiscal capabilities. The County of Rockbridge CIP for fiscal year ending (FYE) 2016 reflects \$848,505 in capital procurements. Capital improvements approved for FYE 2016 include: 1) replacing seven law enforcement vehicles - \$264,320; 2) completing phase 1 of the real property reassessment service - \$232,500; 3) improvements to the Rockbridge County Administration Building - \$125,000; 4) repair and recoat the Fleet Services parking lot - \$65,000; 5) purchase fleet management software - \$40,000; 6) upgrade municipal software - \$38,000; and 7) complete phase 1 construction of law enforcement firing range - \$25,000.

Devils Backbone Brewery has expressed interest in acquiring two county-owned parcels adjacent to its current operation. A structure which once housed a private bowling alley sits on the property, and is currently rented to another private business. In its four years in the County, Devils Backbone Brewery has experienced rapid growth in production and employment. Currently, the company is expanding into the Tennessee, West Virginia, and North Carolina markets and is in need of additional property to support increased production.

Rockbridge County efforts to re-purpose two surplus school facilities resulted in the conveyance of one property during FY 2015 and ongoing negotiations for a second property into FY 2016. During a nearly year-long economic development effort, the county-owned, 8-acre Highland Belle School was conveyed in "as is" condition to BARC Electric Cooperative. BARC plans to develop the former school property into an upgraded office complex, equipment yard, and solar field for power generation in the Agriculture and General Uses District (A-2). The estimated real estate taxes are \$11,200 per year at current value and the personal property taxes are expected to generate approximately \$11,000 per year with BARC assuming ownership. Rockbridge County remains in negotiations with Centra Health regarding the potential conveyance of the former Rockbridge Middle School building. Centra Health is interested in the opportunity to improve the 2.7 acre property as a campus to serve children with special needs, including autism, who have difficulty learning in a traditional school setting. The results of current negotiations are expected in FY 2016. The remaining acreage surrounding the building are slated to be retained, with plans to develop additional athletic fields to support local youth sports.

At the request of the Fire and EMS Director, in coordination with the Rockbridge Emergency Rescue Group and the Rockbridge County Firefighters Association, the Board of Supervisors included \$54,000 in funding during FYE 2016 for the following services in support of volunteer fire and EMS agencies: 1) pump service and aerial apparatus testing and certification; 2) self-contained breathing apparatus testing; and 3) fire hose and ground ladder testing and certification. In addition, the Board committed \$13,200 in funding the procurement of vital swift water rescue equipment for the expanding technical rescue program. This regional program allows the strategic placement of the additional equipment throughout the County to better serve our citizens and visitors. This proactive measure better prepares the region for immediate response and mitigation of water-related incidents. Further, the Board authorized increased operational funding allotments in support of volunteer Fire and EMS efforts in FY 2016. Staff anticipates that these funding mechanisms will be an ongoing financial commitment in the out-years.

The Board of Supervisors, which serves as the Rockbridge County Solid Waste Authority, has determined that solid waste disposal for County citizens and the region is a vital public service. As a result of this commitment, it has determined that expansion of the existing landfill is the preferred means of providing for future waste disposal in Rockbridge County. Both government bodies continue proceeding with due diligence in evaluating the feasibility of the proposed expansion project which includes, but is not limited to, design, engineering, studies, exploration and monitoring, financing, permitting, constructing, and operating a new landfill cell. The estimated cost of this landfill expansion project (Cell 1) is approximately \$7,100,000 with an operational start date targeted at July 1, 2017. The County is currently working with the City of Lexington (the “City”) in an effort to expand its current partnership with the City in the area of solid waste management, via creation of a new regional solid waste authority.

### ***Relevant financial policies***

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County’s unassigned General Fund balance should be equal to at least 20% of the County’s total General Fund expenditures. If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County’s unassigned fund balance in the General Fund is 54.69% for fiscal ended June 30, 2015.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockbridge for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the first year that the County of Rockbridge has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service and strong commitment of the entire staffs of the Fiscal Services Department and the Office of the Treasurer. We also wish to thank all government departments for their assistance in providing the data necessary to prepare this report. In addition, credit is due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Rockbridge County’s finances.

Respectfully submitted,



Spencer H. Suter, County Administrator



Steven J. Bolster, Fiscal Services Director





Government Finance Officers Association

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

Presented to

**County of Rockbridge  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

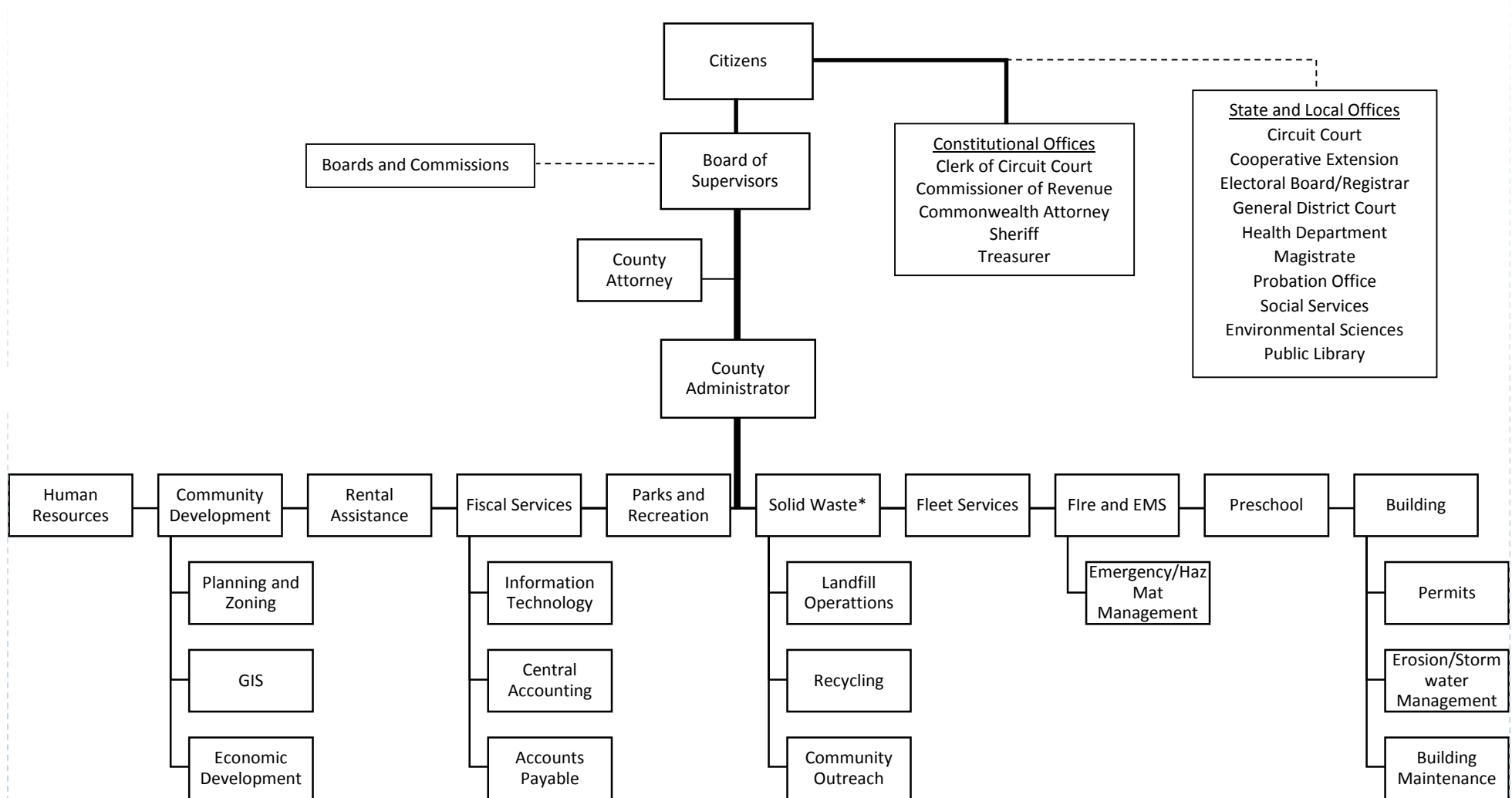
**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



# County of Rockbridge Organizational Chart



\*The Rockbridge County Solid Waste Authority  
is a blended component unit of the County

Revision Date 12/2015



**COUNTY OF ROCKBRIDGE, VA**

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**BOARD OF SUPERVISORS**

John M. Higgins, Chairman  
David W. Hinty, Jr., Vice-Chairman  
Ronnie R. Campbell  
Russell L. Ford  
Albert W. Lewis, Jr.

**ROCKBRIDGE COUNTY APPOINTED OFFICIALS**

County Administrator.....Spencer H. Suter  
County Attorney.....Vickie L. Huffman

**COUNTY SCHOOL BOARD**

Albert “Jay” Lewis II, Chairman  
David B. McDaniel, Vice-Chairman  
Kevin Brooks  
Laura C. Hoofnagle  
Laurie Strong

**SCHOOL DIVISION APPOINTED OFFICIALS**

Superintendent of Schools.....Dr. Jack Donald  
Clerk of the School Board.....Rhonda Humphries

**LEGISLATIVE ELECTION**

Judge of the Circuit Court.....Honorable Michael S. Irvine  
Judge of the General District Court.....Honorable Gordon F. Saunders  
Judge of the Juvenile & Domestic District Court.....Honorable Anita D. Filson

**CONSTITUTIONAL OFFICERS**

Clerk of the Circuit Court.....D. Bruce Patterson  
Commonwealth’s Attorney.....Robert N. “Bucky” Joyce, Jr.  
Commissioner of the Revenue.....David C. Whitesell  
Sheriff.....Christopher J. Blalock  
Treasurer.....Betty S. Trovato

## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

#### *Auditors' Responsibility*

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 1 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 4-14, 93-99, and 100, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the County of Rockbridge, 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 Rockbridge, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 18, 2015

## **Management's Discussion and Analysis**

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2015.

### **Financial Highlights**

#### **Government-wide Financial Statements**

The combined total assets of the County of Rockbridge, Virginia exceeded its liabilities by \$39,829,370 (net position) at the close of the most recent fiscal year. Of the total net position, \$35,718,497 is associated with governmental activities and \$4,110,873 is associated with business-type activities. Of the net governmental activities net position, \$20,308,715 may be used to meet the government's ongoing obligations to creditors and citizens. Included in restricted net position is \$935,021, which meets the debt-service reserve requirement for a \$15,000,000 revenue bond issued January 5, 2006. There is an additional \$255,873 presented under governmental activities which are restricted for fire services and capital projects to ensure the availability of funds for specific functions, programs, and anticipated liabilities. These restricted accounts are also displayed on the Balance Sheet of Government Funds. Of the business-type activities net position, \$733,351 is unrestricted and available to meet the business-type activity's obligations. For the year ending June 30, 2015, the governmental activities' assets include \$9,791,940 in taxes receivable while \$8,591,358 is reflected as deferred inflows of resources. This is shown as part of compliance with GASB. The \$9,791,940 in taxes receivable are booked in the first half of calendar year 2015, but because of twice-a-year tax billing, second half real estate taxes of \$8,591,358 is not due until December 2015, and is shown as a deferred revenue. When compared to the net position at year's end June 30, 2014, the total combined net position decreased by \$74,360 (0.19%).

#### **Fund Financial Statements**

As of the close of the fiscal year June 30, 2015, the County's governmental funds reported a combined ending fund balance of \$24,800,871. This is an increase of \$2,197,549 as compared with the previous fiscal year. The increase in fund balance is associated with collecting higher than estimated general property taxes, other local taxes, charges for services, and sale of equipment. The total unassigned fund balance reported as \$21,085,055, or 85.02%, is available for spending at the government's discretion.

At the fiscal year end, unassigned fund balance for the general fund was \$21,085,055 or 54.69% of total general fund expenditures. This is a 7.45 percentage point increase in fund balance to expenditure ratio compared to year ending June 30, 2014.

The Broadband Technology Opportunities Fund and the Courthouse Construction Fund both saw minimal changes in FYE 2015. Each fund realized one expenditure in the course of the fiscal year. The combined changes amount to reductions totaling \$27,986.

The School's Capital Projects Fund decrease in fund balance is associated with completing the final construction components related to the Maury River Middle School upgrade/expansion. The overall fund balance is down \$129,895 when compared to FYE 2014. The remaining \$201,961 can be used to further source facility upgrades.

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## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now, and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

### **Government-wide Financial Statements**

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

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

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

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds. The County also created the Broadband Technology Opportunities Program fund to account for the activities of the federal American Recovery and Reinvestment Act Broadband Initiative. *Business-type activities* recover all or a significant portion of their costs through user fees and charges. The County shows the Rockbridge County Solid Waste Authority as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government, five component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.



## Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

### **Proprietary funds**

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

The Rockbridge County Solid Waste Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate annual financial report that provides more financial details.

### **Fiduciary funds**

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

## Notes to the financial statements

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

## Government-wide Financial Analysis

### **Net Position**

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, combined total assets exceeded liabilities by \$39,829,370 at the end of the fiscal year.

The County's net position is divided into three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below.

COUNTY OF ROCKBRIDGE'S NET POSITION						
June 30, 2015						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 36,332,606	\$ 34,926,310	\$ 4,355,758	\$ 3,777,036	\$ 40,688,364	\$ 38,703,346
Capital Assets	75,444,596	77,495,692	3,340,357	3,046,523	78,784,953	80,542,215
Total Assets	\$ 111,777,202	\$ 112,422,002	\$ 7,696,115	\$ 6,823,559	\$ 119,473,317	\$ 119,245,561
Deferred Outflows of Resources	\$ 1,636,013	\$ 1,072,267	\$ 54,022	\$ -	\$ 1,690,035	\$ 1,072,267
Long-term liabilities	\$ 65,548,154	\$ 64,904,960	\$ 3,442,104	\$ 3,310,705	\$ 68,990,258	\$ 68,215,665
Other liabilities	2,431,797	3,517,437	94,301	155,526	2,526,098	3,672,963
Total liabilities	\$ 67,979,951	\$ 68,422,397	\$ 3,536,405	\$ 3,466,231	\$ 71,516,356	\$ 71,888,628
Deferred Inflows of Resources	\$ 9,714,767	\$ 8,525,470	\$ 102,859	\$ -	\$ 9,817,626	\$ 8,525,470
Net Position:						
Net investment in capital assets	\$ 14,218,888	\$ 14,100,533	\$ 2,166,784	\$ 1,712,920	\$ 16,385,672	\$ 15,813,453
Unrestricted (deficit)	20,308,715	21,113,574	733,351	642,159	21,042,066	21,755,733
Restricted	1,190,894	1,332,295	1,210,738	1,002,249	2,401,632	2,334,544
Total net position	\$ 35,718,497	\$ 36,546,402	\$ 4,110,873	\$ 3,357,328	\$ 39,829,370	\$ 39,903,730

### Governmental Activities

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$14,218,888 which represents 39.81% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is of note that a portion of the capital assets is used to encourage economic development and in turn may produce revenue for operations in either fees or sale of property.

The restricted net position represents resources that are subject to external or internal restrictions on how they may be used. The restricted net position for fiscal year 2015 included assets restricted by external sources. For fiscal year 2015, the restricted asset continues to meet the reserve requirements from a 2005 County debt and to source expenditures on the upgrade of middle, as discussed earlier in this report.

The unrestricted net position is \$20,308,715, which is 56.86% of total net position that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County's governmental activities realized decreases in all three categories of combined total net position. The changes in net position include an increase in net investment in capital assets of \$118,355. Restricted assets decreased in the amount of \$141,401 while unrestricted assets were lower by \$804,859. For the year ending June 30, 2015, the combined total net position decreased by \$827,905.

During the year ending June 30, 2015, total County liabilities decreased by \$442,446. The majority of this reduction is linked to reductions in accounts payable, and retainage payable. Both categories reflect the impact of completing progress on the Maury River Middle School upgrade/expansion projects in FYE 2015. Contributions to the School Division debt service increased by approximately \$416,000 in FYE 2016 when the principal payments begin.

## Business-type Activities

The business-type activities/enterprise fund (landfill and recycling) net position increased by \$753,545. The fee structure for trash disposal associated with our locality partners increased by nearly \$14 per ton for Rockbridge County and Lexington City when compared to last fiscal year. Revenues derived from fees for services increased by \$642,507 over FYE 2014 totals. Charges for services to Rockbridge County rose by \$378,940, for Lexington City they went up by \$215,758 while Buena Vista collections rose by \$47,809. The increase in net position is also associated with the transfer from the general fund to support payment towards the lined landfill expansion and recycling enterprises. The combined general fund transfers total \$909,606 into this business-type activity. The business-type activities restrict a yearly amount of \$221,000 for landfill closure and post closure activities. This restricted cash account balance equaled \$3,183,043 as of June 30, 2015.

## Changes in Net Position

The following table presents the revenues and expenses of the governmental and business-type activities. Following the table is a brief highlight and discussion on key elements of Rockbridge County's change in net position.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION							
June 30, 2015							
	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	
Revenues:							
Program revenues:							
Charges for services	\$ 2,404,454	\$ 2,221,132	\$ 1,578,750	936,243	\$ 3,983,204	\$ 3,157,375	
Operating grants	2,424,462	2,438,107	23,046	23,076	2,447,508	2,461,183	
Capital grants	273,913	598,412	-	-	273,913	598,412	
General Revenues:							
Property taxes	24,210,212	23,009,779	-	-	24,210,212	23,009,779	
Other taxes	8,619,694	8,294,715	-	-	8,619,694	8,294,715	
Use of money and property	57,337	58,003	3,413	3,018	60,750	61,021	
Other	943,636	1,213,388	8,927	5,063	952,563	1,218,451	
Grants and contributions not restricted to specific programs	2,732,823	2,760,419	-	-	2,732,823	2,760,419	
Total Revenues	\$ 41,666,531	\$ 40,593,955	\$ 1,614,136	\$ 967,400	\$ 43,280,667	\$ 41,561,355	
Expenses:							
General							
General Govt. Admin	\$ 2,294,804	\$ 2,497,472	\$ -	\$ -	\$ 2,294,804	\$ 2,497,472	
Judicial administration	1,283,097	1,282,388	-	-	1,283,097	1,282,388	
Public safety	6,492,719	7,551,214	-	-	6,492,719	7,551,214	
Public works	2,879,018	2,522,400	1,435,346	1,669,866	4,314,364	4,192,266	
Health and welfare	1,330,106	1,411,742	-	-	1,330,106	1,411,742	
Education	14,980,144	14,081,158	-	-	14,980,144	14,081,158	
Parks, recreation, and culture	1,289,331	1,246,800	-	-	1,289,331	1,246,800	
Community development	3,171,409	2,635,939	-	-	3,171,409	2,635,939	
Non-departmental	1,757,409	1,749,577	-	-	1,757,409	1,749,577	
Interest on long-term debt	2,449,604	2,513,613	-	-	2,449,604	2,513,613	
Total expenses	\$ 37,927,641	\$ 37,492,303	\$ 1,435,346	\$ 1,669,866	\$ 39,362,987	\$ 39,162,169	
Increase (decrease) in net position before transfers	\$ 3,738,890	\$ 3,101,652	\$ 178,790	\$ (702,466)	\$ 3,917,680	\$ 2,399,186	
Transfers	(909,606)	(735,930)	909,606	735,930	-	-	
Increase (decrease) net position	\$ 2,829,284	\$ 2,365,722	\$ 1,088,396	\$ 33,464	\$ 3,917,680	\$ 2,399,186	
Net position - beginning as restated	32,889,213	34,180,680	3,022,477	3,323,864	35,911,690	37,504,544	
Net position - ending	\$ 35,718,497	\$ 36,546,402	\$ 4,110,873	\$ 3,357,328	\$ 39,829,370	\$ 39,903,730	

Note: Due to the implementation in fiscal year 2015 of Accounting Pronouncements issued by the Governmental Accounting Standards Board, beginning net position was restated for items related to net pension liability and its measurement. However, due to lack of available information to categorize these changes, comparative tables included in this discussion and analysis do not reflect this in the fiscal year 2014 data. This accounts for the tables reporting a lower restated net position as compared to the previous year's ending net position.

### Governmental Activities

Governmental activities increased the County's net position by \$2,829,284. Key elements relating to FYE 2015 activities compared to the prior fiscal year will be discussed below.

Revenues increased by \$435,338. The following table provides a breakdown on the various revenues sources as of June 30, 2015.

<b>Type</b>	<b>Overall total %</b>
1. Property taxes	58.10%
2. Other local taxes	20.69%
3. Non-restricted grants and contributions	6.56%
4. Operating and capital grants	6.48%
5. Charges for services	5.77%
6. Other general revenues	2.26%
7. Use of money and property	0.14%

Component changes from FYE 2014, as restated, to FYE 2015 include:

- The largest source of revenues is general property taxes at \$24,210,212. General property tax collections rose by \$1,200,433. There were no changes in tax rates for calendar year 2015. Real Property, Public Service Corporation, and Personal Property taxes increased as a result of higher value growth and collection levels.
- Other local taxes increased by \$324,979. The Board of Supervisors authorized a 1% increase to the occupancy tax to further assist on paying down the Virginia Horse Center Foundation's USDA loan. This accounted for nearly \$183,735 in additional revenues. In addition Sales, Meal, and Bank Franchise taxes continued a positive trend in receipts collected, a reflection of on-going tourism and economic development efforts in the County.
- Non-restricted grants or contributions decreased by \$27,596. During the previous two fiscal years the County received Federal Emergency Management Agency reimbursements of approximately \$20,000 each year for previous emergency events. There was no such funding requested in FYE 2015.
- Operating and capital grants dropped by \$338,144. This reflects the completion of the Broadband Technology Opportunities Program in FYE 2014 which included capital grant funding to construct 134 miles of new fiber to the region.
- Charges for services rose by \$183,322 due to the increases in judicial, public safety, and building inspection activities.
- Other revenues were lower by \$269,752 resulting primarily from proceeds from loans. The County refinanced two loans in FYE 2014 and none in FYE 2015.
- Use of money and property decreased by \$666. Revenues remain flat due to low rates of return on funds invested.

The following table reflects the distribution of FYE 2015 governmental expenditures. For the year, the Board of Supervisors' expenditure priorities were to maintain improvements in education, public safety, public works, and economic development. In addition, the Board approved a 2% cost-of-living adjustment and step increases to eligible employees, effective July 1, 2014, with a goal of retaining and attracting a quality workforce via competitive compensation. Overall expenses increased by \$435,338 over the same period in FYE 2014. As shown, education expenses account for 39.50% of total expenses. When combined with public safety, community development, and public works, expenditures for these four categories are 72.57% of the \$37,927,641 in total expenses.

Type	Overall total %
1. Education	39.50%
2. Public Safety	17.12%
3. Community Development	8.36%
4. Public Works	7.59%
5. Long-term debt interest	6.46%
6. General Government Administration	6.05%
7. Non-departmental	4.63%
8. Judicial Administration	3.83%
9. Health and Welfare	3.51%
10. Parks, Recreation, and Cultural	3.40%

Component changes from FYE 2014 to FYE 2015 include:

- Education expenses increased by \$898,986. An increase in the asset allocation from the General Fund to the School Fund was approximately \$800,000 more in FYE 2015. Assets for the School Division are recorded by the County and then reclassified back to the School Division as the debt on the assets are paid. In FYE 2015, the net amount of assets/accumulated depreciation transferred back to the School Division was \$1,020,512.
- Public Safety reflects a reduction of \$1,058,495. The County's cost allocation for debt service and operations associated with Rockbridge Regional Jail was lower by nearly \$1,400,000. In addition, the GASB 68 entries to records net pension expense decreased by nearly \$100,000.
- Community Development rose by \$535,470. The County received a \$262,650 community development grant to provide water and sewer infrastructure for a primarily low- and moderate-income person's subdivision. In addition, the Board of Supervisors approved to increase the occupancy tax by an additional 1%. These funds (\$183,735) generated additional payments towards the Virginia Horse Center Foundation's USDA debt service. Both of the funding actions were additional appropriations to the adopted FYE 2015 budget. In addition, the County refunded local partner cost-shares towards the Maury River Express transportation service as part of a transition to invoice monthly based on actual expenses. This refunding is a one-time action for FYE 2015.
- Public Works increased by \$356,618. This category pays the County's cost-share for the landfill operation. As mentioned earlier, the cost per ton tipping fee increased by nearly \$14 per ton in FYE 2015. The combination of the higher tipping fee and actual tonnage generated this change.
- Long-term debt interest payments are down \$64,009 based on debt retirement and lower payment levels generated from refinancing effort completed in prior fiscal year.
- General government administration decreased by \$202,668. Approximately \$60,000 of the reduction is due to the GASB 68 entries to record net pension expense. Further, the Information Technology expenditures decreased by almost \$50,000 resulting from prior investment in network infrastructure.
- Non-departmental was up \$7,832 resulting from a small increase in the Modified Voluntary Settlement of Annexation and Immunity payment from Rockbridge County to Lexington City.
- Judicial Administration rose by \$709 reflecting nominal change in expenses.
- Health and Welfare reflects a reduction of \$81,636 because fewer County citizens participated in the Department of Social Services in the prior fiscal year. In addition, the contribution to the local State Health Department programs resulted from a lower actual expenses compared to their passed budget.
- Parks, Recreation and Cultural increased by \$42,531 due in part to the funding of repairs to the Lake Robertson pool, the first major upgrade in over a decade.



## Business-type Activities

The business-type activities/enterprise fund (landfill and recycling) net position increased by \$1,088,396. The fee structure for trash disposal associated with our locality partners increased by nearly \$14 per ton for Rockbridge County and Lexington City when compared to last fiscal year. This tipping fee increases is a significant driver for the upward change in net position. The combined General Fund transfers total \$909,606 into this business-type activity. This amount is a \$173,676 increase compared to FYE 2014. The change reflects greater activity in completing due diligence on the landfill expansion project. This transfer from the General Fund will continue into FYE 2016 until the planned financing effort is complete.

## Financial Analysis of the Government's Funds

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

### Governmental funds

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

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$24,800,871, an increase of \$2,197,549 over the prior fiscal year. The increase is associated with assets growing by \$2,287,459 when compared to FYE 2014. This total is impacted by positive changes in cash and cash equivalents (up \$1,410,724), taxes receivables (up \$155,765), and accounts receivable (up \$89,092). In addition, accounts payable dropped \$348,433 compared to FYE 2014. Furthermore, the County continues to restrict EMS revenue receipts for funding targeted public safety expenditures (up \$283,078).

The general fund is the chief operating fund of the County. As of June 30, 2015, unassigned fund balance of the general fund was \$21,085,055. This is an increase in unassigned fund balance of \$2,767,469 compared with the previous fiscal year. The total fund balance of the general fund is \$24,366,332. This is an increase over the previous year by \$2,355,430, and is in keeping with the Board's commitment to generate increased funds to pay to pay for planned capital projects.

As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54.69% of total general fund expenditures, which includes transfers to the School Board component unit of \$13,760,808 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. Total fund balance represents 62.99% of total general fund expenditures.

### Proprietary funds

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

The Rockbridge County Solid Waste Authority (RCSWA) owns and the County operates a permitted landfill that was targeted for closure on December 31, 2014. A 2014 request for permit extension to June 30, 2017 received Virginia Department of Environmental Quality (VA DEQ) approval. Part of the fund balance will be used to meet landfill closure requirements of the VA DEQ. The net position associated with financing these requirements are restricted. The remaining fund balance will support landfill operations and equipment purchases as needed. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this summary. Net position of the landfill fund at the end of the year was \$4,082,233 while the recycling fund net position equals \$28,640. Additional detail is provided in the RCSWA financial report.

## **General Fund Budgetary Highlights**

The difference between the original budgeted appropriations and the final, amended-budget appropriations was a \$1,517,882 increase. This is 3.81% of the total original budget. The actual expenditures were \$2,827,442 below the final appropriation total. This total is 6.83% below the final budget. The major components of these appropriation changes are:

- The Board of Supervisors authorized the Rockbridge County School Division additional funding for capital improvement projects at school facilities across the division.
- The Board also approved an additional 1% increase to the occupancy tax which was applied to the Virginia Horse Center Foundation's debt service with the USDA.
- Cost-share contributions associated with additional upgrade costs to the Rockbridge Regional Jail continues into FYE 2015.
- A Virginia Community Development Block Grant approved to support the completion of an infrastructure project for a low-to-moderate income family housing project also carried over into FYE 2015.

## **Capital Asset and Debt Administration**

### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2015 was \$75,444,596 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment. This is a decrease of \$2,051,096 from the previous fiscal year, or 2.64%. The primary change in capital assets is the result of depreciation.

The County's investment in capital assets for its proprietary funds is \$3,340,357, an increase of \$293,834 from the previous year. This is a result of investments in the landfill cell expansion effort during the fiscal year.

<b>COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS</b>						
<b>Net of Depreciation</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,393,836	\$ 2,393,836	\$ 540,137	\$ 540,137	\$ 2,933,973	\$ 2,933,973
Buildings and systems	72,354,978	45,876,282	1,396,494	1,358,420	73,751,472	47,234,702
Machinery & equipment	657,812	813,222	615,088	681,358	1,272,900	1,494,580
Utility plant & equipment	-	-	-	-	-	-
Construction in progress	37,970	28,412,352	788,638	466,608	826,608	28,878,960
Total	<u>\$ 75,444,596</u>	<u>\$ 77,495,692</u>	<u>\$ 3,340,357</u>	<u>\$ 3,046,523</u>	<u>\$ 78,784,953</u>	<u>\$ 80,542,215</u>

Additional information on the County's capital assets can be found in the Note 14 to the financial statements.

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## Long-term debt

At the end of fiscal year 2015, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 43,604,236	\$ 45,109,146	\$ -	\$ -	\$ 43,604,236	\$ 45,109,146
Revenue Bonds	17,390,000	17,870,000	724,462	750,543	18,114,462	18,620,543
Literary Loans	1,255,000	1,435,000	-	-	1,255,000	1,435,000
Capital Leases	-	53,280	449,111	583,060	449,111	636,340
Compensated Absences	301,028	306,534	32,291	31,944	333,319	338,478
Net pension liability	2,849,890	4,221,189	260,935	386,490	3,110,825	4,607,679
OPEB Obligation	148,000	131,000	3,000	2,000	151,000	133,000
Landfill closure liability	-	-	1,972,305	1,943,158	1,972,305	1,943,158
Total long-term obligations	\$ 65,548,154	\$ 69,126,149	\$ 3,442,104	\$ 3,697,195	\$ 68,990,258	\$ 72,823,344

The County's total long-term debt includes the Rockbridge County School Board debt and the business-type activities debt. For the year, the total long-term debt decreased by \$3,833,086. The scheduled principal payments resulted in lower overall debt totals for government activities. Note: the County served as the lead agency on an equipment lease-purchase financing that closed on June 29, 2015. The \$5,228,264 capital-lease obligation is reflected on the Rockbridge Regional Public Safety Communication Center's financial statements. The governmental activities compensated absences, net pension liability, and OPEB obligation and are included in the long-term debt to meet GASB requirements. These categories changed as follows: 1) compensated absences (dropped \$5,506); 2) net pension liability (decreased \$1,371,299); and 3) OPEB obligation (increased \$17,000).

Additional information on the County's long-term debt can be found in Note 7 to the financial statements.

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

- The Rockbridge County population was 22,307 as of the April 1, 2010 U.S. Census. The Weldon Cooper Institute's July 1, 2014 population estimate reflects 22,390, a growth of 83 (0.40%). Minimal change in population has occurred over the past decade and no substantial change is anticipated in the next fiscal year.
- For the fiscal year ending June 30, 2014, the unemployment rate for the Commonwealth and Rockbridge County were 5.0% and 5.8% respectively. During the progress of this management discussion and analysis report, the September 2015 unemployment rate dropped to 4.1% for the state and 4.4% in the County. Local efforts by the Board of Supervisors to fund a variety of economic development initiatives continue in an effort to generate new business inquiries and interest.
- The Board of Supervisors fiscal year 2016 budget priorities include limiting overall expenditures in all areas except education, "safety net" programs, public safety, solid waste management, and economic development. These activities may require increased funding compared to prior years. Additionally, the Board's goals include meeting all mandates, debt services, and legal obligations.
- In FYE 2015 the Board of Supervisors continued its annual support of educational programs. The County student population continues to remain consistent at approximately 2,600. The strategy to maximize results in school programs resulted in the prior decision to move forward with the expansion and upgrade of Maury River Middle School, thereby consolidating all education efforts at the middle school level. The renovated school now serves all Rockbridge County middle-school students.
- Automatic federal-spending caps related to the 2013 sequestration legislation will continue through 2021. Federal revenues cuts will continue to negatively impact interest reimbursements for Quality School Construction Bond payments (down ~8%). Our local Rental Assistance program's annual funding stream is down over \$14,000 in realized revenue over the past five years. The full funding of the Payment In Lieu of Taxes program is not currently clear, but indications exist that levels will be at 87% of FYE 2013 levels.
- We also face our own capital improvement challenges with financing several current and potential projects. These include the on-going effort to develop a "piggyback" lined landfill, phase 2 of the radio system upgrade, continued renovations to the County Administration offices, site development for a Sheriff Office firing range, the potential for construction of a new regional 911 center and development of additional staffed collection center sites and/or improving current unstaffed sites. Decisions on these and other funding requests were guided by the Board's mission, vision and values statements that drive strategic plans and funding priorities.
- The Board of Supervisors chose to use \$706,920 in unassigned fund balance and \$380,973 in restricted accounts to fund one-time and carryover capital efforts to provide budget stabilization. As result, the real property tax rate remained at \$0.715 per \$100.00 of assessed valuation. The personal property rate of \$4.25 remained at the prior year's level.

All of 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 readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration, 150 S. Main Street, Lexington, Virginia 24450.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,242,628	\$ 994,379	\$ 20,237,007
Receivables (net of allowance for uncollectibles):			
Taxes receivable	9,791,940	-	9,791,940
Accounts receivable	779,478	83,309	862,787
Internal balances	(95,027)	95,027	-
Due from component units	1,873,455	-	1,873,455
Due from other governmental units	978,066	-	978,066
Inventories	111,886	-	111,886
Advances to other entities	2,482,157	-	2,482,157
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	1,168,023	3,183,043	4,351,066
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	2,393,836	540,137	2,933,973
Buildings and improvements	72,354,978	1,396,494	73,751,472
Machinery and equipment	657,812	615,088	1,272,900
Utility plant and equipment	-	-	-
Construction in progress	37,970	788,638	826,608
Total assets	<u>\$ 111,777,202</u>	<u>\$ 7,696,115</u>	<u>\$ 119,473,317</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 1,023,528	\$ -	\$ 1,023,528
Pension contributions subsequent to measurement date	612,485	54,022	666,507
Total deferred outflows of resources	<u>\$ 1,636,013</u>	<u>\$ 54,022</u>	<u>\$ 1,690,035</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 276,460	\$ 14,981	\$ 291,441
Advances from participating entities	-	74,292	74,292
Retainage payable	54,909	-	54,909
Accrued interest payable	951,847	5,028	956,875
Due to primary government	-	-	-
Performance deposits	185,503	-	185,503
Due to other governments	963,078	-	963,078
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	2,742,248	171,519	2,913,767
Due in more than one year	62,805,906	3,270,585	66,076,491
Total liabilities	<u>\$ 67,979,951</u>	<u>\$ 3,536,405</u>	<u>\$ 71,516,356</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue-property taxes	\$ 8,591,358	\$ -	\$ 8,591,358
Items related to measurement of net pension liability	1,123,409	102,859	1,226,268
Total deferred inflows of resources	<u>\$ 9,714,767</u>	<u>\$ 102,859</u>	<u>\$ 9,817,626</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 14,218,888	\$ 2,166,784	\$ 16,385,672
Restricted			
Fire funds	53,912	-	53,912
Capital projects	201,961	-	201,961
Debt service	935,021	1,210,738	2,145,759
Unrestricted	20,308,715	733,351	21,042,066
Total net position	<u>\$ 35,718,497</u>	<u>\$ 4,110,873</u>	<u>\$ 39,829,370</u>

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 171,209	\$ 512,760	\$ 200	\$ 4,769,213
-	-	-	-
61,036	1,028	16,652	470,498
-	-	-	-
-	-	-	-
812,781	329,351	288,375	-
32,871	-	-	71,611
-	-	-	-
290,653	-	-	-
-	-	-	57,195
-	-	-	35,106
117,555	-	-	381,259
17,106,621	-	3,305,007	72,120
1,671,981	20,323	45,358	203,722
-	-	-	24,387,369
-	-	-	126,966
<u>\$ 20,264,707</u>	<u>\$ 863,462</u>	<u>\$ 3,655,592</u>	<u>\$ 30,575,059</u>
\$ -	\$ -	\$ -	\$ -
<u>2,395,884</u>	<u>106,904</u>	<u>200,780</u>	<u>28,320</u>
<u>\$ 2,395,884</u>	<u>\$ 106,904</u>	<u>\$ 200,780</u>	<u>\$ 28,320</u>
\$ 112,116	\$ 175,418	\$ 48,534	\$ 351,559
-	-	-	-
-	-	-	-
-	-	-	-
1,035,421	808,201	29,833	-
-	-	-	-
-	38,293	-	-
-	-	-	57,195
25,556	25,622	41,913	1,000,265
27,011,981	143,730	1,147,011	11,829,225
<u>\$ 28,185,074</u>	<u>\$ 1,191,264</u>	<u>\$ 1,267,291</u>	<u>\$ 13,238,244</u>
\$ -	\$ -	\$ -	\$ -
<u>4,927,681</u>	<u>276,370</u>	<u>380,898</u>	<u>85,703</u>
<u>\$ 4,927,681</u>	<u>\$ 276,370</u>	<u>\$ 380,898</u>	<u>\$ 85,703</u>
\$ 18,896,157	\$ 20,323	\$ 3,350,365	\$ 12,400,275
-	-	-	-
-	-	-	-
-	-	-	-
(29,348,321)	(517,591)	(1,142,182)	4,879,157
<u><u>\$ (10,452,164)</u></u>	<u><u>\$ (497,268)</u></u>	<u><u>\$ 2,208,183</u></u>	<u><u>\$ 17,279,432</u></u>



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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,294,804	\$ -	\$ 221,891	\$ -
Judicial administration	1,283,097	765,411	631,731	-
Public safety	6,492,719	21,465	1,386,474	-
Public works	2,879,018	1,043,742	-	-
Health and welfare	1,330,106	-	10,264	-
Education	14,980,144	-	-	-
Parks, recreation, and cultural	1,289,331	80,237	-	-
Community development	3,171,409	493,599	174,102	273,913
Nondepartmental	1,757,409	-	-	-
Interest on long-term debt	2,449,604	-	-	-
Total governmental activities	<u>\$ 37,927,641</u>	<u>\$ 2,404,454</u>	<u>\$ 2,424,462</u>	<u>\$ 273,913</u>
Business-type activities:				
Landfill Fund	\$ 962,151	\$ 1,578,750	\$ -	\$ -
Recycling Fund	473,195	-	23,046	-
Total business-type activities	<u>\$ 1,435,346</u>	<u>\$ 1,578,750</u>	<u>\$ 23,046</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 39,362,987</u></u>	<u><u>\$ 3,983,204</u></u>	<u><u>\$ 2,447,508</u></u>	<u><u>\$ 273,913</u></u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 31,869,613	\$ 1,852,033	\$ 15,320,589	\$ -
Rockbridge Area Social Services Board	5,105,107	-	5,024,168	-
Rockbridge Regional Jail Commission	2,900,916	1,203,248	1,649,899	26,180
Business-type activities:				
Rockbridge Public Service Authority	3,091,815	2,701,415	-	200,182
Total component units	<u><u>\$ 42,967,451</u></u>	<u><u>\$ 5,756,696</u></u>	<u><u>\$ 21,994,656</u></u>	<u><u>\$ 226,362</u></u>
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,072,913)	\$ -	\$ (2,072,913)	\$ -	\$ -	\$ -	\$ -
114,045	-	114,045	-	-	-	-
(5,084,780)	-	(5,084,780)	-	-	-	-
(1,835,276)	-	(1,835,276)	-	-	-	-
(1,319,842)	-	(1,319,842)	-	-	-	-
(14,980,144)	-	(14,980,144)	-	-	-	-
(1,209,094)	-	(1,209,094)	-	-	-	-
(2,229,795)	-	(2,229,795)	-	-	-	-
(1,757,409)	-	(1,757,409)	-	-	-	-
(2,449,604)	-	(2,449,604)	-	-	-	-
<u>\$ (32,824,812)</u>	<u>\$ -</u>	<u>\$ (32,824,812)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 616,599	\$ 616,599	\$ -	\$ -	\$ -	\$ -
-	(450,149)	(450,149)	-	-	-	-
<u>\$ -</u>	<u>\$ 166,450</u>	<u>\$ 166,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (32,824,812)</u>	<u>\$ 166,450</u>	<u>\$ (32,658,362)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (14,696,991)	\$ -	\$ -	\$ -
-	-	-	-	(80,939)	-	-
-	-	-	-	-	(21,589)	-
-	-	-	-	-	-	(190,218)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,696,991)</u>	<u>\$ (80,939)</u>	<u>\$ (21,589)</u>	<u>\$ (190,218)</u>
\$ 24,210,212	\$ -	\$ 24,210,212	\$ -	\$ -	\$ -	\$ -
2,561,164	-	2,561,164	-	-	-	-
1,509,304	-	1,509,304	-	-	-	-
873,386	-	873,386	-	-	-	-
1,341,603	-	1,341,603	-	-	-	-
531,093	-	531,093	-	-	-	-
1,452,532	-	1,452,532	-	-	-	-
350,612	-	350,612	-	-	-	-
57,337	3,413	60,750	330	-	63	27,866
943,636	8,927	952,563	137,207	-	44	14,910
2,732,823	-	2,732,823	14,781,320	-	-	186,445
(909,606)	909,606	-	-	-	-	-
<u>\$ 35,654,096</u>	<u>\$ 921,946</u>	<u>\$ 36,576,042</u>	<u>\$ 14,918,857</u>	<u>\$ -</u>	<u>\$ 107</u>	<u>\$ 229,221</u>
2,829,284	1,088,396	3,917,680	221,866	(80,939)	(21,482)	39,003
32,889,213	3,022,477	35,911,690	(10,674,030)	(416,329)	2,229,665	17,240,429
<u>\$ 35,718,497</u>	<u>\$ 4,110,873</u>	<u>\$ 39,829,370</u>	<u>\$ (10,452,164)</u>	<u>\$ (497,268)</u>	<u>\$ 2,208,183</u>	<u>\$ 17,279,432</u>

## **FUND FINANCIAL STATEMENTS**

**County of Rockbridge, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

**Exhibit 3**

	General Fund	Broadband Technology Opportunities Fund	School Capital Projects Fund	Courthouse Construction Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,984,345	\$ 6,109	\$ 25,705	\$ 226,469	\$ 19,242,628
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,791,940	-	-	-	9,791,940
Accounts receivable	779,478	-	-	-	779,478
Advances to other entities	2,482,157	-	-	-	2,482,157
Due from other funds	1,837	-	-	-	1,837
Due from component units	1,873,455	-	-	-	1,873,455
Due from other governmental units	978,066	-	-	-	978,066
Inventories	111,886	-	-	-	111,886
Restricted assets:					
Cash and cash equivalents	935,021	-	233,002	-	1,168,023
Total assets	<u>\$ 35,938,185</u>	<u>\$ 6,109</u>	<u>\$ 258,707</u>	<u>\$ 226,469</u>	<u>\$ 36,429,470</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 276,460	\$ -	\$ -	\$ -	\$ 276,460
Retainage payable	-	-	54,909	-	54,909
Due to other governments	963,078	-	-	-	963,078
Due to other funds	95,027	-	1,837	-	96,864
Performance deposits	185,503	-	-	-	185,503
Total liabilities	<u>\$ 1,520,068</u>	<u>\$ -</u>	<u>\$ 56,746</u>	<u>\$ -</u>	<u>\$ 1,576,814</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	<u>\$ 10,051,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,051,785</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	\$ 111,886	\$ -	\$ -	\$ -	\$ 111,886
Total nonspendable	<u>\$ 111,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,886</u>
Restricted:					
Debt service and bond covenants	\$ 935,021	\$ -	\$ -	\$ -	\$ 935,021
Capital projects	-	-	201,961	-	201,961
Fire program	53,912	-	-	-	53,912
Total restricted	<u>\$ 988,933</u>	<u>\$ -</u>	<u>\$ 201,961</u>	<u>\$ -</u>	<u>\$ 1,190,894</u>
Committed:					
School retirement	\$ 175,973	\$ -	\$ -	\$ -	\$ 175,973
Total committed	<u>\$ 175,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,973</u>
Assigned:					
Garage	\$ 210,945	\$ -	\$ -	\$ -	\$ 210,945
Industrial property	594,393	-	-	-	594,393
School carryover	440,002	-	-	-	440,002
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Revenue recovery	664,973	-	-	-	664,973
Capital projects funds	-	6,109	-	226,469	232,578
Total assigned	<u>\$ 2,004,485</u>	<u>\$ 6,109</u>	<u>\$ -</u>	<u>\$ 226,469</u>	<u>\$ 2,237,063</u>
Unassigned	<u>\$ 21,085,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,085,055</u>
Total fund balances	<u>\$ 24,366,332</u>	<u>\$ 6,109</u>	<u>\$ 201,961</u>	<u>\$ 226,469</u>	<u>\$ 24,800,871</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,938,185</u>	<u>\$ 6,109</u>	<u>\$ 258,707</u>	<u>\$ 226,469</u>	<u>\$ 36,429,470</u>

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

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

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Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 24,800,871
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,444,596
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	337,018
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.	612,485
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(65,476,473)</u>
Net position of governmental activities	\$ <u><u>35,718,497</u></u>

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

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

Exhibit 5

	General	Broadband Technology Opportunities Fund	School Capital Projects Fund	Courthouse Construction Fund	Total
<b>REVENUES</b>					
General property taxes	\$ 24,016,493	\$ -	\$ -	\$ -	\$ 24,016,493
Other local taxes	8,619,694	-	-	-	8,619,694
Permits, privilege fees, and regulatory licenses	432,008	-	-	-	432,008
Fines and forfeitures	521,412	-	-	-	521,412
Revenue from the use of money and property	56,792	-	545	-	57,337
Charges for services	1,451,034	-	-	-	1,451,034
Miscellaneous	943,636	-	-	-	943,636
Recovered costs	317,364	-	-	-	317,364
Intergovernmental:					
Commonwealth	4,955,261	-	-	-	4,955,261
Federal	475,937	-	-	-	475,937
Total revenues	\$ 41,789,631	\$ -	\$ 545	\$ -	\$ 41,790,176
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,586,194	\$ -	\$ -	\$ -	\$ 1,586,194
Judicial administration	1,381,899	-	-	-	1,381,899
Public safety	6,492,485	-	-	-	6,492,485
Public works	2,893,763	-	-	-	2,893,763
Health and welfare	1,329,207	-	-	-	1,329,207
Education	13,829,192	-	-	-	13,829,192
Parks, recreation, and cultural	1,442,883	-	-	-	1,442,883
Community development	3,185,514	-	-	-	3,185,514
Nondepartmental	1,757,409	-	-	-	1,757,409
Capital projects	-	200	130,440	-	130,640
Debt service:					
Principal retirement	2,053,317	-	-	-	2,053,317
Interest and other fiscal charges	2,600,518	-	-	-	2,600,518
Total expenditures	\$ 38,552,381	\$ 200	\$ 130,440	\$ -	\$ 38,683,021
Excess (deficiency) of revenues over (under) expenditures	\$ 3,237,250	\$ (200)	\$ (129,895)	\$ -	\$ 3,107,155
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 27,786	\$ -	\$ -	\$ -	\$ 27,786
Transfers out	(909,606)	-	-	(27,786)	(937,392)
Total other financing sources (uses)	\$ (881,820)	\$ -	\$ -	\$ (27,786)	\$ (909,606)
Net change in fund balances	\$ 2,355,430	\$ (200)	\$ (129,895)	\$ (27,786)	\$ 2,197,549
Fund balances - beginning	22,010,902	6,309	331,856	254,255	22,603,322
Fund balances - ending	\$ 24,366,332	\$ 6,109	\$ 201,961	\$ 226,469	\$ 24,800,871

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



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

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Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 2,197,549
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(2,051,096)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(929,690)
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.	2,169,451
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.	<u>1,443,070</u>
Change in net position of governmental activities	<u>\$ 2,829,284</u>

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

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

Exhibit 7

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 994,379	\$ -	\$ 994,379
Accounts receivable	83,309	-	83,309
Due from other funds	95,027	-	95,027
Total current assets	<u>\$ 1,172,715</u>	<u>\$ -</u>	<u>\$ 1,172,715</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 3,183,043	\$ -	\$ 3,183,043
Total restricted assets	<u>\$ 3,183,043</u>	<u>\$ -</u>	<u>\$ 3,183,043</u>
Capital assets, net of accumulated depreciation:			
Land	\$ 540,137	\$ -	\$ 540,137
Buildings and improvements	1,246,662	149,832	1,396,494
Machinery and equipment	611,934	3,154	615,088
Construction in progress	788,638	-	788,638
Total capital assets	<u>\$ 3,187,371</u>	<u>\$ 152,986</u>	<u>\$ 3,340,357</u>
Total noncurrent assets	<u>\$ 6,370,414</u>	<u>\$ 152,986</u>	<u>\$ 6,523,400</u>
Total assets	<u>\$ 7,543,129</u>	<u>\$ 152,986</u>	<u>\$ 7,696,115</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	\$ 34,357	\$ 19,665	\$ 54,022
Total deferred outflows of resources	<u>\$ 34,357</u>	<u>\$ 19,665</u>	<u>\$ 54,022</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 14,155	\$ 826	\$ 14,981
Advances from participating entities	74,292	-	74,292
Accrued interest payable	5,028	-	5,028
Bonds payable - current portion	26,081	-	26,081
Capital lease payable - current portion	138,064	-	138,064
Compensated absences-current portion	4,961	2,413	7,374
Total current liabilities	<u>\$ 262,581</u>	<u>\$ 3,239</u>	<u>\$ 265,820</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 14,884	\$ 10,033	\$ 24,917
Net OPEB obligation	3,000	-	3,000
Net pension liability	167,161	93,774	260,935
Closure and post-closure liability	1,972,305	-	1,972,305
Bonds payable - net of current portion	698,381	-	698,381
Capital lease payable - net of current portion	311,047	-	311,047
Total noncurrent liabilities	<u>\$ 3,166,778</u>	<u>\$ 103,807</u>	<u>\$ 3,270,585</u>
Total liabilities	<u>\$ 3,429,359</u>	<u>\$ 107,046</u>	<u>\$ 3,536,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Items related to measurement of net pension liability	\$ 65,894	\$ 36,965	\$ 102,859
Total deferred intflows of resources	<u>\$ 65,894</u>	<u>\$ 36,965</u>	<u>\$ 102,859</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,013,798	\$ 152,986	\$ 2,166,784
Restricted for debt service	1,210,738	-	1,210,738
Unrestricted	857,697	(124,346)	733,351
Total net position	<u>\$ 4,082,233</u>	<u>\$ 28,640</u>	<u>\$ 4,110,873</u>

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

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

Exhibit 8

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Landfill Rockbridge County	\$ 993,779	\$ -	\$ 993,779
Landfill City of Lexington	403,411	-	403,411
Landfill City of Buena Vista	181,560	-	181,560
Sale of recycles	-	3,915	3,915
Miscellaneous	4,561	451	5,012
Total operating revenues	\$ 1,583,311	\$ 4,366	\$ 1,587,677
<b>OPERATING EXPENSES</b>			
Personal services	\$ 257,218	\$ 273,666	\$ 530,884
Fringe benefits	99,417	82,070	181,487
Contractual services	156,061	59,138	215,199
Other charges	207,386	31,841	239,227
Rent	11,046	-	11,046
Depreciation	161,703	26,480	188,183
Total operating expenses	\$ 892,831	\$ 473,195	\$ 1,366,026
Operating income (loss)	\$ 690,480	\$ (468,829)	\$ 221,651
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 3,413	\$ -	\$ 3,413
Commonwealth of Virginia-litter control grant	-	23,046	23,046
Interest expense	(40,173)	-	(40,173)
Landfill closure costs and post-closure liability	(29,147)	-	(29,147)
Total nonoperating revenues (expenses)	\$ (65,907)	\$ 23,046	\$ (42,861)
Income before transfers	\$ 624,573	\$ (445,783)	\$ 178,790
Transfers in	\$ 479,128	\$ 430,478	\$ 909,606
Change in net position	\$ 1,103,701	\$ (15,305)	\$ 1,088,396
Total net position - beginning, as restated	2,978,532	43,945	3,022,477
Total net position - ending	\$ 4,082,233	\$ 28,640	\$ 4,110,873

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

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

Exhibit 9

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,515,722	\$ 5,270	\$ 1,520,992
Payments to suppliers	(431,486)	(95,057)	(526,543)
Payments to employees	(372,366)	(363,737)	(736,103)
Net cash provided by (used for) operating activities	\$ 711,870	\$ (453,524)	\$ 258,346
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Commonwealth of Virginia-litter control grant	\$ -	\$ 23,046	\$ 23,046
Operating transfer from general fund	479,128	430,478	909,606
Net cash provided by (used for) noncapital financing activities	\$ 479,128	\$ 453,524	\$ 932,652
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	\$ (482,017)	\$ -	\$ (482,017)
Principal paid on capital debt	(160,030)	-	(160,030)
Interest expense	(40,327)	-	(40,327)
Net cash provided by (used for) capital and related financing activities	\$ (682,374)	\$ -	\$ (682,374)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 3,413	\$ -	\$ 3,413
Net increase (decrease) in cash and cash equivalents	\$ 512,037	\$ -	\$ 512,037
Cash and cash equivalents - beginning - including restricted	3,665,385	-	3,665,385
Cash and cash equivalents - ending - including restricted	\$ 4,177,422	\$ -	\$ 4,177,422
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 690,480	\$ (468,829)	\$ 221,651
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	161,703	26,480	188,183
(Increase) decrease in accounts receivable	(33,066)	904	(32,162)
(Increase) decrease in due from other funds	(34,523)	-	(34,523)
(Increase) decrease in deferred outflows of resources	(1,275)	(1,107)	(2,382)
Increase (decrease) in accounts payable	(56,993)	(4,078)	(61,071)
Increase (decrease) in compensated absences	(915)	1,262	347
Increase (decrease) in net OPEB obligation	1,000	-	1,000
Increase (decrease) in net pension liability	(80,435)	(45,121)	(125,556)
Increase (decrease) in deferred inflows of resources	65,894	36,965	102,859
Net cash provided by (used for) operating activities	\$ 711,870	\$ (453,524)	\$ 258,346
<b>Schedule of non-cash capital and related financing activities:</b>			
Landfill closure and post-closure costs	\$ 29,147	\$ -	\$ 29,147

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

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

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**Exhibit 10**

	<b>Primary Government Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,615,377
Total assets	\$ <u>4,615,377</u>
<b>LIABILITIES</b>	
Accounts payable	\$ (67,798)
Amounts held for payroll deductions	69,278
Amounts held for veterans memorial	10,018
Amounts held for drug enforcement	140,749
Amounts held for employee benefits	2,164
Amounts held for commonwealth attorney forfeitures	21,031
Amounts held for regional public safety communications center	<u>4,439,935</u>
Total liabilities	\$ <u>4,615,377</u>

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements  
June 30, 2015

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

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

#### A. Financial Reporting Entity

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

**Blended component units** - The Rockbridge Solid Waste Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are composed of the Rockbridge County Board of Supervisors. The primary government has a financial benefit and burden relationship with the Authority and is able to impose its will on the Authority. The Authority is a component unit of Rockbridge County. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 150 South Main Street, Lexington, Virginia 24450.

#### Discretely Presented Component Units:

##### Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015.

##### Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista and Rockbridge County. The Rockbridge County Board of Supervisors appoints one (1) member to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

##### Discretely Presented Component Units: (Continued)

###### Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

###### Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Board is a legally separate organization, however the Board is included in the reporting entity because of the nature and significance of its relationship with the County of Rockbridge, Virginia. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2015. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

#### B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

###### Rockbridge County Industrial Development Authority:

The County created the Industrial Development Authority to attract industry to the County and to provide financing for such industries. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority 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.

###### Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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#### B. Other Organizations (continued)

##### Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office at 130 Osage Lane, Lexington, Virginia 24450.

##### Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The Center is not included in these financial statements because the County does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office at 300 E. Washington St., Lexington, Virginia 24450

#### C. Government-wide and fund financial statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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#### D. Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues or deferred inflows of resources. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

*Special revenue funds* account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any special revenue funds to report for fiscal year 2015.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the Broadband Technology Opportunities Fund, School Capital Projects Fund, and the Courthouse Construction Fund.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

The government reports the following major proprietary funds:

The *landfill and recycling funds* account for and report the activities of the Rockbridge County Solid Waste Authority, a blended component unit of the government. The County operates the landfill and recycling operations of the Authority.

Additionally, the government reports the following fund types:

*Fiduciary (Trust and Agency) funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefit, Commonwealth Attorney Forfeitures Funds and the Rockbridge Regional Public Safety Communications Center.

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

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

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

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

##### 1. Cash and cash equivalents

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

##### 2. Receivables and payables

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

##### **2. *Receivables and payables (continued)***

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

##### **3. *Inventories and prepaid items***

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

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

##### **4. *Property taxes***

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$483,135 at June 30, 2015 and is comprised solely of property taxes.

##### **5. *Restricted assets***

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. These funds are restricted for the payment of future closure and post-closure costs associated with the County's landfill. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

##### **6. *Capital assets***

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

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



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

##### 6. Capital assets (continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

##### 7. Compensated absences

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

##### 8. Long-term obligations

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

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

##### 9. 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);

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

##### 9. *Fund equity (continued)*

- 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 (the Board of Supervisors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.
- When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.
- The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

##### 10. *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.

##### 11. *Net position flow assumption*

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

##### 12. *Reclassifications*

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



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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#### F. Investments

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### G. 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.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Primary Government has two items that qualifies for reporting in this category. The Primary Government shows a deferred charge on refunding reported in to government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the Primary Government shows a deferred outflow which is comprised of certain items related to the measurement of the net pension liability. These consist 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 this item, 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 Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net differences 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.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

#### I. 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 Primary Government's Retirement Plan and the additions to/deductions from the Primary Government's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### J. Adoption of Accounting Principles/Restatement of Beginning Net Position

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

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

		Business-type Activities			Component Unit
	Governmental Activities	Landfill Fund	Recycling Fund	Total Primary Government	School Board
Net Position as reported at June 30, 2014	\$ 36,546,402	\$ 3,193,045	\$ 164,283	\$ 39,903,730	\$ 17,933,884
Implementation of GASB 68	<u>(3,657,189)</u>	<u>(214,513)</u>	<u>(120,338)</u>	<u>(3,992,040)</u>	<u>(28,607,914)</u>
Net Position as restated at June 30, 2014	<u>\$ 32,889,213</u>	<u>\$ 2,978,532</u>	<u>\$ 43,945</u>	<u>\$ 35,911,690</u>	<u>\$ (10,674,030)</u>

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# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$65,476,473) and (\$27,037,537) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds and loans payable	\$ (59,462,844)	\$ -
Unamortized premium on debt	(2,786,392)	-
Accrued interest payable	(951,847)	-
Deferred charge on refunding	1,023,528	-
Net OPEB obligation	(148,000)	(1,385,000)
Net pension liability	(2,849,890)	(25,550,313)
Compensated absences	(301,028)	(102,224)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ (65,476,473)	\$ (27,037,537)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$(2,051,096) and \$(70,133) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 295,040	\$ 1,203,436
Depreciation expense	(1,325,624)	(2,294,081)
Allocation of debt financed school assets based on current year repayments	(1,020,512)	1,020,512
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (2,051,096)	\$ (70,133)

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$2,169,451 difference in the primary government are as follows:

Principal repayments:	
General obligation bonds	\$ 1,520,037
Revenue bonds	480,000
Capital leases	53,280
Amortization of deferred amount on refunding	(48,739)
Amortization of premium on general obligation bonds	<u>164,873</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>2,169,451</u></u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$1,443,070 and \$5,269,240 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ 5,506	\$ 39,755
Net OPEB obligation	(17,000)	(224,000)
Net pension liability	1,371,299	4,975,537
Deferred outflows related to pension payments subsequent to the measurement date	48,485	477,948
Accrued interest payable	<u>34,780</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>1,443,070</u></u>	\$ <u><u>5,269,240</u></u>

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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#### A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
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 Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

#### B. Excess of expenditures over appropriations:

For the year ended June 30, 2015, there were no funds that had expenditures exceeding appropriations.

#### C. Deficit fund equity

At June 30, 2015, there were no funds that showed deficit equity.

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# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 4—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista, and the County of Rockbridge. Summary financial information for the Boards at June 30, 2015 (Information through June 30, 2014 is available for Maury Service Authority) is provided below:

	Maury Service Authority	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 41,773,987	\$ 8,374,474	\$ 6,186,435
Total liabilities and deferred inflows of resources	19,019,178	5,502,815	6,023,789
Total net position	<u>\$ 22,754,809</u>	<u>\$ 2,871,659</u>	<u>\$ 162,646</u>
For the year ended June 30, 2015 (2014 Maury Service Authority)			
Operating revenue	\$ 2,790,306	\$ 4,770,668	\$ 384,155
Operating expenses	(2,901,238)	(7,787,267)	(495,568)
Nonoperating income (expense)	1,230,318	3,179,418	168,573
Change in net position	<u>\$ 1,119,386</u>	<u>\$ 162,819</u>	<u>\$ 57,160</u>
Net position at beginning of year, as restated	21,635,423	2,708,840	105,486
Net position at end of year	<u>\$ 22,754,809</u>	<u>\$ 2,871,659</u>	<u>\$ 162,646</u>

## NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2015 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 534,280	\$ -	\$ -
Local sales taxes	483,957	-	-	-
Public assistance grants	-	-	-	47,606
Comprehensive services act	-	-	-	191,223
Communications tax	152,646	-	-	-
Shared expenses	154,222	-	118,842	-
Other	100,631	206,000	88,088	-
Federal Government:				
Violence against women	12,052	-	-	-
DHCD	62,708	-	-	-
Other	11,850	72,501	-	90,522
Other Governmental Units:				
City of Lexington	-	-	5,995	-
City of Buena Vista	-	-	41,397	-
County of Rockbridge	-	-	34,053	-
Totals	<u>\$ 978,066</u>	<u>\$ 812,781</u>	<u>\$ 288,375</u>	<u>\$ 329,351</u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 6—INTERFUND OBLIGATIONS:**

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Other Funds	Due To Other Funds	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 1,837	\$ 95,027	\$ 1,873,455	\$ -
Landfill Fund	95,027	-	-	-
School Capital Projects	-	1,837	-	-
Component Unit Rockbridge Regional Jail Commission	-	-	-	29,833
Component Unit Rockbridge Area Social Services	-	-	-	808,201
Component Unit School Board	-	-	-	1,035,421
Total	\$ 96,864	\$ 96,864	\$ 1,873,455	\$ 1,873,455

**NOTE 7—LONG-TERM OBLIGATIONS:****Primary Government – Governmental Activities Indebtedness:****Changes in Long-Term Obligations:**

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

	Balance July 1, 2014, as restated	Additions/ Issuances	Reductions/ Retirements	Balance June 30, 2015
<b>Governmental Activities:</b>				
General obligation bonds	\$ 42,157,881	\$ -	\$ 1,340,037	\$ 40,817,844
Revenue bonds	17,870,000	-	480,000	17,390,000
Bond premium	2,951,265	-	164,873	2,786,392
Literary loan funds	1,435,000	-	180,000	1,255,000
Capital leases	53,280	-	53,280	-
Compensated absences	306,534	275,881	281,387	301,028
Net pension liability	4,221,189	1,923,910	3,295,209	2,849,890
Net OPEB obligation	131,000	28,000	11,000	148,000
Total Governmental Activities	\$ 69,126,149	\$ 2,227,791	\$ 5,805,786	\$ 65,548,154
<b>Business-type Activities:</b>				
Revenue bonds	\$ 635,000	\$ -	\$ 20,000	\$ 615,000
Bond premium	115,543	-	6,081	109,462
Capital leases	583,060	-	133,949	449,111
Compensated absences	31,944	28,749	28,402	32,291
Net OPEB obligation	2,000	1,000	-	3,000
Net pension liability	386,490	176,152	301,707	260,935
Landfill closure and post-closure care	1,943,158	29,147	-	1,972,305
Total Business-type Activities	\$ 3,697,195	\$ 235,048	\$ 490,139	\$ 3,442,104
Total Long-Term Obligations	\$ 72,823,344	\$ 2,462,839	\$ 6,295,925	\$ 68,990,258



**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (Continued)****Primary Government – Governmental Activities Indebtedness: (continued)**

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 500,000	\$ 779,655	\$ 1,822,118	\$ 1,677,894	\$ 180,000	\$ 51,683
2017	135,000	767,293	1,884,665	1,602,878	180,000	45,293
2018	445,000	754,839	1,952,709	1,523,642	180,000	38,003
2019	580,000	732,727	2,015,553	1,444,548	175,000	30,814
2020	605,000	705,999	2,082,446	1,368,716	180,000	22,725
2021	635,000	675,846	2,154,438	1,286,916	180,000	13,635
2022	660,000	649,493	2,227,270	1,195,869	180,000	4,545
2023	685,000	621,918	2,195,254	1,106,851	-	-
2024	715,000	587,843	2,183,391	1,025,326	-	-
2025	755,000	553,655	1,950,000	957,604	-	-
2026	785,000	519,293	2,005,000	899,189	-	-
2027	820,000	483,146	1,780,000	844,779	-	-
2028	855,000	444,711	1,835,000	787,088	-	-
2029	905,000	403,852	1,895,000	723,456	-	-
2030	940,000	361,030	1,160,000	681,125	-	-
2031	990,000	316,196	1,185,000	498,036	-	-
2032	1,035,000	269,002	815,000	314,185	-	-
2033	1,075,000	219,561	840,000	288,946	-	-
2034	1,130,000	169,169	865,000	262,945	-	-
2035	1,180,000	117,726	890,000	236,181	-	-
2036	1,230,000	63,961	920,000	208,579	-	-
2037	355,000	27,625	950,000	180,061	-	-
2038	375,000	9,379	980,000	150,629	-	-
2039	-	-	1,010,000	119,650	-	-
2040	-	-	1,040,000	87,106	-	-
2041	-	-	1,075,000	53,531	-	-
2042	-	-	1,105,000	18,233	-	-
Total	\$ 17,390,000	\$ 10,233,919	\$ 40,817,844	\$ 19,543,963	\$ 1,255,000	\$ 206,698

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government – Governmental Activities Obligations: (continued)**Details of Long-Term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bonds:		
\$15,000,000, issued January 5, 2006 payable in semi-annual installments of principal and interest on February 1, and August 1, variable interest at 3.5%-5.0%, through August 1, 2015	\$ 370,000	\$ 370,000
\$6,000,000 issued December 19, 2007 payable in annual installments of approximately \$383,000, with interest at 4.58%, through June 30, 2038	5,260,000	130,000
\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through April 1, 2036	<u>11,760,000</u>	<u>-</u>
Total revenue bonds	\$ <u>17,390,000</u>	\$ <u>500,000</u>
General obligation bonds:		
\$1,500,000 issue dated May 17, 2001, payable in semi-annual installments of principal and interest at 4.79% on January 15, and July 15, through January 2022	\$ 700,000	\$ 85,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023.	495,000	50,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	7,855,000	395,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	2,587,844	277,118

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government – Governmental Activities Obligations: (continued)**Details of Long-Term Details of Obligations: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	\$ 2,400,000	\$ 170,000
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	6,320,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	<u>20,460,000</u>	<u>450,000</u>
Total general obligation bonds	\$ <u>40,817,844</u>	\$ <u>1,822,118</u>
Literary loans:		
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ <u>1,255,000</u>	\$ <u>180,000</u>
Unamortized bond premium	\$ <u>2,786,392</u>	\$ <u>164,873</u>
Net pension liability (payable from the General Fund)	\$ <u>2,849,890</u>	\$ <u>-</u>
Net OPEB obligation (payable from the General Fund)	\$ <u>148,000</u>	\$ <u>-</u>
Compensated absences (payable from the General Fund)	\$ <u>301,028</u>	\$ <u>75,257</u>
Total long-term obligations	\$ <u><u>65,548,154</u></u>	\$ <u><u>2,742,248</u></u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

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

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**Primary Government – Business-type Activities Obligations:**

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

Year Ending June 30,	Landfill Fund			
	Revenue Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 20,000	\$ 29,656	\$ 138,064	\$ 11,662
2017	25,000	28,653	142,305	7,420
2018	25,000	27,522	134,562	3,063
2019	25,000	26,316	34,180	247
2020	25,000	25,109	-	-
2021	30,000	23,700	-	-
2022	30,000	22,238	-	-
2023	30,000	20,800	-	-
2024	30,000	19,288	-	-
2025	35,000	17,622	-	-
2026	35,000	15,828	-	-
2027	35,000	14,134	-	-
2028	40,000	12,462	-	-
2029	40,000	10,763	-	-
2030	45,000	8,584	-	-
2031	45,000	6,278	-	-
2032	50,000	3,844	-	-
2033	50,000	1,281	-	-
Total	\$ 615,000	\$ 314,078	\$ 449,111	\$ 22,392

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**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
 June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government – Business-type Activities Obligations: (Continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bond:		
\$655,000 obligation due in varying annual principal installments, and semi-annual payments totaling \$51,456 annually with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 615,000	\$ 20,000
Capital leases:		
\$309,436 Issued April 13, 2013 for a track loader, due in monthly payments of \$5,588 through April 15, 2018, interest at 4.550%	\$ 180,468	\$ 62,154
\$381,677 Issued August 15, 2013 for a compactor, due in monthly payments of \$6,899 November 15, 2018, interest at 2.89%	268,643	75,910
Total capital leases	\$ 449,111	\$ 138,064
Unamortized bond premium	\$ 109,462	\$ 6,081
Landfill closure and post-closure liability	\$ 1,972,305	\$ -
Net pension liability	\$ 260,935	\$ -
Net OPEB obligation	\$ 3,000	\$ -
Compensated absences	\$ 32,291	\$ 7,374
Total long-term obligations	\$ 3,442,104	\$ 171,519

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**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Component Unit – Rockbridge County Public Service Authority:**

Annual requirements to amortize the long-term bonds payable and the related interest are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2016	\$ 918,515	\$ 33,420
2017	835,789	21,264
2018	750,117	16,170
2019	750,117	13,260
2020	755,117	10,200
2021-2025	3,585,584	10,455
2026-2027	1,035,174	-
Total	<u>\$ 8,630,413</u>	<u>\$ 104,769</u>

**Changes in long-term Obligations:**

	Balance July 1, 2014	Additions/ Issuances	Reductions/ Retirements	Balance June 30, 2015
Water Fund:				
Revenue bonds	\$ 909,622	\$ -	\$ 215,552	\$ 694,070
Rural development bond	1,931,872	-	38,634	1,893,238
Net OPEB obligation	7,410	2,850	1,140	9,120
Compensated Absences	21,746	689	-	22,435
Total water fund	<u>\$ 2,870,650</u>	<u>\$ 3,539</u>	<u>\$ 255,326</u>	<u>\$ 2,618,863</u>
Sewer Fund:				
Revenue bonds	\$ 8,626,460	\$ -	\$ 690,117	\$ 7,936,343
Advances	1,951,496	296,013	-	2,247,509
Net OPEB obligation	5,590	2,150	860	6,880
Compensated absences	16,405	3,490	-	19,895
Total sewer fund	<u>\$ 10,599,951</u>	<u>\$ 301,653</u>	<u>\$ 690,977</u>	<u>\$ 10,210,627</u>
Totals	<u>\$ 13,470,601</u>	<u>\$ 305,192</u>	<u>\$ 946,303</u>	<u>\$ 12,829,490</u>

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2001 Water Revenue Refunding Bond	\$ 117,106
Principal and interest payments on the Route 60 Project	69,339
Total	<u>\$ 186,445</u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Component Unit – Rockbridge County Public Service Authority: (continued)**Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Fund:		
Revenue Bonds:		
\$1,266,223 Water Revenue Refunding Bond dated March 1, 2001, payable in semi-annual installments through October 1, 2016. Interest rate of 4.74%. Payments on this bond are anticipated to be made by Rockbridge County.	\$ 168,083	\$ 110,320
\$767,900 Water Revenue Obligation issued through the Buena Vista Industrial Development Authority (Authority portion of \$1,400,000 issue), dated August 1, 1996, payable semi-annually through July 14, 2016, average interest rate of approximately 6.3%. Payments on this bond are anticipated to be made by Rockbridge County.	95,988	63,078
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	430,000	55,000
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	<u>1,893,238</u>	<u>39,421</u>
Total Bonds	\$ <u>2,587,309</u>	\$ <u>267,819</u>
Compensated absences	\$ 22,434	\$ 22,434
Net OPEB obligation	<u>9,120</u>	<u>-</u>
Total Water Fund	\$ <u>2,618,863</u>	\$ <u>290,253</u>
Sewer Fund:		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 7,936,343	\$ 690,117
Advances:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	2,247,509	-
Compensated absences	19,895	19,895
Net OPEB obligation	<u>6,880</u>	<u>-</u>
Total Sewer Fund	\$ <u>10,210,627</u>	\$ <u>710,012</u>
Total long-term obligations	<u>\$ 12,829,490</u>	<u>\$ 1,000,265</u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Component Unit – Rockbridge County Regional Jail Commission:**Changes in long-term Obligations:

	Balance July 1, 2014, <u>as restated</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2015
Net OPEB Obligation (payable from Rockbridge County Regional Jail Commission)	\$ 45,000	\$ 13,000	\$ 3,000	\$ 55,000
Net pension liability (payable from Rockbridge County Regional Jail Commission)	1,431,218	652,314	1,117,260	966,272
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	<u>150,444</u>	<u>90,266</u>	<u>73,058</u>	<u>167,652</u>
Total Long-Term Obligations	\$ <u>1,626,662</u>	\$ <u>755,580</u>	\$ <u>1,193,318</u>	\$ <u>1,188,924</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability	\$ <u>966,272</u>	\$ <u>-</u>
Net OPEB obligation	\$ <u>55,000</u>	\$ <u>-</u>
Compensated absences	\$ <u>167,652</u>	\$ <u>41,913</u>
Total obligations	\$ <u>1,188,924</u>	\$ <u>41,913</u>

**Component Unit – Rockbridge Area Social Services Board:**Changes in long-term Obligations:

	Balance July 1, 2014, <u>as restated</u>	<u>Issuances</u>	<u>Retirements</u>	Balance June 30, 2015
Net pension liability (payable from Rockbridge Regional Social Services Board)	\$ 405,367	\$ 402,270	\$ 740,773	\$ 66,864
Compensated Absences (payable from Rockbridge Area Social Services Board)	<u>91,027</u>	<u>54,616</u>	<u>43,155</u>	<u>102,488</u>
Total Long-Term Obligations	\$ <u>496,394</u>	\$ <u>456,886</u>	\$ <u>783,928</u>	\$ <u>169,352</u>



**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)****Component Unit – Rockbridge Area Social Services Board: (continued)****Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
Net pension liability	\$ 66,864	\$ -
Compensated absences	\$ 102,488	\$ 25,622
Total obligations	<u>\$ 169,352</u>	<u>\$ 25,622</u>

**Component Unit-School Board:**

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

	Balance July 1, 2014, as restated	Additions	Reductions	Balance June 30, 2015
Net pension liability	\$ 30,525,850	\$ 2,495,736	\$ 7,471,273	\$ 25,550,313
Net OPEB obligation	1,161,000	361,000	137,000	1,385,000
Compensated absences	141,979	85,187	124,942	102,224
Total	<u>\$ 31,828,829</u>	<u>\$ 2,941,923</u>	<u>\$ 7,733,215</u>	<u>\$ 27,037,537</u>

**Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
Net pension liability (payable from the School Fund)	\$ 25,550,313	\$ -
Net OPEB obligation	1,385,000	-
Compensated absences (payable from the School Fund)	102,224	25,556
Total long-term obligations	<u>\$ 27,037,537</u>	<u>\$ 25,556</u>

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—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
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li></ul>

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—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. However, the Board of Supervisors of the County opted to make the transition in a single fiscal year rather than phasing in the requirement. 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. However, the Board of Supervisors of the County opted to make the transition in a single fiscal year rather than phasing in the requirement.</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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Plan Description (Continued)

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—PENSION PLAN: (Continued)

#### Plan Description (Continued)

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

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Plan Description (Continued)

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

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Plan Description (Continued)

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



# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Plan Description (Continued)

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

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Plan Description (Continued)

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

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—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><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—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> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—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:

	<b>Primary Government (1)</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	82	90
Inactive members:		
Vested inactive members	18	15
Non-vested inactive members	23	35
Inactive members active elsewhere in VRS	41	22
Total inactive members	82	72
Active members	142	91
Total covered employees	306	253

(1) Includes Component Unit Rockbridge Regional Jail Commission

#### 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 Board of Supervisors opted to make the transition in a single fiscal year rather than phasing in the requirement.

The Primary Government's contractually required contribution rate for the year ended June 30, 2015 was 14.03% 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 \$666,507 and \$615,640 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit Rockbridge Regional Jail Commission's contractually required contribution rate for the year ended June 30, 2015 was 14.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 8—PENSION PLAN: (Continued)

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#### 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 Rockbridge Regional Jail Commission were \$200,780 and \$191,228 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 8.51% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$136,350 and \$129,936 for the years ended June 30, 2015 and June 30, 2014, respectively.

#### Net Pension Liability

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

#### Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Primary Government's, Component Unit Rockbridge Regional Jail Commission'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.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 8—PENSION PLAN: (Continued)

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#### Actuarial Assumptions – General Employees (continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:

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

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

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



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 8—PENSION PLAN: (Continued)

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#### Actuarial Assumptions – Public Safety Employees

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

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

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

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

#### Largest 10 – Non-LEOS:

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

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

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### 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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—PENSION PLAN: (Continued)

#### Actuarial Assumptions – Public Safety Employees (continued)

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

Largest 10 – 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

#### 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%

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—PENSION PLAN: (Continued)

#### Long-Term Expected Rate of Return (continued)

\* 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%.

#### Discount Rate

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

#### Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 22,005,777	\$ 17,398,098	\$ 4,607,679
Changes for the year:			
Service cost	\$ 574,317	\$ -	\$ 574,317
Interest	1,511,082	-	1,511,082
Contributions - employer	-	615,640	(615,640)
Contributions - employee	-	230,640	(230,640)
Net investment income	-	2,750,491	(2,750,491)
Benefit payments, including refunds of employee contributions	(837,782)	(837,782)	-
Administrative expenses	-	(14,663)	14,663
Other changes	-	145	(145)
Net changes	\$ 1,247,617	\$ 2,744,471	\$ (1,496,854)
Balances at June 30, 2014	\$ 23,253,394	\$ 20,142,569	\$ 3,110,825

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

### Changes in Net Pension Liability (Continued)

	Component Unit Rockbridge Regional Jail Commission		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 6,835,346	\$ 5,404,128	\$ 1,431,218
Changes for the year:			
Service cost	\$ 178,393	\$ -	\$ 178,393
Interest	469,366	-	469,366
Contributions - employer	-	191,228	(191,228)
Contributions - employee	-	71,641	(71,641)
Net investment income	-	854,346	(854,346)
Benefit payments, including refunds of employee contributions	(260,228)	(260,228)	-
Administrative expenses	-	(4,555)	4,555
Other changes	-	45	(45)
Net changes	\$ 387,531	\$ 852,477	\$ (464,946)
Balances at June 30, 2014	\$ 7,222,877	\$ 6,256,605	\$ 966,272

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 7,180,232	\$ 6,400,382	\$ 779,850
Changes for the year:			
Service cost	\$ 164,187	\$ -	\$ 164,187
Interest	486,051	-	486,051
Contributions - employer	-	129,936	(129,936)
Contributions - employee	-	77,165	(77,165)
Net investment income	-	988,120	(988,120)
Benefit payments, including refunds of employee contributions	(473,306)	(473,306)	-
Administrative expenses	-	(5,498)	5,498
Other changes	-	52	(52)
Net changes	\$ 176,932	\$ 716,469	\$ (539,537)
Balances at June 30, 2014	\$ 7,357,164	\$ 7,116,851	\$ 240,313

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 8—PENSION PLAN: (Continued)

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

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

		Rate		
		(6.00%)	(7.00%)	(8.00%)
County				
Net Pension Liability (Asset)	\$	6,043,387	\$ 3,110,825	\$ 656,788
Component Unit Rockbridge Regional Jail Commission				
Net Pension Liability (Asset)	\$	1,877,174	\$ 966,272	\$ 204,009
Component Unit School Board (nonprofessional)				
Net Pension Liability (Asset)	\$	1,019,045	\$ 240,313	\$ (418,636)

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

For the year ended June 30, 2015, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) recognized pension expense of \$345,053, \$107,179 and \$30,080, respectively. At June 30, 2015, the Primary Government, Component Unit Rockbridge Regional Jail Commission 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 Rockbridge Regional Jail Commission		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,226,268	\$ -	\$ 380,898	\$ -	\$ 439,681
Employer contributions subsequent to the measurement date	666,507	-	200,780	-	136,350	-
Total	\$ 666,507	\$ 1,226,268	\$ 200,780	\$ 380,898	\$ 136,350	\$ 439,681

\$666,507, \$200,780 and \$136,350 reported as deferred outflows of resources related to pensions resulting from the Primary Government'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.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—PENSION PLAN: (Continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit Rockbridge Regional Jail Commission</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (306,567)	\$ (95,225)	\$ (109,920)
2017	(306,567)	(95,225)	(109,920)
2018	(306,567)	(95,225)	(109,920)
2019	(306,567)	(95,223)	(109,921)
Thereafter	-	-	-

#### Component Unit School Board (professional)

##### Plan Description

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

##### Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$2,259,534 and \$1,788,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 8—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

At June 30, 2015, the school division reported a liability of \$25,310,000 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 .20994% as compared to .21593% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$1,840,000. 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,756,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	732,000
Employer contributions subsequent to the measurement date	<u>2,259,534</u>	<u>-</u>
Total	<u>\$ 2,259,534</u>	<u>\$ 4,488,000</u>

\$2,259,534 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	\$ (1,101,000)
2017	(1,101,000)
2018	(1,101,000)
2019	(1,101,000)
Thereafter	(84,000)



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 8—PENSION PLAN: (Continued)

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#### 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 ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 8—PENSION PLAN: (Continued)****Component Unit School Board (professional) (continued)****Long-Term Expected Rate of Return**

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

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

\* 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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 8—PENSION PLAN: (Continued)

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#### 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)	\$ 37,166,000	\$ 25,310,000	\$ 15,549,000

##### 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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS:

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#### County and Other Participating Entities:

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

#### A. Plan Description

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

The Rockbridge Landfill and Component Units Rockbridge Regional Jail Commission and Rockbridge Public Service Authority (herein are referred to as Other Participating Entities) are included in this plan.

#### B. Funding Policy

The Rockbridge County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

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

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is presented in the following table for fiscal year 2015. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****County and Other Participating Entities: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the County and Other Participating entities' annual OPEB cost for the year, the estimated contribution to the Plan, and changes in the County and Other Participating Entities' net OPEB obligation to the Plan:

	County	Rockbridge Regional Jail	Rockbridge Landfill	Rockbridge Public Service Authority
Annual Required Contribution (ARC)	\$ 28,000	\$ 11,000	\$ 1,000	\$ 3,000
Interest on OPEB Obligation	5,000	2,000	-	1,000
Adjustment to ARC	(5,000)	(2,000)	-	(1,000)
Annual OPEB Cost	\$ 28,000	\$ 11,000	\$ 1,000	\$ 3,000
Contributions Made	(11,000)	(1,000)	-	-
Increase in Net OPEB Obligation	\$ 17,000	\$ 10,000	\$ 1,000	\$ 3,000
Net OPEB Obligation -beginning of year	131,000	45,000	2,000	13,000
Net OPEB Obligation - end of year	<u>\$ 148,000</u>	<u>\$ 55,000</u>	<u>\$ 3,000</u>	<u>\$ 16,000</u>

For fiscal year 2015, the County's expected cash payment of \$11,000 was \$17,000 short of the OPEB cost.

For fiscal year 2015, the Rockbridge Regional Jail Commission's expected cash payment of \$1,000 was \$10,000 short of the OPEB cost.

For fiscal year 2015, the Rockbridge Landfill's expected cash payment of \$0 was \$1,000 short of the OPEB cost.

For fiscal year 2015, the Rockbridge Public Service Authority's expected cash payment of \$0 was \$3,000 short of the OPEB cost.

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****County and Other Participating Entities: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

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

<b>Annual OPEB Cost:</b>		<b>Percentage of Annual OPEB Cost Contributed</b>			<b>Net OPEB Obligation</b>	
	<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>				
County	June 30, 2015	\$ 28,000	39.29%	\$	148,000	
	June 30, 2014	38,000	71.05%		131,000	
	June 30, 2013	39,000	74.36%		120,000	
Rockbridge Regional Jail	June 30, 2015	11,000	9.09%		55,000	
	June 30, 2014	12,000	16.67%		45,000	
	June 30, 2013	14,000	33.33%		35,000	
Rockbridge Landfill	June 30, 2015	1,000	0.00%		3,000	
	June 30, 2014	2,000	0.00%		2,000	
	June 30, 2013	1,000	100.00%		2,000	
Rockbridge Public Service Authority	June 30, 2015	3,000	0.00%		16,000	
	June 30, 2014	2,000	50.00%		13,000	
	June 30, 2013	3,000	0.00%		12,000	

**D. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$	428,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	428,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	7,544,000
UAAL as a percentage of covered payroll		5.67%

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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#### County and Other Participating Entities: (continued)

##### D. Funded Status and Funding Progress (continued)

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

##### E. Actuarial Methods and Assumptions

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

##### Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2014 was 30 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

#### School Board Health Insurance Plan

##### A. Plan Description

The Rockbridge County School Board offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the School Board in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted.



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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#### School Board Health Insurance Plan (continued)

##### A. Plan Description (continued)

Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

##### B. Funding Policy

The Rockbridge County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$361,000 for fiscal year 2015. The School Board has elected not to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the School Board's annual OPEB cost for the year, the estimated contributions to the Plan, and changes in the School Board's net OPEB obligation to the Plan:

	School Board
Annual Required Contribution (ARC)	\$ 363,000
Interest on OPEB Obligation	46,000
Adjustment to ARC	(48,000)
Annual OPEB Cost	\$ 361,000
Contributions Made	(137,000)
Increase in Net OPEB Obligation	\$ 224,000
Net OPEB Obligation - beginning of year	1,161,000
Net OPEB Obligation - end of year	\$ 1,385,000

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

#### School Board Health Insurance Plan (continued)

##### B. Funding Policy (continued)

*Annual OPEB Cost.* for 2015, the School Board's expected cash payment of \$137,000 is \$224,000 less than the OPEB cost (expense) of \$361,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2015	\$ 361,000	38%	\$ 1,385,000
June 30, 2014	342,000	42%	1,161,000
June 30, 2013	330,000	40%	961,000

##### C. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 4,459,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 4,459,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 16,088,000
UAAL as a percentage of covered payroll	27.72%

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

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

##### D. Actuarial Methods and Assumptions

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

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

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#### School Board Health Insurance Plan (continued)

##### D. Actuarial Methods and Assumptions (continued)

###### Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2014 was 30 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

#### VRS Health Insurance Credit Program

##### A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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#### VRS Health Insurance Credit Program (continued)

##### B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$164,604, \$170,037, and \$179,165, respectively and equaled the required contributions for each year.

### NOTE 10—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES & INFLOWS/OUTFLOWS OF RESOURCES:

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$8,591,358 and \$10,051,785 respectively, is comprised of the following:

- A. Prepaid Property Taxes: Property taxes due subsequent to June 30, 2015 but paid in advance by taxpayers totaled \$463,866 at June 30, 2015.
- B. Unbilled Property Taxes: Property taxes for the second half of 2015 that had not been billed as of June 30, 2015 amounted to \$8,127,492.
- C. Unavailable Property Taxes: Uncollected tax billings not available for funding of current expenditures totaled \$1,460,427 at June 30, 2015.

### NOTE 11—CONTINGENT LIABILITIES:

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

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 12—DEPOSITS AND INVESTMENTS:

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#### 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 and its discretely component units 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 State Treasurer's Local Government Investment Pool (LGIP).

#### Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

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

<b>County's Rated Debt Investments' Values</b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 15,546,280
SNAP External Investment Pool	233,002
Total	<u><u>\$ 15,779,282</u></u>

#### External Investment Pool

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

#### Interest Rate Risk

All County investments must be in securities maturing within five years.

### NOTE 13—RISK MANAGEMENT:

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The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

# COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

## NOTE 14—CAPITAL ASSETS:

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

### Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,393,836	\$ -	\$ -	\$ 2,393,836
Construction in progress	28,412,352	12,925	(28,387,307)	37,970
Total capital assets not being depreciated	\$ 30,806,188	\$ 12,925	\$ (28,387,307)	\$ 2,431,806
Capital assets being depreciated:				
Buildings and improvements	\$ 54,634,347	\$ 28,510,307	\$ (746,720)	\$ 82,397,934
Machinery and equipment	3,409,206	159,115	-	3,568,321
Total capital assets being depreciated	\$ 58,043,553	\$ 28,669,422	\$ (746,720)	\$ 85,966,255
Accumulated depreciation:				
Buildings and improvements	\$ (8,758,065)	\$ (1,011,099)	\$ (273,792)	\$ (10,042,956)
Machinery and equipment	(2,595,984)	(314,525)	-	(2,910,509)
Total accumulated depreciation	\$ (11,354,049)	\$ (1,325,624)	\$ (273,792)	\$ (12,953,465)
Total capital assets being depreciated, net	\$ 46,689,504	\$ 27,343,798	\$ (1,020,512)	\$ 73,012,790
Governmental activities capital assets, net	\$ 77,495,692	\$ 27,356,723	\$ (29,407,819)	\$ 75,444,596
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 540,137	\$ -	\$ -	\$ 540,137
Construction in progress	466,608	454,563	(132,533)	788,638
Total capital assets not being depreciated	\$ 1,006,745	\$ 454,563	\$ (132,533)	\$ 1,328,775
Capital assets being depreciated:				
Buildings and improvements	\$ 2,430,747	\$ 132,533	\$ -	\$ 2,563,280
Machinery and equipment	1,342,470	27,455	-	1,369,925
Total capital assets being depreciated	\$ 3,773,217	\$ 159,988	\$ -	\$ 3,933,205
Accumulated depreciation:				
Buildings and improvements	\$ (1,072,328)	\$ (94,458)	\$ -	\$ (1,166,786)
Machinery and equipment	(661,112)	(93,725)	-	(754,837)
Total accumulated depreciation	\$ (1,733,440)	\$ (188,183)	\$ -	\$ (1,921,623)
Total capital assets being depreciated, net	\$ 2,039,777	\$ (28,195)	\$ -	\$ 2,011,582
Business-type activities capital assets, net	\$ 3,046,522	\$ 426,368	\$ (132,533)	\$ 3,340,357

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 14—CAPITAL ASSETS: (CONTINUED)****Primary Government: (continued)**

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

## Governmental activities:

General government administration	\$	1,059,755
Judicial administration		5,557
Public safety		231,906
Public works		12,812
Parks, recreation, and cultural		9,119
Community Development		6,475

Total depreciation expense-governmental activities	\$	<u>1,325,624</u>
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## Business-type activities:

Solid Waste Authority	\$	<u>188,183</u>
Total depreciation expense-business-type activities	\$	<u>188,183</u>

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Total capital assets not being depreciated	\$ 117,555	\$ -	\$ -	\$ 117,555
Capital assets being depreciated:				
Buildings and improvements	\$ 33,602,053	\$ 1,789,814	\$ (818,463)	\$ 34,573,404
Machinery and equipment	4,471,691	978,805	(47,805)	5,402,691
Total capital assets being depreciated	\$ 38,073,744	\$ 2,768,619	\$ (866,268)	\$ 39,976,095
Accumulated depreciation:				
Buildings and improvements	\$ (15,933,757)	\$ (1,806,818)	\$ 273,792	\$ (17,466,783)
Machinery and equipment	(3,291,252)	(487,263)	47,805	(3,730,710)
Total accumulated depreciation	\$ (19,225,009)	\$ (2,294,081)	\$ 321,597	\$ (21,197,493)
Total capital assets being depreciated, net	\$ 18,848,735	\$ 474,538	\$ (544,671)	\$ 18,778,602
School Board capital assets, net	\$ 18,966,290	\$ 474,538	\$ (544,671)	\$ 18,896,157

Depreciation expense for the year ended June 30, 2015 was \$2,294,081.



## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 14—CAPITAL ASSETS: (CONTINUED)

#### **Discretely Presented Component Unit-School Board: (continued)**

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local government on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2015, is that school financed assets in the amount of \$42,349,828 are reported in the Primary Government for financial reporting purposes.

#### **Discretely Presented Component Unit—Rockbridge Area Social Services Board:**

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

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 75,693	\$ 23,903	\$ 99,596
Vehicle	73,036	-	73,036
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	<u>\$ 157,586</u>	<u>\$ 23,903</u>	<u>\$ 181,489</u>
Accumulated depreciation			
Equipment	\$ (73,293)	\$ (1,200)	\$ (74,493)
Vehicle	(73,035)	(4,781)	(77,816)
Furniture and fixtures	(8,857)	-	(8,857)
Total accumulated depreciation	<u>\$ (155,185)</u>	<u>\$ (5,981)</u>	<u>\$ (161,166)</u>
Net capital assets	<u>\$ 2,401</u>	<u>\$ 17,922</u>	<u>\$ 20,323</u>

Depreciation expense for the year ended June 30, 2015 was \$5,981.

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 14—CAPITAL ASSETS: (CONTINUED)****Component Unit—Rockbridge Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 2,262,931	\$ 26,180	\$ (2,289,111)	\$ -
Total capital assets not being depreciated	\$ 2,262,931	\$ 26,180	\$ (2,289,111)	\$ -
Capital assets being depreciated:				
Buildings and improvements	\$ 3,711,513	\$ 2,289,111	\$ -	\$ 6,000,624
Machinery and equipment	495,425	21,640	-	517,065
Total capital assets being depreciated	\$ 4,206,938	\$ 2,310,751	\$ -	\$ 6,517,689
Accumulated depreciation:				
Buildings and improvements	\$ (2,598,059)	\$ (97,558)	\$ -	\$ (2,695,617)
Machinery and equipment	(456,860)	(14,847)	-	(471,707)
Total accumulated depreciation	\$ (3,054,919)	\$ (112,405)	\$ -	\$ (3,167,324)
Total capital assets being depreciated, net	\$ 1,152,019	\$ 2,198,346	\$ -	\$ 3,350,365
Jail Commission capital assets, net	\$ 3,414,950	\$ 2,224,526	\$ (2,289,111)	\$ 3,350,365

Depreciation expense for the fiscal year totaled \$112,405.

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**COUNTY OF ROCKBRIDGE, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2015

**NOTE 14—CAPITAL ASSETS: (CONTINUED)****Component Unit—Rockbridge County Public Service Authority:**

A summary of changes in capital assets for the year ended June 30, 2015 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 381,259	\$ -	\$ -	\$ 381,259
Construction in progress	149,861	215,893	(238,788)	126,966
Total capital assets not being depreciated	\$ 531,120	\$ 215,893	\$ (238,788)	\$ 508,225
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	690,413	29,256	(19,344)	700,325
Utility plant and equipment	36,427,457	253,220	-	36,680,677
Capital assets being depreciated	\$ 37,294,736	\$ 282,476	\$ (19,344)	\$ 37,557,868
Accumulated depreciation				
Buildings and improvements	\$ (100,324)	\$ (4,422)	\$ -	\$ (104,746)
Machinery and equipment	(439,942)	(76,005)	19,344	(496,603)
Utility plant and equipment	(11,429,647)	(863,661)	-	(12,293,308)
Total accumulated depreciation	\$ (11,969,913)	\$ (944,088)	\$ 19,344	\$ (12,894,657)
Capital assets being depreciated, net	\$ 25,324,823	\$ (661,612)	\$ -	\$ 24,663,211
Capital assets, net Public Service Authority	\$ 25,855,943	\$ (445,719)	\$ (238,788)	\$ 25,171,436

Depreciation expense for the fiscal year totaled \$944,088.

**NOTE 15—ADVANCES TO/FROM PARTICIPATING ENTITIES:**

The general fund has established an asset for advances to other entities in the amount of \$2,482,157. This is comprised of advances to the component unit Rockbridge Public Service Authority, Rockbridge Area Net Authority and the Solid Waste Authority in the amounts of \$2,247,509, \$171,169 and \$63,479, respectively.

The Solid Waste Authority has established a liability for advances from participating localities as follows:

	Balance July 1, 2014	Increase (Decrease)	Balance June 30, 2015
City of Lexington	\$ 5,303	\$ -	\$ 5,303
City of Buena Vista	5,510	-	5,510
Rockbridge County	63,479	-	63,479
Total	\$ 74,292	\$ -	\$ 74,292

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### **NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:**

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The Solid Waste Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The County of Rockbridge is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Solid Waste Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and currently has an estimated capacity to last until the year 2015. The \$1,972,305 reported as accrued closure and post-closure liability at June 30, 2015 represents the cumulative amount reported based on the estimated number of years remaining (one). The Authority expects to close the landfill in the year 2016. The estimated total current cost of the landfill closure and post-closure care of \$1,972,305 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Solid Waste Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

### **NOTE 17—DUE TO OTHER GOVERNMENTS:**

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During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2015 the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$963,078. Additionally, the component unit Rockbridge Area Social Services owed a balance of \$38,293 to the Cities of Buena Vista and Lexington as of June 30, 2015.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

### NOTE 18—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2015:

	<u>Amount</u>
Department of Treasury - Division of Risk Management	
D. Bruce Patterson, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
Christopher J. Blalock, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	10,000
Blanket position - all employees	250,000

### NOTE 19—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	\$ 27,786	\$ 909,606
School Capital Projects Fund	-	27,786
Landfill Fund	479,128	-
Recycling Fund	430,478	-
Total	<u>\$ 937,392</u>	<u>\$ 937,392</u>

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

### NOTE 20—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	<u>Landfill Fund</u>	<u>Recycling Fund</u>	<u>Total Enterprise Funds</u>
Operating revenue	\$ 1,583,311	\$ 4,366	\$ 1,587,677
Depreciation and amortization	161,703	26,480	188,183
Operating income (loss)	690,480	(468,829)	221,651
Property, plant and equipment additions, net of retirements	(482,017)	-	(482,017)
Net working capital	912,294	(3,239)	909,055
Total assets	7,543,129	152,986	7,696,115
Long-term liabilities	3,166,778	103,807	3,270,585
Net position	4,082,233	28,640	4,110,873

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 21—CAPITAL LEASES:

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The government has financed the acquisition of landfill equipment and emergency communications equipment by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		Business-type Activities
Assets:		
Machinery and equipment	\$	691,113
Construction in progress- communications project		-
Accumulated depreciation		(169,876)
Total	\$	<u>521,237</u>

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

Year Ended June 30,		Business-type Activities
2016	\$	149,726
2017		149,725
2018		137,625
2019		34,427
Amount representing interest		(22,392)
Present value of minimum lease payments	\$	<u>449,111</u>

### NOTE 22—COMMITMENTS AND CONTINGENCIES:

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The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2014 in the amount of \$1,754,823. The amount to be paid on January 1, 2015, and which is not included in the financial statements, totals \$1,769,854 for the fiscal year ended June 30, 2015.

The County along with the Cities of Lexington and Buena Vista, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate.

The County of Rockbridge is serving as fiscal agent for the radio upgrade project. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligation at June 30, 2015 was \$5,228,864 and an annual payment of \$435,427 will be paid by the Center through June 2030.

## COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2015

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### NOTE 23—UPCOMING PRONOUNCEMENTS:

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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.

### NOTE 24—LITIGATION:

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



## **REQUIRED SUPPLEMENTARY INFORMATION**

## General Fund

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

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 23,389,570	\$ 23,389,570	\$ 24,016,493	\$ 626,923
Other local taxes	8,046,705	8,046,705	8,619,694	572,989
Permits, privilege fees, and regulatory licenses	202,800	202,800	432,008	229,208
Fines and forfeitures	375,900	375,900	521,412	145,512
Revenue from the use of money and property	57,046	57,046	56,792	(254)
Charges for services	1,390,355	1,390,355	1,451,034	60,679
Miscellaneous	799,335	799,335	943,636	144,301
Recovered costs	362,559	362,559	317,364	(45,195)
Intergovernmental:				
Commonwealth	4,847,387	4,847,387	4,955,261	107,874
Federal	143,700	143,700	475,937	332,237
Total revenues	<u>\$ 39,615,357</u>	<u>\$ 39,615,357</u>	<u>\$ 41,789,631</u>	<u>\$ 2,174,274</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,764,571	\$ 1,754,956	\$ 1,586,194	\$ 168,762
Judicial administration	1,452,437	1,439,098	1,381,899	57,199
Public safety	6,805,021	7,402,937	6,492,485	910,452
Public works	3,405,667	3,451,699	2,893,763	557,936
Health and welfare	1,312,396	1,312,516	1,329,207	(16,691)
Education	13,757,218	14,083,591	13,829,192	254,399
Parks, recreation, and cultural	1,487,148	1,505,148	1,442,883	62,265
Community development	3,091,688	3,665,984	3,185,514	480,470
Nondepartmental	2,120,731	2,098,830	1,757,409	341,421
Debt service:				
Principal retirement	2,057,867	2,057,867	2,053,317	4,550
Interest and other fiscal charges	2,607,197	2,607,197	2,600,518	6,679
Total expenditures	<u>\$ 39,861,941</u>	<u>\$ 41,379,823</u>	<u>\$ 38,552,381</u>	<u>\$ 2,827,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (246,584)</u>	<u>\$ (1,764,466)</u>	<u>\$ 3,237,250</u>	<u>\$ 5,001,716</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 27,786	\$ 27,786
Transfers out	(469,895)	958,391	(909,606)	(1,867,997)
Total other financing sources (uses)	<u>\$ (469,895)</u>	<u>\$ 958,391</u>	<u>\$ (881,820)</u>	<u>\$ (1,840,211)</u>
Net change in fund balances	\$ (716,479)	\$ (806,075)	\$ 2,355,430	\$ 3,161,505
Fund balances - beginning	716,479	806,075	22,010,902	21,204,827
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,366,332</u>	<u>\$ 24,366,332</u>

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

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 574,316
Interest	1,511,082
Benefit payments, including refunds of employee contributions	(837,782)
<b>Net change in total pension liability</b>	<b>\$ 1,247,616</b>
<b>Total pension liability - beginning</b>	<b>22,005,777</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 23,253,393</b>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 615,640
Contributions - employee	230,640
Net investment income	2,750,491
Benefit payments, including refunds of employee contributions	(837,782)
Administrative expense	(14,663)
Other	145
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,744,471</b>
<b>Plan fiduciary net position - beginning</b>	<b>17,398,098</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 20,142,569</b>
 <b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 3,110,824</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.62%</b>
 <b>Covered-employee payroll</b>	<b>\$ 4,990,550</b>
 <b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>62.33%</b>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit Rockbridge Regional Jail Commission  
 Year Ended June 30, 2015

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 178,392
Interest	469,366
Benefit payments, including refunds of employee contributions	(260,228)
<b>Net change in total pension liability</b>	<b>\$ 387,530</b>
<b>Total pension liability - beginning</b>	<b>6,835,346</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,222,876</b>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 191,228
Contributions - employee	71,641
Net investment income	854,346
Benefit payments, including refunds of employee contributions	(260,228)
Administrative expense	(4,555)
Other	45
<b>Net change in plan fiduciary net position</b>	<b>\$ 852,477</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,404,127</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 6,256,604</b>
 <b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 966,272</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.62%</b>
 <b>Covered-employee payroll</b>	<b>\$ 1,432,005</b>
 <b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>67.48%</b>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

	<b>2014</b>
<b>Total pension liability</b>	
Service cost	\$ 164,187
Interest	486,051
Benefit payments, including refunds of employee contributions	(473,306)
<b>Net change in total pension liability</b>	<b>\$ 176,932</b>
<b>Total pension liability - beginning</b>	<b>7,180,232</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,357,164</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 129,936
Contributions - employee	77,165
Net investment income	988,120
Benefit payments, including refunds of employee contributions	(473,306)
Administrative expense	(5,498)
Other	52
<b>Net change in plan fiduciary net position</b>	<b>\$ 716,469</b>
<b>Plan fiduciary net position - beginning</b>	<b>6,400,382</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,116,851</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 240,313</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>96.73%</b>
<b>Covered-employee payroll</b>	<b>\$ 1,397,365</b>
<b>School Division's net pension liability as a percentage of covered-employee payroll</b>	<b>17.20%</b>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

		<b>2015</b>
Employer's Proportion of the Net Pension Liability		0.20944%
Employer's Proportionate Share of the Net Pension Liability	\$	25,310,000
Employer's Covered-Employee Payroll	\$	15,063,366
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		168%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions  
Year Ended June 30, 2015

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<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
<b>Primary Government</b>					
2015	\$ 666,507	\$ 666,507	\$ -	\$ 4,750,584	14.03%
<b>Component Unit Rockbridge Regional Jail Commission</b>					
2015	\$ 200,780	\$ 200,780	\$ -	\$ 1,431,076	14.03%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 136,350	\$ 136,350	\$ -	\$ 1,602,233	8.51%
<b>Component Unit School Board (professional)</b>					
2015	\$ 2,259,534	\$ 2,259,534	\$ -	\$ 15,582,993	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.



Notes to Required Supplementary Information  
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  
June 30, 2015

## PRIMARY GOVERNMENT:

County Other Postemployment Benefit Program (includes Rockbridge Regional Jail  
Commission, Landfill, and Rockbridge County Public Service Authority)

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/14	\$ -	\$ 428,000	\$ 428,000	0.00%	\$ 7,544,000	5.67%
06/30/12	-	448,000	448,000	0.00%	6,655,000	6.73%
06/30/10	-	547,000	547,000	0.00%	6,387,000	8.56%

## DISCRETELY PRESENTED COMPONENT UNIT:

## School Board Other Postemployment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/14	\$ -	\$ 4,459,000	\$ 4,459,000	0.00%	\$ 16,088,000	27.72%
06/30/12	-	4,290,000	4,290,000	0.00%	16,081,000	26.68%
06/30/10	-	4,406,000	4,406,000	0.00%	16,143,000	27.29%

## **OTHER SUPPLEMENTARY INFORMATION**

## School Capital Projects Fund

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 545	\$ 545
Total revenues	\$ -	\$ -	\$ 545	\$ 545
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 818,962	\$ 130,440	\$ 688,522
Total expenditures	\$ -	\$ 818,962	\$ 130,440	\$ 688,522
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (818,962)	\$ (129,895)	\$ 689,067
Net change in fund balances	\$ -	\$ (818,962)	\$ (129,895)	\$ 689,067
Fund balances - beginning	-	818,962	331,856	(487,106)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,961</u>	<u>\$ 201,961</u>

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

Exhibit 20

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (27,786)	\$ (27,786)
Total other financing sources (uses)	\$ -	\$ -	\$ (27,786)	\$ (27,786)
Net change in fund balances	\$ -	\$ -	\$ (27,786)	\$ (27,786)
Fund balances - beginning	-	-	254,255	254,255
Fund balances - ending	\$ -	\$ -	\$ 226,469	\$ 226,469

	Agency Funds						Total
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	Rockbridge Regional Public Safety Communications Center	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 142,229	\$ 10,018	\$ 2,164	\$ 21,031	\$ 4,439,935	\$ 4,615,377
Total assets	<u>\$ -</u>	<u>\$ 142,229</u>	<u>\$ 10,018</u>	<u>\$ 2,164</u>	<u>\$ 21,031</u>	<u>\$ 4,439,935</u>	<u>\$ 4,615,377</u>
<b>LIABILITIES</b>							
Accounts payable	\$ (69,278)	\$ 1,480	\$ -	\$ -	\$ -	\$ -	\$ (67,798)
Amounts held for payroll deduction	69,278	-	-	-	-	-	69,278
Amounts held for veterans memorial	-	-	10,018	-	-	-	10,018
Amounts held for drug enforcement	-	140,749	-	-	-	-	140,749
Amounts held for employee benefits	-	-	-	2,164	-	-	2,164
Amounts held for commonwealth attorney forfeitures	-	-	-	-	21,031	-	21,031
Amounts held for regional public safety communications center	-	-	-	-	-	4,439,935	4,439,935
Total liabilities	<u>\$ -</u>	<u>\$ 142,229</u>	<u>\$ 10,018</u>	<u>\$ 2,164</u>	<u>\$ 21,031</u>	<u>\$ 4,439,935</u>	<u>\$ 4,615,377</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Payroll Deduction Fund:</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ (87,708)	\$ 263,158	\$ 244,728	\$ (69,278)
Amounts held for payroll deduction	87,708	(263,158)	(244,728)	69,278
Total liabilities	\$ -	\$ -	\$ -	\$ -
<b>Drug Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 182,419	\$ 6,431	\$ 46,621	\$ 142,229
Total assets	\$ 182,419	\$ 6,431	\$ 46,621	\$ 142,229
<b>LIABILITIES</b>				
Accounts payable	\$ 1,480	\$ 481	\$ -	\$ 1,961
Amounts held for drug enforcement	180,939	5,950	46,621	140,268
Total liabilities	\$ 182,419	\$ 6,431	\$ 46,621	\$ 142,229
<b>Veterans Memorial Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,131	\$ -	\$ 113	\$ 10,018
Total assets	\$ 10,131	\$ -	\$ 113	\$ 10,018
<b>LIABILITIES</b>				
Amounts held for veterans memorial	\$ 10,131	\$ -	\$ 113	\$ 10,018
Total liabilities	\$ 10,131	\$ -	\$ 113	\$ 10,018
<b>Employee Benefit Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,164	\$ -	\$ -	\$ 2,164
Total assets	\$ 2,164	\$ -	\$ -	\$ 2,164
<b>LIABILITIES</b>				
Amounts held for employee benefits	\$ 2,164	\$ -	\$ -	\$ 2,164
Total liabilities	\$ 2,164	\$ -	\$ -	\$ 2,164
<b>Commonwealth Attorney Forfeitures Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,437	\$ 1,153	\$ 559	\$ 21,031
Total assets	\$ 20,437	\$ 1,153	\$ 559	\$ 21,031
<b>LIABILITIES</b>				
Amounts held for commonwelath's attorney forfeitures	\$ 20,437	\$ 1,153	\$ 559	\$ 21,031
Total liabilities	\$ 20,437	\$ 1,153	\$ 559	\$ 21,031
<b>Rockbridge Regional Public Safety Communications Center:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 5,228,864	\$ 788,929	\$ 4,439,935
Total assets	\$ -	\$ 5,228,864	\$ 788,929	\$ 4,439,935
<b>LIABILITIES</b>				
Amounts held for regional public safety communications center	\$ -	\$ 5,228,864	\$ 788,929	\$ 4,439,935
Total liabilities	\$ -	\$ 5,228,864	\$ 788,929	\$ 4,439,935
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 215,151	\$ 5,236,448	\$ 836,222	\$ 4,615,377
Total assets	\$ 215,151	\$ 5,236,448	\$ 836,222	\$ 4,615,377
<b>LIABILITIES</b>				
Accounts payable	\$ (86,228)	\$ 263,639	\$ 244,728	\$ (67,317)
Amounts held for payroll deduction	87,708	(263,158)	(244,728)	69,278
Amounts held for drug enforcement	180,939	5,950	46,621	140,268
Amounts held for veterans memorial	10,131	-	113	10,018
Amounts held for employee benefits	2,164	-	-	2,164
Amounts held for commonwelath's attorney forfeitures	20,437	1,153	559	21,031
Amounts held for regional public safety communications center	-	5,228,864	788,929	4,439,935
Total liabilities	\$ 215,151	\$ 5,236,448	\$ 836,222	\$ 4,615,377



**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Permanent Scholarship Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 200	\$ 133,086	\$ 37,923	\$ 171,209
Receivables (net of allowance for uncollectibles):				
Accounts receivable	48,090	12,946	-	61,036
Due from other governmental units	812,781	-	-	812,781
Inventories	-	32,871	-	32,871
Prepaid items	286,459	4,194	-	290,653
Total assets	<u>\$ 1,147,530</u>	<u>\$ 183,097</u>	<u>\$ 37,923</u>	<u>\$ 1,368,550</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 112,109	\$ 7	\$ -	\$ 112,116
Due to primary government	1,035,421	-	-	1,035,421
Total liabilities	<u>\$ 1,147,530</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 1,147,537</u>
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ 32,871	\$ -	\$ 32,871
Prepaid items	286,459	4,194	-	290,653
Endowments	-	-	37,923	37,923
Committed:				
Special revenue funds	-	146,025	-	146,025
Unassigned	(286,459)	-	-	(286,459)
Total fund balances	<u>\$ -</u>	<u>\$ 183,090</u>	<u>\$ 37,923</u>	<u>\$ 221,013</u>
Total liabilities and fund balances	<u>\$ 1,147,530</u>	<u>\$ 183,097</u>	<u>\$ 37,923</u>	<u>\$ 1,368,550</u>

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

Total fund balances per above	\$ 221,013
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,896,157
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(4,927,681)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	2,395,884
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(27,037,537)</u>
Net position of governmental activities	<u>\$ (10,452,164)</u>

County of Rockbridge, Virginia  
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

Exhibit 24

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 323	\$ 7	\$ 330
Charges for services	1,440,003	412,030	-	1,852,033
Miscellaneous	137,207	-	-	137,207
Intergovernmental:				
Local government	13,760,808	-	-	13,760,808
Commonwealth	13,344,952	16,528	-	13,361,480
Federal	1,274,969	684,140	-	1,959,109
Total revenues	<u>\$ 29,957,939</u>	<u>\$ 1,113,021</u>	<u>\$ 7</u>	<u>\$ 31,070,967</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 29,957,389	\$ 1,160,088	\$ 2,500	\$ 31,119,977
Debt service:				
Interest and other fiscal charges	550	-	-	550
Total expenditures	<u>\$ 29,957,939</u>	<u>\$ 1,160,088</u>	<u>\$ 2,500</u>	<u>\$ 31,120,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (47,067)</u>	<u>\$ (2,493)</u>	<u>\$ (49,560)</u>
Net change in fund balances	\$ -	\$ (47,067)	\$ (2,493)	\$ (49,560)
Fund balances - beginning	-	230,157	40,416	270,573
Fund balances - ending	<u>\$ -</u>	<u>\$ 183,090</u>	<u>\$ 37,923</u>	<u>\$ 221,013</u>

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

Net change in fund balances - total governmental funds - per above	\$ (49,560)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	(70,133)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,927,681)
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.	<u>5,269,240</u>
Change in net position of governmental activities	<u>\$ 221,866</u>

County of Rockbridge, 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			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,450,000	1,450,000	1,440,003	(9,997)
Miscellaneous	-	-	137,207	137,207
Intergovernmental:				
Local government	13,693,384	15,205,263	13,760,808	(1,444,455)
Commonwealth	13,214,756	13,214,756	13,344,952	130,196
Federal	35,000	1,250,876	1,274,969	24,093
Total revenues	\$ 28,393,140	\$ 31,120,895	\$ 29,957,939	\$ (1,162,956)
EXPENDITURES				
Current:				
Education	\$ 28,388,590	\$ 31,116,345	\$ 29,957,389	\$ 1,158,956
Debt service:				
Interest and other fiscal charges	4,550	4,550	550	4,000
Total expenditures	\$ 28,393,140	\$ 31,120,895	\$ 29,957,939	\$ 1,162,956
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 25

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 101	\$ 101	\$ 323	\$ 222
655,000	655,000	412,030	(242,970)
-	-	-	-
-	-	-	-
19,258	19,258	16,528	(2,730)
613,538	613,538	684,140	70,602
<u>\$ 1,287,897</u>	<u>\$ 1,287,897</u>	<u>\$ 1,113,021</u>	<u>\$ (174,876)</u>
\$ 1,287,897	\$ 1,287,897	\$ 1,160,088	\$ 127,809
-	-	-	-
<u>\$ 1,287,897</u>	<u>\$ 1,287,897</u>	<u>\$ 1,160,088</u>	<u>\$ 127,809</u>
\$ -	\$ -	\$ (47,067)	\$ (47,067)
\$ -	\$ -	\$ (47,067)	\$ (47,067)
-	-	230,157	230,157
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,090</u>	<u>\$ 183,090</u>

County of Rockbridge, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2015

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Scholarship  
Private-Purpose  
Trust

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**ASSETS**

Cash and cash equivalents

\$ 13,788

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**NET POSITION**

Held in trust for scholarships

\$ 13,788

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County of Rockbridge, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2015

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Exhibit 27

	Scholarship Private-Purpose Trust
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 3
Total additions	\$ 3
Change in net position	\$ 3
Net position - beginning	13,785
Net position - ending	\$ 13,788



## **SUPPORTING SCHEDULES**

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	\$ 17,298,500	\$ 17,298,500	\$ 17,250,984	\$ (47,516)
Real and personal public service corporation taxes	900,000	900,000	1,090,865	190,865
Personal property taxes	4,402,570	4,402,570	4,805,872	403,302
Mobile home taxes	35,500	35,500	45,435	9,935
Machinery and tools taxes	361,000	361,000	359,955	(1,045)
Penalties	232,000	232,000	278,861	46,861
Interest	160,000	160,000	184,521	24,521
Total general property taxes	<u>\$ 23,389,570</u>	<u>\$ 23,389,570</u>	<u>\$ 24,016,493</u>	<u>\$ 626,923</u>
Other local taxes:				
Local sales and use taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,561,164	\$ 161,164
Consumers' utility taxes	1,538,830	1,538,830	1,509,304	(29,526)
Business license taxes	860,000	860,000	873,386	13,386
Motor vehicle licenses	537,300	537,300	531,093	(6,207)
Bank stock taxes	88,575	88,575	166,514	77,939
Taxes on recordation and wills	200,000	200,000	184,098	(15,902)
Lodging tax	1,182,000	1,182,000	1,452,532	270,532
Meals tax	1,240,000	1,240,000	1,341,603	101,603
Total other local taxes	<u>\$ 8,046,705</u>	<u>\$ 8,046,705</u>	<u>\$ 8,619,694</u>	<u>\$ 572,989</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,800	\$ 8,800	\$ 12,044	\$ 3,244
Land use application fees	1,800	1,800	1,630	(170)
Transfer fees	700	700	761	61
Permits and other licenses	191,500	191,500	417,573	226,073
Total permits, privilege fees, and regulatory licenses	<u>\$ 202,800</u>	<u>\$ 202,800</u>	<u>\$ 432,008</u>	<u>\$ 229,208</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 375,900	\$ 375,900	\$ 521,412	\$ 145,512
Revenue from use of money and property:				
Revenue from use of money	\$ 30,000	\$ 30,000	\$ 19,423	\$ (10,577)
Revenue from use of property	27,046	27,046	37,369	10,323
Total revenue from use of money and property	<u>\$ 57,046</u>	<u>\$ 57,046</u>	<u>\$ 56,792</u>	<u>\$ (254)</u>
Charges for services:				
Sheriff's fees	\$ 6,700	\$ 6,700	\$ 9,221	\$ 2,521
Charges for courthouse maintenance	51,000	51,000	61,142	10,142
Courthouse security fees	203,305	203,305	177,559	(25,746)
Charges for Commonwealth's Attorney	3,000	3,000	5,298	2,298
Charges for garage services	507,900	507,900	520,682	12,782
Charges for sanitation and waste removal	512,800	512,800	523,060	10,260
Charges for parks and recreation	90,150	90,150	80,237	(9,913)
Erosion Sediment Control Fee	15,000	15,000	73,635	58,635
DNA Fee	500	500	200	(300)
Total charges for services	<u>\$ 1,390,355</u>	<u>\$ 1,390,355</u>	<u>\$ 1,451,034</u>	<u>\$ 60,679</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 799,335	\$ 799,335	\$ 943,636	\$ 144,301
Total miscellaneous revenue	\$ 799,335	\$ 799,335	\$ 943,636	\$ 144,301
Recovered costs:				
Lexington contribution-court building	\$ 8,400	\$ 8,400	\$ 8,395	\$ (5)
Joint services City of Lexington	171,500	171,500	190,589	19,089
Charges for hazard materials cleanup	15,000	15,000	3,415	(11,585)
Fiscal agent fees	48,888	48,888	50,888	2,000
Other recovered costs	118,771	118,771	64,077	(54,694)
Total recovered costs	\$ 362,559	\$ 362,559	\$ 317,364	\$ (45,195)
Total revenue from local sources	\$ 34,624,270	\$ 34,624,270	\$ 36,358,433	\$ 1,734,163
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 74,000	\$ 74,000	\$ 76,093	\$ 2,093
Mobile home titling tax	15,000	15,000	20,108	5,108
Timber sales	2,000	2,000	-	(2,000)
Motor vehicle rental tax	37,000	37,000	49,768	12,768
State recordation tax	50,000	50,000	48,530	(1,470)
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,627,624	\$ 2,627,624	\$ 2,644,123	\$ 16,499
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 331,675	\$ 331,675	\$ 338,471	\$ 6,796
Sheriff	1,095,822	1,095,822	1,093,191	(2,631)
Commissioner of revenue	100,607	100,607	102,201	1,594
Treasurer	83,056	83,056	84,210	1,154
Registrar/electoral board	33,500	33,500	35,480	1,980
Clerk of the Circuit Court	250,949	250,949	261,495	10,546
Total shared expenses	\$ 1,895,609	\$ 1,895,609	\$ 1,915,048	\$ 19,439
Other categorical aid:				
Emergency medical services	\$ 7,500	\$ 7,500	\$ 55,863	\$ 48,363
Victim-witness grant	30,840	30,840	31,765	925
Fire program	57,255	57,255	65,567	8,312
NBSWCD support	132,822	132,822	123,038	(9,784)
Four for life	-	-	98,747	98,747
Other	95,737	95,737	21,110	(74,627)
Total other categorical aid	\$ 324,154	\$ 324,154	\$ 396,090	\$ 71,936
Total categorical aid	\$ 2,219,763	\$ 2,219,763	\$ 2,311,138	\$ 91,375
Total revenue from the Commonwealth	\$ 4,847,387	\$ 4,847,387	\$ 4,955,261	\$ 107,874

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 102,000	\$ 102,000	\$ 88,700	\$ (13,300)
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 19,514	\$ 19,514
Rental assistance	41,700	41,700	50,403	8,703
Domestic violence	-	-	32,394	32,394
Other	-	-	284,926	284,926
Total categorical aid	\$ 41,700	\$ 41,700	\$ 387,237	\$ 345,537
Total revenue from the federal government	\$ 143,700	\$ 143,700	\$ 475,937	\$ 332,237
Total General Fund	\$ 39,615,357	\$ 39,615,357	\$ 41,789,631	\$ 2,174,274
<b>Capital Projects Funds:</b>				
<b>School Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 545	\$ 545
Total School Capital Projects Fund	\$ -	\$ -	\$ 545	\$ 545
Total Primary Government	\$ 39,615,357	\$ 39,615,357	\$ 41,790,176	\$ 2,174,819

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:				
Charges for services:				
Tuition -private day school	\$ -	\$ -	\$ 6,647	\$ 6,647
Tuition-City of Lexington, Buena Vista	1,450,000	1,450,000	1,433,356	(16,644)
Total charges for services	\$ 1,450,000	\$ 1,450,000	\$ 1,440,003	\$ (9,997)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 137,207	\$ 137,207
Total revenue from local sources	\$ 1,450,000	\$ 1,450,000	\$ 1,577,210	\$ 127,210
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 13,693,384	\$ 15,205,263	\$ 13,760,808	\$ (1,444,455)
Total revenues from local governments	\$ 13,693,384	\$ 15,205,263	\$ 13,760,808	\$ (1,444,455)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,971,960	\$ 2,971,960	\$ 3,003,261	\$ 31,301
Basic school aid	6,799,332	6,799,332	6,811,720	12,388
Gifted and talented	62,559	62,559	62,935	376
Remedial education	194,331	194,331	195,501	1,170
Special education	799,951	799,951	804,768	4,817
Textbook payment	128,072	128,072	128,843	771
Vocational standards of quality payments	175,696	175,696	176,754	1,058
Social security fringe benefits	380,675	380,675	382,968	2,293
Retirement fringe benefits	778,654	778,654	777,987	(667)
Early reading intervention	55,047	55,047	41,695	(13,352)
Dropout prevention	-	-	20,717	20,717
Homebound education	8,938	8,938	12,571	3,633
Vocational education other	41,455	41,455	43,163	1,708
At risk payments	168,864	168,864	169,737	873
Standards of learning algebra readiness	23,940	23,940	22,268	(1,672)
Reduced class size	255,473	255,473	249,756	(5,717)
Group life insurance	26,621	26,621	24,103	(2,518)
Technology grant	206,000	206,000	206,000	-
At risk four-year olds	97,862	97,862	94,680	(3,182)
English as a second language	15,750	15,750	17,365	1,615
Adult Ed GED	23,576	23,576	25,576	2,000
Other state funds	-	-	72,584	72,584
Total categorical aid	\$ 13,214,756	\$ 13,214,756	\$ 13,344,952	\$ 130,196
Total revenue from the Commonwealth	\$ 13,214,756	\$ 13,214,756	\$ 13,344,952	\$ 130,196

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 35,000	\$ 35,000	\$ 72,583	\$ 37,583
Adult literacy	-	121,394	128,978	7,584
Title I	-	309,756	303,792	(5,964)
Title VI-B, special education flow-through	-	414,652	406,668	(7,984)
Vocational education	-	47,789	46,869	(920)
Title VI-B, special education pre-school	-	15,041	14,751	(290)
Title II, Part A	-	33,886	33,234	(652)
Twenty-first century community learning centers	-	235,419	230,886	(4,533)
Total action against poverty	-	37,373	36,653	(720)
AP Test fee	-	566	555	(11)
Total categorical aid	\$ 35,000	\$ 1,250,876	\$ 1,274,969	\$ 24,093
Total revenue from the federal government	\$ 35,000	\$ 1,250,876	\$ 1,274,969	\$ 24,093
Total School Operating Fund	\$ 28,393,140	\$ 31,120,895	\$ 29,957,939	\$ (1,162,956)
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 101	\$ 101	\$ 323	\$ 222
Charges for services:				
Cafeteria sales	\$ 655,000	\$ 655,000	\$ 412,030	\$ (242,970)
Total revenue from local sources	\$ 655,101	\$ 655,101	\$ 412,353	\$ (242,748)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 19,258	\$ 19,258	\$ 16,528	\$ (2,730)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 613,538	\$ 613,538	\$ 596,386	\$ (17,152)
Commodities	-	-	64,963	64,963
Total action against poverty	-	-	22,791	22,791
Total categorical aid	\$ 613,538	\$ 613,538	\$ 684,140	\$ 70,602
Total revenue from the federal government	\$ 613,538	\$ 613,538	\$ 684,140	\$ 70,602
Total School Cafeteria Fund	\$ 1,287,897	\$ 1,287,897	\$ 1,113,021	\$ (174,876)
Total Discretely Presented Component Unit - School Board	\$ 29,681,037	\$ 32,408,792	\$ 31,070,960	\$ (1,337,832)

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

Schedule 2  
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of Supervisors	\$ 104,869	\$ 92,150	\$ 90,494	\$ 1,656
General and financial administration:				
County administrator	\$ 196,037	\$ 197,890	\$ 196,497	\$ 1,393
Legal services	165,906	166,456	159,486	6,970
Commissioner of the revenue	266,554	277,190	252,941	24,249
Land use	1,200	1,200	769	431
Treasurer	319,057	319,057	281,302	37,755
Central accounting	135,321	131,761	103,595	28,166
Human resources	71,737	71,981	10,314	61,667
Data processing	134,772	137,310	129,561	7,749
Director of fiscal services	224,456	218,081	207,944	10,137
Central stores	-	-	35,265	(35,265)
Total general and financial administration	\$ 1,515,040	\$ 1,520,926	\$ 1,377,674	\$ 143,252
Board of elections:				
Electoral board and officials	\$ 144,662	\$ 141,880	\$ 118,026	\$ 23,854
Total board of elections	\$ 144,662	\$ 141,880	\$ 118,026	\$ 23,854
Total general government administration	\$ 1,764,571	\$ 1,754,956	\$ 1,586,194	\$ 168,762
Judicial administration:				
Courts:				
Circuit court	\$ 65,909	\$ 77,095	\$ 71,946	\$ 5,149
County court	23,378	23,378	19,795	3,583
Victim witness coordinator	58,494	58,494	56,790	1,704
Clerk of the circuit court	420,017	424,442	390,961	33,481
Courthouse security	420,597	384,660	372,623	12,037
Total courts	\$ 988,395	\$ 968,069	\$ 912,115	\$ 55,954
Commonwealth's attorney:				
Commonwealth's attorney	\$ 464,042	\$ 471,029	\$ 469,784	\$ 1,245
Total Commonwealth's attorney	\$ 464,042	\$ 471,029	\$ 469,784	\$ 1,245
Total judicial administration	\$ 1,452,437	\$ 1,439,098	\$ 1,381,899	\$ 57,199
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,414,742	\$ 2,506,877	\$ 2,542,259	\$ (35,382)
Fire and rescue services:				
Fire prevention	\$ 966,285	\$ 1,038,473	\$ 1,013,680	\$ 24,793
Emergency management	139,819	158,336	132,941	25,395
Rescue services	1,120,400	1,138,459	825,345	313,114
Consolidated dispatch	815,104	858,725	700,178	158,547
Total fire and rescue services	\$ 3,041,608	\$ 3,193,993	\$ 2,672,144	\$ 521,849
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 854,012	\$ 1,203,679	\$ 807,009	\$ 396,670
Probation office	6,150	6,150	4,487	1,663
Juvenile probation and detention	32,921	33,056	33,056	-
Total correction and detention	\$ 893,083	\$ 1,242,885	\$ 844,552	\$ 398,333

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

Schedule 2  
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 258,015	\$ 259,712	\$ 234,829	\$ 24,883
Other protection:				
Animal control	\$ 17,533	\$ 19,430	\$ 19,430	\$ -
Other protective services	180,040	180,040	179,271	769
Total other protection	\$ 197,573	\$ 199,470	\$ 198,701	\$ 769
Total public safety	\$ 6,805,021	\$ 7,402,937	\$ 6,492,485	\$ 910,452
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 7,500	\$ 9,540	\$ 9,524	\$ 16
Total maintenance of highways, streets, bridges & sidewalks	\$ 7,500	\$ 9,540	\$ 9,524	\$ 16
Sanitation and waste removal:				
County pickup	\$ 1,595,275	\$ 1,632,586	\$ 1,515,761	\$ 116,825
Special enforcement-litter control	119,979	112,689	100,672	12,017
Total sanitation and waste removal	\$ 1,715,254	\$ 1,745,275	\$ 1,616,433	\$ 128,842
Maintenance of general buildings and grounds:				
General properties	\$ 640,598	\$ 652,044	\$ 499,614	\$ 152,430
Central garage	1,042,315	1,044,840	768,192	276,648
Total maintenance of general buildings and grounds	\$ 1,682,913	\$ 1,696,884	\$ 1,267,806	\$ 429,078
Total public works	\$ 3,405,667	\$ 3,451,699	\$ 2,893,763	\$ 557,936
Health and welfare:				
Health:				
Supplement of local health department	\$ 266,742	\$ 266,742	\$ 263,598	\$ 3,144
Other contributions	81,677	81,677	81,677	-
Total health	\$ 348,419	\$ 348,419	\$ 345,275	\$ 3,144
Mental health and mental retardation:				
Community services board	\$ 163,690	\$ 163,690	\$ 163,690	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 754,606	\$ 754,726	\$ 575,097	\$ 179,629
Other public assistance and welfare administration	45,681	45,681	45,258	423
Tax relief for the elderly	-	-	199,887	(199,887)
Total welfare	\$ 800,287	\$ 800,407	\$ 820,242	\$ (19,835)
Total health and welfare	\$ 1,312,396	\$ 1,312,516	\$ 1,329,207	\$ (16,691)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 68,384	\$ 68,384	\$ 68,384	\$ -
Contribution to County School Board	13,688,834	14,015,207	13,760,808	254,399
Total education	\$ 13,757,218	\$ 14,083,591	\$ 13,829,192	\$ 254,399



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

Schedule 2  
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 790,302	\$ 808,302	\$ 747,709	\$ 60,593
Preschool	112,957	112,957	111,285	1,672
Total parks and recreation	<u>\$ 903,259</u>	<u>\$ 921,259</u>	<u>\$ 858,994</u>	<u>\$ 62,265</u>
Library:				
Contribution to county libraries	\$ 583,889	\$ 583,889	\$ 583,889	\$ -
Total parks, recreation, and cultural	<u>\$ 1,487,148</u>	<u>\$ 1,505,148</u>	<u>\$ 1,442,883</u>	<u>\$ 62,265</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 294,693	\$ 301,267	\$ 294,235	\$ 7,032
Geographic information system	170,262	170,108	166,399	3,709
Rental assistance	79,618	79,772	78,035	1,737
Economic development	964,422	1,534,931	1,470,577	64,354
Other community development	774,169	774,170	774,169	1
Contribution to Public Service Authority	505,135	476,732	117,112	359,620
Total planning and community development	<u>\$ 2,788,299</u>	<u>\$ 3,336,980</u>	<u>\$ 2,900,527</u>	<u>\$ 436,453</u>
Environmental management:				
NBSWCD support	\$ 148,085	\$ 144,411	\$ 138,643	\$ 5,768
Other environmental management	69,690	98,979	86,744	12,235
Total environmental management	<u>\$ 217,775</u>	<u>\$ 243,390</u>	<u>\$ 225,387</u>	<u>\$ 18,003</u>
Cooperative extension program:				
Extension office	\$ 85,614	\$ 85,614	\$ 59,600	\$ 26,014
Total community development	<u>\$ 3,091,688</u>	<u>\$ 3,665,984</u>	<u>\$ 3,185,514</u>	<u>\$ 480,470</u>
Nondepartmental:				
Miscellaneous	\$ 355,731	\$ 333,830	\$ 2,586	\$ 331,244
Annexation payment	1,765,000	1,765,000	1,754,823	10,177
Total nondepartmental	<u>\$ 2,120,731</u>	<u>\$ 2,098,830</u>	<u>\$ 1,757,409</u>	<u>\$ 341,421</u>
Debt service:				
Principal retirement	\$ 2,057,867	\$ 2,057,867	\$ 2,053,317	\$ 4,550
Interest and other fiscal charges	2,607,197	2,607,197	2,600,518	6,679
Total debt service	<u>\$ 4,665,064</u>	<u>\$ 4,665,064</u>	<u>\$ 4,653,835</u>	<u>\$ 11,229</u>
Total General Fund	<u><u>\$ 39,861,941</u></u>	<u><u>\$ 41,379,823</u></u>	<u><u>\$ 38,552,381</u></u>	<u><u>\$ 2,827,442</u></u>
<b>Capital Projects Funds:</b>				
<b>Broadband Technology Opportunities Program:</b>				
Capital projects expenditures:				
Planning and community development:				
Capital projects	\$ -	\$ -	\$ 200	\$ (200)
Total planning and community development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ (200)</u>
Total Broadband Technology Opportunities Program	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 200</u></u>	<u><u>\$ (200)</u></u>
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
Capital projects	\$ -	\$ 818,962	\$ 130,440	\$ 688,522
Total capital projects	<u>\$ -</u>	<u>\$ 818,962</u>	<u>\$ 130,440</u>	<u>\$ 688,522</u>
Total School Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 818,962</u></u>	<u><u>\$ 130,440</u></u>	<u><u>\$ 688,522</u></u>
 Total Primary Government	 <u><u>\$ 39,861,941</u></u>	 <u><u>\$ 42,198,785</u></u>	 <u><u>\$ 38,683,021</u></u>	 <u><u>\$ 3,515,764</u></u>

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

Schedule 2  
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Instruction	\$ 20,627,588	\$ 22,883,487	\$ 21,846,536	\$ 1,036,951
Administration, attendance and health	1,364,768	1,364,768	1,298,704	66,064
Pupil transportation	2,148,722	2,148,722	2,150,321	(1,599)
Operation and maintenance	3,170,784	3,361,938	3,302,271	59,667
Facilities	1,076,728	1,357,430	1,359,557	(2,127)
Total education	\$ 28,388,590	\$ 31,116,345	\$ 29,957,389	\$ 1,158,956
Debt service:				
Interest and other fiscal charges	\$ 4,550	\$ 4,550	\$ 550	\$ 4,000
Total debt service	\$ 4,550	\$ 4,550	\$ 550	\$ 4,000
Total School Operating Fund	\$ 28,393,140	\$ 31,120,895	\$ 29,957,939	\$ 1,162,956
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,287,897	\$ 1,287,897	\$ 1,160,088	\$ 127,809
Total School Cafeteria Fund	\$ 1,287,897	\$ 1,287,897	\$ 1,160,088	\$ 127,809
Total Discretely Presented Component Unit - School Board	\$ 29,681,037	\$ 32,408,792	\$ 31,118,027	\$ 1,290,765

## **STATISTICAL SECTION**

## STATISTICAL SECTION

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

6-10

#### Debt Capacity

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

11-13

#### Demographic and Economic Information

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

14-15

#### Operating Information

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

16-19

#### Sources:

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

**COUNTY OF ROCKBRIDGE, VIRGINIA**

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 1,034,139	\$ 4,760,174	\$ 9,678,247	\$ 12,942,462
Restricted	1,597,814	1,990,486	1,441,943	935,021
Unrestricted	<u>10,533,679</u>	<u>12,595,832</u>	<u>13,004,039</u>	<u>17,260,280</u>
Total governmental activities net position	<u>\$ 13,165,632</u>	<u>\$ 19,346,492</u>	<u>\$ 24,124,229</u>	<u>\$ 31,137,763</u>
Business-type activities				
Net investment in capital assets	\$ 1,445,213	\$ 1,458,874	\$ 1,373,896	\$ 1,421,280
Restricted	-	-	-	-
Unrestricted	<u>344,247</u>	<u>400,752</u>	<u>575,480</u>	<u>875,031</u>
Total business-type activities net position	<u>\$ 1,789,460</u>	<u>\$ 1,859,626</u>	<u>\$ 1,949,376</u>	<u>\$ 2,296,311</u>
Primary government				
Net investment in capital assets	\$ 2,479,352	\$ 6,219,048	\$ 11,052,143	\$ 14,363,742
Restricted	1,597,814	1,990,486	1,441,943	935,021
Unrestricted	<u>10,877,926</u>	<u>12,996,584</u>	<u>13,579,519</u>	<u>18,135,311</u>
Total primary government net position	<u>\$ 14,955,092</u>	<u>\$ 21,206,118</u>	<u>\$ 26,073,605</u>	<u>\$ 33,434,074</u>

Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 12,355,645	\$ 11,866,668	\$ 12,943,272	\$ 10,937,946	\$ 14,100,533	\$ 14,218,888
935,021	960,040	1,002,603	5,459,836	1,332,295	1,190,894
<u>16,443,020</u>	<u>17,653,362</u>	<u>17,197,916</u>	<u>21,297,930</u>	<u>21,113,574</u>	<u>20,308,715</u>
<u>\$ 29,733,686</u>	<u>\$ 30,480,070</u>	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>	<u>\$ 36,546,402</u>	<u>\$ 35,718,497</u>
\$ 1,427,172	\$ 1,338,861	\$ 1,086,965	\$ 1,397,575	\$ 1,712,920	\$ 2,166,784
-	-	1,176,854	1,002,249	1,002,249	1,210,738
<u>1,201,435</u>	<u>1,570,098</u>	<u>881,152</u>	<u>924,040</u>	<u>642,159</u>	<u>733,351</u>
<u>\$ 2,628,607</u>	<u>\$ 2,908,959</u>	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>	<u>\$ 3,357,328</u>	<u>\$ 4,110,873</u>
\$ 13,782,817	\$ 13,205,529	\$ 14,030,237	\$ 12,335,521	\$ 15,813,453	\$ 16,385,672
935,021	960,040	2,179,457	6,462,085	2,334,544	2,401,632
<u>17,644,455</u>	<u>19,223,460</u>	<u>18,079,068</u>	<u>22,221,970</u>	<u>21,755,733</u>	<u>21,042,066</u>
<u>\$ 32,362,293</u>	<u>\$ 33,389,029</u>	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>	<u>\$ 39,903,730</u>	<u>\$ 39,829,370</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government administration	\$ 925,309	\$ 1,516,336	\$ 1,398,329	\$ 2,170,904
Judicial administration	1,070,338	573,554	4,699,190	2,725,181
Public safety	4,108,605	4,518,686	4,658,008	4,926,453
Public works	2,558,759	2,547,356	3,001,287	2,856,775
Health and welfare	1,021,507	1,429,744	1,471,189	1,527,149
Education	12,660,147	12,426,048	14,126,792	14,178,044
Parks, recreation and cultural	1,089,369	1,131,484	1,236,686	1,358,529
Community development	2,136,809	2,250,998	1,699,223	1,831,694
Interest on long-term debt	2,082,251	1,469,578	2,087,610	1,733,021
Nondepartmental	1,227,014	2,035,190	1,698,751	2,060,962
Total governmental activities expenses	\$ 28,880,108	\$ 29,898,974	\$ 36,077,065	\$ 35,368,712
Business-type activities:				
Landfill	\$ 1,106,115	\$ 1,336,355	\$ 1,215,648	\$ 1,058,560
Recycling	770,109	871,600	1,059,036	1,001,618
Total business-type activities expenses	\$ 1,876,224	\$ 2,207,955	\$ 2,274,684	\$ 2,060,178
Total primary government expenses	\$ 30,756,332	\$ 32,106,929	\$ 38,351,749	\$ 37,428,890
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government administration	\$ 501,055	\$ 17,550	\$ 23,400	\$ 35,100
Judicial administration	294,156	264,441	443,137	388,462
Public safety	14,876	13,424	17,878	16,838
Public works	537,203	793,320	1,153,570	1,028,928
Parks, recreation and cultural	71,673	84,576	113,061	84,892
Community development	428,816	390,853	350,169	190,262
Operating grants and contributions	2,346,099	2,550,447	2,416,922	2,398,519
Capital grants and contributions	778,179	53,776	46,189	4,260,000
Total governmental activities program revenues	\$ 4,972,057	\$ 4,168,387	\$ 4,564,326	\$ 8,403,001

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,332,278	\$ 2,333,275	\$ 2,335,818	\$ 2,011,030	\$ 2,497,472	\$ 2,294,804
1,211,172	1,186,366	1,021,390	1,267,789	1,282,388	1,283,097
5,364,665	5,160,253	5,406,165	5,700,091	7,551,214	6,492,719
3,040,215	2,824,461	2,949,751	3,052,847	2,522,400	2,879,018
1,459,423	1,498,930	1,505,526	1,414,009	1,411,742	1,330,106
14,437,698	13,085,583	16,631,591	16,126,417	14,081,158	14,980,144
1,361,665	1,267,868	1,299,526	1,442,669	1,246,800	1,289,331
2,109,085	2,585,270	2,369,189	2,246,495	2,635,939	3,171,409
1,932,209	1,862,608	1,730,059	1,718,759	1,749,577	1,757,409
1,944,765	1,747,190	1,969,401	2,833,978	2,513,613	2,449,604
<u>\$ 35,193,175</u>	<u>\$ 33,551,804</u>	<u>\$ 37,218,416</u>	<u>\$ 37,814,084</u>	<u>\$ 37,492,303</u>	<u>\$ 37,927,641</u>
\$ 969,972	\$ 862,292	\$ 825,011	\$ 960,797	\$ 1,207,978	\$ 962,151
954,393	983,111	1,159,742	1,156,498	461,888	473,195
<u>\$ 1,924,365</u>	<u>\$ 1,845,403</u>	<u>\$ 1,984,753</u>	<u>\$ 2,117,295</u>	<u>\$ 1,669,866</u>	<u>\$ 1,435,346</u>
<u>\$ 37,117,540</u>	<u>\$ 35,397,207</u>	<u>\$ 39,203,169</u>	<u>\$ 39,931,379</u>	<u>\$ 39,162,169</u>	<u>\$ 39,362,987</u>
\$ 11,700	\$ 23,400	\$ 23,400	\$ 23,400	\$ -	\$ -
346,456	437,863	510,896	457,916	709,282	765,411
15,584	5,840	6,317	22,078	10,282	21,465
1,154,832	958,805	1,236,913	1,122,809	1,180,837	1,043,742
90,891	96,748	95,487	85,038	84,607	80,237
204,569	181,875	192,207	178,734	236,124	493,599
2,165,017	2,426,783	2,257,672	2,412,618	2,438,107	2,424,462
-	303,653	1,993,245	5,816,685	598,412	273,913
<u>\$ 3,989,049</u>	<u>\$ 4,434,967</u>	<u>\$ 6,316,137</u>	<u>\$ 10,119,278</u>	<u>\$ 5,257,651</u>	<u>\$ 5,102,829</u>



**COUNTY OF ROCKBRIDGE, VIRGINIA**

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

	Fiscal Year			
	2006	2007	2008	2009
Business-type activities:				
Charges for services:				
Landfill	\$ 1,185,380	\$ 1,261,870	\$ 1,184,892	\$ 1,266,573
Recycling	66,982	85,533	189,307	101,959
Operating grants and contributions	23,975	19,626	23,798	23,013
Total business-type activities program revenues	\$ 1,276,337	\$ 1,367,029	\$ 1,397,997	\$ 1,391,545
Total primary government program revenues	\$ 6,248,394	\$ 5,535,416	\$ 5,962,323	\$ 9,794,546
Net (expense) / revenue				
Governmental activities	\$ (23,908,051)	\$ (25,730,587)	\$ (31,512,739)	\$ (26,965,711)
Business-type activities	(599,887)	(840,926)	(876,687)	(668,633)
Total primary government net expense	\$ (24,507,938)	\$ (26,571,513)	\$ (32,389,426)	\$ (27,634,344)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 15,762,626	\$ 17,743,425	\$ 19,225,297	\$ 20,100,078
Local sales and use taxes	2,401,773	2,486,192	2,484,176	2,337,807
Motor vehicle licenses taxes	556,542	567,994	565,841	556,865
Consumer utility taxes	1,130,956	1,326,139	1,616,873	1,529,343
Business licenses taxes	733,059	740,306	831,582	855,953
Other local taxes	3,107,199	3,057,021	2,777,979	2,579,150
Unrestricted grants and contributions	2,836,695	2,822,212	2,669,612	2,895,242
Unrestricted revenues from use of money and property	729,779	1,467,557	1,461,742	462,662
Miscellaneous	180,730	1,962,010	8,211,798	3,643,804
Transfers	(634,154)	(767,116)	(890,124)	(981,659)
Total governmental activities	\$ 26,805,205	\$ 31,405,740	\$ 38,954,776	\$ 33,979,245
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 125,164	\$ 143,976	\$ 76,310	\$ 32,743
Miscellaneous	24,790	-	3	1,166
Transfers	634,154	767,116	890,124	981,659
Total business-type activities	\$ 784,108	\$ 911,092	\$ 966,437	\$ 1,015,568
Total primary government	\$ 27,589,313	\$ 32,316,832	\$ 39,921,213	\$ 34,994,813
<b>Change in Net Position</b>				
Governmental activities	\$ 2,897,154	\$ 5,675,153	\$ 7,442,037	\$ 7,013,534
Business-type activities	184,221	70,166	89,750	346,935
Total primary government	\$ 3,081,375	\$ 5,745,319	\$ 7,531,787	\$ 7,360,469

Table 2

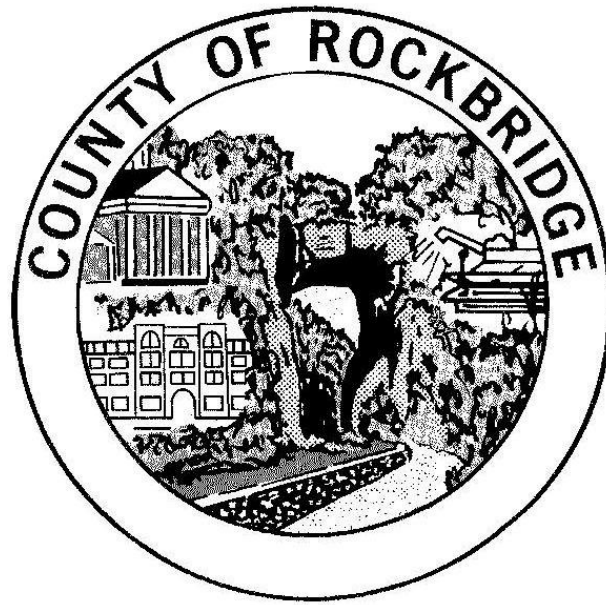
Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,213,411	\$ 1,116,260	\$ 1,063,507	\$ 1,034,968	\$ 936,243	\$ 1,578,750
104,549	77,872	23,714	-	-	-
18,913	21,503	18,461	26,161	23,076	23,046
\$ 1,336,873	\$ 1,215,635	\$ 1,105,682	\$ 1,061,129	\$ 959,319	\$ 1,601,796
\$ 5,325,922	\$ 5,650,602	\$ 7,421,819	\$ 11,180,407	\$ 6,216,970	\$ 6,704,625
\$ (31,204,126)	\$ (29,116,837)	\$ (30,902,279)	\$ (27,694,806)	\$ (32,234,652)	\$ (32,824,812)
(587,492)	(629,768)	(879,071)	(1,056,166)	(710,547)	166,450
\$ (31,791,618)	\$ (29,746,605)	\$ (31,781,350)	\$ (28,750,972)	\$ (32,945,199)	\$ (32,658,362)
\$ 19,737,346	\$ 19,903,929	\$ 20,241,098	\$ 22,519,602	\$ 23,009,779	\$ 24,210,212
2,238,747	2,226,190	2,292,809	2,392,591	2,439,476	2,561,164
547,407	542,034	537,280	537,855	535,776	531,093
1,538,143	1,541,967	1,520,806	1,522,050	1,514,494	1,509,304
723,687	775,021	851,571	913,827	882,478	873,386
2,662,945	2,642,418	2,687,544	2,791,478	2,922,491	3,144,747
2,766,489	2,706,042	2,761,428	2,741,009	2,760,419	2,732,823
240,641	145,518	74,448	78,229	58,003	57,337
272,957	239,873	1,710,031	743,278	1,213,388	943,636
(948,313)	(859,771)	(1,111,015)	(1,234,972)	(735,930)	(909,606)
\$ 29,780,049	\$ 29,863,221	\$ 31,566,000	\$ 33,004,947	\$ 34,600,374	\$ 35,654,096
\$ 6,505	\$ 4,938	\$ 4,000	\$ 4,676	\$ 3,018	\$ 3,413
117	10,264	68	3,815	5,063	8,927
948,313	859,771	1,111,015	1,234,972	735,930	909,606
\$ 954,935	\$ 874,973	\$ 1,115,083	\$ 1,243,463	\$ 744,011	\$ 921,946
\$ 30,734,984	\$ 30,738,194	\$ 32,681,083	\$ 34,248,410	\$ 35,344,385	\$ 36,576,042
\$ (1,424,077)	\$ 746,384	\$ 663,721	\$ 5,310,141	\$ 2,365,722	\$ 2,829,284
367,443	245,205	236,012	187,297	33,464	1,088,396
\$ (1,056,634)	\$ 991,589	\$ 899,733	\$ 5,497,438	\$ 2,399,186	\$ 3,917,680

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

*(accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Record- ation and Wills Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2015 \$	24,210,212 \$	2,561,164 \$	1,509,304 \$	531,093 \$	184,098 \$	873,386 \$	29,869,257
2014	23,009,779	2,439,476	1,514,494	535,776	208,339	882,478	28,590,342
2013	22,519,602	2,392,591	1,522,050	537,855	191,861	913,827	28,077,786
2012	20,241,098	2,292,809	1,520,806	537,280	199,362	851,571	25,642,926
2011	19,903,929	2,226,190	1,541,967	542,034	182,274	775,021	25,171,415
2010	19,737,346	2,238,747	1,538,143	547,407	192,183	723,687	24,977,513
2009	20,100,078	2,337,807	1,529,343	556,865	208,782	855,953	25,588,828
2008	19,225,297	2,484,176	1,616,873	565,841	298,742	831,582	25,022,511
2007	17,743,425	2,486,192	1,326,139	567,994	335,290	740,306	23,199,346
2006	15,762,626	2,401,773	1,130,956	556,542	358,912	733,059	20,943,868



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**COUNTY OF ROCKBRIDGE, VIRGINIA**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General fund					
Reserved	\$ 1,597,814	\$ 1,549,574	\$ 1,404,760	\$ 1,863,469	\$ 2,531,217
Unreserved	10,578,376	13,409,914	14,292,634	15,037,799	13,602,863
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 12,176,190</u>	<u>\$ 14,959,488</u>	<u>\$ 15,697,394</u>	<u>\$ 16,901,268</u>	<u>\$ 16,134,080</u>
All other governmental funds					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, reported in:					
Capital projects funds	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	14,314,160	10,582,108	6,620,625	535,995	314,661
Total all other governmental funds	<u>\$ 14,314,160</u>	<u>\$ 10,582,108</u>	<u>\$ 6,620,625</u>	<u>\$ 535,995</u>	<u>\$ 314,661</u>

(1) The County implemented GASB 54 in fiscal year 2011, the fund balances for previous years have not been restated per GASB 54 classifications.

Table 4

Fiscal Year				
2011 (1)	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
102,799	121,348	116,671	112,861	111,886
1,018,434	1,002,603	1,075,361	1,000,439	988,933
856,172	646,172	707,419	385,973	175,973
1,259,523	2,061,918	1,934,997	2,194,043	2,004,485
14,124,282	15,284,213	17,219,353	18,317,586	21,085,055
\$ <u>17,361,210</u>	\$ <u>19,116,254</u>	\$ <u>21,053,801</u>	\$ <u>22,010,902</u>	\$ <u>24,366,332</u>
\$ -	\$ -	\$ 4,384,475	\$ 331,856	\$ 201,961
278,115	5,434,345	254,255	260,564	232,578
(90,345)	(947,976)	(229,603)	-	-
-	-	-	-	-
\$ <u>187,770</u>	\$ <u>4,486,369</u>	\$ <u>4,409,127</u>	\$ <u>592,420</u>	\$ <u>434,539</u>

**COUNTY OF ROCKBRIDGE, VIRGINIA**

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
General property taxes	\$ 15,926,023	\$ 17,167,695	\$ 19,267,635	\$ 19,905,850	\$ 19,568,375
Other local taxes	7,929,529	8,177,652	8,276,451	7,859,118	7,710,929
Permits, privilege fees and regulatory licenses	437,233	377,199	335,529	188,491	202,087
Fines and forfeitures	71,574	80,978	196,529	177,259	153,837
Revenue from use of money and property	729,779	1,467,557	1,461,742	462,662	240,641
Charges for services	1,338,972	1,105,987	1,569,157	1,378,732	1,468,108
Miscellaneous	162,730	537,870	657,112	363,416	257,616
Recovered costs	974,760	1,748,308	8,187,010	3,798,055	359,866
Intergovernmental:					
Commonwealth	4,864,082	5,038,154	4,904,117	4,686,608	4,652,229
Federal	1,096,891	388,281	228,606	607,153	299,277
Total revenues	\$ 33,531,573	\$ 36,089,681	\$ 45,083,888	\$ 39,427,344	\$ 34,912,965
<b>Expenditures</b>					
General government administration	\$ 1,623,703	\$ 1,609,206	\$ 1,592,669	\$ 1,592,002	\$ 1,774,607
Judicial administration	1,068,975	1,156,273	1,149,258	1,292,358	1,199,478
Public safety	4,273,230	4,863,985	5,081,176	5,144,522	5,334,327
Public works	2,506,206	2,413,698	2,853,198	2,709,261	2,911,708
Health and welfare	1,021,506	1,429,744	1,471,189	1,527,091	1,459,363
Education	10,974,800	10,596,063	12,166,930	12,259,269	12,565,769
Parks, recreation and cultural	1,087,400	1,124,798	1,230,352	1,248,904	1,257,674
Community development	2,131,787	2,258,256	2,093,877	1,838,680	2,101,876
Non-Departmental	1,227,971	1,469,578	1,698,751	1,733,021	1,932,209
Capital projects	6,801,707	5,056,909	17,915,845	9,482,489	62,263
Debt service:					
Principal	2,487,469	2,795,373	3,923,340	2,326,302	2,320,388
Interest and other fiscal charges	1,746,288	2,153,457	2,040,141	2,172,542	2,033,512
Bond issue costs	-	-	-	-	-
Total expenditures	\$ 36,951,042	\$ 36,927,340	\$ 53,216,726	\$ 43,326,441	\$ 34,953,174
Excess of revenues over (under) expenditures	\$ (3,419,469)	\$ (837,659)	\$ (8,132,838)	\$ (3,899,097)	\$ (40,209)
Other financing sources (uses)					
Transfers in	\$ 1,059,250	\$ 750,000	\$ 1,750,000	\$ -	\$ 175,135
Transfers out	(1,693,404)	(1,517,116)	(2,640,124)	(981,659)	(1,123,448)
Refunding bonds issued	-	-	-	-	-
Bonds issued	15,620,130	-	6,000,000	-	-
Premium on bonds issued	-	-	-	-	-
Capital leases	223,826	150,314	157,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	\$ 15,209,802	\$ (616,802)	\$ 5,266,876	\$ (981,659)	\$ (948,313)
Net change in fund balances	\$ 11,790,333	\$ (1,454,461)	\$ (2,865,962)	\$ (4,880,756)	\$ (988,522)
Debt service as a percentage of noncapital expenditures	14.04%	15.53%	16.89%	13.29%	12.48%

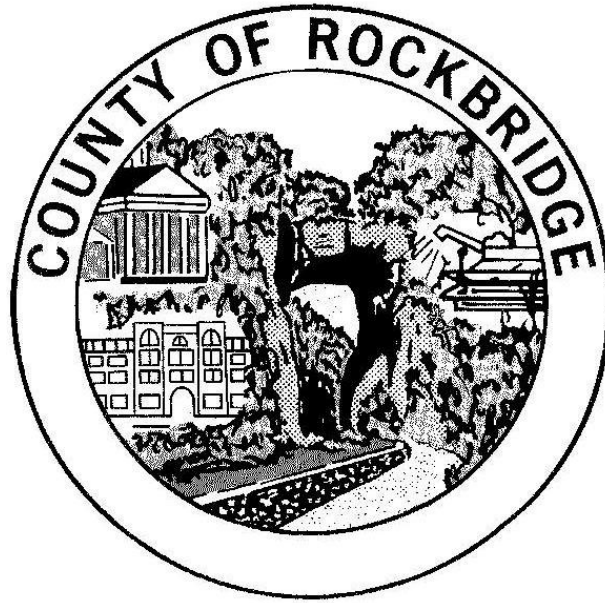
Table 5

Fiscal Year				
2011	2012	2013	2014	2015
\$ 19,778,269	\$ 20,928,182	\$ 22,414,930	\$ 23,372,482	\$ 24,016,493
7,727,630	7,890,010	8,157,801	8,294,715	8,619,694
181,875	192,207	172,766	210,464	432,008
223,673	284,725	235,024	451,140	521,412
145,518	74,448	78,229	58,003	57,337
1,298,983	1,588,288	1,482,185	1,559,528	1,451,034
239,873	2,150,539	2,471,378	1,213,388	943,636
343,712	303,718	350,799	272,277	317,364
4,935,567	4,733,732	4,847,109	4,910,801	4,955,261
500,911	2,278,613	4,416,673	886,137	475,937
\$ 35,376,011	\$ 40,424,462	\$ 44,626,894	\$ 41,228,935	\$ 41,790,176
\$ 1,642,181	\$ 1,612,340	\$ 1,588,585	\$ 1,667,257	\$ 1,586,194
1,183,984	1,188,236	1,278,954	1,295,768	1,381,899
5,198,378	5,535,432	5,784,020	7,683,885	6,492,485
2,944,557	2,956,944	3,082,574	2,506,757	2,893,763
1,498,725	1,503,694	1,413,425	1,412,588	1,329,207
11,514,555	12,848,581	14,216,366	13,747,740	13,829,192
1,170,665	1,197,527	1,345,586	1,243,472	1,442,883
2,998,230	6,177,505	7,337,211	2,633,159	3,185,514
1,747,190	1,730,059	1,723,096	1,749,577	1,757,409
36,677	2,335,173	21,849,069	4,579,992	130,640
1,758,226	1,854,205	3,674,994	2,107,993	2,053,317
1,939,473	2,026,423	2,311,965	2,724,423	2,600,518
-	-	287,772	-	-
\$ 33,632,841	\$ 40,966,119	\$ 65,893,617	\$ 43,352,611	\$ 38,683,021
\$ 1,743,170	\$ (541,657)	\$ (21,266,723)	\$ (2,123,676)	\$ 3,107,155
\$ -	\$ 1,087,294	\$ -	\$ 28,328	\$ 27,786
(859,771)	(2,198,309)	(1,234,972)	(764,258)	(937,392)
-	-	11,760,000	-	-
-	7,500,000	21,895,000	-	-
-	-	2,533,876	-	-
216,840	206,315	-	-	-
-	-	(13,086,006)	-	-
\$ (642,931)	\$ 6,595,300	\$ 21,867,898	\$ (735,930)	\$ (909,606)
\$ 1,100,239	\$ 6,053,643	\$ 601,175	\$ (2,859,606)	\$ 2,197,549
11.01%	10.05%	13.59%	12.59%	12.12%



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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Consumer Utility Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Record-ation and Wills Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2015 \$	24,016,493 \$	2,561,164 \$	1,509,304 \$	531,093 \$	184,098 \$	873,386 \$	29,675,538
2014	23,372,482	2,439,476	1,514,494	535,776	208,339	882,478	28,953,045
2013	22,414,930	2,392,591	1,522,050	537,855	191,861	913,827	27,973,114
2012	20,928,182	2,292,809	1,520,806	537,280	199,362	851,571	26,330,010
2011	19,778,269	2,226,190	1,541,967	542,034	182,274	775,021	25,045,755
2010	19,568,375	2,238,747	1,538,143	547,407	192,183	723,687	24,808,542
2009	19,905,850	2,337,807	1,529,343	556,865	208,782	855,953	25,394,600
2008	19,267,635	2,484,176	1,616,873	565,841	298,742	831,582	25,064,849
2007	17,167,695	2,486,192	1,326,139	567,994	335,290	740,306	22,623,616
2006	15,926,023	2,401,773	1,130,956	556,542	358,912	733,059	21,107,265



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**COUNTY OF ROCKBRIDGE, VIRGINIA**

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

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<b>Fiscal Year</b>	<b>Real Estate (1)</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Public Service (2)</b>	<b>Total Taxable Assessed Value</b>
2015	\$ 2,427,102,558	\$ 185,452,684	\$ 6,526,117	\$ 14,293,472	\$ 158,517,874	\$ 2,791,892,705
2014	2,409,180,980	182,796,656	6,654,724	14,745,031	146,349,769	2,759,727,160
2013	2,406,225,814	181,627,780	6,529,754	14,352,182	130,966,279	2,739,701,809
2012	2,393,006,606	174,030,130	6,943,019	13,415,023	118,289,855	2,705,684,633
2011	2,381,260,966	168,167,630	9,112,766	10,822,737	113,384,467	2,682,748,566
2010	2,436,189,073	161,297,226	9,172,343	11,287,004	92,656,310	2,710,601,956
2009	2,403,426,774	185,101,529	9,042,587	11,098,157	85,950,278	2,694,619,325
2008	2,361,326,219	178,824,784	9,418,745	11,110,174	99,002,561	2,659,682,483
2007	2,329,760,003	176,096,685	9,629,610	10,784,021	104,485,747	2,630,756,066
2006	1,925,857,100	161,836,619	9,040,714	9,153,108	76,590,621	2,182,478,162

Source: Commissioner of the Revenue

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

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

(3) Source: Virginia Department of Taxation

Table 7

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<b>Estimated Actual Taxable Value</b>	<b>State Sales Assessment Ratio (3)</b>	<b>Total Direct Rate</b>
\$ 2,788,824,998	100.11%	\$ 8.24
2,848,309,588	96.89%	8.19
2,827,641,458	96.89%	8.14
2,792,532,390	96.89%	8.08
2,697,042,893	99.47%	8.02
2,668,966,085	101.56%	7.98
2,930,845,470	91.94%	7.98
3,041,375,052	87.45%	7.94
3,254,677,800	80.83%	7.70
2,571,857,367	84.86%	7.38

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

Tax Year	Direct Rates					Total Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools		
2015	\$ 0.715	\$ 4.25	\$ 0.72	\$ 2.55	\$	8.24
2014	0.715	4.25	0.67	2.55		8.19
2013	0.67	4.25	0.67	2.55		8.14
2012	0.64	4.25	0.64	2.55		8.08
2011	0.61	4.25	0.61	2.55		8.02
2010	0.59	4.25	0.59	2.55		7.98
2009	0.59	4.25	0.59	2.55		7.98
2008	0.59	4.25	0.55	2.55		7.94
2007	0.55	4.25	0.55	2.35		7.70
2006	0.55	3.75	0.73	2.35		7.38

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$	25,839,111	\$ 24,786,530	95.93%	\$ -	\$ 24,786,530	95.93%
2014		25,571,272	24,997,455	97.76%	180,375	25,177,830	98.46%
2013		23,894,710	23,332,287	97.65%	260,939	23,593,226	98.74%
2012		23,041,039	22,189,814	96.31%	664,568	22,854,382	99.19%
2011		21,983,597	21,203,088	96.45%	647,558	21,850,646	99.40%
2010		21,601,653	20,791,246	96.25%	699,825	21,491,071	99.49%
2009		22,272,956	21,510,651	96.58%	736,352	22,247,003	99.88%
2008		21,315,874	20,582,879	96.56%	710,731	21,293,610	99.90%
2007		20,300,479	18,785,345	92.54%	1,501,179	20,286,524	99.93%
2006		18,873,765	17,083,003	90.51%	1,774,153	18,857,156	99.91%

Source: Commissioner of the Revenue, Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

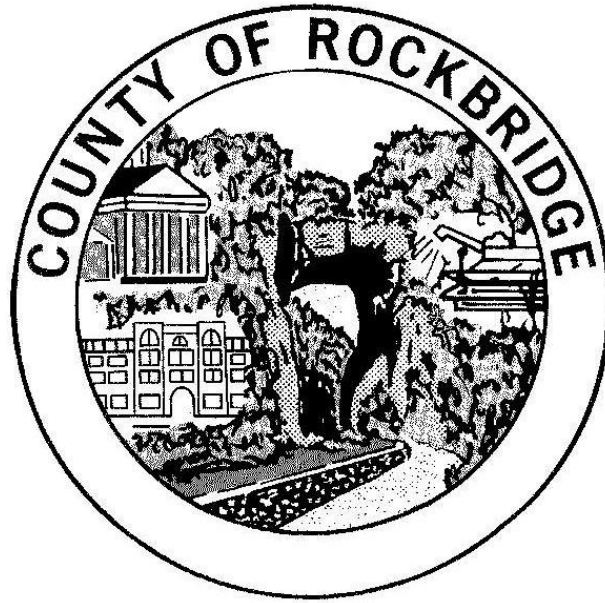
(2) Does not include land redemptions.

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2015		Fiscal Year 2006	
		2015 Assessed Valuation	% of Total Assessed Valuation	2006 Assessed Valuation	% of Total Assessed Valuation
Lexington Retirement Community, Inc.	Health Provider	\$ 27,726,900	1.152%	\$ 11,138,500	0.755%
Stonewall/Medusa/CWB&S/Barger	Real Estate & Industry	20,980,790	0.872%	14,319,700	0.971%
White's/Lee Hi/Berkstresser	Industry & Service	18,503,000	0.769%	10,913,600	0.740%
Virginia Conservation Legacy*	Hospitality	9,579,300	0.398%	8,431,700	0.572%
Wal-Mart Real Estate Business Trust	Retail	8,992,900	0.374%	7,586,200	0.514%
Aladdin Manufacturing Corporation	Industry	8,978,700	0.373%	14,705,600	0.997%
Elmech, Inc. (Wingate Hotel)	Hospitality	8,415,600	0.350%	3,009,000	0.204%
Lowe's Home Center	Retail	7,912,500	0.329%	413,800	0.028%
Natural Bridge Hotel & Conference Ctr.*	Hospitality	6,996,800	0.291%	-	0.000%
West Airslie Farms, LLC	Agriculture	3,795,700	0.158%	5,310,200	0.360%
		<u>\$ 125,516,790</u>	<u>5.217%</u>	<u>\$ 82,545,000</u>	<u>5.598%</u>

\*Formerly associated with Natural Bridge of Virginia, LCC in FY 2006

Source: Commissioner of Revenue



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**COUNTY OF ROCKBRIDGE, VIRGINIA**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Notes Payable	Capital Leases	General Obligation Bonds	Capital Leases
2015	\$ 43,604,236	\$ 17,390,000	\$ 1,255,000	\$ -	\$ -	\$ 724,462	\$ 449,111
2014	45,109,146	17,870,000	1,435,000	-	53,280	750,543	583,060
2013	46,590,095	18,359,697	1,635,000	-	173,515	776,624	317,405
2012	24,907,549	19,055,719	2,000,000	-	330,643	776,624	-
2011	18,537,312	19,523,530	2,200,000	-	226,105	-	-
2010	19,638,305	19,967,851	2,400,000	-	67,323	-	-
2009	21,079,658	20,474,555	2,600,000	-	284,800	-	-
2008	22,466,568	20,924,192	2,800,000	-	619,700	-	-
2007	23,799,252	17,046,376	3,000,000	-	776,317	-	-
2006	25,117,932	18,045,969	3,200,000	1,000,000	948,248	-	8,246

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

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

Table 11

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	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	63,422,809	5.03%	\$ 2,833
	65,801,029	5.22%	2,939
	67,852,336	5.44%	3,038
	47,070,535	3.94%	2,131
	40,486,947	3.57%	1,827
	42,073,479	3.72%	1,886
	44,439,013	3.85%	1,975
	46,810,460	4.13%	2,085
	44,621,945	4.12%	2,000
	48,320,395	4.78%	2,159

**COUNTY OF ROCKBRIDGE, VIRGINIA**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

**Table 12**

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015	22,390	\$ 2,427,102,558	\$ 44,859,236	\$ -	\$ 44,859,236	1.85%	\$ 2,004
2014	22,390	2,409,180,980	46,544,146	-	46,544,146	1.93%	2,079
2013	22,338	2,406,225,814	48,225,095	-	48,225,095	2.00%	2,159
2012	22,090	2,393,006,606	26,907,549	-	26,907,549	1.12%	1,218
2011	22,155	2,381,260,966	20,963,417	-	20,963,417	0.88%	946
2010	22,307	2,436,189,073	22,038,305	-	22,038,305	0.90%	988
2009	22,498	2,403,426,774	23,679,657	-	23,679,657	0.99%	1,053
2008	22,450	2,361,326,219	25,266,568	-	25,266,568	1.07%	1,125
2007	22,313	2,329,760,003	26,799,252	-	26,799,252	1.15%	1,201
2006	22,379	1,925,857,100	28,317,932	-	28,317,932	1.47%	1,265

(1) [www.coopercenter.org](http://www.coopercenter.org); See the Schedule of Demographic and Economic Statistics - Table 14

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds						Coverage
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2015	\$ 1,583,311	\$ 892,831	\$ 690,480	\$ 20,000	\$ 40,173	1147.49%	
2014	936,618	1,138,798	(202,180)	20,000	31,456	-392.92%	
2013	1,035,112	892,364	142,748	-	28,107	507.87%	
2012	1,063,575	825,011	238,564	-	-	N/A	
2011	1,126,524	862,292	264,232	-	-	N/A	
2010	1,213,528	969,972	243,556	-	-	N/A	
2009	1,267,734	1,058,560	209,174	-	-	N/A	
2008	1,184,895	1,215,648	(30,753)	-	-	N/A	
2007	1,261,870	1,336,355	(74,485)	-	-	N/A	
2006	1,185,420	1,011,076	174,344	-	-	N/A	

Note: Landfill charges and other include landfill charges and miscellaneous revenues but not investment earnings or capital contributions.

Demographic and Economic Statistics  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2015	22,390	\$ 1,259,937,000	\$ 25,638	47	2,543	5.80%
2014	22,390	1,259,937,000	\$34,846	47	2,531	5.40%
2013	22,338	1,247,903,000	\$34,846	47	2,505	6.00%
2012	22,090	1,194,088,000	\$34,549	47	2,498	5.60%
2011	22,155	1,133,574,000	\$33,042	47	2,498	5.90%
2010	22,307	1,131,047,000	\$31,507	47	2,650	6.30%
2009	22,498	1,153,540,000	\$31,460	40	2,677	6.70%
2008	22,450	1,132,913,000	\$32,052	40	2,801	4.10%
2007	22,313	1,082,653,000	\$31,644	40	2,714	2.90%
2006	22,379	1,010,448,000	\$30,422	40	2,748	2.70%

Sources: Weldon Cooper Institute, Central Shenandoah Planning District Commission\*, Rockbridge County School Division, and the Virginia Employment Commission.

\*Independent Cities of Buena Vista and Lexington included with Rockbridge County. Data not available separately.

Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2015			Fiscal Year 2006		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk Industries, Inc.	688	1	7.14%	900	1	8.24%
White's Travel Center	275	2	2.85%	120	3	1.10%
Walmart	213	3	2.21%	n/a	n/a	n/a
Kendall	175	4	1.82%	n/a	n/a	n/a
Vesuvius Corporation	115	5	1.19%	90	7	0.82%
Lowes	115	5	1.19%	n/a	n/a	n/a
Natural Bridge Hotel (off season)	115	5	1.19%	90	8	0.82%
Devils Backbone	70	6	0.73%	0	n/a	0.00%
Wilcohes	59	7	0.61%	n/a	n/a	n/a
McDonalds	55	8	0.57%	0	n/a	0.00%
Virginia Horse Center	50	9	0.52%	n/a	n/a	n/a
Stella Jones (BPBC)	46	10	0.48%	105	5	0.96%
Totals	1,976		20.50%	n/a		n/a

Businesses with 2006 employment figure marked 'n/a' do not maintain their records that far back, were unable to provide requested information or were not in business at that time.

Sources: Individual company human resource departments.

Note: Excludes government, schools, and state/local agencies.

**COUNTY OF ROCKBRIDGE, VIRGINIA**Full-time Equivalent County Government Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General government	25	25	25	22	22
Judicial administration	12	13	13	12	12
Public safety					
Sheriffs department	36	38	38	36	38
Building inspections	4	4	4	5	4
Animal control	2	2	2	2	2
Public works					
General maintenance	6	6	6	6	6
Landfill	14	16	16	15	15
Engineering	1	1	1	1	-
Health and welfare					
Department of social services	25	25	25	25	25
Culture and recreation					
Parks and recreation	3	3	3	3	3
Community development					
Planning	4	4	4	5	5
Totals	<u>132</u>	<u>137</u>	<u>137</u>	<u>132</u>	<u>132</u>

Source: Individual County departments

Table 16

Fiscal Year				
2011	2012	2013	2014	2015
21	21	21	21	22
12	12	12	12	13
38	38	38	39	39
4	4	4	4	4
2	2	2	2	2
6	6	6	6	6
10	10	10	11	11
-	-	-	-	-
25	25	25	23	26
3	3	3	3	3
5	5	5	5	5
<u>126</u>	<u>126</u>	<u>126</u>	<u>126</u>	<u>131</u>



**COUNTY OF ROCKBRIDGE, VIRGINIA**Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Fire and rescue:						
Number of calls answered	1,671	3,829	4,962	4,876	4,876	4,983
Building inspections:						
Permits issued	535	688	409	281	294	310
Landfill:						
Refuse collected (tons/day)	160	167	113	110	97	138**
Recycling (tons/day)	14	15	15	16	13	11***
Health and welfare						
Department of Social Services:						
Caseload	2,342	2,412	2,850	2,931	3,622	6,714

\*Calls dispatched; excludes Lexington and Buena Vista Fire and Rescue

\*\*Tons per day based on 287 work days

\*\*\*Includes Cities of Buena Vista and Lexington, excludes private enterprises

Source: Individual County departments--only information that is currently available.

Table 17

Fiscal Year			
2012	2013	2014	2015
5,636	4791*	5582*	5475*
274	310	522	529
138**	141**	141**	141**
11***	13***	15***	17***
6,714	6,366	6,275	6,286

**COUNTY OF ROCKBRIDGE, VIRGINIA**

Capital Asset Statistics by Function  
Last Ten Fiscal Years

---

<b>Function</b>	<b>Fiscal Year</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government						
Administration buildings	1	1	1	1	1	1
Public safety						
Building inspections/maintenance:						
Vehicles	3	4	4	4	4	3
Animal control:						
Vehicles	2	2	2	2	2	2
Landfill:						
Sites	1	1	1	1	1	1
Health and welfare						
Department of Social Services:						
Vehicles	1	1	1	1	1	4
Culture and recreation						
Parks and recreation:						
Vehicles	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2
Community development						
Planning:						
Vehicles	3	3	3	3	3	3
Sheriff (Law Enforcement):						
Vehicles	37	37	37	38	38	39

Source: Individual County departments--only information that is currently available

Table 18

Fiscal Year			
2012	2013	2014	2015
1	1	1	1
3	3	3	4
2	2	2	2
1	1	1	1
4	4	4	5
3	3	3	2
2	2	2	2
3	3	3	3
39	39	39	38

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures  
Year Ended June 30, 2015

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 390,961	\$ 261,495	\$ 129,466	24.95%	\$ 32,302
Circuit Court - Expenses	71,946	-	71,946	24.95%	17,951
General District and J&D Court	19,795	-	19,795	24.95%	4,939
Courthouse Maintenance	347,586	-	347,586	24.95%	86,723
Administration Building, 150 S. Main Street	135,911	-	135,911	5.90%	8,019
25th Court Services Unit-Juvenile Probation	4,487	-	4,487	20.37%	914
Commonwealth's Attorney	469,784	338,471	131,313	24.95%	32,763
Sheriff's Salary	116,507	92,027	24,480	24.95%	6,108
Advancement of Agriculture (City Agent)	<u>138,643</u>	<u>-</u>	<u>138,643</u>	15.00%	<u>20,796</u>
Totals	\$ <u>1,695,620</u>	\$ <u>691,993</u>	\$ <u>1,003,627</u>		\$ <u>210,513</u>

Table 19

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<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
- \$	-
-	-
-	-
-	-
-	-
18.34%	823
-	-
-	-
-	-
	<hr/>
\$	<u>823</u>

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, 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 Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 18, 2015.

### Internal Control over Financial Reporting

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

Staunton, Virginia  
December 18, 2015

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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**TO THE HONORABLE MEMBERS  
OF THE BOARD OF SUPERVISORS  
COUNTY OF ROCKBRIDGE, VIRGINIA**

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

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

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

In our opinion, County of Rockbridge, 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 Rockbridge, 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 Rockbridge, 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 Rockbridge, Virginia's internal control over compliance.

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

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

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 18, 2015

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

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster			
Department of Agriculture:			
Food Distribution	10.555	40623	\$ 64,963
Department of Education:			
National School Lunch Program	10.555	40623	466,792
Total School Lunch Program			\$ 531,755
School Breakfast Program	10.553	40591	\$ 129,594
Schools and Roads - Grants to States	10.665	43841	72,583
Total Department of Agriculture			\$ 733,932
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
DEQ Royalty Grants	66.000	Not/Available	\$ 661
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not/Available	\$ 10,352
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Section 8 Housing Assistance Payments Program	14.195	Not/Available	\$ 50,403
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not/Available	\$ 252,434
Total Department of Housing and Urban Development			\$ 302,837
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	2009-WF-AX0037	\$ 32,394
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Not/Available	\$ 12,269
Highway Planning and Construction	20.205	Not/Available	21,479
State and Community Highway Safety	20.600	SC-2010 50364 3984	7,245
Total Department of Transportation			\$ 40,993

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

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Identifying Number</b>	<b>Federal Expenditures</b>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education-Basic Grants to States	84.002	42801	\$ 128,978
Title I: Grants to Local Educational Agencies	84.010	42901	303,792
Special Education Cluster:			
Special Education Grants to States	84.027	43071	406,668
Special Education Preschool Grants	84.173	Not/Available	14,751
Career and Technical Education - Basic Grants to States	84.048	61095	46,869
Improving Teacher Quality State Grants	84.367	61480	33,234
Twenty-First Century Community Learning Centers	84.287	60565	230,886
Action Against Poverty	84.000	Not/Available	59,444
Advanced Placement Program	84.030	Not/Available	555
Total Department of Education			\$ 1,225,177
Total Expenditures of Federal Awards			\$ 2,346,346

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Rockbridge, 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 Rockbridge, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Rockbridge, Virginia.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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 DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the County had food commodities totaling \$32,871 in inventory.

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:		
Governmental funds		
General fund		\$ 475,937
Department of the Interior - Payment in Lieu of Taxes		(88,700)
Total primary government		\$ 387,237
Discretely presented component unit - School Board:		
School operating fund		\$ 1,274,969
School cafeteria fund		684,140
Total discretely presented component unit - School Board		\$ 1,959,109
Total federal expenditures per the Schedule of Expenditures of Federal awards		\$ 2,346,346

**COUNTY OF ROCKBRIDGE, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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

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Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?     yes   x   no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<b>Child Nutrition Cluster:</b>
10.553 .....	School Breakfast Program
10.555 .....	National School Lunch Program
10.555 .....	Food Distribution
	<b>Special Education Cluster</b>
84.027 .....	Special Education Grants to States
84.173 .....	Special Education Preschool Incentive Grants

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

Auditee qualified as low-risk auditee?   x   yes     no

**Section II-Financial Statement Findings**

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There are no financial statement findings to report.

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

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

**Section IV-Summary of Prior Year Findings**

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There were no prior year findings.