

COUNTY OF BATH, VIRGINIA



FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

COUNTY OF BATH, VIRGINIA
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COUNTY OF BATH, VIRGINIA

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Judge of the Juvenile & Domestic Relations Court..... Paul A. Tucker
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Commissioner of the Revenue..... Leta Norfleet
Treasurer Pamela H. Webb
Sheriff..... Robert W. Plecker
Superintendent of Schools..... Sue Hirsh
Director of Social Services..... Jason Miller
County Administrator Ashton Harrison

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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 BATH, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, 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 discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, 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 4-11, 77-78, and 79-85 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 County of Bath, Virginia's basic financial statements. The other supplementary information and 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, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of County of Bath, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Bath, Virginia's internal control over financial reporting and compliance.



Staunton, Virginia
December 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Bath, Virginia for the fiscal year ended June 30, 2015.

Financial Highlights

Government-Wide Financial Statements

The assets and deferred outflows of the County of Bath, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8,892,937. Of this amount, \$7,835,053 is unrestricted (a decrease of \$2,237,811 from the previous fiscal year), and may be used to meet the government's ongoing obligations to creditors and citizens. This decrease in unrestricted net position is primarily associated with the required implementation of new Governmental Accounting Standards related to reporting Net Pension Liability for the first time. Further information on these new Standards can be found following the discussion of the Statement of Activities under the Government-Wide Financial Analysis of this narrative later. Of the net position, there is \$1,057,884 invested in capital assets, net of related debt (a decrease of \$264,726 from the previous fiscal year). The School Board's net position was \$(1,447,098) of which there is an unrestricted deficit in the amount of \$(8,304,078). (See Exhibit 1.)

The Primary Government's overall net position decreased by \$250,477. The School Board's net position increased by \$839,039, and the Service Authority's net position decreased by \$77,436. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$9,015,028. (See Exhibit 3.) This amount includes taxes and other accounts receivable collected within 60 days of the fiscal year end reflected in the fiscal year 2014-15 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,031,640 of which \$9,015,028 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

Local government accounting and financial reporting originally focused on funds designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with justification from the government that public funds have been used to comply with public decisions and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-Wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets, deferred outflows, liabilities, and deferred inflows 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 accounts or assets, deferred outflows, liabilities, deferred inflows, and net position. The difference between assets and deferred outflows and liabilities and deferred inflows 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 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 governments, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate government activities and business-type activities of the County. The primary sources of funding for government activities are taxes and intergovernmental revenues. Government activities include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation, cultural, and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently presents the Bath County Public Service Authority as a component unit that can be classified as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, two component units: 1) the Bath County School Board and 2) the Bath 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 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 operational funding of the component unit.

Fund Financial Statements

Only major or significant funds are presented in separate columns of the fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been 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 a reconciliation between the two methods is provided following 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 general public, and internal service funds, which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business.

The Bath County Public Service Authority is a component unit of the County of Bath. The Authority's financial statements are shown as an enterprise fund in the County's fund financial statements. The Authority provides a centralized source for the provision of public water and sewer services to County residents.

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 statements because the funds are not available to support the County's own activities.

Notes to the financial statements

The 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

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Bath, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,892,937 at the end of the fiscal year.

The County's net position is divided into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Net Position June 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Current and other assets	\$ 10,763,877	\$ 10,929,515
Capital assets	8,032,884	9,207,610
Total assets	<u>\$ 18,796,761</u>	<u>\$ 20,137,125</u>
Deferred Outflows of Resources	\$ 286,764	\$ -
Long-term liabilities	\$ 9,069,602	\$ 8,143,318
Other liabilities	283,724	342,387
Total liabilities	<u>\$ 9,353,326</u>	<u>\$ 8,485,705</u>
Deferred Inflows of Resources	\$ 837,262	\$ 255,946
Net investment in capital assets	\$ 1,057,884	\$ 1,322,610
Unrestricted	7,835,053	10,072,864
Total net position	<u><u>\$ 8,892,937</u></u>	<u><u>\$ 11,395,474</u></u>

For the County, investment in capital assets (i.e., land, buildings, machinery and equipment), net of related debt used to acquire those assets that is still outstanding, represents 11.9 percent of total net position. The County uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position, which is \$7,835,053 or 88.1 percent of total net position, may be used to meet government's ongoing obligations to citizens and creditors.

The government's net position decreased by \$250,477 during the current fiscal year, compared to an increase of \$53,442 in FY 2014.

Governmental Activities

Governmental activities decreased the County's net position by \$250,477. Key elements of this decrease are as follows:

Statement of Activities			
June 30, 2015 and 2014			
		Governmental Activities	
		2015	2014
Revenues:			
Program revenues:			
Charges for services	\$	152,178	\$ 196,524
Operating grants and contributions		2,133,388	1,817,277
Capital grants and contributions		15,000	25,000
General revenues:			
General property taxes		11,682,189	11,720,316
Other local taxes		2,841,035	2,933,086
Use of money and property		12,915	35,934
Miscellaneous		41,127	67,737
Grants and contributions not restricted to specific programs		346,539	321,975
Total revenues	\$	<u>17,224,371</u>	\$ <u>17,117,849</u>
Expenses:			
General government	\$	1,020,326	\$ 1,049,191
Judicial administration		356,973	369,801
Public safety		2,487,830	2,478,869
Public works		1,421,247	1,429,114
Health and welfare		1,035,457	941,207
Education		9,084,728	8,899,869
Parks, recreation, and cultural		511,218	542,796
Community development		1,307,591	1,087,763
Nondepartmental		76,482	68,899
Interest on long-term debt		172,996	196,898
Total expenses	\$	<u>17,474,848</u>	\$ <u>17,064,407</u>
Increase (decrease) in net position	\$	(250,477)	\$ 53,442
Beginning net position, as restated		<u>9,143,414</u>	<u>11,342,032</u>
Ending net position	\$	<u><u>8,892,937</u></u>	\$ <u><u>11,395,474</u></u>

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.

The statements causing this impact were GASB No. 68, Accounting and Financial Reporting for Pensions, and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of Statement No. 68. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information 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 (see Note 1 – Summary of Significant Accounting Policies for more details).

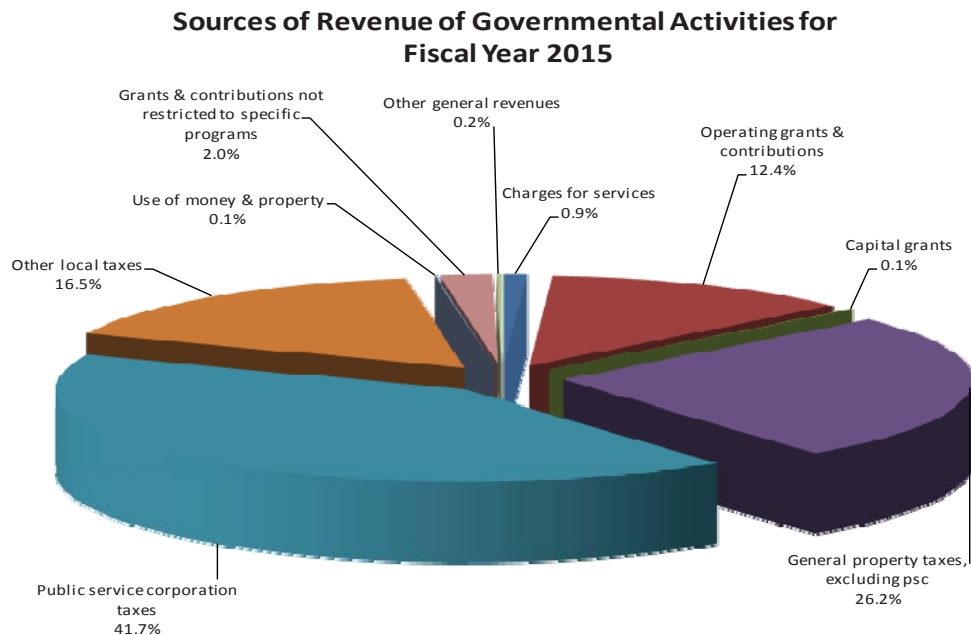
Total revenues increased by \$106,522. This increase is primarily attributable to an increase in operating grants and contributions of \$316,111 and an increase in grants and contributions not restricted to specific programs of \$24,564. All other categories of revenue sustained declines when

compared to the previous year, the most notable being a decrease in the other local tax category primarily associated with a decline in restaurant food taxes of \$167,656 from fiscal year 2014 to fiscal year 2015.

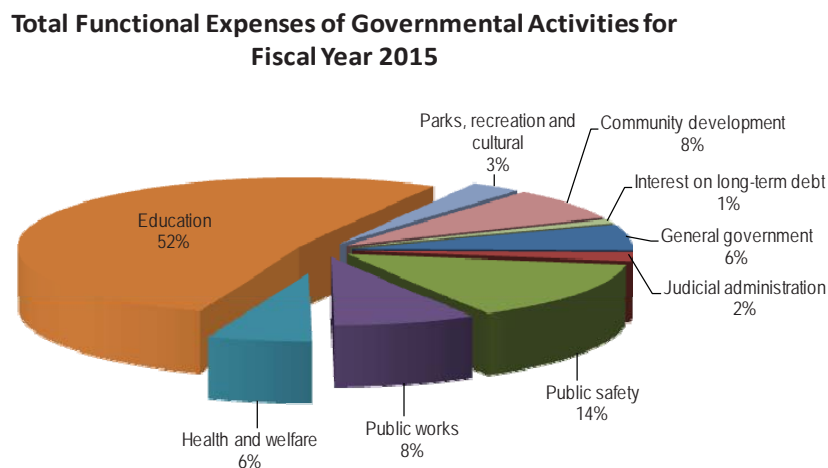
The increase in operating grants and contributions is primarily due to increases in federal funding for a community development block grant for which the County received \$253,143 more in fiscal year 2015 than fiscal year 2014.

Total expenses increased by \$410,441 from fiscal year 2014 to 2015. This is primarily due to an increase in community development related expenses of \$219,828, due to the Thomastown and Pinehurst projects, mixed use development and revitalization initiatives to improve communities in Bath County. Also, planning and development was incurred for laying high speed networking backbone, fiber optic cable, to reach more areas of the county. The increase in education expenses of \$184,859 is due in large part to increased health insurance costs and raises built into the budget this year.

The chart below provides a visual analysis of the sources of revenue by percentage for the County for the year ended June 30, 2015.



Similarly, the following chart provides an analysis of the expenses of the Governmental Activities by major functional category for the year ended June 30, 2015:



Financial Analysis of the Government's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The financial statements of the governmental funds serve 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 governmental funds reported combined ending fund balances of \$10,031,640, a decrease of \$20,561 from the prior year. Approximately, 89.9 percent of this total amount constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is earmarked.

The general fund is the chief operating fund of the County. As of June 30, 2015, total fund balance of the general fund was \$9,354,649 of which \$9,015,028 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance represents 55.8 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$8,067,879. Total fund balance represents 57.9 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$111,428 during the current fiscal year as compared to an increase of \$82,721 in fiscal 2014.

Fiscal 2015 expenditures unrelated to debt service increased \$310,235 from fiscal 2015. This is due primarily to increases of \$484,920 in Education and \$198,978 in Community Development, and a decrease in Public Works of \$421,694.

The increase in community development related expenses of \$198,978, is primarily due to the Thomastown and Pinehurst projects, mixed use development and revitalization initiatives to improve communities in Bath County. Also, planning and development was incurred for laying high speed networking backbone, fiber optic cable, to reach more areas of the county. The increase in education expenses is due in large part to increased health insurance costs and raises built into the fiscal year 2015 budget.

The decrease in public works expenditures is due in part to an operating transfer of \$167,000 made in fiscal year 2014 that was not made in fiscal year 2015. The decrease was also due to a reduction in sanitation and waste removal cost of \$294,738. This cost savings is attributable to a reduction in hauling fees because the County has begun using the landfill located in Covington instead of Richmond. Additional cost savings were achieved by reduced rates on new sanitation contracts for County trash pickup and transfer station operations.

Total revenues in fiscal year 2015 increased by \$167,672 or 1.04%. There was an increase in general property tax revenue of \$103,471, but this was offset by a decrease in other local taxes by \$111,297, mostly attributable to a reduction in restaurant food taxes. There was also a significant increase in federal funding through Community Development Block Grants, which boasted an increase of \$253,145, as mentioned previously under the discussion of Governmental Activities.

Proprietary Funds

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

Total net position of the component unit, Bath County Public Service Authority, at the end of the fiscal year was \$8,091,451. Additional financial information for the Bath County Public Service Authority for

the year ended June 30, 2015 can be found in Exhibits 22-24 of the accompanying financial statements.

General Fund Budgetary Highlights

The general fund's original budgeted appropriations amounted to \$17,207,516, the final amended general fund budget was \$17,525,895 representing an increase of \$318,379, or 1.9 percent of the original general fund budget. The increase in the final budget relative to the original budget is primarily due to an increase in anticipated capital projects spending of \$267,591. This budget increase was due to planned capital outlay for Emergency Services generators (\$33,653); courthouse renovations (\$201,244); and sheriff's office renovations (\$29,974). Overall, actual expenses were below both the adopted and amended budgets.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2015 is \$8,032,884 (net of accumulated depreciation) and is a decrease of \$1,174,726 from the previous fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The most significant asset addition for fiscal year 2015 was the completion of the courthouse renovations, with a cumulative cost of \$308,869. There were significant decreases due primarily to the transfer of capital assets to the school board upon payoff of related debt and the disposal of the Cedar Creek Wastewater Treatment Plant.

Summary of Capital Assets for Governmental Activities (net of depreciation)

As of June 30, 2015 and 2014			
		Governmental Activities	
		2015	2014
Land	\$	303,240	\$ 303,240
Buildings and improvements		7,052,613	8,150,013
Machinery and equipment		672,031	641,730
Construction in progress		5,000	112,627
Total	\$	<u>8,032,884</u>	<u>\$ 9,207,610</u>

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

Long-term debt

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

Summary of Outstanding Debt For the Year Ended June 30, 2015 and 2014

		Governmental Activities	
		2015	2014
Revenue bonds	\$	6,975,000	\$ 7,885,000
OPEB Obligation (Note 10)		172,951	148,251
Compensated absences		115,488	110,067
Net Pension Liability		1,806,163	2,494,458
Total	\$	<u>9,069,602</u>	<u>\$ 10,637,776</u>

All debt reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as required by Section 15.2-1800.1, Code of Virginia, 1950, as amended.

The most significant event related to outstanding debt is the implementation of GASB statements No.68 and 71 as mentioned previously. These new accounting standards require the County to report for the first time its Net Pension Liability. At June 30, 2015, the County's net pension liability represents 19.9% of the County's total outstanding debt.

Additional information on the County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County during FY 2014-15 averaged 4.0 percent (July 2014 – June 2015), which was a slight decrease from the prior year. This compares favorably to the state's average unemployment rate of 4.2 percent (June 2015) and the national average rate of 5.3 percent (June 2015) (data from U.S. Bureau of Labor Statistics).

Dominion Power and Omni Homestead Resort and Spa continue to be major employers in, and significant sources of revenue for, the County.

Overall, the financial position of the County is considered stable. No County tax rates have been raised for fiscal 2016. The general reassessment of real property will continue through fiscal year 2016.

Sales tax collections increased slightly in fiscal year 2015 and are expected to remain flat through fiscal year 2016.

A new visitor's center has been purchased in fiscal year 2016 and it is planned to not only welcome tourism to the county but provide a lease revenue stream from vendors and agencies wishing to be a part of it.

Fiscal year 2016 will see a large decline in Public Service Corporation tax values, depriving the County of approximately \$160,000 in real estate tax revenue, which needs to be accounted for going forward.

During fiscal year 2015, the unassigned fund balance in the general fund increased by \$5,813,427 (from \$3,201,601 to \$9,015,028). Committed and assigned fund balances decreased by \$5,949,669 (from \$6,249,312 to \$299,643). These fluctuations are primarily due to the Board removing an assignment of fund balance of \$6,000,000 for capital projects.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Bath's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed the Office of the County Administrator, County of Bath, Post Office Box 309, Warm Springs, Virginia 24484.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Units School Board	Service Authority
ASSETS			
Cash and cash equivalents	\$ 9,524,958	\$ 674,373	\$ 3,022,057
Receivables (net of allowance for uncollectibles):			
Taxes receivable	519,407	-	-
Accounts receivable	212,183	80	91,877
Interest receivable	-	-	160
Due from component unit	93,083	-	-
Due from other governmental units	371,728	175,510	-
Inventories	-	26,661	-
Prepaid items	42,518	73,919	-
Restricted assets:			
Cash and cash equivalents	-	-	66,677
Capital assets (net of accumulated depreciation):			
Land and land improvements	303,240	238,282	69,165
Buildings and improvements	7,052,613	5,758,194	-
Machinery and equipment	672,031	860,504	64,402
Utility plant in service	-	-	8,078,986
Construction in progress	5,000	-	416,804
Total assets	<u>\$ 18,796,761</u>	<u>\$ 7,807,523</u>	<u>\$ 11,810,128</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 286,764	\$ 719,777	\$ 42,993
Changes in proportionate share of net pension liability	-	87,000	-
Total Deferred Outflows of Resources	<u>\$ 286,764</u>	<u>\$ 806,777</u>	<u>\$ 42,993</u>
LIABILITIES			
Accounts payable	\$ 132,684	\$ -	\$ 55,494
Accrued payroll	-	672,824	-
Customers' deposits	-	-	29,558
Accrued interest payable	6,539	-	-
Due to primary government	-	93,083	-
Unearned revenue	144,501	134,500	2,690,936
Long-term liabilities:			
Due within one year	930,000	-	51,085
Due in more than one year	8,139,602	7,881,416	848,302
Total liabilities	<u>\$ 9,353,326</u>	<u>\$ 8,781,823</u>	<u>\$ 3,675,375</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 265,010	\$ -	\$ -
Items related to measurement of net pension liability	572,252	1,279,575	86,295
Total deferred inflows of resources	<u>\$ 837,262</u>	<u>\$ 1,279,575</u>	<u>\$ 86,295</u>
NET POSITION			
Net investment in capital assets	\$ 1,057,884	\$ 6,856,980	\$ 8,027,065
Restricted -			
Debt service reserve fund	-	-	37,119
Unrestricted	7,835,053	(8,304,078)	27,267
Total net position	<u>\$ 8,892,937</u>	<u>\$ (1,447,098)</u>	<u>\$ 8,091,451</u>

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

County of Bath, Virginia

Statement of Activities
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	\$ 1,020,326	\$ 15,279	\$ 166,297	\$ -
Judicial administration	356,973	29,729	210,818	-
Public safety	2,487,830	61,237	661,223	15,000
Public works	1,421,247	37,625	-	-
Health and welfare	1,035,457	-	562,849	-
Education	9,084,728	-	-	-
Parks, recreation, and cultural	511,218	8,308	-	-
Community development	1,307,591	-	532,201	-
Nondepartmental	76,482	-	-	-
Interest on long-term debt	172,996	-	-	-
Total governmental activities	\$ 17,474,848	\$ 152,178	\$ 2,133,388	\$ 15,000
COMPONENT UNITS:				
School Board	\$ 10,856,200	\$ 150,093	\$ 2,310,830	\$ -
Service Authority	1,456,806	1,018,480	-	-
Total component units	\$ 12,313,006	\$ 1,168,573	\$ 2,310,830	\$ -

General revenues:

General property taxes

Other local taxes

Local sales and use taxes

Restaurant food tax

Motor vehicle licenses taxes

Taxes on recordation and wills

Bank stock taxes

Hotel and motel room taxes

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Total general revenues

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.

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary	Component Units		
Government			
Governmental	School	Service	
Activities	Board	Authority	
\$ (838,750)	\$ -	\$ -	
(116,426)	-	-	
(1,750,370)	-	-	
(1,383,622)	-	-	
(472,608)	-	-	
(9,084,728)	-	-	
(502,910)	-	-	
(775,390)	-	-	
(76,482)	-	-	
(172,996)	-	-	
<u>\$ (15,174,282)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (8,395,277)	\$ -	
-	-	(438,326)	
<u>\$ -</u>	<u>\$ (8,395,277)</u>	<u>\$ (438,326)</u>	
\$ 11,682,189	\$ -	\$ -	
925,382	-	-	
691,592	-	-	
75,778	-	-	
63,019	-	-	
55,675	-	-	
1,008,345	-	-	
21,244	-	-	
12,915	-	31,204	
41,127	18,837	-	
346,539	9,215,479	329,686	
<u>\$ 14,923,805</u>	<u>\$ 9,234,316</u>	<u>\$ 360,890</u>	
\$ (250,477)	\$ 839,039	\$ (77,436)	
9,143,414	(2,286,137)	8,168,887	
<u>\$ 8,892,937</u>	<u>\$ (1,447,098)</u>	<u>\$ 8,091,451</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2015

	General	Virginia Public Assistance	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 8,904,621	\$ -	\$ 620,337	\$ 9,524,958
Receivables (net of allowance for uncollectibles):				
Taxes receivable	519,407	-	-	519,407
Accounts receivable	153,769	-	58,414	212,183
Due from other funds	54,698	-	-	54,698
Due from component unit	93,083	-	-	93,083
Due from other governmental units	317,030	49,494	5,204	371,728
Prepaid items	39,978	-	2,540	42,518
Total assets	<u>\$ 10,082,586</u>	<u>\$ 49,494</u>	<u>\$ 686,495</u>	<u>\$ 10,818,575</u>
LIABILITIES				
Accounts payable	\$ 128,384	\$ -	\$ 4,300	\$ 132,684
Due to other funds	-	49,494	5,204	54,698
Unearned revenue	144,501	-	-	144,501
Total liabilities	<u>\$ 272,885</u>	<u>\$ 49,494</u>	<u>\$ 9,504</u>	<u>\$ 331,883</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 455,052	\$ -	\$ -	\$ 455,052
Total deferred inflows of resources	<u>\$ 455,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,052</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 39,978	\$ -	\$ 2,540	\$ 42,518
Committed:				
Special revenue funds	-	-	674,451	674,451
Assigned:				
Transfer station professional services	15,359	-	-	15,359
Economic Development Planning Grant	14,405	-	-	14,405
Capital projects	269,879	-	-	269,879
Unassigned	9,015,028	-	-	9,015,028
Total fund balances	<u>\$ 9,354,649</u>	<u>\$ -</u>	<u>\$ 676,991</u>	<u>\$ 10,031,640</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,082,586</u>	<u>\$ 49,494</u>	<u>\$ 686,495</u>	<u>\$ 10,818,575</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 10,031,640
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,032,884
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	(382,210)
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.	286,764
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,076,141)</u>
Net position of governmental activities	\$ <u><u>8,892,937</u></u>

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

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

	General	Virginia Public Assistance	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 11,778,520	\$ -	\$ -	\$ 11,778,520
Other local taxes	2,336,863	-	504,172	2,841,035
Permits, privilege fees, and regulatory licenses	55,267	-	-	55,267
Fines and forfeitures	8,130	-	-	8,130
Revenue from the use of money and property	12,915	-	-	12,915
Charges for services	88,781	-	-	88,781
Miscellaneous	28,741	-	12,386	41,127
Recovered costs	26,717	-	-	26,717
Intergovernmental:				
Commonwealth	1,333,199	144,017	86,876	1,564,092
Federal	598,879	319,299	12,657	930,835
Total revenues	<u>\$ 16,268,012</u>	<u>\$ 463,316</u>	<u>\$ 616,091</u>	<u>\$ 17,347,419</u>
EXPENDITURES				
Current:				
General government administration	\$ 982,285	\$ -	\$ -	\$ 982,285
Judicial administration	371,390	-	-	371,390
Public safety	2,129,588	-	-	2,129,588
Public works	1,005,518	-	-	1,005,518
Health and welfare	282,274	564,885	207,855	1,055,014
Education	8,071,628	-	-	8,071,628
Parks, recreation, and cultural	495,977	-	-	495,977
Community development	886,079	-	425,691	1,311,770
Nondepartmental	76,482	-	-	76,482
Capital projects	784,479	-	-	784,479
Debt service:				
Principal retirement	910,000	-	-	910,000
Interest and other fiscal charges	173,849	-	-	173,849
Total expenditures	<u>\$ 16,169,549</u>	<u>\$ 564,885</u>	<u>\$ 633,546</u>	<u>\$ 17,367,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 98,463</u>	<u>\$ (101,569)</u>	<u>\$ (17,455)</u>	<u>\$ (20,561)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 101,569	\$ 108,322	\$ 209,891
Transfers out	<u>(209,891)</u>	<u>-</u>	<u>-</u>	<u>(209,891)</u>
Total other financing sources (uses)	<u>\$ (209,891)</u>	<u>\$ 101,569</u>	<u>\$ 108,322</u>	<u>\$ -</u>
Net change in fund balances	\$ (111,428)	\$ -	\$ 90,867	\$ (20,561)
Fund balances - beginning	9,466,077	-	586,124	10,052,201
Fund balances - ending	<u>\$ 9,354,649</u>	<u>\$ -</u>	<u>\$ 676,991</u>	<u>\$ 10,031,640</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (20,561)
--	-------------

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.	(835,718)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(339,008)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents unavailable revenue.	(668,583)
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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.	910,000
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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>703,393</u>
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Change in net position of governmental activities	\$ <u><u>(250,477)</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

The County of Bath, 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. 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.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bath County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The Bath County School Board does not prepare separate financial statements.

The Bath County Service Authority has been determined to be a component unit of Bath County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Bath County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Bath County. The Bath County Service Authority does not prepare separate financial statements.

B. Government-wide and fund financial statements

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

Statement of Net Position – 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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. 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

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 and reported in another fund. The general fund includes the activities of the crime prevention, sheriff's carryover, sheriff's forfeited, and recycling funds.

The *special revenue fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the Virginia Public Assistance Fund.

Additionally, the government reports the following fund types:

Special Revenue funds account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Comprehensive Services Act, Revenue Maximization, and Lodging Tax-Marketing/Capital funds are nonmajor special revenue funds of the County.

Fiduciary funds (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. There are no fiduciary funds at June 30, 2015.

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 water and sewer function 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.

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

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

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. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred inflows/outflows 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.

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

2. Receivables and payables

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

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

3. Inventory

Inventory is expensed as it is consumed.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

4. Property Taxes

Real estate is assessed at its value on July 1 at which time taxes attach as an enforceable lien. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property is assessed at its value on January 1. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$16,767 at June 30, 2015 and is comprised of uncollectible local taxes of the primary government in the amount of \$9,284 and uncollectible water and sewer accounts receivable of the component unit – Service Authority in the amount of \$7,483.

6. Use of Estimates

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

7. Restricted assets

Certain resources are classified as restricted assets on the balance sheet and are maintained in separate bank accounts. At June 30, 2015, \$37,119 was set aside for the repayment of the component unit – Service Authority's enterprise fund revenue bonds and their use is limited by applicable bond covenants. In addition, the component unit – Service Authority had \$29,558 in a bank account restricted for customer deposits.

8. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer plant 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 BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

8. 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 and improvements	30-50
Machinery and equipment	5-15
Utility plant	40

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position. No expenditure is reported for these amounts. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

10. Long-term obligations

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

11. Fund equity

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

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

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

12. Net Position

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

13. 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.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County has one type of item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the measurement date, which will be recognized as a reduction of 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 County has two types of item 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, property tax for 2015 levied during the fiscal year but due after June 30th, and amounts prepaid on the taxes levied but not due as of June 30, 2015 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, property tax for 2015 levied during the fiscal year but due after June 30th and amounts prepaid on the tax levied during the fiscal year but due after June 30th are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on plan investments. For more detailed information on these items, reference the pension note.

15. Pensions

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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

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

16. Adoption of Accounting Principles

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

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

	Primary Government	Component Units	
	Governmental Activities	School Board	Public Service Authority
Net position as originally reported, June 30, 2014 \$	11,395,474 \$	5,728,699 \$	8,508,497
Implementation of GASB 68	(2,252,060)	(8,014,836)	(339,610)
Net position as restated, June 30, 2014 \$	<u>9,143,414 \$</u>	<u>(2,286,137) \$</u>	<u>8,168,887</u>

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 (\$9,076,141) and (\$7,881,416) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (6,975,000) \$	-
Net OPEB obligation	(172,951)	(225,849)
Accrued interest payable	(6,539)	-
Compensated absences	(115,488)	(231,936)
Net pension liability	<u>(1,806,163)</u>	<u>(7,423,631)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (9,076,141) \$</u>	<u>(7,881,416)</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

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

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.” The details of these (\$382,210) and (\$1,279,575) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Unavailable revenue - property taxes	\$ 190,042	\$ -
Items related to measurement of net pension liability	(572,252)	(1,279,575)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ (382,210)	\$ (1,279,575)

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 (\$835,718) and \$717,905 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 422,618	\$ 223,220
Depreciation expense	(245,236)	(518,415)
Allocation of debt financed school assets based on current year repayments	(1,013,100)	1,013,100
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>	\$ (835,718)	\$ 717,905

Another element of that reconciliation is the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. The details of this (\$339,008) difference for the primary government are as follows:

In the statement of activities, only the <i>loss</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ (339,008)
Net adjustment to increase <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (339,008)

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

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

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 \$910,000 difference in the primary government are as follows:

	<u>Primary Government</u>
Principal repayments:	
General obligation debt	\$ 910,000
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 910,000</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 \$703,393 and \$1,384,539 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Net OPEB obligation	\$ (24,700)	\$ (35,400)
Compensated absences	(5,421)	21,957
Accrued interest payable	853	-
Deferred outflows of resources	44,366	224,914
Net pension liability	<u>688,295</u>	<u>1,173,068</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 703,393</u>	<u>\$ 1,384,539</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to April 1, 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. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Lodging Tax Marketing and Capital Fund, School Operating Fund, and School Cafeteria Fund.
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 fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts between general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School fund). The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. 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, the following fund incurred expenditures exceeding appropriations:

Fund	Function	Excess of Expenditures over Appropriations
Cafeteria	School Food Services	\$ 5,983

C. Deficit fund equity

At June 30, 2015, there were no funds with deficit fund equity.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 4—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the County's investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the County Board of Supervisors complying with state statutes. In accordance with the County's investment policy, County funds may be invested in:

1. Certificates of deposits or other deposits of national banks located within the Commonwealth and state- chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
2. U.S. Treasury Bills (T-Bills).
3. Local Government Investment Pool (LGIP) administered by the Virginia Treasury Board.

The County's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u><u>1,542,303</u></u>

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

Note 5—Due From Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 108,535
Medicaid	-	4,133
Local sales taxes	167,800	-
Communications Tax	18,893	-
Rolling Stock	10,405	-
Recordation tax	5,526	-
DMV license agent fee	861	-
Public assistance and welfare administration	16,946	-
Comprehensive Services Act funds	5,205	-
E-911 mapping	6,999	-
Shared expense - mt. soil and water dist.	29,033	-
Commonwealth attorney	5,740	-
Clerk of Circuit Court	11,763	-
Treasurer	6,308	-
Commissioner of revenue	6,306	-
Sheriff	47,396	-
Federal Government:		
Public assistance and welfare administration	32,547	-
Title VIB	-	31,857
Perkins CTE secondary	-	8,937
School cafeteria	-	21,926
AP Test Fees	-	122
Total	\$ <u>371,728</u>	\$ <u>175,510</u>

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 6—Interfund Component-Unit Obligations:**

The following balances represent amounts due between funds at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:				
General Fund	\$ 54,698	\$ -	\$ -	\$ 93,083
CSA Fund	-	5,204	-	-
VPA Fund	-	49,494	-	-
Total	<u>\$ 54,698</u>	<u>\$ 54,698</u>	<u>\$ -</u>	<u>\$ 93,083</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 93,083	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,083</u>	<u>\$ -</u>

The purpose of interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

Note 7—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	\$ -	\$ 209,891
Virginia Public Assistance Fund	101,569	-
CSA Fund	108,322	-
Total	<u>\$ 209,891</u>	<u>\$ 209,891</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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations:

Primary Government-Governmental Activities Liabilities:

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

	Balance July 1, 2014, as Restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
Revenue bond	\$ 7,885,000	\$ -	\$ 910,000	\$ 6,975,000
Net OPEB Obligation	148,251	34,500	9,800	172,951
Compensated absences	110,067	5,421	-	115,488
Net pension liability	2,494,458	950,598	1,638,893	1,806,163
Total Long-Term Obligations	<u>\$ 10,637,776</u>	<u>\$ 990,519</u>	<u>\$ 2,558,693</u>	<u>\$ 9,069,602</u>

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

Year Ending June 30,	Governmental Activities	
	Revenue Bond	
	Principal	Interest
2016	\$ 930,000	\$ 156,938
2017	950,000	136,012
2018	975,000	114,638
2019	995,000	92,700
2020	1,020,000	70,312
2021	1,040,000	47,362
2022	1,065,000	23,962
Total	<u>\$ 6,975,000</u>	<u>\$ 641,924</u>

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 8—Long-Term Obligations: (Continued)****Primary Government-Governmental Activities Indebtedness: (continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bond:		
\$9,545,000 2012 Series Public Facilities Lease Revenue Bond, issued August 1, 2012, due in annual installments of \$770,000 to \$1,065,000 through June 15, 2022, plus biannual interest payments at 2.25%.	\$ 6,975,000	\$ 930,000
Other Obligations:		
Net OPEB Obligation	172,951	-
Compensated absences (payable from General Fund)	115,488	-
Net pension liability	<u>1,806,163</u>	<u>-</u>
Total long-term obligations	<u>\$ 9,069,602</u>	<u>\$ 930,000</u>

Discretely Presented Component Unit-Service Authority:

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

	<u>Balance July 1, 2014, as Restated</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2015</u>
Revenue bonds	\$ 652,272	\$ -	\$ 49,980	\$ 602,292
Compensated absences	2,331	22,395	-	24,726
Net pension liability	376,163	143,350	247,144	272,369
Total Long-Term Obligations	<u>\$ 1,030,766</u>	<u>\$ 165,745</u>	<u>\$ 297,124</u>	<u>\$ 899,387</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-Service Authority: (continued)

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

Fiscal Year	Revenue Bonds	
	Principal	Interest
2016	\$ 51,085	\$ 4,040
2017	51,991	3,134
2018	52,923	2,202
2019	52,444	1,241
2020	37,878	251
2021	21,135	-
2022	21,135	-
2023	21,135	-
2024	21,135	-
2025	21,135	-
2026	21,135	-
2027	21,135	-
2028	21,135	-
2029	21,135	-
2030	21,135	-
2031	21,135	-
2032	21,135	-
2033	21,135	-
2034	21,135	-
2035	21,135	-
2036	21,135	-
2037	17,811	-
Total	\$ <u>602,292</u>	\$ <u>10,868</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-Service Authority: (continued)

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue Bonds:		
VRA Revenue Bond Series 2007 - dated April 5, 2007, \$634,057 principal amount available, \$605,939 issued to date, final terms will not be agreed upon until project is complete. Semi-annual principal only payments of \$10,567.62 are due through 2037.	\$ 460,642	\$ 21,135
\$529,670 Virginia Resources Authority Bonds issued August 5, 1998, maturing August 5, 2020 with annual payments of \$36,075 including interest at 3%.	<u>141,650</u>	<u>29,950</u>
Total Revenue Bonds	<u>\$ 602,292</u>	<u>\$ 51,085</u>
Compensated absences (payable from Component Unit Service Authority)	<u>\$ 24,726</u>	<u>\$ -</u>
Net pension liability	<u>\$ 272,369</u>	<u>\$ -</u>
Total Long-Term Obligations	<u>\$ 899,387</u>	<u>\$ 51,085</u>

Discretely Presented Component Unit-School Board:

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

	Balance July 1, 2014, as Restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
Compensated absences	\$ 253,893	\$ -	\$ 21,957	\$ 231,936
Net OPEB Obligation	190,449	68,900	33,500	225,849
Net pension liability	8,596,699	926,793	2,099,861	7,423,631
Total Long-Term Obligations	<u>\$ 9,041,041</u>	<u>\$ 995,693</u>	<u>\$ 2,155,318</u>	<u>\$ 7,881,416</u>
Compensated absences (payable from School Fund)			<u>\$ 231,936</u>	

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—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
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

Employees Covered by Benefit Terms

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

	Primary Government (1)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	51	27
Inactive members:		
Vested inactive members	8	4
Non-vested inactive members	8	10
Inactive members active elsewhere in VRS	14	4
Total inactive members	30	18
Active members	61	30
Total covered employees	142	75

(1) Includes Primary Government and Component Unit Public Service Authority members

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 contractually required contribution rate for the year ended June 30, 2015 was 12.72% of covered employee compensation for the County and Component Unit Public Service Authority. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$286,764 and \$242,398 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions to the pension plan from the Component Unit Public Service Authority were \$42,993 and \$36,553 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 10.23% 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 \$71,094 and \$81,863 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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 BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees

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

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

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

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 BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—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 BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 9—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	\$ 10,814,044	\$ 8,319,586	\$ 2,494,458
Changes for the year:			
Service cost	\$ 208,104	\$ -	\$ 208,104
Interest	735,387	-	735,387
Contributions - employer	-	242,398	(242,398)
Contributions - employee	-	108,309	(108,309)
Net investment income	-	1,288,118	(1,288,118)
Benefit payments, including refunds of employee contributions	(617,023)	(617,023)	-
Administrative expenses	-	(7,107)	7,107
Other changes	-	68	(68)
Net changes	\$ 326,468	\$ 1,014,763	\$ (688,295)
Balances at June 30, 2014	\$ 11,140,512	\$ 9,334,349	\$ 1,806,163

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Changes in Net Pension Liability (Continued)

	Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 1,630,754	\$ 1,254,591	\$ 376,163
Changes for the year:			
Service cost	\$ 31,382	\$ -	\$ 31,382
Interest	110,896	-	110,896
Contributions - employer	-	36,553	(36,553)
Contributions - employee	-	16,333	(16,333)
Net investment income	-	194,248	(194,248)
Benefit payments, including refunds of employee contributions	(93,047)	(93,047)	-
Administrative expenses	-	(1,072)	1,072
Other changes	-	10	(10)
Net changes	\$ 49,231	\$ 153,025	\$ (103,794)
Balances at June 30, 2014	\$ 1,679,985	\$ 1,407,616	\$ 272,369

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 3,947,609	\$ 3,303,910	\$ 643,699
Changes for the year:			
Service cost	\$ 75,905	\$ -	\$ 75,905
Interest	270,076	-	270,076
Contributions - employer	-	81,863	(81,863)
Contributions - employee	-	38,615	(38,615)
Net investment income	-	517,356	(517,356)
Benefit payments, including refunds of employee contributions	(178,761)	(178,761)	-
Administrative expenses	-	(2,812)	2,812
Other changes	-	27	(27)
Net changes	\$ 167,220	\$ 456,288	\$ (289,068)
Balances at June 30, 2014	\$ 4,114,829	\$ 3,760,198	\$ 354,631

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

The following presents the net pension liability of the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's 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)	\$ 3,223,101	\$ 1,806,163	\$ 631,059
Component Unit Public Service Authority			
Net Pension Liability (Asset)	\$ 486,043	\$ 272,369	\$ 95,164
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 839,477	\$ 354,631	\$ (54,610)

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

For the year ended June 30, 2015, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$126,355, \$19,054, and \$23,370, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority	
	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	\$ -	\$ 572,252	\$ -	\$ 86,295
Employer contributions subsequent to the measurement date	286,764	-	42,993	-
Total	\$ 286,764	\$ 572,252	\$ 42,993	\$ 86,295

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 230,575
Employer contributions subsequent to the measurement date	71,094	-
Total	\$ 71,094	\$ 230,575

\$286,764, \$42,993, and \$71,0974 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Service Authority's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Primary Government	Component Unit Public Service Authority	Component Unit School Board (nonprofessional)
2016	\$ (143,063)	\$ (21,574)	\$ (57,644)
2017	(143,063)	(21,574)	(57,644)
2018	(143,063)	(21,574)	(57,644)
2019	(143,063)	(21,573)	(57,643)
Thereafter	-	-	-

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$648,683 and \$500,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$7,069,000 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 .05850% as compared to .05773% at June 30, 2013.

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 9—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2015, the school division recognized pension expense of \$578,000. 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	\$ -	\$ 1,049,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,000	-
Employer contributions subsequent to the measurement date	648,683	-
Total	<u>\$ 735,683</u>	<u>\$ 1,049,000</u>

\$648,683 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	\$ (243,000)
2017	(243,000)
2018	(243,000)
2019	(243,000)
Thereafter	10,000

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 10,381,000	\$ 7,069,000	\$ 4,343,000

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 BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 10—Other Postemployment Benefits:

Beginning in fiscal year 2009, the County and School Board 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 post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County and School Board's subsidies were funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County and School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County and School Board. This funding methodology mirrors the funding approach used for pension benefits.

County and School Board Retiree Health Insurance Plan:

A. Plan Description

The County and School Board offer its employees the option to participate in the group health insurance program offered to other employee's upon retirement. The employee is responsible for the full amount of their monthly premium. 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. 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.

B. Funding Policy

The employee is responsible for the full amount of their monthly premium as well as any premiums for spouses and dependents.

C. Annual OPEB Cost and Annual OPEB Net Obligation

The County and School Board's annual other postemployment benefits cost is calculated based on the annual required contribution (ARC) of the employers. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

Note 10—Other Postemployment Benefits: (Continued)

County and School Board Retiree Health Insurance Plan: (continued)

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

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

	County	School Board
Annual Required Contribution (ARC)	\$ 34,800	\$ 69,200
Interest on OPEB Obligation	5,900	7,600
Adjustment to ARC	(6,200)	(7,900)
Annual OPEB Cost	\$ 34,500	\$ 68,900
Contributions Made	(9,800)	(33,500)
Increase in Net OPEB Obligation	\$ 24,700	\$ 35,400
Net OPEB Obligation - beginning of year	148,251	190,449
Net OPEB Obligation - end of year	<u>\$ 172,951</u>	<u>\$ 225,849</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
June 30, 2015	\$ 34,500	28%	\$ 172,951
June 30, 2014	53,257	70%	148,251
June 30, 2013	53,257	70%	82,058
School Board:			
June 30, 2015	\$ 68,900	49%	\$ 225,849
June 30, 2014	66,300	35%	190,449
June 30, 2013	65,343	70%	146,842

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

County and School Board Retiree Health Insurance Plan: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial Accrued liability (AAL)	\$ 327,400	\$ 697,600
Actuarial value of plan assets	\$ -	\$ -
Unfunded actuarial accrued liability	\$ 327,400	\$ 697,600
Funded ratio (actuarial value of plan assets)	0%	0%
Annual covered payroll	\$ 3,073,382	\$ 3,359,278
UAAL as a percentage of covered payroll	10.65%	20.77%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Data is net of any retiree contributions.

Actuarial Assumptions

Discount rate	4%
Annual amortization increase rate	2.5%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

School Board VRS Health Insurance Credit Program:

Nonprofessional plan:

A. Plan Description

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

A nonprofessional employee of the School Board 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 \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

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 9.

B. Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2015 was .75% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The School Board is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 10—Other Postemployment Benefits: (Continued)****School Board VRS Health Insurance Credit Program: (Continued)****Nonprofessional plan: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

For 2015, the School Board's contribution of \$5,164 was equal to the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2015	\$	5,164	100%	\$	-
June 30, 2014		6,873	100%		-
June 30, 2013		6,680	100%		-

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)	\$	88,886
Actuarial value of plan assets	\$	9,196
Unfunded actuarial accrued liability (UAAL)	\$	79,690
Funded ratio (actuarial value of plan assets)		10.35%
Annual covered payroll	\$	772,300
UAAL as a percentage of covered payroll		10.32%

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 and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

School Board VRS Health Insurance Credit Program: (Continued)

Nonprofessional plan: (continued)

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5% and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining period at June 30, 2014 was 29 years.

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

Professional Employees

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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 age 60 if they had remained in service to that age.

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 \$45,113, \$48,255, and \$45,999, respectively and equaled the required contributions for each year.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 11—Deferred/ Unavailable/ Unearned Revenue:

Deferred/ unavailable/ unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The following is a summary of deferred and unavailable revenue for the year ended June 30, 2015:

	Government- wide Financial Statements	Fund Financial Statements
Primary Government deferred/unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 190,042
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2015. The uncollected tax billings are not available for the funding of current expenditures.	251,086	251,086
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	13,924	13,924
Total primary government deferred/unavailable revenue	\$ 265,010	\$ 455,052

Unearned revenue of the Primary Government, Component Unit School Board, and the Component Unit Services Authority totaling \$144,501, \$134,500 and \$2,690,936, is comprised of the following:

Payments in Lieu of Taxes – Unearned revenue representing payments in lieu of taxes not available for funding of current expenditures totaled \$144,501 and \$134,500 for the Primary Government and Component Unit School Board, respectively.

Prepaid Capital Expenditures – The Bath County Public Service Authority entered into a contract with Warm Springs Investment, LLC (WSIC) to provide Wastewater Treatment and Water Supply upgrades to the customers located within Homestead Preserve when such upgrades are deemed necessary based on the number of customers being served. WSIC is making yearly payments to the PSA to offset these future expenses. To date the PSA has received \$2,439,145 from WSIC.

Prepaid Development Fees – Development fees prepaid to the Bath County Public Service Authority by the WSIC totaled \$229,960 at June 30, 2015.

Prepaid Water and Sewer Fees – Prepaid fees for water and sewer usage received from customers amounted to \$21,831 at June 30, 2015.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 12—Capital Assets:

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

Primary Government:

Governmental activities:

	Balance July 1, 2014	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 303,240	\$ -	\$ -	\$ -	\$ 303,240
Construction in progress	112,627	216,243	-	(323,870)	5,000
Total capital assets not being depreciated	\$ 415,867	\$ 216,243	\$ -	\$ (323,870)	\$ 308,240
Capital assets being depreciated:					
Buildings and improvements	\$ 11,949,811	\$ 29,973	\$ (1,394,833)	\$ 323,870	\$ 10,908,821
Machinery and equipment	1,549,982	176,402	(117,732)	-	1,608,652
Total capital assets being depreciated	\$ 13,499,793	\$ 206,375	\$ (1,512,565)	\$ 323,870	\$ 12,517,473
Accumulated depreciation:					
Buildings and improvements	\$ (3,799,798)	\$ (211,557)	\$ 155,147	\$ -	\$ (3,856,208)
Machinery and equipment	(908,252)	(136,779)	108,410	-	(936,621)
Total accumulated depreciation	\$ (4,708,050)	\$ (348,336)	\$ 263,557	\$ -	\$ (4,792,829)
Capital assets being depreciated, net	\$ 8,791,743	\$ (141,961)	\$ (1,249,008)	\$ 323,870	\$ 7,724,644
Net capital assets	\$ 9,207,610	\$ 74,282	\$ (1,249,008)	\$ -	\$ 8,032,884

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

Governmental activities:

General government administration	\$ 89,104
Public safety	127,339
Education	103,100
Parks, recreation, cultural	28,793
Total depreciation expense - governmental activities	\$ 348,336

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 12—Capital Assets: (Continued)

Discretely Presented Component Units:

Component Unit School Board:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land and land improvements	\$ 238,282	\$ -	\$ -	\$ 238,282
Total capital assets not being depreciated	\$ 238,282	\$ -	\$ -	\$ 238,282
Capital assets being depreciated:				
Buildings and improvements	\$ 13,518,076	\$ 967,889	\$ -	\$ 14,485,965
Machinery and equipment	2,082,414	165,331	(116,945)	2,130,800
Total capital assets being depreciated	\$ 15,600,490	\$ 1,133,220	\$ (116,945)	\$ 16,616,765
Accumulated depreciation:				
Buildings and improvements	\$ (8,471,885)	\$ (255,886)	\$ -	\$ (8,727,771)
Machinery and equipment	(1,227,812)	(159,429)	116,945	(1,270,296)
Total accumulated depreciation	\$ (9,699,697)	\$ (415,315)	\$ 116,945	\$ (9,998,067)
Capital assets being depreciated, net	\$ 5,900,793	\$ 717,905	\$ -	\$ 6,618,698
Net capital assets	\$ 6,139,075	\$ 717,905	\$ -	\$ 6,856,980
Depreciation expense allocated to education		\$ 415,315		

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 12—Capital Assets: (Continued)

Discretely Presented Component Units: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments 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 School Board of Bath Virginia for the year ended June 30, 2015, is that school financed assets in the amount of \$6,975,000 are reported in the Primary Government for financial reporting purposes. The adjustment to capital assets was as follows:

	Balance June 30, 2014	Increases/ (Decreases)	Adjustment	Balance June 30, 2015
Primary Government:				
Buildings and improvements	\$ <u>11,949,811</u>	\$ <u>(130,990)</u>	\$ <u>(910,000)</u>	\$ <u>10,908,821</u>
Discretely Presented Component Unit-School Board				
Buildings and improvements	\$ <u>13,518,076</u>	\$ <u>57,889</u>	\$ <u>910,000</u>	\$ <u>14,485,965</u>

The 2015 adjustment to accumulated depreciation was a \$1,013,100 transfer from the School Board to the Primary Government.

COUNTY OF BATH, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)****Note 12—Capital Assets: (Continued)****Discretely Presented Component Units: (continued)****Service Authority:**

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

	Balance July 1, 2014	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 69,165	\$ -	\$ -	\$ -	\$ 69,165
Construction in progress	446,231	185,195	-	(214,622)	416,804
Total capital assets not being depreciated	\$ 515,396	\$ 185,195	\$ -	\$ (214,622)	\$ 485,969
Capital assets being depreciated:					
Water System	\$ 9,461,704	\$ -	\$ -	\$ 43,967	\$ 9,505,671
Sewer System	10,321,577	340,602	-	170,655	10,832,834
Machinery and equipment	428,130	3,011	-	-	431,141
Total capital assets being depreciated	\$ 20,211,411	\$ 343,613	\$ -	\$ 214,622	\$ 20,769,646
Accumulated depreciation:					
Water System	\$ (4,580,567)	\$ (241,831)	\$ -	\$ -	\$ (4,822,398)
Sewer System	(7,274,103)	(163,018)	-	-	(7,437,121)
Machinery and equipment	(337,936)	(28,803)	-	-	(366,739)
Total accumulated depreciation	\$ (12,192,606)	\$ (433,652)	\$ -	\$ -	\$ (12,626,258)
Capital assets being depreciated, net	\$ 8,018,805	\$ (90,039)	\$ -	\$ 214,622	\$ 8,143,388
Net capital assets	\$ 8,534,201	\$ 95,156	\$ -	\$ -	\$ 8,629,357

Note 13—Contingent Liabilities:

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 BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 14—Landfill Closure and Post Closure Monitoring Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure. The County closed its landfill in 1993. The County has recognized as expenses in prior years all anticipated closure/post-closure costs. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. Postclosure care financial assurance requirements are being met through the use of the financial test mechanism. As of June 30, 2015, the County has not initiated final closure procedures to release itself from requirements for monitoring, etc. The County anticipates making this request during upcoming years as funds are available.

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 15—Surety Bonds:

Hartford Accident and Indemnity Company:	
Wayne Winebriner, Clerk of Circuit Court	\$ 5,000
Pam Webb, Treasurer	500,000
Leta Norfleet, Commissioner of the Revenue	3,000
Robert Plecker, Sheriff	5,000
Clifford A. Gilchrest, Supervisor	1,000
Bruce McWilliams, Supervisor	1,000
Claire A. Collins, Supervisor	1,000
Phillip B. Perdue, Supervisor	1,000
Henry Kevin Fry, Supervisor	1,000
All County employees; blanket bond	175,000
Virginia School Board Association Property and Casualty Pool:	
Sue Hirsh, Superintendent of Schools	10,000
Justin S. Rider, Finance Director	10,000
All School Board employees; blanket bond	1,000,000
Nationwide Insurance:	
Department of Social Services - Director and Employees	250,000
Western Surety Company:	
County Administrator	2,000

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 16—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the Association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

Note 17—Litigation:

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

Note 18—Upcoming Pronouncements:

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Note 18—Upcoming Pronouncements: (Continued)

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 11,719,645	\$ 11,719,645	\$ 11,778,520	\$ 58,875
Other local taxes	2,345,284	2,345,284	2,336,863	(8,421)
Permits, privilege fees, and regulatory licenses	57,117	57,117	55,267	(1,850)
Fines and forfeitures	968	968	8,130	7,162
Revenue from the use of money and property	20,019	20,019	12,915	(7,104)
Charges for services	85,638	85,638	88,781	3,143
Miscellaneous	4,037	5,542	28,741	23,199
Recovered costs	10,000	24,631	26,717	2,086
Intergovernmental:				
Commonwealth	1,408,280	1,433,248	1,333,199	(100,049)
Federal	1,173,670	1,173,670	598,879	(574,791)
Total revenues	<u>\$ 16,824,658</u>	<u>\$ 16,865,762</u>	<u>\$ 16,268,012</u>	<u>\$ (597,750)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,031,586	\$ 1,035,066	\$ 982,285	\$ 52,781
Judicial administration	395,628	395,628	371,390	24,238
Public safety	2,147,511	2,199,429	2,129,588	69,841
Public works	1,109,135	1,113,309	1,005,518	107,791
Health and welfare	291,341	291,341	282,274	9,067
Education	8,237,717	8,237,717	8,071,628	166,089
Parks, recreation, and cultural	536,412	550,713	495,977	54,736
Community development	1,424,970	1,432,022	886,079	545,943
Nondepartmental	183,234	153,097	76,482	76,615
Capital projects	762,570	1,030,161	784,479	245,682
Debt service:				
Principal retirement	974,232	974,232	910,000	64,232
Interest and other fiscal charges	113,180	113,180	173,849	(60,669)
Total expenditures	<u>\$ 17,207,516</u>	<u>\$ 17,525,895</u>	<u>\$ 16,169,549</u>	<u>\$ 1,356,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (382,858)</u>	<u>\$ (660,133)</u>	<u>\$ 98,463</u>	<u>\$ 758,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (250,000)</u>	<u>\$ (500,000)</u>	<u>\$ (209,891)</u>	<u>\$ 290,109</u>
Total other financing sources (uses)	<u>\$ (250,000)</u>	<u>\$ (500,000)</u>	<u>\$ (209,891)</u>	<u>\$ 290,109</u>
Net change in fund balances	\$ (632,858)	\$ (1,160,133)	\$ (111,428)	\$ 1,048,705
Fund balances - beginning	632,858	1,160,133	9,466,077	8,305,944
Fund balances - ending	\$ -	\$ -	\$ 9,354,649	\$ 9,354,649

Special Revenue Fund - VPA

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 24,639	\$ 24,639	\$ -	\$ (24,639)
Intergovernmental:				
Commonwealth	301,332	301,332	144,017	(157,315)
Federal	60,529	60,529	319,299	258,770
Total revenues	<u>\$ 386,500</u>	<u>\$ 386,500</u>	<u>\$ 463,316</u>	<u>\$ 76,816</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 574,330	\$ 636,500	\$ 564,885	\$ 71,615
Total expenditures	<u>\$ 574,330</u>	<u>\$ 636,500</u>	<u>\$ 564,885</u>	<u>\$ 71,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (187,830)</u>	<u>\$ (250,000)</u>	<u>\$ (101,569)</u>	<u>\$ 148,431</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 187,830	\$ 250,000	\$ 101,569	\$ (148,431)
Total other financing sources (uses)	<u>\$ 187,830</u>	<u>\$ 250,000</u>	<u>\$ 101,569</u>	<u>\$ (148,431)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Schedule of OPEB Funding Progress
June 30, 2015

PRIMARY GOVERNMENT:

County Other Postemployment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/14	\$ -	\$ 327,400	\$ 327,400	0.00%	\$ 3,073,382	10.65%
06/30/13	-	298,900	298,900	0.00%	3,216,195	9.29%
06/30/12	-	517,545	517,545	0.00%	3,095,455	16.72%
06/30/11	-	431,604	431,604	0.00%	2,026,116	21.30%
06/30/10	-	414,036	414,036	0.00%	2,026,116	20.43%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Postemployment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/14	\$ -	\$ 697,600	\$ 697,600	0.00%	\$ 3,359,278	20.77%
06/30/13	-	654,700	654,700	0.00%	3,931,070	16.65%
06/30/12	-	632,555	632,555	0.00%	3,095,455	20.43%
06/30/11	-	767,296	767,296	0.00%	3,601,984	21.30%
06/30/10	-	736,064	736,064	0.00%	3,601,984	20.43%

School Board Health Insurance Credit Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/14	\$ 9,196	\$ 88,886	\$ 79,690	10.35%	\$ 772,300	10.32%
06/30/13	5,925	87,284	81,359	6.79%	756,127	10.76%
06/30/12	3,258	81,397	78,139	4.00%	729,057	10.72%
06/30/11	3,066	85,138	82,072	3.60%	688,165	11.93%
06/30/10	2,683	81,826	79,143	3.28%	688,165	11.50%

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

	2014
Total pension liability	
Service cost	\$ 208,104
Interest	735,387
Benefit payments, including refunds of employee contributions	(617,023)
Net change in total pension liability	\$ 326,468
Total pension liability - beginning	10,814,044
Total pension liability - ending (a)	\$ 11,140,512
 Plan fiduciary net position	
Contributions - employer	\$ 242,398
Contributions - employee	108,309
Net investment income	1,288,118
Benefit payments, including refunds of employee contributions	(617,023)
Administrative expense	(7,107)
Other	68
Net change in plan fiduciary net position	\$ 1,014,763
Plan fiduciary net position - beginning	8,319,586
Plan fiduciary net position - ending (b)	\$ 9,334,349
 County's net pension liability - ending (a) - (b)	\$ 1,806,163
 Plan fiduciary net position as a percentage of the total pension liability	83.79%
 Covered-employee payroll	\$ 2,182,381
 County's net pension liability as a percentage of covered-employee payroll	82.76%

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
Public Service Authority
Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 31,382
Interest	110,896
Benefit payments, including refunds of employee contributions	(93,047)
Net change in total pension liability	\$ 49,231
Total pension liability - beginning	1,630,754
Total pension liability - ending (a)	\$ 1,679,985
Plan fiduciary net position	
Contributions - employer	\$ 36,553
Contributions - employee	16,333
Net investment income	194,248
Benefit payments, including refunds of employee contributions	(93,047)
Administrative expense	(1,072)
Other	10
Net change in plan fiduciary net position	\$ 153,025
Plan fiduciary net position - beginning	1,254,591
Plan fiduciary net position - ending (b)	\$ 1,407,616
Public Service Authority's net pension liability - ending (a) - (b)	\$ 272,369
Plan fiduciary net position as a percentage of the total pension liability	83.79%
Covered-employee payroll	\$ 337,993
Public Service Authority's net pension liability as a percentage of covered-employee payroll	80.58%

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

	2014
Total pension liability	
Service cost	\$ 75,905
Interest	270,076
Benefit payments, including refunds of employee contributions	(178,761)
Net change in total pension liability	\$ 167,220
Total pension liability - beginning	3,947,609
Total pension liability - ending (a)	\$ 4,114,829
 Plan fiduciary net position	
Contributions - employer	\$ 81,863
Contributions - employee	38,615
Net investment income	517,356
Benefit payments, including refunds of employee contributions	(178,761)
Administrative expense	(2,812)
Other	27
Net change in plan fiduciary net position	\$ 456,288
Plan fiduciary net position - beginning	3,303,910
Plan fiduciary net position - ending (b)	\$ 3,760,198
 School Division's net pension liability - ending (a) - (b)	\$ 354,631
 Plan fiduciary net position as a percentage of the total pension liability	91.38%
 Covered-employee payroll	\$ 772,300
 School Division's net pension liability as a percentage of covered-employee payroll	45.92%

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*

		2015
Employer's Proportion of the Net Pension Liability (Asset)		0.05850%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	7,069,000
Employer's Covered-Employee Payroll	\$	4,347,310
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		162.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

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

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

Schedule of Employer Contributions
Year Ended June 30, 2015

<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>
Primary Government					
2015	\$ 286,764	\$ 286,764	\$ -	\$ 2,233,181	12.84%
Component Unit Public Service Authority					
2015	\$ 42,993	\$ 42,993	\$ -	\$ 337,993	12.72%
Component Unit School Board (nonprofessional)					
2015	\$ 71,094	\$ 71,094	\$ -	\$ 688,569	10.32%
Component Unit School Board (professional)					
2015	\$ 648,683	\$ 648,683	\$ -	\$ 4,255,944	15.24%

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

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

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	CSA Fund	Lodging Tax Marketing/ Capital Tax	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 620,337	\$ 620,337
Receivables (net of allowance			
Accounts receivable	-	58,414	58,414
Due from other governmental units	5,204	-	5,204
Prepaid items	-	2,540	2,540
Total assets	<u>\$ 5,204</u>	<u>\$ 681,291</u>	<u>\$ 686,495</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 4,300	\$ 4,300
Due to other funds	5,204	-	5,204
Total liabilities	<u>\$ 5,204</u>	<u>\$ 4,300</u>	<u>\$ 9,504</u>
Fund balances:			
Nonspendable	\$ -	\$ 2,540	\$ 2,540
Committed	-	674,451	674,451
Total fund balances	<u>\$ -</u>	<u>\$ 676,991</u>	<u>\$ 676,991</u>
Total liabilities and fund balances	<u>\$ 5,204</u>	<u>\$ 681,291</u>	<u>\$ 686,495</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2015

	CSA Fund	Lodging Tax Marketing/ Capital Fund	Total
REVENUES			
Other local taxes	\$ -	\$ 504,172	\$ 504,172
Miscellaneous	-	12,386	12,386
Intergovernmental:			
Commonwealth	86,876	-	86,876
Federal	12,657	-	12,657
Total revenues	<u>\$ 99,533</u>	<u>\$ 516,558</u>	<u>\$ 616,091</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 207,855	\$ -	\$ 207,855
Community development	-	425,691	425,691
Total expenditures	<u>\$ 207,855</u>	<u>\$ 425,691</u>	<u>\$ 633,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (108,322)</u>	<u>\$ 90,867</u>	<u>\$ (17,455)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 108,322	\$ -	\$ 108,322
Total other financing sources uses	<u>\$ 108,322</u>	<u>\$ -</u>	<u>\$ 108,322</u>
Net change in fund balances	\$ -	\$ 90,867	\$ 90,867
Fund balances - beginning	-	586,124	586,124
Fund balances - ending	<u>\$ -</u>	<u>\$ 676,991</u>	<u>\$ 676,991</u>

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County of Bath, Virginia

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

	CSA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	200,000	77,000	86,876	9,876
Federal	-	-	12,657	12,657
Total revenues	<u>\$ 200,000</u>	<u>\$ 77,000</u>	<u>\$ 99,533</u>	<u>\$ 22,533</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 200,000	\$ 327,000	\$ 207,855	\$ 119,145
Community development	-	-	-	-
Total expenditures	<u>\$ 200,000</u>	<u>\$ 327,000</u>	<u>\$ 207,855</u>	<u>\$ 119,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ (108,322)</u>	<u>\$ 141,678</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 108,322</u>	<u>\$ (141,678)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 108,322</u>	<u>\$ (141,678)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Lodging Tax -Marketing/Capital Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 412,292	\$ 412,292	\$ 504,172	\$ 91,880
Miscellaneous	-	11,338	12,386	1,048
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 412,292</u>	<u>\$ 423,630</u>	<u>\$ 516,558</u>	<u>\$ 92,928</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	433,342	444,680	425,691	18,989
Total expenditures	<u>\$ 433,342</u>	<u>\$ 444,680</u>	<u>\$ 425,691</u>	<u>\$ 18,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,050)</u>	<u>\$ (21,050)</u>	<u>\$ 90,867</u>	<u>\$ 111,917</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 21,050	\$ 21,050	\$ -	\$ (21,050)
Total other financing sources (uses)	<u>\$ 21,050</u>	<u>\$ 21,050</u>	<u>\$ -</u>	<u>\$ (21,050)</u>
Net change in fund balances	\$ -	\$ -	\$ 90,867	\$ 90,867
Fund balances - beginning	-	-	586,124	586,124
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,991</u>	<u>\$ 676,991</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund – The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

Cafeteria Fund – The Cafeteria Fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 634,773	\$ 39,600	\$ 674,373
Accounts receivable	80	-	80
Due from other governmental units	153,584	21,926	175,510
Inventories	-	26,661	26,661
Prepaid items	73,919	-	73,919
Total assets	<u>\$ 862,356</u>	<u>\$ 88,187</u>	<u>\$ 950,543</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued payroll	\$ 634,773	\$ 38,051	\$ 672,824
Due to primary government	93,083	-	93,083
Unearned revenue	134,500	-	134,500
Total liabilities	<u>\$ 862,356</u>	<u>\$ 38,051</u>	<u>\$ 900,407</u>
Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ 26,661	\$ 26,661
Prepaid items	73,919	-	73,919
Committed:			
School cafeteria	-	23,475	23,475
Unassigned:	(73,919)	-	(73,919)
Total fund balances	<u>\$ -</u>	<u>\$ 50,136</u>	<u>\$ 50,136</u>
Total liabilities and fund balances	<u>\$ 862,356</u>	<u>\$ 88,187</u>	<u>\$ 950,543</u>

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

Total fund balances per above	\$ 50,136
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,856,980
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(1,279,575)
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.	806,777
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,881,416)</u>
Net position of governmental activities	<u>\$ (1,447,098)</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Charges for services	\$ 8,151	\$ 141,942	\$ 150,093
Miscellaneous	18,837	-	18,837
Intergovernmental:			
Local government	7,739,379	328,500	8,067,879
Commonwealth	1,768,586	5,568	1,774,154
Federal	493,307	177,869	671,176
Total revenues	<u>\$ 10,028,260</u>	<u>\$ 653,879</u>	<u>\$ 10,682,139</u>
EXPENDITURES			
Current:			
Education	\$ 10,028,260	\$ 637,709	\$ 10,665,969
Total expenditures	<u>\$ 10,028,260</u>	<u>\$ 637,709</u>	<u>\$ 10,665,969</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 16,170	\$ 16,170
Net change in fund balances	\$ -	\$ 16,170	\$ 16,170
Fund balances - beginning	-	33,966	33,966
Fund balances - ending	<u>\$ -</u>	<u>\$ 50,136</u>	<u>\$ 50,136</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			\$ 16,170
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.			717,905
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(1,279,575)
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>1,384,539</u>
Change in net position of governmental activities			<u>\$ 839,039</u>

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County of Bath, Virginia

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

Discretely Presented Component Unit - School Board

Year Ended June 30, 2015

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 6,800	\$ 6,800	\$ 8,151	\$ 1,351
Miscellaneous	9,000	9,000	18,837	9,837
Intergovernmental:				
Local government	7,901,466	7,901,466	7,739,379	(162,087)
Commonwealth	1,681,840	1,709,548	1,768,586	59,038
Federal	371,525	402,965	493,307	90,342
Total revenues	<u>\$ 9,970,631</u>	<u>\$ 10,029,779</u>	<u>\$ 10,028,260</u>	<u>\$ (1,519)</u>
EXPENDITURES				
Current:				
Education	\$ 9,970,631	\$ 10,029,779	\$ 10,028,260	\$ 1,519
Total expenditures	<u>\$ 9,970,631</u>	<u>\$ 10,029,779</u>	<u>\$ 10,028,260</u>	<u>\$ 1,519</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Exhibit 21

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 145,000	\$ 145,000	\$ 141,942	\$ (3,058)
-	-	-	-
332,502	332,502	328,500	(4,002)
4,224	4,224	5,568	1,344
150,000	150,000	177,869	27,869
<u>\$ 631,726</u>	<u>\$ 631,726</u>	<u>\$ 653,879</u>	<u>\$ 22,153</u>
<u>\$ 631,726</u>	<u>\$ 631,726</u>	<u>\$ 637,709</u>	<u>\$ (5,983)</u>
<u>\$ 631,726</u>	<u>\$ 631,726</u>	<u>\$ 637,709</u>	<u>\$ (5,983)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,170</u>	<u>\$ 16,170</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,170</u>	<u>\$ 16,170</u>
<u>-</u>	<u>-</u>	<u>33,966</u>	<u>33,966</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,136</u>	<u>\$ 50,136</u>

**DISCRETELY PRESENTED COMPONENT UNIT
– SERVICE AUTHORITY**

Statement of Net Position
Discretely Presented Component Unit - Service Authority
June 30, 2015

	Component Unit Service Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,022,057
Interest receivable	160
Accounts receivable, net of allowances for uncollectibles	91,877
Total current assets	<u>\$ 3,114,094</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (restricted for debt service)	\$ 37,119
Cash and cash equivalents (restricted for security deposits)	29,558
Total restricted assets	<u>\$ 66,677</u>
Capital assets:	
Land and land rights	\$ 69,165
Machinery and equipment	431,141
Utility plant in service	20,338,505
Construction in progress	416,804
Accumulated depreciation	(12,626,258)
Total capital assets	<u>\$ 8,629,357</u>
Total noncurrent assets	<u>\$ 8,696,034</u>
Total assets	<u>\$ 11,810,128</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to measurement date	\$ 42,993
Total deferred outflows of resources	<u>\$ 42,993</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 55,494
Customer deposits	29,558
Unearned revenue	2,690,936
Bonds payable - current portion	51,085
Total current liabilities	<u>\$ 2,827,073</u>
Noncurrent liabilities:	
Compensated absences	\$ 24,726
Bonds payable - net of current portion	551,207
Net pension liability	272,369
Total noncurrent liabilities	<u>\$ 848,302</u>
Total liabilities	<u>\$ 3,675,375</u>
DEFERRED INFLOWS OF RESOURCES	
Items related to measurement	\$ 86,295
Total deferred inflows of resources	<u>\$ 86,295</u>
NET POSITION	
Net investment in capital assets	\$ 8,027,065
Restricted - reserve fund	37,119
Unrestricted	27,267
Total net position	<u><u>\$ 8,091,451</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Service Authority
Year Ended June 30, 2015

	Component Unit Service Authority
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 652,349
Sewer revenues	290,987
Late fees	14,621
Total operating revenues	<u>\$ 957,957</u>
OPERATING EXPENSES	
Payroll and related benefits	\$ 532,462
Water	40,335
Sewer	121,798
Administration	39,068
Laboratory and engineering	17,685
Maintenance	25,563
Utilities and transportation	221,728
Insurance claims and premiums	20,033
Depreciation	433,652
Total operating expenses	<u>\$ 1,452,324</u>
Operating income (loss)	<u>\$ (494,367)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue- contribution from County of Bath, Virginia	\$ 329,686
Interest income	31,204
Development fees	60,523
Interest expense	(4,482)
Total nonoperating revenues (expenses)	<u>\$ 416,931</u>
Change in net position	<u>\$ (77,436)</u>
Total net position - beginning, as restated	<u>8,168,887</u>
Total net position - ending	<u><u>\$ 8,091,451</u></u>

Statement of Cash Flows
Discretely Presented Component Unit - Service Authority
Year Ended June 30, 2015

	Component Unit Service Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 965,323
Payments to suppliers	(490,887)
Payments to employees	(534,006)
Net cash provided by (used for) operating activities	<u>\$ (59,570)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (528,808)
Principal payments on bonds	(49,980)
Capital contribution from primary government	329,686
Development fees	179,194
Interest expense	(4,482)
Net cash provided by (used for) capital and related financing activities	<u>\$ (74,390)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 31,191
Net cash provided by (used for) investing activities	<u>\$ 31,191</u>
Net increase (decrease) in cash and cash equivalents	\$ (102,769)
Cash and cash equivalents - beginning - including restricted	3,191,503
Cash and cash equivalents - ending - including restricted	<u><u>\$ 3,088,734</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (494,367)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 433,652
(Increase) decrease in accounts receivable	4,073
(Increase) decrease in deferred outflows of resources	(6,440)
Increase (decrease) in customer deposits	3,293
Increase (decrease) in accounts payable	(4,677)
Increase (decrease) in compensated absences	22,395
Increase (decrease) in deferred inflows of resources	86,295
Increase (decrease) in net pension liability	(103,794)
Total adjustments	<u>\$ 434,797</u>
Net cash provided by (used for) operating activities	<u><u>\$ (59,570)</u></u>

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,591,632	\$ 4,591,632	\$ 4,455,005	\$ (136,627)
Real and personal public service corporation taxes	6,964,156	6,964,156	7,112,355	148,199
Personal property taxes	143,857	143,857	162,924	19,067
Penalties	15,000	15,000	26,424	11,424
Interest	5,000	5,000	21,812	16,812
Total general property taxes	<u>\$ 11,719,645</u>	<u>\$ 11,719,645</u>	<u>\$ 11,778,520</u>	<u>\$ 58,875</u>
Other local taxes:				
Local sales and use taxes	\$ 873,109	\$ 873,109	\$ 925,382	\$ 52,273
Consumption tax	19,156	19,156	19,790	634
Mixed beverage license taxes	1,604	1,604	1,454	(150)
Motor vehicle license taxes	74,100	74,100	75,778	1,678
Bank stock taxes	33,500	33,500	55,675	22,175
Taxes on recordation and wills	51,698	51,698	63,019	11,321
Hotel and motel room taxes	412,292	412,292	504,173	91,881
Restaurant food taxes	879,825	879,825	691,592	(188,233)
Total other local taxes	<u>\$ 2,345,284</u>	<u>\$ 2,345,284</u>	<u>\$ 2,336,863</u>	<u>\$ (8,421)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,917	\$ 1,917	\$ 1,787	\$ (130)
Permits and other licenses	55,200	55,200	53,480	(1,720)
Total permits, privilege fees, and regulatory licenses	<u>\$ 57,117</u>	<u>\$ 57,117</u>	<u>\$ 55,267</u>	<u>\$ (1,850)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 968	\$ 968	\$ 8,130	\$ 7,162
Revenue from use of money and property:				
Revenue from use of money	\$ 7,735	\$ 7,735	\$ 2,915	\$ (4,820)
Revenue from use of property	12,284	12,284	10,000	(2,284)
Total revenue from use of money and property	<u>\$ 20,019</u>	<u>\$ 20,019</u>	<u>\$ 12,915</u>	<u>\$ (7,104)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,022	\$ 5,022	\$ 3,668	\$ (1,354)
Charges for courthouse maintenance	2,453	2,453	3,260	807
Courthouse security fee	12,137	12,137	17,144	5,007
Concealed weapons permits	2,190	2,190	1,665	(525)
Charges for Commonwealth's Attorney	544	544	550	6
Sheriff's fees	68	68	321	253
Law library fees	798	798	645	(153)
Soil and erosion fees	400	400	-	(400)
Charges for sanitation and waste removal	37,082	37,082	37,625	543
Charges for parks and recreation	7,470	7,470	8,308	838
Charges for other protection	211	211	316	105
Charges for other services	17,263	17,263	15,279	(1,984)
Total charges for services	<u>\$ 85,638</u>	<u>\$ 85,638</u>	<u>\$ 88,781</u>	<u>\$ 3,143</u>
Miscellaneous revenue:				
Miscellaneous	\$ 4,037	\$ 5,542	\$ 28,741	\$ 23,199
Refunds and recoveries	10,000	24,631	26,717	2,086
Total miscellaneous revenue	<u>\$ 14,037</u>	<u>\$ 30,173</u>	<u>\$ 55,458</u>	<u>\$ 25,285</u>
Total revenue from local sources	<u>\$ 14,242,708</u>	<u>\$ 14,258,844</u>	<u>\$ 14,335,934</u>	<u>\$ 77,090</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Railroad rolling stock taxes	\$ 20,384	\$ 20,384	\$ 10,405	\$ (9,979)
Mobile home titling tax	5,916	5,916	645	(5,271)
Communications taxes	118,123	118,123	115,096	(3,027)
Tax on deeds	25,225	25,225	14,275	(10,950)
Personal property tax relief funds	40,200	40,200	40,276	76
Total noncategorical aid	<u>\$ 209,848</u>	<u>\$ 209,848</u>	<u>\$ 180,697</u>	<u>\$ (29,151)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 66,870	\$ 66,870	\$ 67,717	\$ 847
Sheriff	488,883	488,883	493,092	4,209
Commissioner of revenue	73,227	73,227	75,981	2,754
Treasurer	58,614	58,614	61,010	2,396
Registrar/electoral board	25,013	25,013	29,306	4,293
Clerk of the Circuit Court	137,043	137,043	143,101	6,058
Total shared expenses	<u>\$ 849,650</u>	<u>\$ 849,650</u>	<u>\$ 870,207</u>	<u>\$ 20,557</u>
Other categorical aid:				
Shared expenses - Mountain Soil and Water				
Conservation District	\$ 115,439	\$ 115,439	\$ 114,164	\$ (1,275)
Emergency medical services division fees	5,906	35,874	35,723	(151)
Fire programs fund	14,400	14,400	20,000	5,600
E-911 Addressing/Mapping/Implementation Project	200,371	200,371	104,204	(96,167)
Virginia Juvenile Community Crime Control Act	6,585	6,585	6,385	(200)
Seized funds	5,000	-	1,123	1,123
Other state funds	1,081	1,081	696	(385)
Total other categorical aid	<u>\$ 348,782</u>	<u>\$ 373,750</u>	<u>\$ 282,295</u>	<u>\$ (91,455)</u>
Total categorical aid	<u>\$ 1,198,432</u>	<u>\$ 1,223,400</u>	<u>\$ 1,152,502</u>	<u>\$ (70,898)</u>
Total revenue from the Commonwealth	<u>\$ 1,408,280</u>	<u>\$ 1,433,248</u>	<u>\$ 1,333,199</u>	<u>\$ (100,049)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payment in Lieu of Taxes	\$ 158,670	\$ 158,670	\$ 165,842	\$ 7,172
Total noncategorical aid	<u>\$ 158,670</u>	<u>\$ 158,670</u>	<u>\$ 165,842</u>	<u>\$ 7,172</u>
Categorical aid:				
Community development block grant	\$ 965,000	\$ 965,000	\$ 418,037	\$ (546,963)
FEMA grant	50,000	50,000	-	(50,000)
Justice Assistance grant	-	-	15,000	15,000
Total categorical aid	<u>\$ 1,015,000</u>	<u>\$ 1,015,000</u>	<u>\$ 433,037</u>	<u>\$ (581,963)</u>
Total revenue from the federal government	<u>\$ 1,173,670</u>	<u>\$ 1,173,670</u>	<u>\$ 598,879</u>	<u>\$ (574,791)</u>
Total General Fund	<u>\$ 16,824,658</u>	<u>\$ 16,865,762</u>	<u>\$ 16,268,012</u>	<u>\$ (597,750)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 24,639	\$ 24,639	\$ -	\$ (24,639)
Total miscellaneous revenue	\$ 24,639	\$ 24,639	\$ -	\$ (24,639)
Total revenue from local sources	\$ 24,639	\$ 24,639	\$ -	\$ (24,639)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 301,332	\$ 301,332	\$ 144,017	\$ (157,315)
Total revenue from the Commonwealth	\$ 301,332	\$ 301,332	\$ 144,017	\$ (157,315)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 60,529	\$ 60,529	\$ 319,299	\$ 258,770
Total categorical aid	\$ 60,529	\$ 60,529	\$ 319,299	\$ 258,770
Total revenue from the federal government	\$ 60,529	\$ 60,529	\$ 319,299	\$ 258,770
Total Virginia Public Assistance Fund	\$ 386,500	\$ 386,500	\$ 463,316	\$ 76,816
CSA Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 200,000	\$ 77,000	\$ 86,876	\$ 9,876
Total categorical aid	\$ 200,000	\$ 77,000	\$ 86,876	\$ 9,876
Total revenue from the Commonwealth	\$ 200,000	\$ 77,000	\$ 86,876	\$ 9,876
Revenue from the federal government:				
Categorical aid:				
Social services block grant	\$ -	\$ -	\$ 12,657	\$ 12,657
Total categorical aid	\$ -	\$ -	\$ 12,657	\$ 12,657
Total revenue from the federal government	\$ -	\$ -	\$ 12,657	\$ 12,657
Total CSA Fund	\$ 200,000	\$ 77,000	\$ 99,533	\$ 22,533
Lodging Tax- Marketing /Capital Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes-designated for marketing	\$ 206,146	\$ 206,146	\$ 252,086	\$ 45,940
Hotel and motel room taxes-designated for capital improvements	206,146	206,146	252,086	45,940
Total other local taxes	\$ 412,292	\$ 412,292	\$ 504,172	\$ 91,880
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 11,338	\$ 12,386	\$ 1,048
Total miscellaneous revenue	\$ -	\$ 11,338	\$ 12,386	\$ 1,048
Total revenue from local sources	\$ 412,292	\$ 423,630	\$ 516,558	\$ 92,928
Total Lodging Tax -Marketing/Capital Fund	\$ 412,292	\$ 423,630	\$ 516,558	\$ 92,928
Total Primary Government	\$ 17,823,450	\$ 17,752,892	\$ 17,347,419	\$ (405,473)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and payments from another county or city	\$ 6,800	\$ 6,800	\$ 8,151	\$ 1,351
Miscellaneous revenue:				
Refunds and recoveries	\$ 9,000	\$ 9,000	\$ 18,837	\$ 9,837
Total miscellaneous revenue	9,000	9,000	18,837	9,837
Total revenue from local sources	\$ 15,800	\$ 15,800	\$ 26,988	\$ 11,188
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 7,901,466	\$ 7,901,466	\$ 7,739,379	\$ (162,087)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 616,776	\$ 616,776	\$ 620,927	\$ 4,151
Basic school aid	601,145	601,145	581,224	(19,921)
Gifted and talented	5,290	5,290	5,242	(48)
Remedial education	14,375	14,375	14,245	(130)
Special Education	67,505	67,505	66,896	(609)
Textbook payment	11,065	11,065	10,965	(100)
Vocational standards of quality payments	62,576	62,576	60,809	(1,767)
Fringe benefits	110,745	110,745	109,061	(1,684)
At risk	10,602	10,602	10,476	(126)
English as a second language	2,370	2,370	1,121	(1,249)
Homebound payment	-	-	548	548
Early reading intervention	1,902	1,902	2,537	635
Remedial summer school	-	-	3,188	3,188
K-3 initiative	19,451	19,451	19,104	(347)
Individual student alternative education program	7,859	7,859	7,859	-
Special education - foster children	-	-	37,421	37,421
Technology	128,000	155,708	102,953	(52,755)
Medicaid	20,000	20,000	107,342	87,342
Standards of Learning algebra readiness	1,966	1,966	1,300	(666)
Other state funds	213	213	5,368	5,155
Total categorical aid	\$ 1,681,840	\$ 1,709,548	\$ 1,768,586	\$ 59,038
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 134,500	\$ 134,500	\$ 134,500	\$ -
Categorical aid:				
Title VI-B, special education handicapped	\$ 99,640	\$ 99,640	\$ 110,494	\$ 10,854
Title I	61,100	61,100	68,412	7,312
Vocational education	8,000	8,000	10,013	2,013

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

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: (Continued)				
Categorical aid: (Continued)				
Advanced placement test	\$ -	\$ -	\$ 122	\$ 122
Improving Teacher Quality	25,192	25,192	23,151	(2,041)
Rural education achievement program	42,243	42,243	53,420	11,177
Emergency response and recovery	-	-	850	850
Title III	850	850	1,001	151
Forest reserve	-	31,440	91,344	59,904
Total categorical aid	<u>\$ 237,025</u>	<u>\$ 268,465</u>	<u>\$ 358,807</u>	<u>\$ 90,342</u>
Total revenue from the federal government	<u>\$ 371,525</u>	<u>\$ 402,965</u>	<u>\$ 493,307</u>	<u>\$ 90,342</u>
Total School Operating Fund	<u>\$ 9,970,631</u>	<u>\$ 10,029,779</u>	<u>\$ 10,028,260</u>	<u>\$ (1,519)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 145,000	\$ 145,000	\$ 141,942	\$ (3,058)
Total revenue from local sources	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 141,942</u>	<u>\$ (3,058)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 332,502	\$ 332,502	\$ 328,500	\$ (4,002)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 4,224	\$ 4,224	\$ 5,568	\$ 1,344
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 150,000	\$ 150,000	\$ 155,677	\$ 5,677
USDA donated food	-	-	22,192	22,192
Total revenue from the federal government	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 177,869</u>	<u>\$ 27,869</u>
Total School Cafeteria Fund	<u>\$ 631,726</u>	<u>\$ 631,726</u>	<u>\$ 653,879</u>	<u>\$ 22,153</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,602,357</u>	<u>\$ 10,661,505</u>	<u>\$ 10,682,139</u>	<u>\$ 20,634</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 147,048	\$ 143,038	\$ 142,922	\$ 116
General and financial administration:				
County administrator	\$ 283,391	\$ 291,811	\$ 282,901	\$ 8,910
Commissioner of revenue	212,947	212,947	213,778	(831)
Treasurer	218,360	218,360	207,593	10,767
Data Processing	53,800	52,870	50,807	2,063
Total general and financial administration	\$ 768,498	\$ 775,988	\$ 755,079	\$ 20,909
Board of elections:				
Registrar	\$ 68,076	\$ 68,076	\$ 61,901	\$ 6,175
Electoral board and officials	47,964	47,964	22,383	25,581
Total board of elections	\$ 116,040	\$ 116,040	\$ 84,284	\$ 31,756
Total general government administration	\$ 1,031,586	\$ 1,035,066	\$ 982,285	\$ 52,781
Judicial administration:				
Courts:				
Circuit court	\$ 22,868	\$ 22,868	\$ 15,039	\$ 7,829
General district court	16,515	16,515	15,789	726
Special magistrates	800	800	660	140
Clerk of the circuit court	238,540	238,540	222,627	15,913
Total courts	\$ 278,723	\$ 278,723	\$ 254,115	\$ 24,608
Commonwealth's attorney:				
Commonwealth's attorney	\$ 116,905	\$ 116,905	\$ 117,275	\$ (370)
Total commonwealth's attorney	\$ 116,905	\$ 116,905	\$ 117,275	\$ (370)
Total judicial administration	\$ 395,628	\$ 395,628	\$ 371,390	\$ 24,238
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 892,778	\$ 954,254	\$ 948,471	\$ 5,783
Total law enforcement and traffic control	\$ 892,778	\$ 954,254	\$ 948,471	\$ 5,783
Fire and rescue services:				
Fire department	\$ 215,229	\$ 215,229	\$ 215,229	\$ -
Contribution to fire and rescue	205,121	234,436	245,142	(10,706)
Total fire and rescue services	\$ 420,350	\$ 449,665	\$ 460,371	\$ (10,706)
Correction and detention:				
County/City operated institutions	\$ 100,000	\$ 82,000	\$ 52,867	\$ 29,133
Total correction and detention	\$ 100,000	\$ 82,000	\$ 52,867	\$ 29,133
Inspections:				
Building	\$ 205,855	\$ 207,798	\$ 197,595	\$ 10,203
Total inspections	\$ 205,855	\$ 207,798	\$ 197,595	\$ 10,203
Other protection:				
Animal control	\$ 142,156	\$ 142,156	\$ 135,500	\$ 6,656
Emergency communications	372,072	349,256	328,139	21,117
Medical examiner (coroner)	200	200	60	140
VJCCCA	14,100	14,100	6,585	7,515
Total other protection	\$ 528,528	\$ 505,712	\$ 470,284	\$ 35,428
Total public safety	\$ 2,147,511	\$ 2,199,429	\$ 2,129,588	\$ 69,841

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works:				
Sanitation and waste removal:				
General engineering/administration	\$ 807,103	\$ 807,103	\$ 715,713	\$ 91,390
Total sanitation and waste removal	\$ 807,103	\$ 807,103	\$ 715,713	\$ 91,390
Maintenance of general buildings and grounds:				
General engineering/administration	\$ 238,979	\$ 241,318	\$ 225,568	\$ 15,750
Airport Authority	63,053	64,888	64,237	651
Total maintenance of general buildings and grounds	\$ 302,032	\$ 306,206	\$ 289,805	\$ 16,401
Total public works	\$ 1,109,135	\$ 1,113,309	\$ 1,005,518	\$ 107,791
Health and welfare:				
Health:				
Local health department	\$ 86,629	\$ 86,629	\$ 83,129	\$ 3,500
Total health	\$ 86,629	\$ 86,629	\$ 83,129	\$ 3,500
Mental health and mental retardation:				
Administration	\$ 30,929	\$ 30,929	\$ 30,929	\$ -
Total mental health and mental retardation	\$ 30,929	\$ 30,929	\$ 30,929	\$ -
Welfare:				
Welfare administration				-
Public welfare	\$ 84,503	\$ 84,503	\$ 81,848	\$ 2,655
Tax relief for the elderly	89,280	89,280	86,368	2,912
Total welfare	\$ 173,783	\$ 173,783	\$ 168,216	\$ 5,567
Total health and welfare	\$ 291,341	\$ 291,341	\$ 282,274	\$ 9,067
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 3,749	\$ 3,749	\$ 3,749	\$ -
Contributions to County School Board	8,233,968	8,233,968	8,067,879	166,089
Total education	\$ 8,237,717	\$ 8,237,717	\$ 8,071,628	\$ 166,089
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 392,141	\$ 406,442	\$ 351,706	\$ 54,736
Total parks and recreation	\$ 392,141	\$ 406,442	\$ 351,706	\$ 54,736
Library:				
Regional library	\$ 144,271	\$ 144,271	\$ 144,271	\$ -
Total library	\$ 144,271	\$ 144,271	\$ 144,271	\$ -
Total parks, recreation, and cultural	\$ 536,412	\$ 550,713	\$ 495,977	\$ 54,736
Community development:				
Planning and community development:				
Planning	\$ 1,150,864	\$ 1,157,916	\$ 642,818	\$ 515,098
Economic development	90,018	90,018	64,366	25,652
Total planning and community development	\$ 1,240,882	\$ 1,247,934	\$ 707,184	\$ 540,750
Environmental management:				
Administration	\$ 137,395	\$ 137,395	\$ 131,541	\$ 5,854
Total environmental management	\$ 137,395	\$ 137,395	\$ 131,541	\$ 5,854
Cooperative extension program:				
Administration	\$ 46,693	\$ 46,693	\$ 47,354	\$ (661)
Total cooperative extension program	\$ 46,693	\$ 46,693	\$ 47,354	\$ (661)
Total community development	\$ 1,424,970	\$ 1,432,022	\$ 886,079	\$ 545,943

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ 183,234	\$ 153,097	\$ 76,482	\$ 76,615
Total nondepartmental	<u>\$ 183,234</u>	<u>\$ 153,097</u>	<u>\$ 76,482</u>	<u>\$ 76,615</u>
Capital outlay:				
Capital projects	\$ 762,570	\$ 1,030,161	\$ 784,479	\$ 245,682
Total capital outlay	<u>\$ 762,570</u>	<u>\$ 1,030,161</u>	<u>\$ 784,479</u>	<u>\$ 245,682</u>
Debt service:				
Principal retirement	\$ 974,232	\$ 974,232	\$ 910,000	\$ 64,232
Interest and other fiscal charges	113,180	113,180	173,849	(60,669)
Total debt service	<u>\$ 1,087,412</u>	<u>\$ 1,087,412</u>	<u>\$ 1,083,849</u>	<u>\$ 3,563</u>
Total General Fund	<u>\$ 17,207,516</u>	<u>\$ 17,525,895</u>	<u>\$ 16,169,549</u>	<u>\$ 1,356,346</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 448,900	\$ 481,070	\$ 455,339	\$ 25,731
Purchased services	60,200	60,200	23,230	36,970
Child care	65,230	95,230	86,316	8,914
Total health and welfare	<u>\$ 574,330</u>	<u>\$ 636,500</u>	<u>\$ 564,885</u>	<u>\$ 71,615</u>
Total Virginia Public Assistance Fund	<u>\$ 574,330</u>	<u>\$ 636,500</u>	<u>\$ 564,885</u>	<u>\$ 71,615</u>
CSA Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 200,000	\$ 327,000	\$ 207,855	\$ 119,145
Total CSA Fund	<u>\$ 200,000</u>	<u>\$ 327,000</u>	<u>\$ 207,855</u>	<u>\$ 119,145</u>
Lodging Tax Marketing & Capital Fund:				
Economic development	\$ 433,342	\$ 444,680	\$ 425,691	\$ 18,989
Total Marketing/Capital Fund	<u>\$ 433,342</u>	<u>\$ 444,680</u>	<u>\$ 425,691</u>	<u>\$ 18,989</u>
Total Primary Government	<u>\$ 18,415,188</u>	<u>\$ 18,934,075</u>	<u>\$ 17,367,980</u>	<u>\$ 1,566,095</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction	\$ 7,107,461	\$ 7,107,461	\$ 7,096,486	\$ 10,975
Operating costs:				
Administration, attendance and health services	\$ 479,027	\$ 479,027	\$ 472,260	\$ 6,767
Pupil transportation	911,560	911,560	912,442	(882)
Operation and maintenance of school plant	1,472,583	1,531,731	1,547,072	(15,341)
Total operating costs	<u>\$ 2,863,170</u>	<u>\$ 2,922,318</u>	<u>\$ 2,931,774</u>	<u>\$ (9,456)</u>
Total education	<u>\$ 9,970,631</u>	<u>\$ 10,029,779</u>	<u>\$ 10,028,260</u>	<u>\$ 1,519</u>
Total School Operating Fund	<u>\$ 9,970,631</u>	<u>\$ 10,029,779</u>	<u>\$ 10,028,260</u>	<u>\$ 1,519</u>

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

<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 631,726	\$ 631,726	\$ 637,709	\$ (5,983)
Total School Cafeteria Fund	<u>\$ 631,726</u>	<u>\$ 631,726</u>	<u>\$ 637,709</u>	<u>\$ (5,983)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,602,357</u>	<u>\$ 10,661,505</u>	<u>\$ 10,665,969</u>	<u>\$ (4,464)</u>

STATISTICAL TABLES

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County of Bath, 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	\$ 2,015,106	\$ 2,780,565	\$ 2,412,527	\$ 2,489,345
Restricted	-	-	-	-
Unrestricted	7,298,565	6,029,869	4,283,623	4,504,735
Total governmental activities net position	\$ 9,313,671	\$ 8,810,434	\$ 6,696,150	\$ 6,994,080
Primary government				
Net investment in capital assets	\$ 2,015,106	\$ 2,780,565	\$ 2,412,527	\$ 2,489,345
Restricted	-	-	-	-
Unrestricted	7,298,565	6,029,869	4,283,623	4,504,735
Total primary government net position	\$ 9,313,671	\$ 8,810,434	\$ 6,696,150	\$ 6,994,080

Table 1

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 1,751,839	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610	\$ 1,057,884	
-	100,065	100,065	-	-	-	
5,504,308	7,374,898	10,001,253	9,882,222	10,072,864	7,835,053	
<u>\$ 7,256,147</u>	<u>\$ 9,340,828</u>	<u>\$ 11,209,993</u>	<u>\$ 11,687,632</u>	<u>\$ 11,395,474</u>	<u>\$ 8,892,937</u>	
\$ 1,751,839	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610	\$ 1,057,884	
-	100,065	100,065	-	-	-	
5,504,308	7,374,898	10,001,253	9,882,222	10,072,864	7,835,053	
<u>\$ 7,256,147</u>	<u>\$ 9,340,828</u>	<u>\$ 11,209,993</u>	<u>\$ 11,687,632</u>	<u>\$ 11,395,474</u>	<u>\$ 8,892,937</u>	

County of Bath, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government administration	\$ 812,657	\$ 1,128,216	\$ 1,748,192	\$ 1,302,485	\$ 1,721,629
Judicial administration	338,815	361,440	347,080	331,725	329,702
Public safety	2,039,547	1,603,440	1,683,552	2,233,245	1,850,466
Public works	1,331,678	1,889,642	1,307,268	1,080,364	1,120,874
Health and welfare	1,228,542	1,045,187	782,304	768,099	797,407
Education	7,325,783	7,050,754	7,151,033	6,528,980	6,062,084
Parks, recreation and cultural	550,337	553,650	498,344	602,237	477,243
Community development	651,494	831,774	285,774	284,996	271,641
Nondepartmental	-	-	45,333	60,783	180,027
Interest on long-term debt	30,421	104,707	256,604	270,256	412,588
Total governmental activities expenses	\$ 14,309,274	\$ 14,568,810	\$ 14,105,484	\$ 13,463,170	\$ 13,223,661
Total primary government expenses	\$ 14,309,274	\$ 14,568,810	\$ 14,105,484	\$ 13,463,170	\$ 13,223,661
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 14,042	\$ 16,479	\$ 17,695	\$ 14,214	\$ 14,629
Judicial administration	11,401	10,708	14,142	17,265	21,222
Public safety	145,520	143,143	91,746	69,465	77,630
Public works	86,694	75,961	83,748	73,972	62,381
Parks, recreation and cultural	34,926	34,265	9,008	8,510	8,208
Operating grants and contributions	1,099,837	2,478,120	1,560,001	1,734,588	1,624,870
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	\$ 1,392,420	\$ 2,758,676	\$ 1,777,116	\$ 1,918,014	\$ 1,808,940
Total primary government program revenues	\$ 1,392,420	\$ 2,758,676	\$ 1,777,116	\$ 1,918,014	\$ 1,808,940
Net (expense) / revenue					
Governmental activities	\$ (12,916,854)	\$ (11,810,134)	\$ (12,328,368)	\$ (11,545,156)	\$ (11,414,721)
Total primary government net expense	\$ (12,916,854)	\$ (11,810,134)	\$ (12,328,368)	\$ (11,545,156)	\$ (11,414,721)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 10,051,605	\$ 9,036,106	\$ 8,072,448	\$ 9,893,321	\$ 9,701,561
Local sales and use taxes	798,631	872,074	1,078,576	797,508	729,748
Restaurant food tax	-	-	-	-	-
Motor vehicle licenses taxes	1,711	-	-	70,691	77,576
Taxes on recordation and wills	109,023	150,329	85,196	69,523	62,594
Bank stock taxes	36,751	28,777	25,841	25,896	27,963
Hotel and motel room taxes	406,100	511,717	451,775	360,138	326,434
Other local taxes	20,050	21,395	19,478	2,763	306,680
Unrestricted grants and contributions	465,158	101,623	102,530	333,018	330,014
Unrestricted revenues from use of money and property	316,023	433,669	289,694	94,642	55,329
Miscellaneous	11,625	151,207	88,546	229,282	55,889
Loss on disposition of capital assets	-	-	-	(4,015)	-
Total governmental activities	\$ 12,216,677	\$ 11,306,897	\$ 10,214,084	\$ 11,872,767	\$ 11,676,788
Total primary government	\$ 12,216,677	\$ 11,306,897	\$ 10,214,084	\$ 11,872,767	\$ 11,676,788
Change in Net Position					
Governmental activities	\$ (700,177)	\$ (503,237)	\$ (2,114,284)	\$ 327,611	\$ 262,067
Total primary government	\$ (700,177)	\$ (503,237)	\$ (2,114,284)	\$ 327,611	\$ 262,067

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	
\$ 1,229,730	\$ 1,211,724	\$ 1,268,772	\$ 1,049,191	\$ 1,020,326	
336,921	344,405	439,010	369,801	356,973	
1,829,651	2,040,286	2,112,434	2,478,869	2,487,830	
1,100,064	1,064,089	1,155,574	1,429,114	1,421,247	
827,199	826,654	935,708	941,207	1,035,457	
6,460,206	6,904,010	7,459,886	8,899,869	9,084,728	
465,168	467,408	539,930	542,796	511,218	
241,827	1,145,116	969,681	1,087,763	1,307,591	
281,777	47,199	65,610	68,899	76,482	
399,090	383,614	1,234,856	196,898	172,996	
<u>\$ 13,171,633</u>	<u>\$ 14,434,505</u>	<u>\$ 16,181,461</u>	<u>\$ 17,064,407</u>	<u>\$ 17,474,848</u>	
<u>\$ 13,171,633</u>	<u>\$ 14,434,505</u>	<u>\$ 16,181,461</u>	<u>\$ 17,064,407</u>	<u>\$ 17,474,848</u>	
\$ 18,315	\$ 16,135	\$ 17,263	\$ 18,107	\$ 15,279	
24,213	17,805	16,900	25,980	29,729	
51,081	70,979	110,031	119,570	61,237	
55,290	60,820	73,434	24,600	37,625	
9,328	9,245	7,470	8,267	8,308	
1,453,368	1,784,659	1,721,339	1,817,277	2,133,388	
-	-	-	25,000	15,000	
<u>\$ 1,611,595</u>	<u>\$ 1,959,643</u>	<u>\$ 1,946,437</u>	<u>\$ 2,038,801</u>	<u>\$ 2,300,566</u>	
<u>\$ 1,611,595</u>	<u>\$ 1,959,643</u>	<u>\$ 1,946,437</u>	<u>\$ 2,038,801</u>	<u>\$ 2,300,566</u>	
<u>\$ (11,560,038)</u>	<u>\$ (12,474,862)</u>	<u>\$ (14,235,024)</u>	<u>\$ (15,025,606)</u>	<u>\$ (15,174,282)</u>	
<u>\$ (11,560,038)</u>	<u>\$ (12,474,862)</u>	<u>\$ (14,235,024)</u>	<u>\$ (15,025,606)</u>	<u>\$ (15,174,282)</u>	
\$ 11,384,262	\$ 11,409,502	\$ 11,685,185	\$ 11,720,316	\$ 11,682,189	
687,422	807,325	873,109	920,676	925,382	
195,557	804,380	879,825	859,248	691,592	
72,513	72,341	72,794	73,882	75,778	
68,993	91,714	98,445	50,256	63,019	
30,036	32,266	33,918	37,797	55,675	
707,584	721,982	823,534	969,850	1,008,345	
19,695	21,958	20,760	21,377	21,244	
233,860	231,527	337,617	321,975	346,539	
57,130	51,966	43,463	35,934	12,915	
187,667	99,066	78,866	67,737	41,127	
-	-	-	-	-	
<u>\$ 13,644,719</u>	<u>\$ 14,344,027</u>	<u>\$ 14,947,516</u>	<u>\$ 15,079,048</u>	<u>\$ 14,923,805</u>	
<u>\$ 13,644,719</u>	<u>\$ 14,344,027</u>	<u>\$ 14,947,516</u>	<u>\$ 15,079,048</u>	<u>\$ 14,923,805</u>	
<u>\$ 2,084,681</u>	<u>\$ 1,869,165</u>	<u>\$ 712,492</u>	<u>\$ 53,442</u>	<u>\$ (250,477)</u>	
<u>\$ 2,084,681</u>	<u>\$ 1,869,165</u>	<u>\$ 712,492</u>	<u>\$ 53,442</u>	<u>\$ (250,477)</u>	

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

Fiscal Year	Property Tax	Local sales and use Tax	Restaurant Food Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Hotel and Motel Taxes	Other Local Taxes	Total
2015 \$	11,682,189	\$ 925,382	\$ 691,592	\$ 75,778	\$ 63,019	\$ 1,008,345	\$ 76,919	\$ 14,523,224
2014	11,720,316	920,676	859,248	73,882	50,256	969,850	59,174	14,653,402
2013	11,685,185	873,109	879,825	72,794	98,445	823,534	54,678	14,487,570
2012	11,409,502	807,325	804,380	72,341	91,714	721,982	54,224	13,961,468
2011	11,384,262	687,422	195,557	72,513	68,993	707,584	49,731	13,166,062
2010	9,701,561	729,748	-	77,576	62,594	611,092	295,680	11,478,251
2009	9,893,321	797,508	-	70,691	69,523	360,138	47,229	11,238,410
2008	8,072,448	1,078,576	-	-	85,196	451,775	45,319	9,733,314
2007	9,036,106	872,074	-	-	150,329	511,717	50,172	10,620,398
2006	10,051,605	798,631	-	1,711	109,023	406,100	56,801	11,423,871

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County of Bath, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 48,251	\$ 48,251	\$ 48,251	\$ -
Unreserved	7,260,245	8,048,086	4,172,476	4,975,240
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 7,308,496</u>	<u>\$ 8,096,337</u>	<u>\$ 4,220,727</u>	<u>\$ 4,975,240</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed for:				
Special revenue funds	<u>2,379</u>	<u>4,567</u>	<u>10,927</u>	<u>7,649</u>
Total all other governmental funds	<u>\$ 2,379</u>	<u>\$ 4,567</u>	<u>\$ 10,927</u>	<u>\$ 7,649</u>

Note: The County implemented GASB 54 during fiscal year 2011.

Table 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,121,473	-	-	-	-	-
-	51,150	8,767	8,474	15,164	39,978
-	100,065	100,065	-	-	-
-	-	718,561	70,490	8,252	-
-	390,000	533,935	6,134,500	6,241,060	299,643
-	6,450,006	7,542,031	3,169,892	3,201,601	9,015,028
<u>\$ 5,121,473</u>	<u>\$ 6,991,221</u>	<u>\$ 8,903,359</u>	<u>\$ 9,383,356</u>	<u>\$ 9,466,077</u>	<u>\$ 9,354,649</u>
\$ -	\$ -	\$ -	\$ -	\$ -	2,540
179,146	371,089	419,929	484,479	586,124	674,451
<u>\$ 179,146</u>	<u>\$ 371,089</u>	<u>\$ 419,929</u>	<u>\$ 484,479</u>	<u>\$ 586,124</u>	<u>\$ 676,991</u>

County of Bath, Virginia

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
General property taxes	\$ 10,043,202	\$ 8,988,828	\$ 8,068,136	\$ 9,820,700
Other local taxes	1,372,266	1,584,292	1,660,866	1,345,089
Permits, privilege fees and regulatory licenses	135,042	134,976	86,019	62,368
Fines and forfeitures	44	50	38	55
Revenue from use of money and property	316,023	433,669	289,694	94,642
Charges for services	157,497	145,530	131,058	121,003
Miscellaneous	11,625	22,930	48,759	181,280
Recovered costs	90,419	128,277	58,953	17,455
Intergovernmental:				
Commonwealth	1,212,859	1,479,756	1,412,926	1,689,706
Federal	352,136	1,099,987	230,439	408,447
Total revenues	\$ 13,691,113	\$ 14,018,295	\$ 11,986,888	\$ 13,740,745
Expenditures				
General government administration	\$ 761,839	\$ 797,212	\$ 955,323	\$ 879,294
Judicial administration	332,216	361,440	347,080	322,987
Public safety	1,776,193	1,634,764	1,680,543	2,121,207
Public works	1,301,048	1,891,595	1,307,050	1,078,993
Health and welfare	1,223,866	1,039,709	775,468	764,271
Education	6,857,731	7,050,754	7,151,033	6,528,980
Parks, recreation and cultural	518,396	550,619	498,063	580,440
Community development	649,316	834,884	285,774	284,996
Nondepartmental	36,833	45,484	45,333	59,452
Capital projects	908,543	3,183,429	6,374,681	964,911
Debt service:				
Principal	274,250	280,850	490,790	8,995,833
Interest and other fiscal charges	30,998	92,526	-	109,125
Total expenditures	\$ 14,671,229	\$ 17,763,266	\$ 19,911,138	\$ 22,690,489
Excess of revenues over (under) expenditures	\$ (980,116)	\$ (3,744,971)	\$ (7,924,250)	\$ (8,949,744)
Other financing sources (uses)				
Transfers in	\$ 250,234	\$ 171,535	\$ 188,507	\$ 137,257
Transfers out	(250,234)	(171,535)	(188,507)	(137,257)
Issuance of indebtedness	-	4,535,000	4,055,000	9,749,230
Total other financing sources (uses)	\$ -	\$ 4,535,000	\$ 4,055,000	\$ 9,749,230
Net change in fund balances	\$ (980,116)	\$ 790,029	\$ (3,869,250)	\$ 799,486
Debt service as a percentage of noncapital expenditures	2.2179%	2.5609%	3.6257%	3.0793%

Table 5

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 9,507,978	\$ 11,579,115	\$ 11,342,321	\$ 11,719,341	\$ 11,675,049	\$ 11,778,520	
1,530,995	1,781,800	2,551,966	2,802,385	2,933,086	2,841,035	
68,806	44,109	63,894	103,695	112,675	55,267	
1,108	245	312	968	5,841	8,130	
55,329	57,130	51,966	43,463	35,934	12,915	
114,156	113,873	110,778	86,435	78,008	88,781	
155,431	64,507	47,310	78,866	67,737	41,127	
41,263	123,160	51,756	51,539	24,453	26,717	
1,396,191	1,348,968	1,356,016	1,420,094	1,489,796	1,564,092	
420,888	338,260	660,170	672,862	674,456	930,835	
<u>\$ 13,292,145</u>	<u>\$ 15,451,167</u>	<u>\$ 16,236,489</u>	<u>\$ 16,979,648</u>	<u>\$ 17,097,035</u>	<u>\$ 17,347,419</u>	
\$ 908,384	\$ 890,821	\$ 892,324	\$ 975,861	\$ 947,808	\$ 982,285	
326,046	333,562	342,536	431,886	366,567	371,390	
1,776,576	1,772,124	1,835,699	1,889,823	2,131,542	2,129,588	
1,119,666	1,109,988	1,062,139	1,172,565	1,427,212	1,005,518	
798,550	830,523	832,665	928,633	934,589	1,055,014	
6,017,182	6,160,206	6,595,610	7,564,786	7,586,708	8,071,628	
460,647	447,482	446,139	505,283	469,312	495,977	
268,388	240,380	1,080,677	966,366	1,085,578	1,311,770	
64,038	123,594	67,108	64,947	68,899	76,482	
766,235	372,194	429,675	973,322	806,721	784,479	
63,094	717,189	315,000	9,280,000	915,000	910,000	
405,610	391,413	375,939	1,226,629	197,733	173,849	
<u>\$ 12,974,416</u>	<u>\$ 13,389,476</u>	<u>\$ 14,275,511</u>	<u>\$ 25,980,101</u>	<u>\$ 16,937,669</u>	<u>\$ 17,367,980</u>	
<u>\$ 317,729</u>	<u>\$ 2,061,691</u>	<u>\$ 1,960,978</u>	<u>\$ (9,000,453)</u>	<u>\$ 159,366</u>	<u>\$ (20,561)</u>	
\$ 159,353	\$ 207,303	\$ 223,460	\$ 239,450	\$ 154,689	\$ 209,891	
(159,353)	(207,303)	(223,460)	(239,450)	(154,689)	(209,891)	
-	-	-	9,545,000	25,000	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,545,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	
<u>\$ 317,729</u>	<u>\$ 2,061,691</u>	<u>\$ 1,960,978</u>	<u>\$ 544,547</u>	<u>\$ 184,366</u>	<u>\$ (20,561)</u>	
3.6125%	8.2797%	4.8400%	7.7186%	6.5696%	6.3961%	

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

Fiscal Year	Property Tax	Local sales and use Tax	Meals Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Hotel and Motel Room Tax	Other Local Taxes	Total
2015	\$ 11,778,520	\$ 925,382	\$ 691,592	\$ 75,778	\$ 63,019	\$ 1,008,345	\$ 76,919	\$ 14,619,555
2014	11,675,049	920,676	859,248	73,882	50,256	969,850	59,174	14,608,135
2013	11,719,341	873,109	879,825	72,794	98,445	823,534	54,678	14,521,726
2012	11,342,321	807,325	804,380	72,341	91,714	721,982	54,224	13,894,287
2011	11,579,115	687,422	195,557	72,513	68,993	707,584	49,731	13,360,915
2010	9,507,978	729,748	-	77,576	62,594	611,091	49,985	11,038,972
2009	9,820,700	797,508	-	70,691	69,523	360,138	47,229	11,165,789
2008	8,068,136	1,078,576	-	-	85,196	451,775	45,319	9,729,002
2007	8,988,828	872,074	-	-	150,329	511,717	50,172	10,573,120
2006	10,043,202	798,631	-	1,711	109,023	406,100	56,801	11,415,468

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value (1)
2015	\$ 977,065,400	\$ 57,716,100	\$ 459,700	\$ 1,482,067,106	\$ 2,517,308,306	\$ 889,111,900	109.89%
2014	968,454,300	55,169,760	749,700	1,495,398,310	2,519,772,070	880,351,500	110.01%
2013	964,065,600	57,923,200	81,300	1,494,282,594	2,516,352,694	876,106,500	110.04%
2012	959,247,900	57,112,800	85,900	1,431,099,852	2,447,546,452	881,592,556	108.81%
2011	804,584,300	58,144,700	268,200	1,270,143,889	2,133,141,089	745,469,827	107.93%
2010	796,900,200	58,748,900	59,900	974,004,286	1,829,713,286	739,333,542	107.79%
2009	790,724,600	62,405,200	66,500	1,016,138,462	1,869,334,762	734,000,300	107.73%
2008	711,421,700	57,033,500	84,100	1,059,460,297	1,827,999,597	661,487,000	107.55%
2007	714,237,700	53,290,700	182,800	1,297,733,110	2,065,444,310	667,576,900	106.99%
2006	657,528,300	54,448,400	224,600	1,549,842,388	2,262,043,688	611,480,800	107.53%

Source: Commissioner of Revenue

(1) Provided for real estate values only. Actual taxable value is net of land use and tax relief for the elderly.

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

Fiscal Year	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2015	\$ 0.48	\$ 0.35	\$ 0.48	\$ 0.35
2014	0.48	0.35	0.48	0.35
2013	0.48	0.35	0.48	0.35
2012	0.48	0.35	0.48	0.35
2011	0.55	0.35	0.55	0.35
2010	0.55	0.35	0.55	0.35
2009	0.55	0.35	0.55	0.35
2008	0.45	0.20	0.45	0.20
2007	0.45	0.20	0.45	0.20
2006	0.45	0.20	0.45	0.20

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2015		Fiscal Year 2006	
		2014 Assessed Valuation	% of Total Assessed Valuation	2005 Assessed Valuation	% of Total Assessed Valuation
Public Service	Utilities (Power, etc.)	\$ 1,448,811,871	57.554%	\$ 1,297,733,210	57.370%
The Homestead LC	Hotel	104,284,000	4.143%	86,767,100	3.836%
NA Homestead Preserve	Hotel	42,648,000	1.694%	-	0.000%
The Owners Club	Timeshares	23,614,300	0.938%	23,302,000	1.030%
DG Land Holdings	R.E. Prop. & invst.	7,570,700	0.301%	-	0.000%
Fort Lewis Lodge	Lodging	4,575,300	0.182%	-	0.000%
Bill Chambers	Real Estate Dev.	3,201,400	0.127%	-	0.000%
Plecker & Son	Construction	2,583,900	0.103%	3,124,900	0.138%
CA Partners	Real Estate Dev.	2,172,700	0.086%	2,109,900	0.093%
Lockridge Enterprises	Farming	1,281,900	0.062%	-	0.000%
CEA Partners	Real Estate Dev.	324,600	0.016%	234,700	0.010%
VA Hot Springs Land Co.	Real Estate Dev.	131,600	0.006%	736,600	0.033%
Warm Spring Investment	R.E. Prop. & invst.	-	0.000%	29,609,000	1.309%
Cambata Industries	Farming; aviation	17,700	0.001%	11,193,800	0.495%
Enterprise Leasing	Vehicle Leasing	-	0.000%	667,800	0.030%
SSPW	Vehicle Leasing	-	0.000%	242,600	0.011%
		<u>\$ 1,641,217,971</u>	<u>65.21%</u>	<u>\$ 1,455,721,610</u>	<u>64.35%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$	11,644,754	\$ 11,494,387	98.71%	\$ -	\$ 11,494,387	98.71%
2014		11,670,710	11,469,643	98.28%	138,991	11,608,634	99.47%
2013		11,654,162	11,475,356	98.47%	145,558	11,620,914	99.71%
2012		11,335,319	11,071,943	97.68%	245,264	11,317,207	99.84%
2011		11,327,270	11,123,491	98.20%	194,883	11,318,374	99.92%
2010		9,671,942	9,282,256	95.97%	385,887	9,668,143	99.96%
2009		9,917,942	9,726,824	98.07%	190,227	9,917,051	99.99%
2008		7,987,935	7,880,740	98.66%	106,304	7,987,044	99.99%
2007		8,939,212	8,797,853	98.42%	141,143	8,938,996	100.00%
2006		9,944,394	9,793,315	98.48%	150,570	9,943,885	99.99%

Source: Commissioner of Revenue, County Treasurer's office

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases			
2015	\$ -	\$ -	\$ 6,975,000	\$ -	\$ 6,975,000	3.89%	\$ 1,462
2014	-	-	7,885,000	-	7,885,000	4.40%	1,708
2013	-	-	8,775,000	-	8,775,000	4.89%	1,923
2012	-	-	8,510,000	-	8,510,000	4.75%	1,827
2011	-	-	8,825,000	-	8,825,000	5.11%	1,865
2010	-	-	9,485,000	57,187	9,542,187	5.53%	2,017
2009	-	-	9,515,000	90,978	9,605,978	5.57%	2,024
2008	-	-	8,590,000	-	8,590,000	4.79%	1,754
2007	233,800	-	4,535,000	-	4,768,800	2.72%	985
2006	501,900	12,750	-	-	514,650	0.33%	101

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 13.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2015	\$ 6,975,000	\$ -	\$ 6,975,000	0.28%	\$ 1,462
2014	7,885,000	-	7,885,000	0.31%	1,708
2013	8,775,000	-	8,775,000	0.35%	1,923
2012	8,510,000	100,065	8,409,935	0.34%	1,799
2011	8,825,000	100,065	8,724,935	0.41%	1,874
2010	9,485,000	-	9,485,000	0.52%	2,005
2009	9,515,000	-	9,515,000	0.51%	1,957
2008	8,590,000	-	8,590,000	0.47%	1,754
2007	4,768,800	-	4,768,800	0.23%	985
2006	514,650	-	514,650	0.02%	101

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13.

(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, revenue bonds, and Literary Fund Loans; excludes capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2015	4,771	\$ 245,062,415	\$ 51,365	46	584	4.00%
2014	4,616	215,493,344	46,684	48	622	4.10%
2013	4,563	195,609,000	42,048	48	597	4.90%
2012	4,676	185,959,844	39,769	48	625	4.80%
2011	4,657 (2)	179,271,215 (1)	38,495	47	658	5.00% (3)
2010	4,731	172,536,000 (1)	38,495	47	670	6.30%
2009	4,863	172,536,000	38,495	42	693	6.40%
2008	4,898	179,397,000	39,238	42	715	4.10%
2007	4,843	175,473,000	37,663	44	764	3.10%
2006	5,120	156,715,000	33,458	44	778	3.20%

(1) not available - estimated based on 2009

(2) 2011 estimate

(3) September 2012 rate

Source: Weldon Cooper Center; Bureau of Economic Analysis, Regional Economic Accounts; VA Department of Education, Division of Technology, Reports; U.S. Census Bureau; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2015			Fiscal Year 2006		
	(1) Employees	Rank	% of Total County Employment	(1) Employees	Rank	% of Total County Employment
The Homestead	850	1	34.41%	750	1	27.27%
Bath County Public Schools	146	2	5.91%	175	2	6.36%
Bath County Community Hospital	125	3	5.06%	175	3	6.36%
County of Bath	75	4	3.04%	75	6	2.73%
AFS of Hot Springs, Inc. (Springs Nursing Center)	65	5	2.63%	75	4	2.73%
Dominion Virginia Power (2)	50	6	2.02%	-	-	0.00%
Barc Electrical Co-op	45	7	1.82%	35	7	1.27%
Phantom Eagle LLC (2)	35	8	1.42%	-	-	0.00%
VA Department of Conservation	35	9	1.42%	35	10	1.27%
F. Clayton Plecker & Sons	30	10	1.21%	35	9	1.27%
Virginia Electric and Power Company			0.00%	75	5	2.73%
Management Company of Homestead			0.00%	35	8	1.27%
Totals	<u>1,456</u>		<u>58.95%</u>	<u>1,465</u>		<u>53.27%</u>
Total estimated jobs in County	2,470			2,750		

(1) Estimated numbers are provided. Ranges of employees were available for employers. The mid point of the range was used for this table.

(2) Company not in operation in 2006.

Sources:

VA Employment Commission, www.vec.virginia.gov (50 Largest Employers in Bath County for fourth quarter 2014 - latest available -and 2006).

VA Workforce Connection, 12/22/2015, www.vawc.virginia.gov (Virginia Workforce Connection - Labor Market Services - Area Profile for Bath County: Labor Force, Employment and Unemployment Statistics); total employment for October 2015 and 2006 annual.

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County of Bath, Virginia

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General government administration	10	10	10	10	10
Judicial administration	5	5	5	5	5
Public safety					
Sheriff's department	17	17	18	18	17
911 Administrator	0	0	1	1	1
Building inspections	2	2	2	2	1
Animal control	2	2	2	2	2
Public works					
General maintenance	2	2	2	2	2
Landfill	2	0	0	0	0
Health and welfare					
Department of social services	7	7	7	7	7
Culture and recreation					
Parks and recreation	3	3	3	3	3
Library	2	1	1	2	1
Community development					
Tourism	0	0	0	0	0
Planning	2	2	2	2	2
Totals	<u>54</u>	<u>51</u>	<u>53</u>	<u>54</u>	<u>51</u>

Source: Individual county departments; excludes part-time and Board of Supervisors members.

Table 15

Fiscal Year				
2011	2012	2013	2014	2015
11	10	9	9	9
5	5	5	5	5
17	17	19	19	19
1	0	0	0	0
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
0	0	0	0	0
7	7	7	7	7
3	3	3	3	3
1	1	1	1	1
0	1	2	2	2
2	2	2	2	2
<u>52</u>	<u>51</u>	<u>53</u>	<u>53</u>	<u>53</u>

County of Bath, Virginia

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
Public safety					
Sheriff's department:					
Physical arrests	92	70	94	93	103
Traffic violations	8	10	27	53	31
Civil papers	1,338	1,210	1,438	1,098	1,105
Building inspections:					
Inspections made	580	374	351	641	74
Permits issued	173	128	65	114	99
Animal control:					
Number of calls answered	646	665	669	611	540
Public works					
Landfill:					
Refuse collected (tons/day) (1)	N/A	N/A	27	20	20
Recycling (tons/day) (1)	N/A	N/A	3	3	5
Health and welfare					
Department of Social Services:					
Caseload	582	560	596	693	726
Culture and recreation					
Parks and recreation:					
After-school program participants	594	n/a	n/a	n/a	n/a
Youth sports participants	500	515	599	811	553
Component Unit - School Board					
Education:					
School age population (2)	931	757	717	692	672
Number of teachers (2)	85	78	71	71	70
Local expenditures per pupil (2)	\$8,712	\$12,939	\$10,194	\$14,341	\$13,443

Source: Individual County departments, Superintendent's Annual Report, Virginia Department of Education, Solid Waste information and Assessment Forms, DEQ Annual Recycling Reports.

(1) Daily waste and recycling are based on 5.5 days/week of transfer operation (286 days).

(2) County of Bath Annual School Report

Table 16

Fiscal Year				
2011	2012	2013	2014	2015
62	125	167	146	134
10	12	52	137	157
1,101	1,114	1,215	1,056	1,149
77	118	239	345	336
90	93	112	103	116
547	579	620	643	520
20	20	20	20	14
5	5	5	5	7
775	814	884	900	900
n/a	n/a	n/a	n/a	n/a
523	477	450	311	355
630	635	604	590	570
69	61	67	67	68
\$9,888	\$10,153	\$16,129	\$12,807	\$14,450

County of Bath, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
General government administration					
Buildings	4	5	4	5	5
Vehicles	2	2	1	1	1
Public safety					
Sheriff's department:					
Patrol units	13	14	12	12	10
Animal control:					
Vehicles	1	1	1	1	1
Public works					
Vehicles	2	2	1	1	1
Sites	1	1	1	1	1
Culture and recreation					
Parks and recreation:					
Vehicles	1	2	2	2	2
Swimming pools	2	2	2	2	2
Health and welfare					
Buildings	1	1	1	1	1
Community development					
Planning:					
Vehicles	1	1	1	1	1
Component Unit - School Board					
Education:					
Schools	4	4	4	4	5
School buses	14	13	18	21	19

Source: Individual County departments/ excludes part-time and Board of Supervisors members.

Table 17

Fiscal Year				
2011	2012	2013	2014	2015
5 1	5 1	5 1	5 1	5 1
12 1	12 1	13 1	13 1	13 1
1 1	1 1	1 1	1 1	1 1
2 2	3 2	3 2	3 2	2 2
1	1	1	1	1
1	1	1	1	1
5 18	4 19	4 19	4 19	4 18

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, 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 Bath, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Bath, 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 Bath, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Bath, 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 Bath, 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 15, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, County of Bath, 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 Bath, 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 Bath, 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 Bath, 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 15, 2015

County of Bath, Virginia

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	09050110/09050111	\$ 5,107
Temporary Assistance for Needy Families	93.558	0400110/0400111	53,707
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111	86
Low-Income Home Energy Assistance	93.568	0600410/0600411	6,361
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	8,188
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111	399
Foster Care - Title IV-E	93.658	1100110/1100111	64,251
Adoption Assistance	93.659	1120110/1120111	2,100
Social Services Block Grant	93.667	100110/100110/1000111	35,323
Chafee Foster Care Independence Program	93.674	9150110/9150111	338
Children's Health Insurance Program	93.767	Not Available	2,027
		8020188/8020288/8020388/806	
Medical Assistance Program	93.778	0188/8130188	<u>73,900</u>
Total Department of Health and Human Services			\$ <u>251,787</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	Not Available	\$ 21,518
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	Not Available	<u>114,861</u>
Subtotal			\$ <u>136,379</u>
School Breakfast Program (Child Nutrition Cluster)	10.553	Not Available	41,490
Schools and Roads - Grants to States	10.665	Not Available	91,344
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0010111/0040111	<u>80,168</u>
Total Department of Agriculture			\$ <u>349,381</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available	\$ <u>418,037</u>

County of Bath, Virginia

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures
Department of Homeland Security: Pass Through Payments: Department of Emergency Services: Emergency Management Performance Grants	97.042	Not Available	\$ <u>15,000</u>
Environmental Protection Agency: Pass Through Payments: Department of Environmental Quality: DEQ Royalty Grants	66.000	Not Available	\$ <u>850</u>
Department of Education: Pass Through Payments: Department of Education: Adult Education - Basic Grants to States	84.002		
Title I Grants to Local Educational Agencies	84.010	S010A100046	\$ 68,412
Special Education Cluster: Special Education - Grants to States	84.027	H027A100107	106,772
Special Education - Preschool Grants	84.173	H173100112	3,722
Career and Technical Education - Basic Grants to States	84.048	V048A10046	10,013
Strengthening Institutions Program	84.031A	Not Available	1,001
Improving Teacher Quality State Grants	84.367	S367A09044	23,151
Advanced Placement Program	84.330	Not Available	122
Rural Education	84.358	S358A092437	<u>53,421</u>
Total Department of Education			\$ <u>266,614</u>
Total Expenditures of Federal Awards			\$ <u><u>1,301,669</u></u>

Notes to Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C - FOOD DISTRIBUTION

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

County of Bath, Virginia

Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures
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NOTE D - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds	\$ 930,835
Less payments in lieu of tax under CFDA 15.226 not included above	(165,842)
Total primary government	<u>\$ 764,993</u>

Discretely presented component unit - School Board:

School operating fund	\$ 493,307
School cafeteria fund	177,869
Less payments in lieu of tax under CFDA 15.226 not included above	(134,500)
Total discretely presented component unit - School Board	<u>\$ 536,676</u>

Total federal expenditures per basic financial statements	<u>\$ 1,301,669</u>
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Total federal expenditures per the Schedule of Expenditures of Federal awards	<u>\$ 1,301,669</u>
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County of Bath, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Non compliance 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:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
14.228 Community Development Block Grant / State's Program and Non-Entitlement Grants in Hawaii
	Child Nutrition Cluster:
10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 Food Distribution
10.665 Schools and Roads - Grants to States

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.