

# Comprehensive Annual Financial Report

For the Year Ended  
June 30, 2016



County of Goochland, Virginia

**COUNTY OF GOOCHLAND, VIRGINIA**

**C**OMPREHENSIVE **A**NNUAL

**F**INANCIAL **R**EPORT

**YEAR ENDED JUNE 30, 2016**

**COUNTY OF GOOCHLAND, VIRGINIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2016**

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# **INTRODUCTORY SECTION**

## BOARD OF SUPERVISORS

Susan F. Lascolette, District 1  
Robert H. Minnick, Chair, District 4  
Manuel Alvarez, Jr., District 2  
Ned S. Creasey, Vice-Chair, District 3  
Kendall C. Peterson, District 5



John A. Budesky  
County Administrator

Dan Schardein  
Deputy County Administrator

[www.goochlandva.us](http://www.goochlandva.us)

November 17, 2016

Members of the Board of Supervisors and Citizens of Goochland County:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the County of Goochland (the County) for the fiscal year ended June 30, 2016. The *Code of Virginia* requires that local governments publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This CAFR has been prepared by the County's Department of Financial Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

This CAFR consists of management's representations concerning the finances of the County. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate, in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

The County's financial statements have been audited by PBMares, LLP, a firm of certified public accountants. The independent auditors concluded, based upon the audit evidence obtained, that there was reasonable basis for forming and expressing an unmodified opinion on the County's basic financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of basic financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

### Profile of the County

Goochland County was originally formed in March 1727, when the General Assembly of Virginia passed the act calling for the division of the Henrico Shire, an original shire of the Virginia Colony. Officially established in 1728, the County was named after Sir William Gooch, Royal Lieutenant Governor of Virginia from 1727 to 1749. Goochland covered a vast amount of land on both sides of the James River, extending from Tuckahoe Creek in the east to beyond the Blue Ridge Mountains.



Goochland County is a predominately rural county located in the Piedmont Plateau region in central Virginia. Goochland is approximately 13 miles west of Richmond, the capital of Virginia; the county is 25 miles southeast of Charlottesville, Virginia. The county is 290 square miles in area and has an estimated population of 22,000 citizens.

The County is organized under the County Administrator Form of Government (as defined under Virginia Law). Under this form of government, the Board of Supervisors appoints a County Administrator to serve as the Chief Administrative Officer of the County. The Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads, and directs business and administrative procedures. The County's financial management and reporting is addressed through a combination of services provided by the Department of Finance, Schools Administration, Treasurer's Office, and Commissioner of the Revenue.

The Board of Supervisors is a five-member body, elected by the voters of the Electoral Districts in which they live. The Chairman of the Board is elected annually by its members. Each member serves a four-year term. This body enacts ordinances, appropriates funds, sets tax rates, and establishes policies for the administration of the County's public service.

The reporting entity of the County includes the following services as authorized by its Code of Ordinances: public safety (as provided by the Sheriff's Office), fire prevention and protection, emergency medical services, parks and recreation, planning, zoning, and other governmental services. In addition, the County owns and operates water distribution and wastewater collection systems, which are reported as an enterprise fund.

The County provides education through its public-school system administered by the Goochland County School Board (School Board), composed of five board members, each elected from the County's five magisterial districts. In accordance with GASB pronouncements, the School Board is classified as a discretely presented component unit in the accompanying financial statements because they are a legally separate entity for which the County is financially accountable. The School Board appoints a school Superintendent who administers the County's five schools and its own appropriations within the categories defined by *the Code of Virginia*, but is fiscally dependent upon the County because the Board of Supervisors approves the budget, any revenue supplements and transfers between education categories; levies the necessary taxes to finance operations and capital projects; and issues debt as needed to finance school capital projects.

Discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the County Primary Government and to differentiate their financial position, results of operations and cash flows from those of the Primary Government. The School Board and Economic Development Authority are reported as discretely presented component units.

The County adopts an annual budget by July 1 of each year as required by 15.2-2503, *Code of Virginia* of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, *Code of Virginia* of 1950, as amended. Budgetary compliance is monitored and reported at the function level. The budget is implemented through appropriations that the Board of Supervisors makes annually, with supplemental appropriations made as required. These appropriations may be greater or less than contemplated in the budget. A supplemental appropriation that exceeds \$500,000 or one percent of the budget, whichever is less, requires a public hearing before approval.

The County maintains budgetary controls to ensure compliance with the annual budget. All appropriations lapse at year-end, except for federal and state grants, capital improvements, and outstanding encumbrances (which are addressed by resolution). Similar budgetary controls exist for the Component Unit School Board.

## Local Economy

The James River flows the entire length of the county and forms its southern boundary. The Counties of Powhatan, Cumberland, and Chesterfield are located to the south of Goochland. Tuckahoe Creek generally defines the eastern boundary with Henrico County. Goochland abuts Louisa County and Hanover County to the north, and Fluvanna County to the west. Interstate 64 runs along the northern edge of the county, making it easy for residents and visitors to get to the City of Richmond as well as the City of Charlottesville. State Route 288, the Richmond area's western bypass is a four-lane limited access road (interstate quality) running through the County. Along with Interstate 64, these are the "economic development highways" for the County.

The June 2016 unemployment rate for the County of 3.6% compared favorably to the state's average unemployment rate of 4.0% and national average rate of 4.9% for the same period. Goochland County enjoys a high median household income of \$82,460 compared to Virginia with a median household income of \$77,939, and the United States with a median household income of \$55,482.

## Economic Development Update

The County has seven business/office/industrial parks: Goochland Industrial Park, Oilville Business Park, Old Dominion Industrial Complex, Lanier Industrial Park, Rockville Commerce Center, MidPoint Industrial Park, and West Creek Business Park. Goochland Industrial Park, Oilville Business Park, and Midpoint Industrial Park were publicly developed and are publicly owned; all other parks are privately owned.

West Creek Business Park ("West Creek") is the largest development, encompassing over 3,500 acres in the eastern portion of the County. Capital One Bank Services ("Capital One"), the County's largest employer, is a tenant of West Creek. The Capital One 316-acre campus has eight office buildings as well as a multipurpose building. The Capital One campus has a cafeteria and a town center which houses a fitness center and other amenities. Other tenants in West Creek include the corporate headquarters of the Virginia Farm Bureau, the corporate headquarters of Performance Food Group, the corporate headquarters of CarMax and a major satellite office facility for the Federal Reserve Bank of Richmond, Hallmark Youth Care and Manakin Trade Center, a multitenant 80,000 square foot office complex.

Significant economic developments during fiscal year 2016 include:

- The latest new major development in West Creek is the establishment of a new Hardywood Park Craft Brewery complex, complete with a 60,000-square foot brewery, packaging and distribution hall, a taproom, an amphitheater, an extensive garden, and equipment to increase production capacity for its award-winning craft beer. In July 2015, the Governor announced this \$28 million project that will be developed over the course of the next five years, supported by State as well as local incentives. A groundbreaking was held in November 2015.
- Kindred Spirit Brewery opened in August 2016 in West Creek in an existing building. The success in locating this project in Goochland, brings the County total to four breweries solidifying Goochland as a destination for craft beer enthusiasts.
- Retreat at West Creek – Phase II under construction in the Notch at West Creek- this expansion will add three new buildings and approximately 144 units.
- Bristol Development Group – conceptual master plan approved for proposed 373 unit Bristol at West Creek apartments (located near Hardywood site). Site work is expected to begin in the fall of 2017 and will have an approximate construction value of \$25 million.
- Development began on 47 home community, Tuckahoe Creek, across from Kinloch in eastern Goochland. Tuckahoe Creek is being developed by Bill Goodwin's Riverstone Companies and will feature homes with a starting price from \$750,000.
- Taco Bell opened in Centerville adjacent to the new McDonalds that opened last year. Both restaurants have exceeded initial sales forecasts and have been a welcomed addition to the growing Centerville Village.
- Capital One began renovations to existing structures on their 300-acre campus in West Creek. The renovation work took place in multiple buildings and had an estimated value of \$10 million. These renovations will allow Capital One to meet the demands of their growing work force and evolving business models.

- LJP Properties rezoned approximately 15 acres along Broad Street at the intersection of Route 288. The development anchored by Richmond Audi will feature approximately 100,000 square feet of commercial space distributed across multiple buildings. In addition to the car dealership the development will include outparcel pad sites and the opportunity for inline retail.

Goochland is growing in a purposeful and organized manner. The County pursues focused strategies and programs to promote quality development. The paramount consideration in the County's economic development strategy is quality, well planned development that fits with the County's 2035 Comprehensive Plan and does not burden the infrastructure.

### **Water and Sewer Systems**

The Goochland Department of Public Utilities currently provides water and/or sewer service to various areas within the County. The Courthouse portion of the system provides service to customers in and around the Goochland Courthouse area, which is located in the approximate geographical center of the County. In addition to residential and commercial customers, the Courthouse portion of the system provides water and sewer service to the County Courthouse, County administration buildings, the County High School, and the J. Sargeant Reynolds Community College Goochland Campus. Starting in the mid-1960's, the County began providing water and/or sewer service for new residential developments in the southeastern portion of the County. In 1990, water and sewer service was developed for the West Creek Business Park. The County acquired the West Creek water and sewer facilities in April 2002.

Goochland currently purchases treated water and wastewater treatment services from Henrico County through a series of long-term contracts. Wastewater treatment services are also purchased from the City of Richmond through a long term agreement as related to the Tuckahoe Creek Service District (the "District"). The Virginia Department of Corrections provides both treated water and wastewater treatment services to the Goochland Courthouse area pursuant to long-term contracts. In October 2013, a Memorandum of Agreement was executed between the County, the Department of Corrections, and Powhatan County which will ultimately allow Goochland to receive a capacity of up to 2,000,000 gallons of water per day. The County is just beginning the lengthy process of evaluating increasing sewer capacity in the Courthouse area.

The County has defined, developed, and adopted a Special Service District ordinance (Tuckahoe Creek Service District) which is providing additional water and sewer capacity and services to a 13 square mile (8,500 acre) area in the eastern portion of the County. The County borrowed approximately \$62.7 million from the Virginia Resources Authority (VRA) in 2002 to buy additional water capacity from Henrico County (as supported by an intergovernmental agreement) and to construct water mains and sewer trunk lines in the District, and has a separate wastewater agreement with the City of Richmond for that capacity. A large portion of those 2002 VRA bonds were refunded in November 2012 to achieve debt service savings and better accommodate development within the District for the foreseeable future.

### **Long-Term Financial Planning**

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles over the next five years, and includes those items with a unit cost greater than \$50,000. The fiscal year 2017 capital budget for County, School, and Public Utility projects is \$3.8 million. Fiscal years 2018 through 2021 of the CIP include plans for construction of a new elementary school to start in 2020 that will supplement or replace one of the three existing 60-year-old elementary schools. The out years of the CIP also include plans to address space needs of the existing court system and the construction of an additional County fire station.

## Major Initiatives and Accomplishments

The Strategic Plan for 2014-2018 includes Vision and Mission statements for the County, as well as five Strategic Goals and multiple Objectives related to each goal. Briefly, the highlights of the Plan are as follows:

- **Vision:** A prosperous and vibrant community rich with history and opportunity where the citizens and their rights and freedoms are protected
- **Mission:** To provide high quality services in an efficient, effective and accountable manner
- **Strategic Goal 1:** Efficient, effective, and transparent government; emphasis on customer service excellence
- **Strategic Goal 2:** Balanced development that contributes to the welfare of the community and preserves its rural character
- **Strategic Goal 3:** Excellence in Financial Management
- **Strategic Goal 4:** High quality core services including Education, Public Safety, and Community Health
- **Strategic Goal 5:** Positive work environment with a highly qualified, diverse workforce

In fiscal year 2016, there was continued construction on two major projects: construction of a replacement fire station for Company 6 in Hadensville in the western part of the County and construction and upgrade of the County's emergency communication system to include five new towers and a new emergency operations center. Other major accomplishments include: the construction of a non-motorized boat ramp at Tucker Park; the opening of Matthews Park, a 36-acre park in western Goochland County; the completion of Phase I of Central High Renovation; and the start of Community Development renovations to include a new permit center for improved customer service. A new County website was launched in September 2015, which is much easier to use and navigate for citizens, further enhancing transparency. The 2035 Comprehensive Plan, which will help guide the physical development of the County for the next 20 years, was adopted in August 2015. A new Parks and Recreation Master Plan was presented to the Goochland Board of Supervisors in the early Fall, and adopted in November 2015. This Master Plan is intended to guide and assist with parks and recreation decision making for the next five years, and identifies facilities and amenities that would be developed to meet the leisure and recreational needs of the County's citizens.

As a strategic goal, high-quality public education continues to be one of the County's top priorities and does so by exceeding the state's minimum funding requirements and funding almost 69 percent of the school's fiscal year 2016 operating and capital expenses. The School Board's mission is to "maximize the potential of every learner" and they have proved to be regional, state and national leaders in doing so. During the 2015-2016 school year, Goochland was one of ten school divisions in the state to have 100 percent of its schools accredited by the state for 10 consecutive years. Goochland High School had an impressively high 97 percent on-time graduation rate, Byrd Elementary School earned the state's Title I Distinguished School award, Goochland Middle School became a "National Middle School to Watch" and one of the high school teachers, Kenneth Bouwens, was honored as the state Technology Teacher of the Year. Goochland students are the top in the metro-Richmond region in reading, history and math SOL scores and outpaced national growth averages by almost 20 percent in reading and math (as measured by beginning to end of school year MAP assessment tests).

Some of the awards and recognitions earned by Goochland County in fiscal year 2016 include:

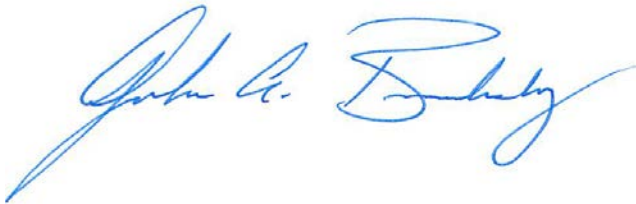
- 2015 Distinguished Budget Presentation Award;
- 2015 GFOA Comprehensive Annual Report Award;
- 2015 Wastewater System of the Year;

- 2016 Governor's Award for Environmental Excellence Honorable Mention - Tucker Park at Maiden's Crossing
- GFOA awarded a Distinguished Budget Presentation Award to Goochland County Public Schools for its fiscal year 2017 budget, its fourth consecutive year of receiving this prestigious award. It also was recognized as one of 35 national early implementers of new Best Practices in School Budgeting. To receive the budget award, Goochland Schools had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document; a financial plan; an operations guide; and a communications device.

### **Acknowledgments**

We could not accomplish the preparation of this report without the efficient and dedicated service provided by the staffs of the Department of Financial Services, Treasurer, Commissioner of Revenue, School Administration, and the Social Services Department. I would like to express my appreciation to all the members of the staff who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors for their continued interest and support in planning and conducting the financial operations of this County in a responsible, timely and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, reading "John G. Bandy". The signature is written in a cursive style with a large, sweeping initial "J".



Government Finance Officers Association

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

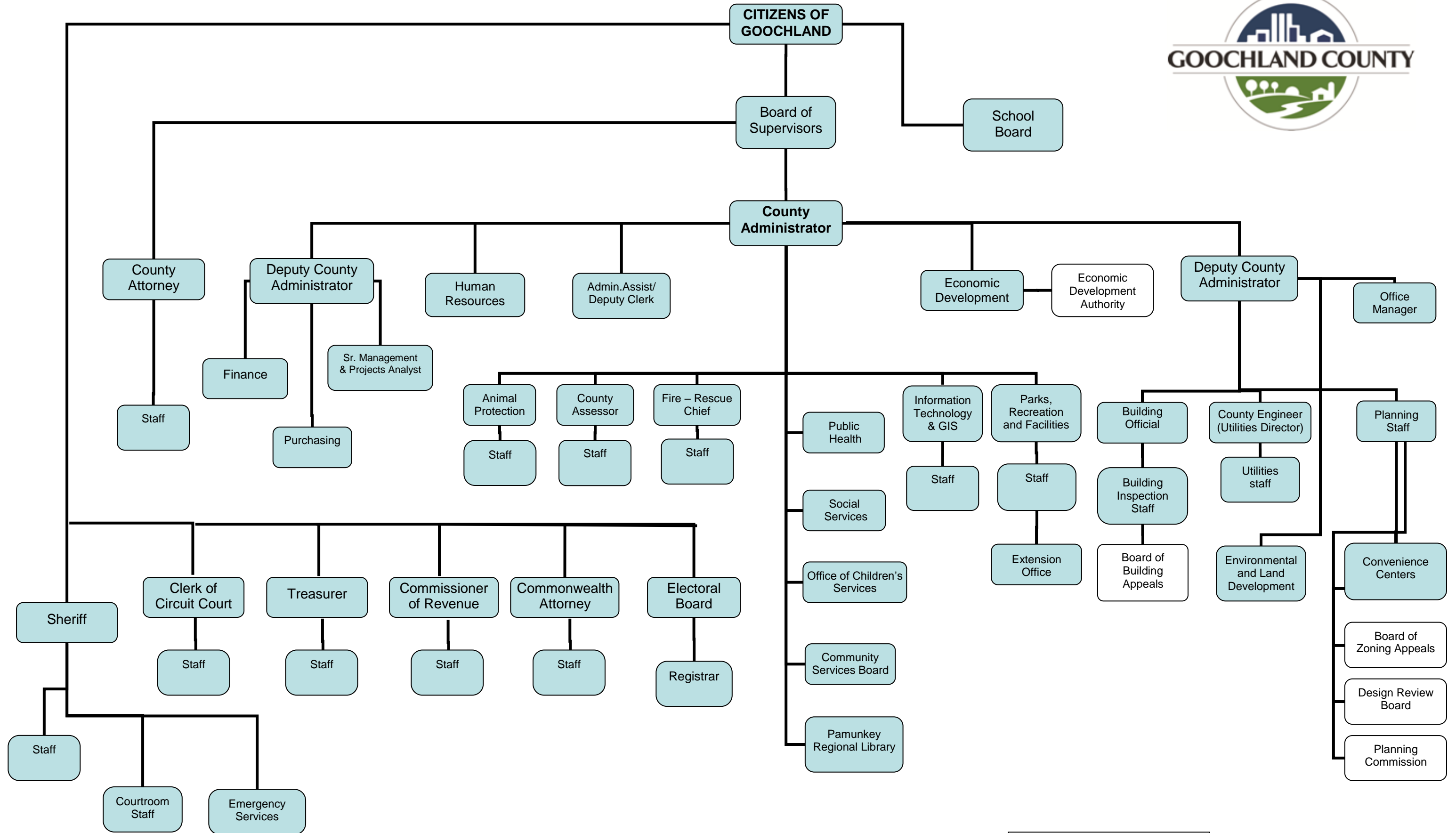
Presented to

**County of Goochland  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



Last Revised: June 2015

*County of Goochland, Virginia*

*June 30, 2016*

***Board of Supervisors***

Robert H. Minnick, Chairperson  
Ned S. Creasey, Vice-Chairperson

Manuel Alvarez, Jr.  
Ken Peterson

Susan F. Lascolette

***School Board***

W. Kevin Hazzard, Chairperson  
Elizabeth A. Hardy, Vice-Chairperson

John L. Lumpkins, Jr.  
John D. Wright

Michael E. Payne

***Social Services Board***

Ellen Robinson, Chairperson

Janet Honeycutt  
Rebecca Massey

Glenda Leabough  
Barbara Slone

***Other Officials***

Acting County Administrator  
County Attorney  
Judge of the Circuit Court  
Clerk of the Circuit Court  
Commonwealth's Attorney  
Judge of the General District Combined Court  
Judge of the Juvenile & Domestic Relations Court  
Sheriff  
Superintendent of Schools  
Clerk of the School Board  
Director of Social Services  
Commissioner of the Revenue  
Treasurer

Norman Sales  
Norman Sales  
Timothy K. Sanner  
Dale W. Agnew  
Claiborne H. Stokes, Jr.  
Edward K. Carpenter  
Edward DeJ. Berry  
James L. Agnew  
James F. Lane  
Diane Bennett  
Kimberly Jefferson  
Jennifer Brown  
Pamela Johnson



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### **Auditor's 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 and specifications require 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 auditor's 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 County'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 County'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the County, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 13-20 and 75-82, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 17, 2016

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## County of Goochland, Virginia

### Management's Discussion and Analysis

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As management of the County of Goochland, Virginia (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2016. We encourage readers to read this discussion in conjunction with the transmittal letter in the Introductory Section of this report and the County's financial statements, which follow this section.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72.1 million (net position). Of this amount, \$27.0 million (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased for the fiscal year by \$5.8 million, most of which is attributable to governmental activities with enterprise activities adding \$47,482 to the net position.
- As of the close of fiscal year 2016, the County's governmental funds reported combined ending fund balances of \$42.7 million (Exhibit 3), a decrease of \$31,911 from the previous year. Approximately 93.5% (\$40.0 million) of the total \$42.7 million is available for spending at the County's discretion (sum of assigned and unassigned fund balances).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19.4 million, and was 35.0% of the sum of the fiscal year 2016 adopted General Fund budget and the non-local portion of the School Operating Fund budget, well above the 20% required by policy. Unassigned and assigned fund balances in the General Fund increased \$0.6 million from the previous year, with the result a General Fund balance of \$34.4 million.
- The County's long-term obligations decreased slightly from \$139.8 million to \$139.3 million in fiscal year 2016. Governmental activities debt decreased \$1.3 million, the net of principal payments on existing debt and increases in the net pension liability. Business-type activities debt increased \$0.8 million, the net of principal payments on existing debt and increases in revenue bonds, contractual obligations and accreted interest on revenue bonds.

#### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which 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 required and other supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

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

The Statement of Net Position (Exhibit 1) presents information on all the County's assets, liabilities, and deferred inflows/outflows of resources including governmental activities, business-type activities, and component unit activities. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, which provides a measure of the County's financial health, or financial condition. Over time increases or decreases in the net position may serve as an indicator of whether the County's financial condition is improving or declining.

The Statement of Activities (Exhibit 2) presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation. The business-type activities of the County provide water and wastewater service to customers.

The government-wide financial statements include not only the County itself (known as the primary government), but also two legally separate component units (Goochland County Public Schools and the Economic Development Authority of Goochland County) for which the County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the County can be divided into three categories: governmental funds, proprietary funds, or 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 using the economic resources measurement focus and accrual basis of accounting, the governmental fund financial statements are prepared using the current financial resources and modified accrual basis of accounting. The focus of the current financial resources and 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 the government-wide financial statements, reconciliations between the two methods is provided within the basic financial statements. The County has two major governmental funds: the General Fund and the Capital Projects Fund.

#### **Proprietary Funds**

Proprietary funds consist of enterprise funds, which are used to report the same functions as business-type activities in the government-wide financial statements. The County utilizes an enterprise fund to account for its water and sewer utilities fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

#### **Fiduciary Funds**

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

## Notes to the Financial Statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements for two discretely presented component units – the Goochland County School Board and the Goochland County Economic Development Authority.

### Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72.1 million at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Goochland, Virginia Summary of Net Position (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 60.4	\$ 59.2	\$ 26.0	\$ 25.1	\$ 86.4	\$ 84.3
Capital assets	39.9	36.4	103.0	102.9	142.9	139.3
Total assets	100.3	95.6	129.0	128.0	229.3	223.6
Total deferred outflows of resources	1.0	0.9	3.5	3.7	4.5	4.6
Current liabilities	4.0	4.3	1.0	1.3	5.0	5.6
Long-term liabilities outstanding	16.7	18.0	122.6	121.8	139.3	139.8
Total liabilities	20.7	22.3	123.6	123.1	144.3	145.4
Total deferred inflows of resources	15.3	14.7	2.1	1.8	17.4	16.5
Net position						
Net investment in capital assets	28.3	23.1	3.2	2.6	31.5	25.7
Restricted	0.1	0.1	13.5	14.3	13.6	14.4
Unrestricted	36.9	36.3	(9.9)	(10.1)	27.0	26.2
Total net position	\$ 65.3	\$ 59.5	\$ 6.8	\$ 6.8	\$ 72.1	\$ 66.3

The largest portion of the County's net position (43.7%) reflects its investment in capital assets (land, buildings, equipment, water and sewer systems), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide services to citizens, and therefore these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (37.4%) is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors. The smallest portion of the County's net position (18.9%) represents resources that are subject to external restrictions on how they may be used.



The following table summarizes the County's Statement of Activities:

County of Goochland, Virginia						
Summary of Statement of Activities						
(\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 2.6	\$ 1.7	\$ 5.0	\$ 4.6	\$ 7.6	\$ 6.3
Operating grants and contributions	4.9	3.9	1.2	-	6.1	3.9
Capital grants and contributions	0.1	0.1	0.6	1.2	0.7	1.3
General revenues						
General property taxes	33.9	31.5	4.1	3.7	38.0	35.2
Other local taxes	6.6	7.2	-	-	6.6	7.2
Grants and contributions	3.9	3.9	-	-	3.9	3.9
Other general revenues	0.7	1.0	0.5	0.5	1.2	1.5
Total revenues	<u>52.7</u>	<u>49.3</u>	<u>11.4</u>	<u>10.0</u>	<u>64.1</u>	<u>59.3</u>
<b>Expenses</b>						
General government administration	4.4	4.2	-	-	4.4	4.2
Judicial administration	1.6	1.6	-	-	1.6	1.6
Public safety	8.5	8.1	-	-	8.5	8.1
Public works	0.8	0.8	-	-	0.8	0.8
Health and welfare	4.7	4.3	-	-	4.7	4.3
Education	21.9	23.8	-	-	21.9	23.8
Parks, recreation and facilities management	2.4	2.0	-	-	2.4	2.0
Community development	1.8	1.1	-	-	1.8	1.1
Interest and other fiscal charges	0.5	0.6	-	-	0.5	0.6
Utilities	-	-	11.7	12.0	11.7	12.0
Total expenses	<u>46.6</u>	<u>46.5</u>	<u>11.7</u>	<u>12.0</u>	<u>58.3</u>	<u>58.5</u>
Increase (decrease) in net position before transfers	6.1	2.8	(0.3)	(2.0)	5.8	0.8
Transfers	(0.3)	(0.4)	0.3	0.4	-	-
Increase (decrease) in net position	5.8	2.4	-	(1.6)	5.8	0.8
Total net position - beginning	59.5	57.1	6.8	8.4	66.3	65.5
Total net position - ending	<u>\$ 65.3</u>	<u>\$ 59.5</u>	<u>\$ 6.8</u>	<u>\$ 6.8</u>	<u>\$ 72.1</u>	<u>\$ 66.3</u>

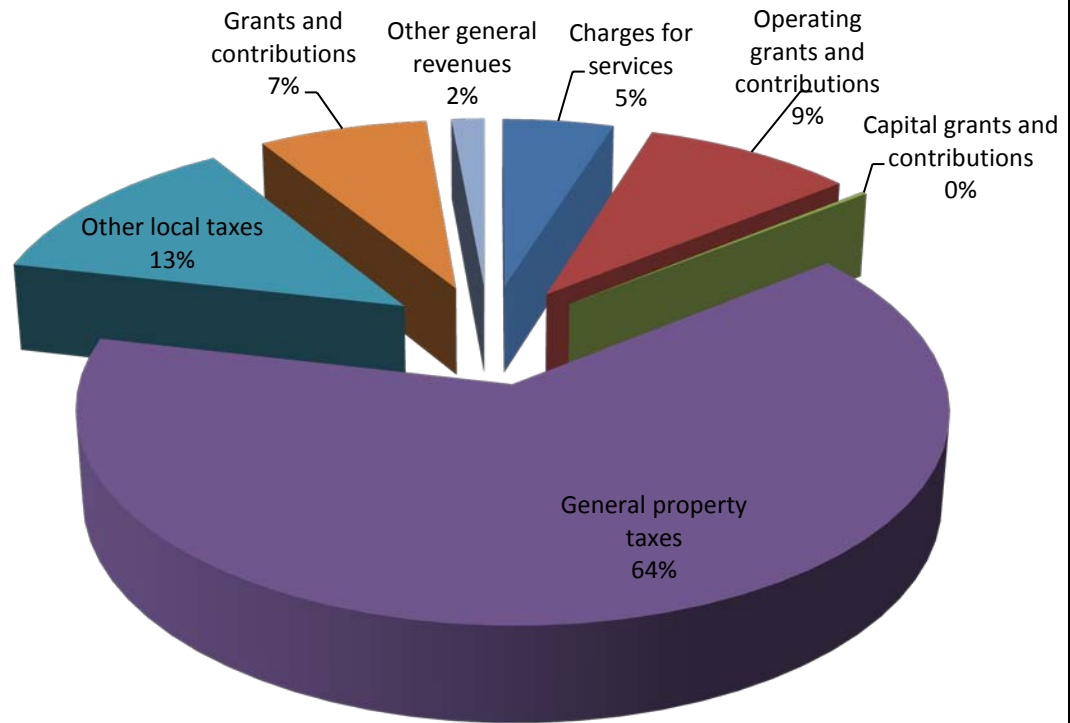
The County's net position increased by \$5.8 million during the current fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities:** During the current fiscal year, net position for governmental activities increased \$5.8 million for an ending balance of \$65.3 million. In general, net position changes are the result of the difference between revenues and expenses. Fiscal year 2016 revenues of \$52.7 million increased \$3.4 million from the previous fiscal year, and exceeded expenses and transfers by \$5.8 million.

Key revenue elements include:

- Property taxes increased \$2.4 million from fiscal year 2015, primarily because of increased real and personal property values and new construction.
- Operating grants and contributions increased \$1.0 million primarily due to increases in State and Federal support of health and welfare programs and \$750,000 in one-time State grants to promote economic development.
- Charges for services increased \$1.0 million primarily because of an increase in revenue from building inspection fees.

## Governmental Activities - Revenues by Source

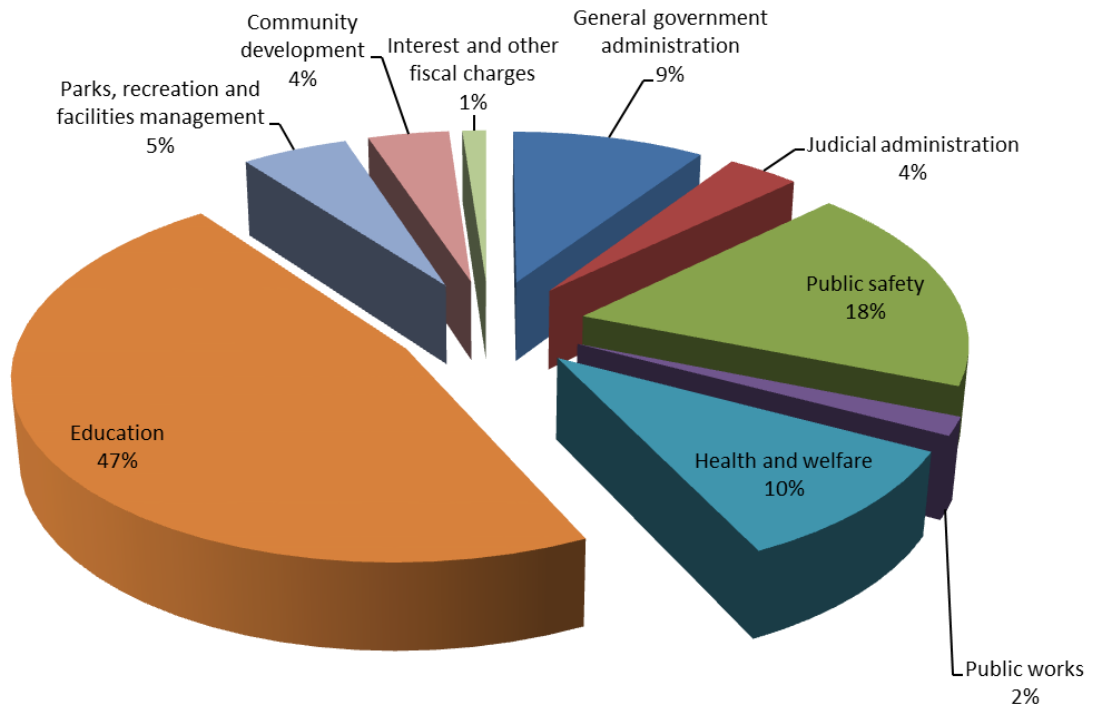


During fiscal year 2016, the governmental activities expenses totaled \$46.6 million, an increase of \$0.1 million over the previous year.

Expenses during fiscal year 2016 were relatively stable in all functional areas with the following exceptions:

- Community development expenses increased \$0.7 million because of the pass-through of the economic development grants discussed above.
- Education expenses decreased year over year by \$1.9 million. Although the County transferred over \$400,000 more for School operating expenses in fiscal year 2016, it contributed only \$200,000 for a land purchase and incidental capital projects in fiscal year 2016 in comparison to the \$2.5 million it had contributed in fiscal year 2015 for several large high school expansions.

## Governmental Activities - Functional Expenses



**Business-type Activities:** During the current fiscal year, net position for business-type activities remained the same with an ending balance of \$6.8 million. As stated earlier, net position changes are the result of the difference between revenues and expenses. Fiscal year 2016 expenses of \$11.7 million decreased \$0.3 million from the previous fiscal year, and equaled revenues and transfers in.

The decrease in expenses can be attributed to the completion of several capital projects resulting in construction costs being capitalized. Revenues increased \$1.4 million in fiscal year 2016 compared to the previous year primarily because of increases in connection fees.

### Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$42.7 million, a decrease of \$31,911 during the current year. Approximately 93.5% (\$40.0 million) of the total \$42.7 million is available for spending at the County's discretion (sum of assigned and unassigned fund balances).

The General Fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19.4 million, while total fund balance increased \$622,277 to \$34.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balances to total General Fund expenditures. Unassigned fund balance represents approximately 43% of total General Fund expenditures, while total fund balance represents approximately 76% of that same amount. The stability in the overall fund balance of the General Fund was due to revenue collections higher than anticipated and across-the-board expenditure savings.

The Capital Projects Fund, a major fund, had a \$0.5 million decrease in fund balance during the current fiscal year which put the overall fund balance at \$8.3 million. This increase was due to the use of previously received resources for capital construction projects.

**Proprietary Funds:** The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Operations of the proprietary funds were included in the discussion of business-type activities.

**General Fund Budgetary Highlights:** General fund budget amendments resulted in an increase of \$6.0 million between the originally adopted fiscal year 2016 budget appropriation for expenditures and transfers out and the final budget. The budget amendments were funded primarily by assigned fund balance. Significant amendments included:

- \$750,000 increase in community development expenditures for the pass-through of economic development grants.
- \$4.5 million increase in transfers out to the capital projects fund primarily for mid-year allocations to community development office renovations, construction of a new animal protection shelter, and funds for the acquisition of a new financial software system.

### **Capital Asset and Debt Administration**

**Capital Assets:** The County's investment in capital assets for its governmental operations at June 30, 2016 amounted to \$39.9 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements and machinery and equipment. Capital assets of the Business-type activities at June 30, 2016 were \$102.9 million (net of accumulated depreciation and amortization).

Additional information on the County's capital assets can be found in Note IV.-E. of the Notes to the Financial Statements.

**Long-term Debt:** At the end of the current fiscal year, the County had long-term obligations (Governmental and Business-type activities) of \$139.3 million. Of this amount, \$11.5 million is comprised of debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, capital leases, compensated absences, net pension liability, capacity rights and landfill obligations. The increase in long-term debt of \$500,000 in fiscal year 2016 was explained previously in the financial highlights section of this discussion.

Additional information on the County of Goochland, Virginia's long-term debt can be found in Note IV.-G. of the Notes to the Financial Statements.

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

- The June 2016 unemployment rate for the County of 3.6% compared favorably to the state's average unemployment rate of 4.0% and national average rate of 4.9% for the same period.
- The fiscal year 2017 budget increased by approximately 2.5% for all funds (including the component units). The largest drivers of the increase were increases to the business-type activities (utilities). The General Fund budget increased 3.2% due to increased education and health and welfare spending. The general real estate tax rate remained the same at \$0.53 per \$100 of assessed valuation.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 1800 Sandy Hook Road, Goochland, Virginia 23063.

## **BASIC FINANCIAL STATEMENTS**

## Statement of Net Position

June 30, 2016

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	Economic
	Activities	Activities			Development
<b>ASSETS</b>					
Cash and cash equivalents	\$ 39,577,093	\$ 11,638,796	\$ 51,215,889	\$ 1,908,087	\$ 317,008
Receivables (net of allowance for uncollectibles):					
Taxes receivable, including penalties, net	16,461,775	2,148,971	18,610,746	-	-
Accounts receivable, net	558,476	776,529	1,335,005	51,490	-
Notes receivable	182,450	-	182,450	-	30,662
Prepaid items	121,324	5,518	126,842	177,504	-
Internal balances	2,317,634	(2,317,634)	-	-	-
Due from Primary Government	-	-	-	-	2,343,607
Due from other governmental units	1,181,326	260,850	1,442,176	1,056,949	-
Inventories	9,854	-	9,854	27,938	-
Restricted assets	-	13,535,478	13,535,478	-	-
Land held for resale	-	-	-	-	801,100
Capital assets (net of accumulated depreciation and amortization):					
Land and land improvements	3,835,868	2,874,584	6,710,452	607,079	-
Buildings and system	22,788,416	71,083,151	93,871,567	24,915,212	-
Capacity rights	-	28,859,522	28,859,522	-	-
Machinery and equipment	7,373,454	97,806	7,471,260	1,417,088	-
Construction in progress	5,943,838	61,488	6,005,326	-	-
Total assets	100,351,508	129,025,059	229,376,567	30,161,347	3,492,377
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	966,505	37,632	1,004,137	3,241,338	-
Deferred charge on refunding	-	3,468,695	3,468,695	-	-
Total deferred outflows of resources	966,505	3,506,327	4,472,832	3,241,338	-
<b>LIABILITIES</b>					
Accounts payable	1,133,879	265,176	1,399,055	204,219	-
Accrued liabilities	37,955	-	37,955	2,525,932	-
Unearned revenue	420,254	93,433	513,687	-	-
Customers' deposits	-	43,644	43,644	-	1,250
Accrued interest payable	260,672	414,272	674,944	-	-
Due to component unit	2,194,607	149,000	2,343,607	-	-
Long-term obligations:					
Due within one year	2,054,622	2,124,060	4,178,682	443,748	170,000
Net pension liability	1,493,921	57,398	1,551,319	23,940,913	-
Due in more than one year	13,107,039	120,451,131	133,558,170	1,130,638	2,023,607
Total liabilities	20,702,949	123,598,114	144,301,063	28,245,450	2,194,857
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	636,975	23,962	660,937	1,874,377	-
Property taxes	14,666,742	2,065,026	16,731,768	-	-
Total deferred inflows of resources	15,303,717	2,088,988	17,392,705	1,874,377	-
<b>NET POSITION</b>					
Net investment in capital assets	28,321,068	3,185,598	31,506,666	26,802,488	-
Restricted for:					
Debt covenants	-	13,535,478	13,535,478	-	-
Grant programs	138,572	-	138,572	-	-
Unrestricted (deficit)	36,851,707	(9,876,792)	26,974,915	(23,519,630)	1,297,520
Total net position	\$ 65,311,347	\$ 6,844,284	\$ 72,155,631	\$ 3,282,858	\$ 1,297,520

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia  
Statement of Activities

Exhibit 2

Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	EDA
<b>Primary Government</b>									
Governmental activities:									
General government administration	\$ 4,392,816	\$ 97,985	\$ 372,008	\$ -	\$ (3,922,823)	\$ -	\$ (3,922,823)	\$ -	\$ -
Judicial administration	1,641,333	83,059	522,752	-	(1,035,522)	-	(1,035,522)	-	-
Public safety	8,531,631	1,826,008	1,180,186	118,814	(5,406,623)	-	(5,406,623)	-	-
Public works	760,112	36,532	7,134	-	(716,446)	-	(716,446)	-	-
Health and welfare	4,744,149	25,725	2,067,821	-	(2,650,603)	-	(2,650,603)	-	-
Education	21,875,546	-	-	-	(21,875,546)	-	(21,875,546)	-	-
Parks, recreation, and facilities management	2,415,654	195,078	-	-	(2,220,576)	-	(2,220,576)	-	-
Community development	1,844,255	309,049	750,000	-	(785,206)	-	(785,206)	-	-
Interest on long-term debt	539,984	-	-	-	(539,984)	-	(539,984)	-	-
Total governmental activities	46,745,480	2,573,436	4,899,901	118,814	(39,153,329)	-	(39,153,329)	-	-
Business-type activities									
Utilities	11,672,931	5,021,894	1,156,394	654,500	-	(4,840,143)	(4,840,143)	-	-
Total Primary Government	\$ 58,418,411	\$ 7,595,330	\$ 6,056,295	\$ 773,314	(39,153,329)	(4,840,143)	(43,993,472)	-	-
<b>Component units</b>									
School Board	29,476,344	556,751	8,367,548	201,646	-	-	-	(20,350,399)	-
Economic Development Authority	761,681	934	-	750,000	-	-	-	-	(10,747)
Total component units	\$ 30,238,025	\$ 557,685	\$ 8,367,548	\$ 951,646	-	-	-	(20,350,399)	(10,747)
General revenues:									
General property taxes					33,856,674	4,083,633	37,940,307	-	-
Other local taxes					6,628,616	-	6,628,616	-	-
Fines and forfeitures					123,069	-	123,069	-	-
Unrestricted revenues from use of money and property					133,704	552,765	686,469	49,645	3,363
Payments from Primary Government					-	-	-	21,179,077	-
Grants and contributions not restricted to specific programs					3,912,925	-	3,912,925	-	-
Miscellaneous					506,539	1,227	507,766	130,269	-
Transfers					(250,000)	250,000	-	-	-
Total general revenues and transfers					44,911,527	4,887,625	49,799,152	21,358,991	3,363
Change in net position					5,758,198	47,482	5,805,680	1,008,592	(7,384)
Net position - beginning					59,553,149	6,796,802	66,349,951	2,274,266	1,304,904
Net position - ending					\$ 65,311,347	\$ 6,844,284	\$ 72,155,631	\$ 3,282,858	\$ 1,297,520

The accompanying notes are an integral part of these financial statements.



County of Goochland, Virginia  
 Balance Sheet - Governmental Funds

Exhibit 3

June 30, 2016

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,389,021	\$ 9,076,602	\$ 111,470	\$ 39,577,093
Receivables (net of allowances for uncollectibles):				
Taxes receivable, including penalties	16,461,775	-	-	16,461,775
Accounts receivable	558,476	-	-	558,476
Notes receivable	182,450	-	-	182,450
Inventory	9,854	-	-	9,854
Prepaid items	120,781	-	543	121,324
Due from other fund	2,317,634	-	-	2,317,634
Due from other governmental units	1,057,558	-	123,768	1,181,326
Total assets	<u>\$ 51,097,549</u>	<u>\$ 9,076,602</u>	<u>\$ 235,781</u>	<u>\$ 60,409,932</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 196,655	\$ 819,764	\$ 117,460	\$ 1,133,879
Accrued liabilities	33,740	4,215	-	37,955
Unearned revenue	409,885	-	10,369	420,254
Total liabilities	<u>640,280</u>	<u>823,979</u>	<u>127,829</u>	<u>1,592,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-vehicle license fees	143,011	-	-	143,011
Unavailable revenue-property taxes	15,928,436	-	-	15,928,436
Total deferred inflows of resources	<u>16,071,447</u>	<u>-</u>	<u>-</u>	<u>16,071,447</u>
<b>FUND BALANCES</b>				
Nonspendable	2,630,719	-	543	2,631,262
Restricted	89,250	-	49,322	138,572
Assigned	12,261,758	8,252,623	58,087	20,572,468
Unassigned	19,404,095	-	-	19,404,095
Total fund balances	<u>34,385,822</u>	<u>8,252,623</u>	<u>107,952</u>	<u>42,746,397</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,097,549</u>	<u>\$ 9,076,602</u>	<u>\$ 235,781</u>	<u>\$ 60,409,932</u>

The accompanying notes are an integral part of these financial statements.

## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

<b>Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds</b>	\$ 42,746,397
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Capital assets	\$ 66,013,329
Less - accumulated depreciation and amortization	<u>(26,071,753)</u>
	39,941,576
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.	966,505
Receivables in the governmental funds do not provide current financial resources and, therefore, are not reported on the Statement of Net Position.	1,404,705
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.	(636,975)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
General obligation bonds, including unamortized premiums	(11,544,740)
Capital lease obligations	(75,768)
Other postemployment benefits	(824,072)
Net pension liability	(1,493,921)
Compensated absences	(902,951)
Landfill post-closure care	(1,814,130)
Due to component unit	(2,194,607)
Interest payable	<u>(260,672)</u>
	<u>(19,110,861)</u>
Net position of governmental activities	<u>\$ 65,311,347</u>

The accompanying notes are an integral part of these financial statements.

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2016

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 34,024,340	\$ -	\$ -	\$ 34,024,340
Other local taxes	6,628,616	-	-	6,628,616
Permits, privilege fees, and regulatory licenses	1,323,690	-	-	1,323,690
Fines and forfeitures	123,069	-	-	123,069
Revenue from use of money and property	133,698	-	6	133,704
Charges for services	942,421	-	25,725	968,146
Miscellaneous	60,266	727,873	-	788,139
Recovered costs	156,350	-	-	156,350
Intergovernmental revenues:				
Commonwealth	7,067,844	118,814	575,670	7,762,328
Federal	1,164,566	-	4,746	1,169,312
Total revenues	51,624,860	846,687	606,147	53,077,694
<b>EXPENDITURES</b>				
Current:				
General government administration	4,176,776	484,175	-	4,660,951
Judicial administration	1,606,251	-	-	1,606,251
Public safety	8,464,974	5,177,659	41,494	13,684,127
Public works	843,705	-	-	843,705
Health and welfare	3,297,730	-	1,470,445	4,768,175
Education	19,933,900	449,146	-	20,383,046
Parks, recreation, and facilities management	2,201,036	276,380	-	2,477,416
Community development	2,123,452	48,274	-	2,171,726
Debt service:				
Principal retirement	1,815,812	-	-	1,815,812
Interest and other fiscal charges	599,976	-	-	599,976
Total expenditures	45,063,612	6,435,634	1,511,939	53,011,185
Excess (deficiency) of revenues over (under) expenditures	6,561,248	(5,588,947)	(905,792)	66,509
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	151,580	-	-	151,580
Transfers in	-	5,060,887	779,664	5,840,551
Transfers out	(6,090,551)	-	-	(6,090,551)
Total other financing sources (uses), net	(5,938,971)	5,060,887	779,664	(98,420)
Net change in fund balances	622,277	(528,060)	(126,128)	(31,911)
Fund balances - beginning	33,763,545	8,780,683	234,080	42,778,308
Fund balances - ending	\$ 34,385,822	\$ 8,252,623	\$ 107,952	\$ 42,746,397

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2016**

**Net change in fund balances - total governmental funds** \$ (31,911)

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

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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$ 7,229,586	
Depreciation and amortization	(2,257,964)	
Allocation of joint tenancy assets, net, to the School Board Component Unit	<u>(1,245,177)</u>	3,726,445

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (201,646)

Revenues in the funds that do not provide current financial resources are not reported as revenues in the Statement of Activities. (167,666)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal retired on general obligation long-term debt and capital lease obligations	1,815,812	
Capital lease issued	<u>(151,580)</u>	1,664,232

Deferred outflow of resources - pensions 966,505

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:

Landfill postclosure liability	29,866	
Compensated absences	52,785	
Net OPEB obligations	(80,773)	
Pension expense	(459,289)	
Interest payable	40,517	
Due to component unit	199,658	
Amortization of bond premium	<u>19,475</u>	(197,761)

Change in net position of governmental activities \$ 5,758,198

*The accompanying notes are an integral part of these financial statements.*

## General Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 31,662,061	\$ 31,722,208	\$ 34,024,340	\$ 2,302,132
Other local taxes	4,683,000	5,832,500	6,628,616	796,116
Permits, privilege fees, and regulatory licenses	465,400	790,400	1,323,690	533,290
Fines and forfeitures	115,000	122,500	123,069	569
Revenue from use of money and property	30,000	30,000	133,698	103,698
Charges for services	889,500	917,000	942,421	25,421
Miscellaneous	5,000	18,804	60,266	41,462
Recovered costs	74,600	116,600	156,350	39,750
Intergovernmental revenues:				
Commonwealth	6,262,136	7,118,845	7,067,844	(51,001)
Federal	903,102	944,364	1,164,566	220,202
Total revenues	45,089,799	47,613,221	51,624,860	4,011,639
<b>EXPENDITURES</b>				
Current:				
General government administration	4,561,743	4,662,276	4,176,776	485,500
Judicial administration	1,602,333	1,703,023	1,606,251	96,772
Public safety	8,851,736	9,200,596	8,464,974	735,622
Public works	811,032	811,032	843,705	(32,673)
Health and welfare	3,319,881	3,377,028	3,297,730	79,298
Education	20,260,000	20,270,000	19,933,900	336,100
Parks, recreation, and facilities management	2,142,022	2,268,326	2,201,036	67,290
Community development	1,450,126	2,295,001	2,123,452	171,549
Debt service:				
Principal retirement	1,740,000	1,740,000	1,815,812	(75,812)
Interest and other fiscal charges	1,403,664	1,323,664	599,976	723,688
Total expenditures	46,142,537	47,650,946	45,063,612	2,587,334
Excess (deficiency) of revenues over (under) expenditures	(1,052,738)	(37,725)	6,561,248	6,598,973
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	-	-	151,580	151,580
Transfers out	(1,704,664)	(6,215,551)	(6,090,551)	125,000
Total other financing uses, net	(1,704,664)	(6,215,551)	(5,938,971)	276,580
Net change in fund balance	(2,757,402)	(6,253,276)	622,277	6,875,553
Fund balance - beginning	-	33,763,545	33,763,545	-
Fund balance - ending	\$ (2,757,402)	\$ 27,510,269	\$ 34,385,822	\$ 6,875,553

The accompanying notes are an integral part of these financial statements.

**County of Goochland, Virginia**  
**Statement of Net Position - Proprietary Fund**

**Exhibit 8**

**June 30, 2016**

	<u>Utilities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 11,638,796
Accounts receivable, net	776,529
Prepaid items	5,518
Due from other governmental units	260,850
Taxes receivable, including penalties, net	2,148,971
Total current assets	<u>14,830,664</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	6,895,278
Investments	6,640,200
Total restricted assets	<u>13,535,478</u>
Capital assets, net	102,976,551
Total noncurrent assets	<u>116,512,029</u>
Total assets	<u>131,342,693</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	37,632
Deferred charge on refunding	3,468,695
Total deferred outflows of resources	<u>3,506,327</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	265,176
Customer deposits	43,644
Accrued interest payable	414,272
Due to other fund	2,317,634
Unearned revenues	93,433
Due to component unit	149,000
Bonds payable	1,550,000
Long-term amortization of capacity charges	350,000
Compensated absences	2,500
Contractual agreement payable	221,560
Total current liabilities	<u>5,407,219</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	95,793,481
Long-term amortization of capacity charges - net of current portion	18,165,235
Net pension obligation	57,398
Compensated absences - net of current portion	22,507
Contractual agreement payable - net of current portion	6,469,908
Total noncurrent liabilities	<u>120,508,529</u>
Total liabilities	<u>125,915,748</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	23,962
Unavailable revenue-property taxes	2,065,026
Total deferred inflows of resources	<u>2,088,988</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,185,598
Restricted for debt covenants	13,535,478
Unrestricted (deficit)	(9,876,792)
Total net position	<u>\$ 6,844,284</u>

*The accompanying notes are an integral part of these financial statements.*

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

Year Ended June 30, 2016

	Utilities
<b>OPERATING REVENUES</b>	
Charges for services:	
Charges for service	\$ 5,010,234
Penalty/reconnection fees	11,660
Miscellaneous	1,227
Total operating revenues	<u>5,023,121</u>
<b>OPERATING EXPENSES</b>	
Personnel services	527,004
Contractual services	909,047
Other charges	2,690,995
Depreciation and amortization	2,779,133
Total operating expenses	<u>6,906,179</u>
Operating loss	<u>(1,883,058)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Connection fees	1,156,394
Investment earnings	497,269
Property taxes	4,083,633
Lease revenue	55,496
Payment to Economic Development Authority	(228,000)
Interest expense	(4,538,752)
Total nonoperating revenues, net	<u>1,026,040</u>
Loss before capital contributions and transfers	(857,018)
Capital contributions	654,500
Transfers in	<u>250,000</u>
Change in net position	47,482
Total net position - beginning	6,796,802
Total net position - ending	<u>\$ 6,844,284</u>

The accompanying notes are an integral part of these financial statements.

County of Goochland, Virginia  
Statement of Cash Flows - Proprietary Fund

Exhibit 10

Year Ended June 30, 2016

	Utilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 4,927,105
Payments to suppliers	(3,734,052)
Payments to employees	(551,027)
Net cash provided by operating activities	<u>642,026</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	250,000
Lease revenue	55,496
Tax revenue	4,070,333
Net cash provided by noncapital financing activities	<u>4,375,829</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds	(5,550,007)
Acquisition and construction of capital assets	(1,538,497)
Payments for capacity charges	(261,643)
Payments on contractual agreement payable	(94,863)
Payment to component unit	(228,000)
Connection fees	1,156,394
Refunding bonds issued	4,353,353
Deferred charge on refunding	(109,577)
Interest payments and fiscal agent fees	(2,718,616)
Net cash used in capital and related financing activities	<u>(4,991,456)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	497,269
Net cash provided by investing activities	<u>497,269</u>
Net increase in cash and cash equivalents	523,668
Cash and cash equivalents - beginning	18,010,406
Cash and cash equivalents - ending	<u>\$ 18,534,074</u>
Cash and cash equivalents, as shown on the statement of net position:	
Cash and cash equivalents - current assets	\$ 11,638,796
Cash and cash equivalents - restricted assets	6,895,278
	<u>\$ 18,534,074</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (1,883,058)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization expense	2,779,133
Pension expense	(17,736)
Changes in assets and liabilities:	
Increase in accounts receivable	(98,716)
Increase in prepaid expenses	(438)
Decrease in accrued liabilities	(481)
Decrease in compensated absences	(3,506)
Increase in customer deposits	2,700
Decrease in accounts payable	(133,572)
Increase in deferred outflows	(2,300)
Total adjustments	<u>2,525,084</u>
Net cash provided by operating activities	<u>\$ 642,026</u>

**Supplemental information on non-cash investing and financing activity:**

Accreted interest on capital appreciation of bonds of \$1,873,867 represents non-cash transactions which resulted in an increase in outstanding debt during the year.

During the year, the City of Richmond placed in service a portion of its Nutrient Reduction Project. A portion of this infrastructure belongs to the County. The County's portion of this infrastructure totaled \$930,737. The County incurred an obligation in the same amount related to this project.

Capital contributions of \$654,500 represent donations of assets by developers and are non-cash transactions.

*The accompanying notes are an integral part of these financial statements.*



*County of Goochland, Virginia*  
*Statement of Fiduciary Net Position*

*Exhibit 11*

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**June 30, 2016**

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	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 520,420
Total assets	<u>520,420</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	26,925
Performance bonds payable	<u>493,495</u>
Total liabilities	<u>\$ 520,420</u>

*The accompanying notes are an integral part of these financial statements.*

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**I. Summary of significant accounting policies**

**A. Reporting entity**

The County of Goochland, Virginia (County) was established in 1728 and operates under the board-administrator form of government. The County is governed by an elected, five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

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

The financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The County and its component units are together referred to as the reporting entity.

**Discretely Presented Component Units**

**School Board:** The Goochland County Public School Board (School Board) members are elected by the citizens of Goochland County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County as the County has the ability to approve its budget and any amendments, and the primary funding source for the School System is the County General Fund. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component unit of the County financial statements as of and for the fiscal year ended June 30, 2016.

**Economic Development Authority:** The Goochland County Economic Development Authority (EDA) was established by the Goochland County Board of Supervisors in accordance with § 15.2-4900 of the Code of Virginia. The members of the EDA are appointed by the Goochland County Board of Supervisors. The Treasurer of the EDA maintains suitable records of all financial transactions of the EDA. By statute, the EDA has the power to cause the issuance of tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. The EDA also provides economic development activities for the County and may acquire property, issue debt in its own name, and enter into lease/purchase arrangements with the County. The County is obligated to see that the EDA's contractual agreement obligations are met. The EDA is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discretely presented component unit for the fiscal year ended June 30, 2016. The EDA does not issue separate financial statements.

**B. Basis of presentation – government-wide 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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

The Statement of Net Position is designed to display the financial position of the Primary Government (governmental and business-type activities) and its discretely presented component units. In addition to reporting current assets and liabilities, the Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the County (such as buildings and long-term liabilities for various employee benefits) as well as deferred outflows of resources and deferred inflows of resources. The Net Position of the County may be presented in three categories — (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The County generally first uses restricted resources for expenses incurred for which both restricted and unrestricted Net Position is available.

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions (e.g., public safety, public works, health and welfare, etc.). The expense of individual functions is compared to the revenues generated directly by the function (e.g., through user charges or intergovernmental grants). Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and intergovernmental aid not restricted to specific purposes, are presented as general revenues.

**C. Basis of presentation – fund financial statements**

The fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories — Governmental (i.e., General, Capital Project and Special Revenue funds), Proprietary (i.e., Utilities funds) and Fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are combined in a single column in the fund financial statements.

The government reports the following major governmental funds:

- General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenue is used principally to finance the operations of the School Board, a component unit. The General Fund is considered a major fund for reporting purposes.
- Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects fund is considered a major fund for reporting purposes.

Additionally the government reports the following nonmajor governmental funds:

- Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Funds are considered nonmajor funds for reporting purposes. These funds consist of the Drug Enforcement Fund and the Office of Children's Services Fund whose revenues are restricted for drug enforcement and health and welfare, respectively.

The government reports the following major enterprise fund:

- Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is based upon determination of operating income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds, which distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's sole Enterprise Fund is the Utilities fund, which provides water and sewer services for the County.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Additional fund types reported:

- Fiduciary Funds (Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds, consisting of the Special Welfare, Towers & Roads, and Performance Bond Escrow funds, utilize the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the primary government, these funds are not incorporated into the government-wide financial statements.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds in the governmental activities (the governmental funds) and business-type activities (the enterprise fund) are eliminated so that only the net amount is included as internal balances in the governmental and business-type activities columns.

The principal operating revenues of the County's proprietary fund is charges for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, contractual services, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Unbilled charges for water and wastewater services are recorded at year-end to the extent they can be estimated.

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

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, wherein revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Non-exchange transactions, in which the County receives value without directly giving equal value in exchange, include property taxes, state sales taxes, grants, entitlements, and donations. Revenue from state sales taxes is recognized on the accrual basis in the fiscal year during which the underlying exchange transaction takes place, which is generally within two months preceding receipt by the County. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become susceptible to accrual - that is, in the fiscal year in which they become both measurable and available to finance expenditures of the 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, pensions, landfill, and other postemployment benefits obligations, are recorded only when payment is due. This is the manner in which these funds are normally budgeted. Property taxes, sales taxes, grants, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Property taxes are recognized as receivables and unavailable revenue when billed and revenue is recognized as the taxes are collected. Property taxes not collected within 60 days after year-end, net of allowances for uncollectible amounts, 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 when the underlying exchange occurs and are remitted to the County by the state within two months of the transaction. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Reimbursement grants are recognized as revenue when measurable, all eligibility criteria have been met, the related amounts become available,

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

and if received within one year. 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 County considers non-grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

**1. Deposits and investments**

The County'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. All funds, unless otherwise classified as restricted, are deposited into the County's pooled bank account, defined as the operating account.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments in exchange traded assets are reported at fair value as determined by management based on quotations obtained from readily available sources.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool." Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares.

**2. Receivables and payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data. The allowance for uncollectible property taxes amounted to \$504,623 at June 30, 2016 and is reported within each fund as follows: General Fund \$497,330, Utilities Fund \$7,293.

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. The real estate in the County is assessed each year as of January 1 on the estimated market value of the property. On January 1, the real estate taxes become an enforceable lien on the property. For real estate assessed on January 1, payment is due in two equal installments on June 5 and December 5. The County bills and collects real estate taxes and recognizes such as revenues when measurable and available in the General Fund and for the period in which they are levied in the Governmental and Business-type activities.

The County levies personal property taxes on motor vehicles, boats, mobile homes, aircraft, and tangible business property. Personal property tax levies are based on the estimated fair market value as of January 1, with payment due in two equal installments on June 5 and December 5. On January 1, personal property taxes become an enforceable lien on the property.

Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end are reflected as unavailable revenues in the governmental fund financial statements. Taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, payments received by June 30 with a December 5 due date are intended to fund the operations of the next fiscal year and are recorded as unavailable revenues at June 30.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005 which provided for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$2,853,012, which the County received during the year ended June 30, 2016. The Commonwealth requires localities to record the revenue from PPTRA as noncategorical State aid, not as property taxes.

**3. Prepaid items and inventories**

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

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable food inventories in the County's discretely presented School Board Component Unit. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Restricted assets**

In accordance with applicable bond covenants, business-type activities report restricted cash, cash equivalents, and investments at June 30, 2016 of \$13,535,478 maintained as reserves required by water and sewer revenue bond covenants.

**5. Capital assets**

Capital assets, which include property, plant and equipment, and contractual rights to such assets are reported in the applicable Governmental or Business-type activities columns in the government-wide financial statements and proprietary fund financial statements.

Capital assets are defined by the County and its component units as items with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost (based on appraisals or another acceptable method of valuation) when historical costs are not available. The County records the value of purchased capacity rights to water and wastewater treatment facilities at cost. Contributed capital assets are recorded at acquisition value at the time of receipt. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed or purchased. 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 and is amortized over the estimated useful life of the related asset.

Capital assets of the Governmental Activities, as well as the component units, are depreciated and amortized using the straight-line method over the following estimated useful lives.

Building improvements	40 years
Furniture, vehicles, office and computer equipment	5 - 20 years
Buses	8 - 15 years

Capital assets of the Enterprise Fund are depreciated and amortized as follows:

Pipes	50 years
Capacity rights	40 years
Meters	35 years
Vehicles and equipment	5 - 10 years

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**6. Compensated absences**

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. Total accumulated vacation leave is reported as an expense as incurred in the Statement of Activities and a long-term obligation in the Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For County proprietary funds, the cost of vacation and sick leave is recorded as a liability when incurred.

**7. Long-term obligations**

In the government-wide and proprietary fund Statements of Net Position, long-term debt and other long-term obligations are reported as liabilities.

In the governmental funds financial statements, proceeds from long-term debt including bond premiums, discounts and issuance costs are reported in the Statement of Revenues, Expenditures and Changes in Fund Balances during the current period. The face amount of debt issued and premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net 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 and so will not be recognized as an outflow of resources (expenditure) until then. The County and discretely presented component unit, the School Board, have three items that qualify for reporting in this category. The first item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The two additional items are the employer's fiscal year 2016 Virginia Retirement System contributions plus the changes in proportion and differences between employer contributions and are reported in the government-wide Statement of Net Position for the County, School Board, and the Utilities Fund.

In addition to liabilities, the Statement of Net 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 and so will not be recognized as an inflow of resources (revenue) until that time. Four types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes and vehicle license fees receivable. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The unavailable revenue from property taxes is comprised of amounts prepaid on the second half installments and all uncollected property taxes due prior to June 30. The unavailable revenue from vehicle license fees is comprised of all uncollected vehicle license fees reduced by amounts collected within 60 days after year end. Under the accrual basis, the second half installment of property taxes are reported as deferred inflows of resources on the Statement of Net Position. The three additional items, the net difference between projected and actual earnings on the Virginia Retirement System's plan investments plus the difference between expected and actual experience plus the changes in proportion and differences between employer contributions and proportionate share of contributions, are reported in the government-wide Statement of Net Position for the County, School Board, and the Utilities Fund.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**9. Net position / Fund balances**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents assets, net of accumulated depreciation and amortization, less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute. When both restricted and unrestricted resources are available for use, generally it is the County's policy to use restricted resources first, then unrestricted resources when they are needed.

Fund balances in governmental funds are classified as follows:

- Nonspendable fund balance - amounts that cannot be spent because of their nature (such as the County's inventory) and amounts that must be maintained intact legally or contractually (such as the long-term amount of notes receivable).
- Restricted fund balance - amounts constrained for a specific purpose by external parties, constitutional provisions, or legislation (such as asset forfeiture funds and courthouse maintenance fees).
- Committed fund balance - amounts that can be used only for the specific purposes determined by the Board of Supervisors, before the close of the fiscal year.
- Assigned fund balance - amounts that include the intended use of resources established by the governing body itself.
- Unassigned fund balance - all amounts not classified as nonspendable, restricted, committed or assigned.

Resources, whether restricted or unrestricted, are available for use only when appropriated by the Board of Supervisors in accordance with the adopted budget. In determining the classification of ending fund balances, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available and have been appropriated for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When amounts in any of the three unrestricted fund balance classifications are available and have been appropriated for use, expenditures are made from committed amounts first, followed by assigned amounts, and then by unassigned amounts.

The Board of Supervisors has adopted a minimum fund balance policy that states that the General Fund unassigned fund balance shall be at least equal to twenty percent of the total annual adopted General Fund budget of the subsequent fiscal year, plus the non-local portion of the School operating fund budget.

**F. 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 Political Subdivision's Retirement Plan and the Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's and the VRS Teacher Retirement Plan's net fiduciary positions have been determined on the same basis as they were reported by the 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 GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events**

The County has evaluated subsequent events through November 17, 2016, the date on which the financial statements were available to be issued.

**II. Reconciliation of government-wide and fund financial statements**

**Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position**

Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total governmental activities Net Position as shown on the government-wide Statement of Net Position is presented in Exhibit 4. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$39,941,576 are as follows:

Land	\$ 3,835,868
Construction in progress	5,943,838
Buildings and improvements	17,887,604
Less: Accumulated depreciation and amortization-building and improvements	(6,663,404)
Machinery and equipment	18,983,220
Less: Accumulated depreciation and amortization-machinery and equipment	(11,609,766)
Buildings - jointly owned assets	19,362,799
Less: Accumulated depreciation and amortization-jointly owned assets	<u>(7,798,583)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 39,941,576</u></u>

**III. Stewardship, compliance, and accountability**

**Budgetary information**

On or before March 30 of each year, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year beginning the following July 1. Public hearings are conducted to obtain citizen comments. The County adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The capital projects fund is appropriated on a project-length basis.

Budgetary compliance is monitored and reported at the function level for the County and at the state-defined category level for the School Board. All appropriations lapse at year-end, with the exception of Federal and State grants, capital improvements, and outstanding encumbrances (which are addressed by resolution).

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**IV. Detailed notes on all activities and funds**

**A. Deposits and investments**

All cash of the Primary Government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks and savings institutions holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Financial institutions may choose between two collateralization methodologies, and depending upon that choice, will pledge collateral that ranges from 50% to 130% of excess deposits. Accordingly, all deposits in banks and savings and loans are considered to be insured.

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, bankers' acceptances, repurchase agreements, and the State Treasurer's LGIP and the State Non-Arbitrage Program (SNAP).

The County does not have a formal policy for foreign currency risk, custodial credit risk, or concentration of credit risk.

Credit risk is the risk that County funds will not recover their investments due to the ability of the counterparty to fulfill its obligation. The County's rated debt investments as of June 30, 2016 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are required to be rated no lower than Standard and Poor's A-1 and Moody's Investors Service P-1.

	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 42,420,613
State Non-Arbitrage Pool (SNAP)	640,494
U.S. Government Securities	6,640,200
Total	\$ 49,701,307

Interest rate risk is the risk that the fair value of investments will decrease because of an increase in interest rates. The County's policy states that the County's cash equivalent's maturities match the expected need of funds.

	Fair Value	Less Than 1 year	Greater Than 10 years
Cash equivalent type:			
Local Government Investment Pool	\$ 42,420,613	\$ 42,420,613	\$ -
State Non-Arbitrage Pool (SNAP)	640,494	640,494	-
U.S. Government Securities	6,640,200	-	6,640,200
Total	\$ 49,701,307	\$ 43,061,107	\$ 6,640,200

The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Following is a summary, as of June 30, 2016, of the Primary Government's cash, cash equivalents and investments by asset type:

Government-Wide Accounts	Balance June 30, 2016
Cash and cash equivalents:	
Governmental Activities	\$ 39,577,093
Business-type Activities	11,638,796
Restricted cash and cash equivalents - business-type activities	6,895,278
Restricted investments - business-type activities	6,640,200
Total cash, cash equivalents and investment	\$ 64,751,367

Asset Type	Balance June 30, 2016
Petty cash	\$ 4,600
Deposit accounts	15,045,460
Investments:	
Local Government Investment Pool	42,420,613
State Non-Arbitrage Pool	640,494
U.S. Government Securities	6,640,200
Total cash, cash equivalents and investment	\$ 64,751,367

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2016:

- U.S. Government securities of \$6,640,200 are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$640,494 are valued using quoted market prices (Level 1 inputs).

**B. Receivables**

At June 30, 2016, the receivables of the Primary Government and School Board Component Unit were as follows:

	Primary Government				School Board Component Unit
	General Fund	Other Nonmajor Funds	Utilities	Total Primary Government	
Receivables:					
Taxes, net	\$ 16,461,775	\$ -	\$ 2,148,971	\$ 18,610,746	\$ -
Accounts	558,476	-	776,529	1,335,005	51,490
Notes	182,450	-	-	182,450	-
Henrico County	-	-	260,850	260,850	-
Due from other governmental units	-	-	-	-	21,275
Commonwealth of Virginia	935,512	123,768	-	1,059,280	726,891
Federal government	122,046	-	-	122,046	308,783
	\$ 18,260,259	\$ 123,768	\$ 3,186,350	\$ 21,570,377	\$ 1,108,439

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Unavailable revenues represent amounts in connection with receivables and revenues that are not considered available to liquidate liabilities of the current period. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$18,136,473 (governmental funds \$16,071,447 and proprietary fund \$2,065,026) is comprised of the following:

- Unavailable revenue representing uncollected vehicle license fee billing not available for funding of current expenditures totaled \$143,011 at June 30, 2016. Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$15,928,436 for governmental funds at June 30, 2016. Of the \$15,928,436 reported in the governmental funds, \$1,404,705 does not provide current financial resources and, therefore, is not reported on the Statement of Net Position.
- Unavailable revenue in the proprietary funds totaled \$2,065,026 at June 30, 2016 and was comprised of assessed but uncollected property taxes not intended to fund current period expenses.

Unearned revenues represent amounts that have been received but not earned and, therefore, revenue recognition has been deferred. Unearned revenue totaling \$513,687 (governmental funds \$420,254 and proprietary fund \$93,433) is comprised of the following:

- Unearned revenue representing property taxes due subsequent to June 30, 2016 but paid in advance by the taxpayers totaled \$409,885 in the General Fund, and forfeiture funds received but unearned totaled \$10,369 in the Special Revenue Funds.
- Unearned revenue representing property taxes due after June 30, 2016 but paid in advance by the taxpayers totaled \$93,433 in the proprietary fund.

**C. Interfund receivables**

Details of the Primary Government's interfund receivables and payables as of June 30, 2016 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,317,634	\$ -
Utilities Fund	-	2,317,634
	\$ 2,317,634	\$ 2,317,634

The outstanding balances between funds result from timing differences wherein (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances have been recorded to cover fund cash deficits; however, it is expected that future revenue streams will enable repayment from the Utilities Fund.

**D. Due to component unit**

Details of the Primary Government's Due to Component Units as of June 30, 2016 are as follows:

	Due from Primary Government	Due to Component Unit
Primary Government - Governmental Activities	\$ -	\$ 2,194,607
Primary Government - Business-type Activities	-	149,000
Economic Development Authority	2,343,607	-
	\$ 2,343,607	\$ 2,343,607

These due to/from balances represent long-term contractual agreements between the County and the EDA (see note IV.G. for further discussion).

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**E. Capital assets**

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

	Balance July 1, 2015	Increases	(Deletions)/ Reclassifications	Balance June 30, 2016
<b>Governmental activities:</b>				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,835,868	\$ -	\$ -	\$ 3,835,868
Construction in progress	1,710,487	5,866,530	(1,633,179)	5,943,838
Total capital assets, not being depreciated or amortized	<u>5,546,355</u>	<u>5,866,530</u>	<u>(1,633,179)</u>	<u>9,779,706</u>
Capital assets, being depreciated or amortized:				
Buildings and improvements	17,709,040	-	178,564	17,887,604
Machinery and equipment	16,455,763	1,363,056	1,164,401	18,983,220
Buildings - jointly owned assets	21,447,688	-	(2,084,889)	19,362,799
Total capital assets, being depreciated or amortized	<u>55,612,491</u>	<u>1,363,056</u>	<u>(741,924)</u>	<u>56,233,623</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(6,181,848)	(481,556)	-	(6,663,404)
Machinery and equipment	(10,416,749)	(1,281,585)	88,568	(11,609,766)
Buildings - jointly owned assets	(8,143,472)	(494,823)	839,712	(7,798,583)
Total accumulated depreciation/amortization	<u>(24,742,069)</u>	<u>(2,257,964)</u>	<u>928,280</u>	<u>(26,071,753)</u>
Total capital assets, being depreciated or amortized, net	<u>30,870,422</u>	<u>(894,908)</u>	<u>186,356</u>	<u>30,161,870</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 36,416,777</u>	<u>\$ 4,971,622</u>	<u>\$ (1,446,823)</u>	<u>\$ 39,941,576</u>

Depreciation and amortization expense was charged to functions/programs/funds as follows:

Governmental Activities:		
General government		\$ 349,215
Judicial administration		100,693
Public safety		978,037
Public works		120,600
Health and welfare		31,606
Education		494,823
Parks, recreation and facilities management		158,949
Community development		24,041
		<u>\$ 2,257,964</u>

A summary of proprietary fund capital assets at June 30, 2016 follows:

	Balance July 1, 2015	Increases	(Deletions)/ Reclassifications	Balance June 30, 2016
<b>Business-type activities:</b>				
Capital assets, not being depreciated or amortized:				
Land	\$ 2,874,584	\$ -	\$ -	\$ 2,874,584
Construction in progress	260,266	1,074,817	(1,273,595)	61,488
Total capital assets, not being depreciated or amortized	<u>3,134,850</u>	<u>1,074,817</u>	<u>(1,273,595)</u>	<u>2,936,072</u>
Capital assets, being depreciated or amortized:				
Water and sewer system	85,854,125	1,742,562	1,261,764	88,858,451
Capacity rights	37,985,116	-	-	37,985,116
Machinery and equipment	116,472	78,355	-	194,827
Total capital assets, being depreciated	<u>123,955,713</u>	<u>1,820,917</u>	<u>1,261,764</u>	<u>127,038,394</u>
Less accumulated depreciation/amortization for:				
Water and sewer system	(15,977,606)	(1,809,525)	11,831	(17,775,300)
Capacity rights	(8,175,966)	(949,628)	-	(9,125,594)
Machinery and equipment	(77,041)	(19,980)	-	(97,021)
Total accumulated depreciation/amortization	<u>(24,230,613)</u>	<u>(2,779,133)</u>	<u>11,831</u>	<u>(26,997,915)</u>
Total capital assets, being depreciated or amortized, net	<u>99,725,100</u>	<u>(958,216)</u>	<u>1,273,595</u>	<u>100,040,479</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 102,859,950</u>	<u>\$ 116,601</u>	<u>\$ -</u>	<u>\$ 102,976,551</u>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Legislation enacted during the fiscal year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with their 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 permitted the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County for the year ended June 30, 2016 is that school related financed assets in the amount of \$11,564,216 (net of accumulated depreciation and amortization) are reported in the Primary Government as buildings - jointly owned assets for financial reporting purposes.

<b>School Board Component Unit activities:</b>	Balance July 1, 2015	Increases	(Deletions)/ Reclassifications	Balance June 30, 2016
Capital assets, not being depreciated or amortized:				
Land	\$ 456,907	\$ 150,172	\$ -	\$ 607,079
Total capital assets, not being depreciated or amortized	<u>456,907</u>	<u>150,172</u>	<u>-</u>	<u>607,079</u>
Capital assets, being depreciated or amortized:				
Buildings	38,274,002	2,136,363	-	40,410,365
Machinery and equipment	5,656,899	424,391	35,586	6,116,876
Total capital assets, being depreciated or amortized	<u>43,930,901</u>	<u>2,560,754</u>	<u>35,586</u>	<u>46,527,241</u>
Less accumulated depreciation/amortization for:				
Buildings	(13,743,290)	(1,751,863)	-	(15,495,153)
Machinery and equipment	(4,327,074)	(337,128)	(35,586)	(4,699,788)
Total accumulated depreciation/amortization	<u>(18,070,364)</u>	<u>(2,088,991)</u>	<u>(35,586)</u>	<u>(20,194,941)</u>
Total capital assets, being depreciated or amortized, net	<u>25,860,537</u>	<u>471,763</u>	<u>-</u>	<u>26,332,300</u>
<b>School Board Component Unit capital assets, net</b>	<u>\$ 26,317,444</u>	<u>\$ 621,935</u>	<u>\$ -</u>	<u>\$ 26,939,379</u>

**F. Interfund transfers**

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2016 are as follows:

<u>Primary Government</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,090,551
Capital Projects Fund	5,060,887	-
Office of Children's Services	779,664	-
Utilities Fund	250,000	-
	<u>\$ 6,090,551</u>	<u>\$ 6,090,551</u>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**G. Long-term obligations**

The following is a summary of changes in the government-wide noncurrent liabilities and the School Board Component Unit for the year ended June 30, 2016:

<b>Primary Government</b>	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
Incurred for County:					
Capital lease obligations	\$ -	\$ 151,580	\$ 75,812	\$ 75,768	\$ 37,423
Compensated absences	955,736	694,354	747,139	902,951	90,295
Liability for landfill closure	1,843,996	7,262	37,128	1,814,130	40,000
Net pension liability	1,102,932	390,989	-	1,493,921	-
Other postemployment benefits	743,299	147,676	66,903	824,072	72,429
Total incurred for County	4,645,963	1,391,861	926,982	5,110,842	240,147
Incurred for School Board:					
Principal amount of bonds payable	13,090,000	-	1,740,000	11,350,000	1,795,000
Premium	214,215	-	19,475	194,740	19,475
Total incurred for School Board	13,304,215	-	1,759,475	11,544,740	1,814,475
Total governmental activities	17,950,178	1,391,861	2,686,457	16,655,582	2,054,622
<b>Business-type activities:</b>					
Utilities:					
Water and sewer revenue bonds payable:					
Principal amount of bonds payable	78,051,102	3,605,000	5,550,007	76,106,095	1,447,127
Premium	1,301,073	748,353	102,576	1,946,850	102,873
Total bonds payable	79,352,175	4,353,353	5,652,583	78,052,945	1,550,000
Accreted interest revenue bonds	17,747,281	2,448,248	904,993	19,290,536	-
Compensated absences	28,513	26,010	29,516	25,007	2,500
Net pension liability	42,376	15,022	-	57,398	-
Capacity rights obligations	18,776,878	-	261,643	18,515,235	350,000
Contractual obligations	5,855,594	930,737	94,863	6,691,468	221,560
Total Utilities	121,802,817	7,773,370	6,943,598	122,632,589	2,124,060
<b>Total - Primary government</b>	<b>\$ 139,752,995</b>	<b>\$ 9,165,231</b>	<b>\$ 9,630,055</b>	<b>\$ 139,288,171</b>	<b>\$ 4,178,682</b>
<b>School Board Component Unit</b>					
Compensated absences	\$ 365,199	\$ 245,685	\$ 285,051	\$ 325,833	\$ 285,380
Capital lease	176,570	-	39,679	136,891	41,296
Net pension liability	22,604,084	1,336,829	-	23,940,913	-
Other postemployment benefits	1,045,992	177,533	111,863	1,111,662	117,072
<b>Total - School Board Component Unit</b>	<b>\$ 24,191,845</b>	<b>\$ 1,760,047</b>	<b>\$ 436,593</b>	<b>\$ 25,515,299</b>	<b>\$ 443,748</b>

Liability for Landfill Closure

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions subsequent to closure of the County's landfill site. The County closed its landfill and is liable for postclosure monitoring over a period of 30 years. The amount reported as landfill post closure liability at June 30, 2016 represents the estimated liability for postclosure monitoring (\$1,814,130) over a remaining period of seventeen years. This amount includes the County's liability of \$1,000,000 for corrective action. These amounts are based on what it would cost to perform all postclosure care in 2016. The total current cost of landfill postclosure care is an estimate subject to change due to inflation, deflation, technology, or changes in applicable laws or regulations.

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds (including Virginia Public School Authority bonds) have been issued for construction and renovation of School facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Revenue Bonds

The County also issues revenue bonds for which it pledges the income derived from the acquired or constructed assets to pay the debt service. Outstanding revenue bonds have been issued on behalf of the water and sewer system function.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

In prior years, the County defeased certain outstanding revenue bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. At June 30, 2016, the County had revenue bonds that were outstanding but considered defeased totaling \$7,485,456.

On April 25, 2016, the primary government issued \$3,605,000 of Series 2016A Virginia Resources Authority (VRA) Infrastructure and State Moral obligation Revenue Bonds (Series 2016A Bonds) with interest rates between 4.2% and 5.1% and annual maturities from October 2016 through October 2029. The Series 2016A Bonds were issued to refund \$1,585,000 of Series 2007 bonds and \$2,600,000 of Series 2006 bonds. The refunding net proceeds of \$4,353,353 (after issuance costs of \$54,231, additional proceeds of \$4,545, plus premium of \$748,353) were used to purchase full faith and credit U.S. Government securities which were deposited in an irrevocable escrow account to provide the resources to pay all principal and interest on the refunded bonds when due.

The 2006 refunding was a current refunding and, therefore, is completely defeased. The 2007 refunding was an advance refunding and will be completely defeased in November 2017. The reacquisition price exceeded the net carrying amount of the refunded bonds by \$109,576, and this amount is being amortized over the remaining life of the refunded bonds. The County completed the refunding described above to reduce its total debt service payments over the next 14 years by approximately \$774,871 and to obtain an economic gain (the difference between the present value of the debt service payments on the old and the new debt) of \$669,678.

A rate covenant exists with respect to the 2016A revenue bonds in the Utilities Fund. The County has pledged its future Utilities Fund Operating Income or Loss, prior to depreciation expense, and its Utilities Fund Nonoperating Revenues to secure the remaining debt service requirements of the 2016A Series bonds.

County General Obligation Bonds and Revenue Bonds

Outstanding general obligation bonds and revenue bonds as of June 30, 2016 are comprised of the following issues:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
<b>Governmental activities:</b>				
General obligation bonds:				
Schools:				
VPSA Series 1999	5.10%-5.23%	5/13/1999	\$ 19,350,000	\$ 5,465,000
VPSA Series 2006	4.48%-5.10%	5/11/2006	10,745,000	5,885,000
				\$ 11,350,000
<b>Business-type activities:</b>				
\$3,605,000 Virginia Resources Authority, issued April 25, 2016, maturing annually through October 1, 2029, interest payable at rates ranging from 4.15% to 5.13%.			\$	3,605,000
\$2,595,000 Virginia Resources Authority, issued June 7, 2007, partially defeased on April 25, 2016, maturing annually through October 1, 2017, interest payable at rates ranging from 4.36% to 4.50%.				240,000
\$62,747,167 Virginia Resources Authority, issued July 31, 2002, partially defeased on November 6, 2012, maturing annually through October 1, 2027, interest payable at rates ranging from 4.74% to 5.35%.				16,207,360
\$56,053,736 Virginia Resources Authority, issued November 6, 2012, maturing annually from October 1, 2028, through October 1, 2041, interest payable at rates ranging from 3.55% to 4.01%.				56,053,735
Total revenue bond obligations			\$	76,106,095



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Accreted interest on \$19,253,420 of capital appreciation bonds issued as part of the \$62,747,167 Virginia Resources Authority issue dated July 31, 2002, and remaining after the November 1, 2012, refunding and partial defeasance.	\$ 16,494,519
Accreted interest on \$19,303,736 of capital appreciation bonds issued as part of the \$56,053,736 Virginia Resources Authority issue dated November 6, 2012.	<u>2,796,017</u>
Total accreted interest	<u>\$ 19,290,536</u>
\$21,300,000 Wastewater treatment capacity rights purchased from the City of Richmond in June 2002. Payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced January 2007.	\$ 18,515,235
\$6,691,468 Contractual agreement with the City of Richmond related to the County's share of Nutrient Reduction Program infrastructure completed during fiscal year 2012, payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced during fiscal year 2013.	<u>6,691,468</u>
Total contractual obligations	<u>\$ 25,206,703</u>

The future principal and interest payments related to debt and contractual obligations are as follows:

Fiscal Year	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2017	\$ 1,795,000	\$ 522,627
2018	1,865,000	429,297
2019	1,935,000	331,523
2020	2,010,000	229,128
2021	535,000	163,309
2022-2026	2,675,000	443,716
2027	535,000	13,643
Totals	\$ 11,350,000	\$ 2,133,243

Fiscal Year	Business-type Activities			
	Water and Sewer Revenue Bonds		Capacity Rights Obligation	Contractual Agreement
	Principal	Interest	Principal	Principal
2017	\$ 1,447,127	\$ 2,747,614	\$ 350,000	\$ 221,560
2018	1,556,569	3,004,473	400,000	221,560
2019	1,653,689	3,281,672	500,000	221,560
2020	1,747,131	3,586,824	800,000	221,560
2021	1,663,020	3,673,138	800,000	221,560
2022-2026	8,208,819	21,366,095	4,340,000	1,107,800
2027-2031	15,457,608	18,262,636	4,940,000	1,107,800
2032-2036	12,264,613	20,714,387	6,385,235	1,500,000
2037-2041	25,597,519	7,489,081	-	1,500,000
2042	6,510,000	130,200	-	368,068
	\$ 76,106,095	\$ 84,256,120	\$ 18,515,235	\$ 6,691,468

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Contractual Agreement (EDA)

The County entered into a three-party agreement with the EDA and Capital One Bank (Capital One) in 2001. The County will pay a portion of the increase in real property taxes generated by a site owned by Capital One to the EDA, an aggregate amount of \$4,300,000. The carrying amount of the obligation represents the original contractual amount less payments made through June 30, 2016. \$ 2,044,607

During 2012, the County entered into a three party agreement with the EDA and a private developer. The EDA reimbursed the developer \$250,000 for its costs related to water infrastructure over which the County would assume ownership. In exchange, the County agreed to reimburse this amount to the EDA. Payments to the EDA began in fiscal year 2013 and will be in principal amounts no less than \$15,000 per year, with 3% annual interest payable beginning in fiscal year 2014. 150,000

As part of the above agreement, the County Utilities Fund will rebate \$6,000 of each residential sewer connection fee collected within the developed property to the EDA up to \$425,000, and the EDA will reimburse the developer for costs related to sewer infrastructure over which the County has assumed ownership as those fees are collected. 149,000

Total due to component unit \$ 2,343,607

<u>Primary Government</u>	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental activities	\$ 2,394,265	\$ -	\$ 199,658	\$ 2,194,607	\$ 170,000
Business-type activities	377,000	-	228,000	149,000	-
Due to component unit	<u>\$ 2,771,265</u>	<u>\$ -</u>	<u>\$ 427,658</u>	<u>\$ 2,343,607</u>	<u>\$ 170,000</u>

Capital Lease – Primary Government

The County has a lease agreement for financing the acquisition of a roll-off truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The capital assets acquired through capital leases, the future minimum lease payments, and the present value of the minimum lease payments are as follows:

<u>Asset Class</u>	Primary Government
Machinery and equipment	<u>\$ 151,580</u>
Total capital assets, at cost	151,580
Accumulated depreciation	<u>(8,842)</u>
Total capital assets, net	<u><u>\$ 142,738</u></u>
<u>Fiscal Year</u>	Minimum Lease Payments
2017	\$ 39,287
2018	<u>39,288</u>
Total minimum lease payments	78,575
Portion representing interest	<u>(2,807)</u>
Present value of minimum lease payments	<u><u>\$ 75,768</u></u>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Capital Lease – School Board

The School Board has a lease agreement for financing the acquisition of copiers and other computer equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The capital assets acquired through capital leases, the future minimum lease payments, and the present value of the minimum lease payments are as follows:

<u>Asset Class</u>	<u>Component Unit School Board</u>
Machinery and equipment	\$ 208,931
Total capital assets, at cost	208,931
Accumulated depreciation	(83,572)
Total capital assets, net	<u>\$ 125,359</u>

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>
2017	\$ 46,020
2018	46,020
2019	46,020
2020	7,927
Total minimum lease payments	145,987
Portion representing interest	(9,096)
Present value of minimum lease payments	<u>\$ 136,891</u>

**V. Other information**

**A. Risk management**

The County and School Board utilize commercially available insurance to mitigate various risks of loss. The County and School Board have not had reductions in insurance coverage from the prior year and there were no settlements which exceeded insurance coverage in the past three years.

The County and School Board have contracted with private carriers to administer employee health insurance. Accounting for these activities is made in the General and School Operating Funds. The health insurance plans are fully insured. The County and School Board have no liability for claims incurred but not reported.

The County and School Board are fully self-insured for unemployment claims. The VEC bills the entities for all unemployment claims. No liability has been recorded for estimated unreported claims as the amount of estimated unreported claims is not deemed significant based on historical trends.

The County and School Board contract with the Virginia Association of Counties Group Self Insurance Risk Pool and private insurance carriers to provide coverage for property damage, employee crime and dishonesty, and general liability. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion to the premium each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is \$2,000,000 for the County and \$5,000,000 for the School Board.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

The County and School Board also contract with the Virginia Association of Counties Group Self Insurance Risk Pool for its workers' compensation coverage. These insurance pools have similar provisions as the Virginia Association of Counties Group Self Insurance Risk Pool for assumptions of a loss deficit by the members.

**B. Fund balance classifications**

Specific purpose information for fund balance classifications is as follows:

	Primary Government			Total Governmental Funds	School Board Component Unit
	General	Capital	Other		
	Fund	Projects Fund	Governmental Funds		
<b>Nonspendable:</b>					
Prepaid items	\$ 120,781	\$ -	\$ 543	\$ 121,324	\$ 177,504
Inventories	9,854	-	-	9,854	27,938
Noncurrent notes receivable	2,500,084	-	-	2,500,084	-
<b>Restricted for:</b>					
Forfeiture funds	-	-	49,322	49,322	-
Stewardship funds	15,360	-	-	15,360	-
Courthouse maintenance	73,890	-	-	73,890	-
<b>Assigned to:</b>					
Office of Children's Services	-	-	58,087	58,087	-
Capital improvements	3,060,000	8,252,623	-	11,312,623	-
Education	336,100	-	-	336,100	286,375
Community development	50,000	-	-	50,000	-
Revenue stabilization	560,000	-	-	560,000	-
Reserve for future School debt	150,000	-	-	150,000	-
Sheriff vehicle replacement	70,000	-	-	70,000	-
Schools retiree healthcare liability	120,000	-	-	120,000	-
County retiree healthcare liability	210,000	-	-	210,000	-
Citizen survey	35,000	-	-	35,000	-
Fiscal year 2017 budget supplement	2,230,000	-	-	2,230,000	-
Park development	168,000	-	-	168,000	-
Broadband plan	50,000	-	-	50,000	-
Economic development and planning	500,000	-	-	500,000	-
New animal shelter	1,500,000	-	-	1,500,000	-
Fire and rescue	1,015,000	-	-	1,015,000	-
Upgrade to board meeting room	75,000	-	-	75,000	-
Utilities maintenance projects	800,000	-	-	800,000	-
Utilities future debt service	800,000	-	-	800,000	-
Courthouse security	170,000	-	-	170,000	-
Public safety	16,658	-	-	16,658	-
Social Services	346,000	-	-	346,000	-
<b>Unassigned Fund Balance</b>	<b>19,404,095</b>	<b>-</b>	<b>-</b>	<b>19,404,095</b>	<b>-</b>
Total fund balances	<b>\$ 34,385,822</b>	<b>\$ 8,252,623</b>	<b>\$ 107,952</b>	<b>\$ 42,746,397</b>	<b>\$ 491,817</b>

**C. Commitments and contingent liabilities**

Other commitments

At June 30, 2016, the primary government had commitments for capital projects totaling \$17,739,732 as follows:

	County	Utilities Fund	Total
	Capital Projects		Primary
	Fund		Government
Total capital commitments	\$ 16,089,499	\$ 1,650,233	\$ 17,739,732

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Encumbrances

Encumbrance accounting, under which purchase orders for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in governmental funds. In accordance with the County’s adopted Budget Policy, encumbered funds are reappropriated annually by the Board of Supervisors in the succeeding year’s budget resolution. Encumbrances represent the estimated amount of expenditures that will ultimately result if open purchase orders are paid. Encumbrances outstanding at the end of the fiscal year are disclosed below, in accordance with GAAP. However, encumbered amounts are already included within the restricted, committed or assigned fund balances, as appropriate, and are not in addition thereto.

	General Fund	County Improvements Fund	Public Utilities Fund	Total Primary Government	School Board Component Unit
Encumbrances outstanding at fiscal year end	\$ 16,658	\$ 6,673,467	\$ 371,161	\$ 7,061,286	\$ 302,188

Federal and State-Assisted Programs

Federal programs in which the County and the discretely presented School Board component unit participate are audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Pursuant to the provisions of the Uniform Guidance, all major programs, and certain other programs, were tested for compliance with applicable grant requirements. While matters of noncompliance may be disclosed by the audit, the grantors may also subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, future disallowance of current grant program expenditures, if any, would likely be immaterial.

**D. Jointly governed organizations**

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The following entities are jointly governed organizations and are excluded from the accompanying basic financial statements:

o **Pamunkey Regional Library**

The Counties of King William, King and Queen, Hanover, and Goochland provide the financial support for the Library and appoint its governing board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints two (2) of the seven (7) members of the Board of Trustees. The County of Hanover provides over 50% of the Library's funding. The County has no equity interest in the Library and made operating contributions of \$403,100 to the Library in fiscal year 2016. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

o **Central Virginia Waste Authority**

The Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Municipalities of Colonial Heights, Hopewell, Petersburg, Richmond and the Town of Ashland provide financial support for the Authority and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County has no equity interest in the Authority. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

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Notes to Financial Statements

o **Goochland-Powhatan Community Services (Board)**

The Counties of Goochland and Powhatan provide the financial support for the Board and appoint its governing board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. The County, which has no equity interest in the Board, made operating contributions of \$258,730 to the Board in fiscal year 2016. Complete financial statements can be obtained from the Goochland-Powhatan Community Services.

**E. Pension plan – Virginia Retirement System**

Plan Description – County, School Board Professional and Non-Professional Plans

Plan	Virginia Retirement System (VRS)
Identification of plan	Agent and Cost Sharing Multiple-Employer Pension Plans
Administering entity	Virginia Retirement System (System)

All full-time, salaried permanent employees of the County of Goochland and the Goochland County School Board are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are 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 duty 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:

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

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Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Eligible Members</b></p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b></p> <p>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>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b></p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b></p> <p>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>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>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> <p><b>Eligible Members</b></p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>• Political subdivision employees*</li><li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li><li>• School division employees (teachers)</li></ul> <p><b>*Non-Eligible Members</b></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li></ul> <p>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>

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Notes to Financial Statements

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> <p><b>Creditable Service</b></p> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p> <p><b>Creditable Service</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>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> <p><b>Creditable Service</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>



COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Vesting</b></p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contributions Component:</u></b></p> <p>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> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

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

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

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

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p><u>School Division (Teachers) and Political Subdivision Employees:</u></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), to a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b></p> <p>Same as Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p><u>School Division (Teachers) and Political Subdivision Employees:</u></p> <p>Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component:</u></b></p> <p>Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p> <p><b><u>Eligibility:</u></b></p> <p>Same as Plan 1 and Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <p><u>School Division (Teachers) and Political Subdivision Employees:</u></p> <p>Same as Plan 1 and Plan 2.</p>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
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- 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.

Political Subdivision Employees:

- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).

**Disability Coverage**

Political Subdivision Employees:

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.

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

**Disability Coverage**

Political Subdivision Employees:

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.

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

**Disability Coverage**

Employees of political subdivisions and school divisions (teachers), 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.

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.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</b>
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	<p><b><u>Defined Benefit Component:</u></b></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b></p> <p>Not applicable.</p>

**County Plan (Agent Plan)**

***Employees Covered by Benefit Terms***

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

County:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>71</u>
Inactive members:	
Vested inactive members	22
Non-vested inactive members	46
Active elsewhere in VRS	<u>65</u>
Total inactive members	<u>133</u>
Active members	<u>176</u>
Total covered employees	<u><u>380</u></u>

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**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 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the political subdivision were \$991,194 and \$939,774 for the years ended June 30, 2016 and 2015, respectively.

**Net Pension Liability**

The County's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

**Actuarial Assumptions – General Employees**

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

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

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

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were 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 GOOCHLAND, VIRGINIA  
Notes to Financial Statements

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

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

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

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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



COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

***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%
<b>Total</b>	<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%.

***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's 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, 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.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

***Changes in Net Pension Liability***

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balances at June 30, 2014	\$ 26,546,050	\$ 25,400,742	\$ 1,145,308
Changes for the year:			
Service cost	1,130,059	-	1,130,059
Interest	1,815,347	-	1,815,347
Difference between expected and actual experience	17,229	-	17,229
Contributions - employer	-	939,774	(939,774)
Contributions - employee	-	460,160	(460,160)
Net investment income	-	1,172,620	(1,172,620)
Benefit payments, including refunds of employer contributions	(1,225,029)	(1,225,029)	-
Administrative expense	-	(15,681)	15,681
Other changes	-	(249)	249
Net changes	1,737,606	1,331,595	406,011
Balances at June 30, 2015	\$ 28,283,656	\$ 26,732,337	\$ 1,551,319

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

The following presents the net pension liability of the County using the discount rate of 7.00%, as well as what the County's 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability (Asset)	\$ 5,376,296	\$ 1,551,319	\$ (1,610,959)

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

For the year ended June 30, 2016, the County recognized pension expense of \$463,942. The County also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,943	\$ -
Net difference between projected and actual earnings on plan investments	-	660,937
Employer contributions subsequent to the measurement date	991,194	-
	\$ 1,004,137	\$ 660,937

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

The \$991,194 reported as deferred outflows of resources related to pensions resulting from the County's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2017.

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

Year Ending June 30:	Amount
2017	\$ (256,759)
2018	(256,759)
2019	(256,761)
2020	122,285
	\$ (647,994)

**School Board Professional Plan (Cost-Sharing Plan)**

***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 school divisions 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 5.00% 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 School Board Professional's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%; however it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board for the professional plan were \$2,016,617 and \$2,033,788 for the years ended June 30, 2016 and 2015, respectively.

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

At June 30, 2016, the School Board reported a liability of \$23,744,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the School Board's proportion was 0.18865% as compared to 0.18686% at June 30, 2015.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

For the year ended June 30, 2016, the School Board recognized pension expense related to the professional plan of \$2,039,788. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 327,000
Net difference between projected and actual earnings on plan investments	-	1,454,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,094,000	-
Employer contributions subsequent to the measurement date	2,016,617	-
	\$ 3,110,617	\$ 1,781,000

The \$2,016,617 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2017	\$ (351,000)
2018	(351,000)
2019	(351,000)
2020	378,000
2021	(12,000)
	\$ (687,000)

***Actuarial Assumptions***

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Mortality rates:

Pre-Retirement:

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

Post-Disablement:

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

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

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

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

The following presents the School Board professional plan’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the School Board professional plan’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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board professional net pension liability	\$ 34,747,000	\$ 23,744,000	\$ 14,686,000

***Pension Plan Fiduciary Net Position***

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

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

**School Board Non-Professional Plan (Agent Plan)**

***Employees Covered by Benefit Terms***

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

	Number
Inactive members or their beneficiaries currently receiving benefits	19
Inactive members:	
Vested inactive members	4
Non-vested inactive members	13
Active elsewhere in VRS	14
Total inactive members	31
Active members	23
Total covered employees	73

***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 5.00% 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 School Board non-professional’s contractually required contribution rate for the year ended June 30, 2016 was 9.23% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the School Board for the non-professional plan were \$72,091 and \$68,960 for the years ended June 30, 2016 and 2015, respectively.

***Net Pension Liability***

The School Board’s non-professional net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

***Actuarial Assumptions – General Employees – School Board Non-Professional Plan***

The total pension liability for General Employees in the School Board non-professional retirement plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

- 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 GOOCHLAND, VIRGINIA  
Notes to Financial Statements

***Changes in Net Pension Liability***

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balances at June 30, 2014	\$ 3,565,563	\$ 3,542,479	\$ 23,084
Changes for the year:			
Service cost	87,520	-	87,520
Interest	245,059	-	245,059
Difference between expected and actual experience	107,899	-	107,899
Contributions - employer	-	68,960	(68,960)
Contributions - employee	-	37,319	(37,319)
Net investment income	-	162,620	(162,620)
Benefit payments, including refunds of employer contributions	(129,446)	(129,446)	-
Administrative expense	-	(2,217)	2,217
Other changes	-	(33)	33
Net changes	311,032	137,203	173,829
Balances at June 30, 2015	\$ 3,876,595	\$ 3,679,682	\$ 196,913

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

The following presents the net pension liability of the School Board non-professional plan using the discount rate of 7.00%, as well as what the political subdivision's 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability (Asset)	\$ 669,380	\$ 196,913	\$ (201,884)

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

For the year ended June 30, 2016, the School Board recognized pension expense related to its non-professional plan of \$63,020. The School Board also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,630	\$ -
Net difference between projected and actual earnings on plan investments	-	93,377
Employer contributions subsequent to the measurement date	72,091	-
	\$ 130,721	\$ 93,377



COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

The \$72,091 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30:	Amount
2017	\$ 12,512
2018	(27,396)
2019	(36,755)
2020	16,892
	\$ (34,747)

**F. Other Postemployment Benefits – County and School Board Sponsored**

Plan Description – Primary Government

The County provides continuous medical insurance coverage for full-time employees who retired directly from the County prior to July 1, 2011, have 15 years of VRS creditable service, and are eligible to receive an early or regular retirement benefit from the County. Full-time employees who retire directly from the County on or after July 1, 2011, may retire under VRS with an unreduced pension benefit and access to the County's continuous medical insurance coverage if they have: 1) reached age 50 with at least 30 years of VRS service credit and at least 10 years of consecutive service with the County or 2) reached age 65 with at least five years of consecutive service with the County. Full-time employees who retire directly from the County on or after July 1, 2011, may also retire early under VRS with a reduced pension benefit and access to the County's continuous medical insurance coverage only if they have 1) reached age 50 with at least 10 years of consecutive service with the County or 2) reached age 55 with at least five years of consecutive service with the County. County public safety employees under LEOS/SPORS may also retire under VRS with an unreduced pension benefit under the following requirements: 1) age 50 with at least 25 years of VRS service credit and at least 10 years of consecutive service with the County, or 2) age 65 with at least five years of consecutive service with the County. Employees hired on or after July 1, 2011, do not have access to retiree group health coverage with the County.

Retirees receive a stipend from the County for their healthcare premiums based on years of service in excess of 15 years. Retirees are responsible for their healthcare premiums, less any stipends. Dental insurance also continues after retirement at the retiree rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the County's contribution. Twenty-one retirees, nine covered spouses, and 114 active members participated in the plan as of June 30, 2014, the effective date of the biennial OPEB valuation. There have been no significant changes in the number covered or the type of coverage since that date.

Plan Description - Component Unit School Board

The School Board provides continuous medical insurance coverage for full-time employees who retire directly from the School Board and are eligible to receive an early or regular retirement benefit from the School Board. The School Board does not provide stipends for retirees toward healthcare premiums (except indirectly through the VRS Retiree Health Insurance Credit Program as described in Note V. - G.). Retirees are responsible for their healthcare premiums. Dental insurance also continues after retirement at the active employee rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan after the death of the member paying the same rate as the retiree up until they reach age 65. Twenty-six retirees, five covered spouses, and 335 active employees participated in the plan as of June 30, 2014, the effective date of the biennial OPEB valuation. There have been no other significant changes in the number covered or the type of coverage since that date.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

Funding

The County and School Board currently pay for postemployment healthcare benefits on a pay-as-you-go basis. Although both entities are studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The County's and School Board's other postemployment benefit (OPEB) costs (expenses) are calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GAAP. 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 for funding purposes over a period not to exceed thirty years. For fiscal years 2016, 2015, and 2014, the County's annual required contribution (\$149,146, \$144,281, and \$173,022, respectively) approximated its cost and the School Board's annual required contribution (\$179,601, \$172,493, and \$225,477, respectively) approximated its cost. The following table shows the components of County's and School Board's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's and School Board's net OPEB obligation to the Plan:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 149,146	\$ 179,601
Interest on the Net OPEB Obligation (NOO)	26,015	36,610
Adjustment to ARC	(27,485)	(38,678)
Annual OPEB cost (AOC)	147,676	177,533
Contribution for fiscal year ended June 30, 2016	(66,903)	(111,863)
Increase in net OPEB obligation	80,773	65,670
Net OPEB obligation - beginning	743,299	1,045,992
Net OPEB obligation - ending	\$ 824,072	\$ 1,111,662
Percentage of AOC contributed	45.30%	63.01%
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability	1,915,023	2,076,081
Unfunded actuarial liability (UAAL)	\$ 1,915,023	\$ 2,076,081
Funded ratio	n/a	n/a
Annual covered payroll	\$ 9,534,294	\$ 17,597,093
UAAL as a percentage of covered payroll valuation as of June 30, 2014	20.09%	11.80%

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 benefit costs between the employer and plan members to that point. Premiums are based on a blend of the insurer's pooled rate and the entity's medical/surgical claims experience. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis. 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 revision as actual results are compared with past expectations and new estimates are made about the future. 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

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014, actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 3.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money mark funds), was considered in the selection of the 3.5% rate. The valuation assumes an inflation rate of 2.5% and a 5.2% healthcare cost trend increase for fiscal year 2016.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actual accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**G. Other Postemployment Benefits – Health Insurance Credit Program – Schools**

The School Board's professional employees participate in the VRS Retiree Health Insurance Credit Program which is an agent, multiple-employer plan. It provides eligible retirees a tax-free reimbursement for health insurance premiums for single coverage under qualifying health plans, including coverage under a spouse's plan, not to exceed the amount of the monthly premium or the maximum credit, whichever is less. Premiums for health plans covering specific conditions are ineligible for reimbursement. Employers of teachers and other School Board professional employees are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute to the program. The amount is financed based on employer contribution rates determined by the System's actuary. Goochland County School Board contributed 1.06% of eligible covered payroll in fiscal year 2016 to this program for a total of \$152,038.

**H. Pending GASB Statements**

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, Tax Abatement Disclosures, requires a state or local government to disclose information about tax abatement. Statement No. 77 will be effective for fiscal years beginning after December 15, 2016.

GASB Statement No. 78, Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans, this Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Statement No. 78 will be effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, will improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, the Financial Reporting Entity. Statement No. 80 will be effective for reporting periods beginning after June 15, 2016.

COUNTY OF GOOCHLAND, VIRGINIA  
Notes to Financial Statements

GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73, the objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, Statement No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Management has not determined the effects these new Statements may have on prospective financial statements.

**I. Subsequent Events**

On September 29, 2016, the County entered into a master equipment lease/purchase agreement with Banc of America Public Capital Corporation for \$9,882,000 in order to finance the construction and acquisition of a new Public Safety radio communication system. The agreement matures in 2031 and carries an interest rate of 1.88% with semi-annual interest and principal payments.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in the County Net Pension Liability and Related Ratios - Virginia Retirement System**

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability		
Service Cost	\$ 1,009,510	\$ 1,130,059
Interest	1,697,680	1,815,347
Difference between expected and actual experience	-	17,229
Benefit Payments, including refunds of employee contributions	(827,416)	(1,225,029)
<b>Net change in total pension liability</b>	<b>1,879,774</b>	<b>1,737,606</b>
Total pension liability, beginning	24,666,276	26,546,050
Total pension liability, ending (a)	<u>\$ 26,546,050</u>	<u>\$ 28,283,656</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,098,298	\$ 939,774
Contributions - employee	438,821	460,160
Net investment income	3,429,951	1,172,620
Benefit Payments, including refunds of employee contributions	(827,416)	(1,225,029)
Administrative expense	(17,703)	(15,681)
Other	181	(249)
<b>Net change in plan fiduciary net position</b>	<b>4,122,132</b>	<b>1,331,595</b>
Plan fiduciary net position - beginning	21,278,610	25,400,742
Plan fiduciary net position - ending (b)	<u>\$ 25,400,742</u>	<u>\$ 26,732,337</u>
Net pension liability - ending (a)-(b)	<u>\$ 1,145,308</u>	<u>\$ 1,551,319</u>
Plan fiduciary net position as a percentage of the total pension liability	95.69%	94.52%
Covered-employee payroll	\$ 9,358,990	\$ 9,186,452
Net pension liability as a percentage of covered-employee payroll	12.24%	16.89%

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **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 ended June 30, 2012:

<p>LEOS:</p> <ul style="list-style-type: none"> <li>a. Update mortality table</li> <li>b. Adjustments to rates of service retirement for females</li> <li>c. Increase in rates of withdrawal</li> <li>d. Decrease in male and female rates of disability</li> </ul>	<p>NON-LEOS:</p> <ul style="list-style-type: none"> <li>a. Update mortality table</li> <li>b. Decrease in rates of service retirement</li> <li>c. Decrease in rates of disability retirement</li> <li>d. Reduce rates of salary increases by 0.25% per year</li> </ul>
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- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**Schedule of Changes in the School Board Non-Professional Net Pension Liability and Related Ratios - Virginia Retirement System**

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability		
Service Cost	\$ 85,613	\$ 87,520
Interest	231,123	245,059
Difference between expected and actual experience	-	107,899
Benefit Payments, including refunds of employee contributions	(105,866)	(129,446)
<b>Net change in total pension liability</b>	210,870	311,032
Total pension liability, beginning	3,354,693	3,565,563
Total pension liability, ending (a)	<u>\$ 3,565,563</u>	<u>\$ 3,876,595</u>
Plan fiduciary net position		
Contributions - employer	\$ 78,372	\$ 68,960
Contributions - employee	51,366	37,319
Net investment income	481,752	162,620
Benefit Payments, including refunds of employee contributions	(105,866)	(129,446)
Administrative expense	(2,549)	(2,217)
Other	25	(33)
<b>Net change in plan fiduciary net position</b>	503,100	137,203
Plan fiduciary net position - beginning	3,039,379	3,542,479
Plan fiduciary net position - ending (b)	<u>\$ 3,542,479</u>	<u>\$ 3,679,682</u>
Net pension liability - ending (a)-(b)	<u>\$ 23,084</u>	<u>\$ 196,913</u>
Plan fiduciary net position as a percentage of the total pension liability	99.35%	94.92%
Covered-employee payroll	\$ 769,108	\$ 747,939
Net pension liability as a percentage of covered-employee payroll	3.00%	26.33%

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **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 ended June 30, 2012:  
 NON-LEOS:
  - a. Update mortality table
  - b. Decrease in rates of service retirement
  - c. Decrease in rates of disability retirement
  - d. Reduce rates of salary increases by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.



**Schedule of Employer's Share of Net Pension Liability - VRS Teacher Retirement Plan  
(Cost-Sharing)**

	Fiscal Year June 30,	
	2014	2015
Employer's Proportion of the Net Pension Liability	0.18686%	0.18865%
Employer's Proportionate Share of the Net Pension Liability	\$ 22,581,000	\$ 23,744,000
Employer's Covered-Employee Payroll	13,664,786	14,026,131
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165.25%	169.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation included Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
  
- (2) **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 ended June 30, 2012:
  - a. Update mortality table
  - b. Adjustments to rates of service retirement
  - c. Decrease in rate of withdrawals for 3 through 9 years of service
  - d. Decrease in rates of disability
  - e. Reduce rates of salary increase by 0.25% per year
  
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

*County of Goochland, Virginia*  
*Schedule of County Contributions - Virginia Retirement System*

*Exhibit 15*

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 1,098,298	\$ 939,774
Contributions in relation to the CRC	1,098,298	939,774
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 9,358,990	\$ 9,186,452
Contributions as a percentage of covered-employee payroll	11.74%	10.23%

**Notes to Schedule:**

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Schedule of School Board Non-Professional Contributions - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 78,372	\$ 68,960
Contributions in relation to the CRC	78,372	68,960
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 769,108	\$ 747,939
Contributions as a percentage of covered-employee payroll	10.19%	9.23%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
 

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

Schedule of School Board Professional Contributions - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 1,593,375	\$ 2,033,788
Contributions in relation to the CRC	1,593,375	2,033,788
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 13,664,786	\$ 14,026,131
Contributions as a percentage of covered-employee payroll	11.66%	14.50%

**Notes to Schedule:**

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
 

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

Schedule of Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>PRIMARY GOVERNMENT</b>						
<i>County Other Postemployment Benefits</i>						
6/30/2015	\$ -	\$ 1,915,023	\$ 1,915,023	- %	\$ 9,534,294	20.09%
6/30/2014	-	1,859,045	1,859,045	- %	8,888,818	20.91%
6/30/2013	-	2,034,629	2,034,629	- %	7,215,948	28.20%
<b>DISCRETELY PRESENTED COMPONENT UNIT</b>						
<i>School Board Other Postemployment Benefits</i>						
6/30/2015	\$ -	\$ 2,076,081	\$ 2,076,081	- %	\$ 17,597,093	11.80%
6/30/2014	-	1,983,056	1,983,056	- %	16,931,113	11.71%
6/30/2013	-	2,481,525	2,481,525	- %	14,687,983	16.89%

Schedule of Employer Contributions - Other Postemployment Benefits

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<b>PRIMARY GOVERNMENT</b>		
Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2016	\$ 149,146	44.86%
2015	144,281	57.65%
2014	173,022	51.75%

<b>DISCRETELY PRESENTED COMPONENT UNIT</b>		
Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2016	\$ 179,601	62.28%
2015	172,493	43.04%
2014	225,477	52.60%

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## **SUPPLEMENTARY INFORMATION**



## **GENERAL FUND**

County of Goochland, Virginia  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Year Ended June 30, 2016

Exhibit 20  
 Page 83

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 23,240,000	\$ 23,291,000	\$ 23,966,379	\$ 675,379
TCSO property tax revenue share	(975,000)	(975,000)	(1,248,633)	(273,633)
Real and personal PSC property tax	630,000	633,000	687,286	54,286
Personal property tax	8,312,061	8,318,208	9,957,884	1,639,676
Penalties	275,000	275,000	310,237	35,237
Interest	180,000	180,000	351,187	171,187
Total general property taxes	31,662,061	31,722,208	34,024,340	2,302,132
Other local taxes:				
Local sales and use tax	2,375,000	2,375,000	2,686,905	311,905
Consumer utility tax	415,000	415,000	453,843	38,843
Consumption tax	95,000	95,000	92,912	(2,088)
Business license tax	666,000	666,000	766,558	100,558
Motor vehicle licenses	635,000	642,500	879,915	237,415
Bank stock tax	100,000	1,240,000	1,241,481	1,481
Tax on recordation and wills	397,000	399,000	507,002	108,002
Total other local taxes	4,683,000	5,832,500	6,628,616	796,116
Permits, privilege fees, and regulatory licenses:				
Animal licenses	25,000	25,000	26,547	1,547
Land use application fees	2,200	2,200	3,125	925
Transfer fees	700	700	859	159
Zoning and subdivision permits	40,000	40,000	71,051	31,051
Building permits	350,000	675,000	1,124,123	449,123
Other permits and licenses	47,500	47,500	97,985	50,485
Total permits, privilege fees, and regulatory licenses	465,400	790,400	1,323,690	533,290
Fines and forfeitures:				
Court fines and forfeitures	115,000	122,500	123,069	569
Revenue from use of money and property:				
Revenue from use of money	25,000	25,000	118,854	93,854
Revenue from use of property	5,000	5,000	14,844	9,844
Total revenue from use of money and property	30,000	30,000	133,698	103,698
Charges for services:				
Sheriff fees	3,500	3,500	4,050	550
Commonwealth's Attorney	1,500	1,500	2,312	812
Courthouse security	60,000	60,000	58,761	(1,239)
Other court services	15,000	15,000	21,986	6,986
Sanitation and waste removal	35,000	35,000	36,532	1,532
Parks, recreation, and facilities management	125,000	152,500	195,078	42,578
Community development	24,500	24,500	23,465	(1,035)
Fire and rescue	625,000	625,000	600,237	(24,763)
Total charges for services	889,500	917,000	942,421	25,421
Miscellaneous:				
Miscellaneous revenues	5,000	18,804	60,266	41,462

County of Goochland, Virginia  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Year Ended June 30, 2016

Exhibit 20  
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	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Recovered costs:				
Public assistance refunds	\$ -	\$ -	\$ 9,739	\$ 9,739
Other recovered costs	74,600	116,600	146,611	30,011
Total recovered costs	74,600	116,600	156,350	39,750
Total revenues from local sources	37,924,561	39,550,012	43,392,450	3,842,438
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	850,000	850,000	827,435	(22,565)
Rolling stock tax	85,000	85,000	69,344	(15,656)
Mobile home titling tax	7,000	7,000	7,073	73
State recordation tax	105,000	105,000	133,255	28,255
Auto rental tax	5,000	5,000	22,806	17,806
Personal property tax relief funds	2,853,011	2,853,011	2,853,012	1
Total noncategorical aid	3,905,011	3,905,011	3,912,925	7,914
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	257,000	257,000	269,816	12,816
Sheriff	870,000	870,000	899,660	29,660
Commissioner of Revenue	85,000	85,000	88,497	3,497
Treasurer	94,000	94,000	97,109	3,109
Registrar/electoral board	35,000	35,000	55,540	20,540
Clerk of the Circuit Court	237,000	237,000	244,271	7,271
Total shared expenses	1,578,000	1,578,000	1,654,893	76,893
Other categorical aid:				
Public assistance and welfare administration	576,237	576,237	394,177	(182,060)
Fire programs fund	65,223	68,830	68,830	-
DMV agent compensation	35,000	41,000	105,608	64,608
Wireless E911	41,000	41,000	44,203	3,203
Four 4 life funds	24,486	23,529	25,886	2,357
Fire training grants	-	70,269	70,269	-
Victim-witness grant	29,679	34,264	8,665	(25,599)
Litter control	7,500	7,500	7,134	(366)
Economic development	-	750,000	750,000	-
Other categorical aid	-	23,205	25,254	2,049
Total other categorical aid	779,125	1,635,834	1,500,026	(135,808)
Total categorical aid	2,357,125	3,213,834	3,154,919	(58,915)
Total revenue from the Commonwealth	6,262,136	7,118,845	7,067,844	(51,001)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	886,198	886,198	1,093,228	207,030
Emergency management performance grant	16,904	16,904	16,904	-
Highway safety grant	-	41,262	28,438	(12,824)
Other federal funds	-	-	25,996	25,996
Total categorical aid	903,102	944,364	1,164,566	220,202
Total revenue from the federal government	903,102	944,364	1,164,566	220,202
Total revenues	45,089,799	47,613,221	51,624,860	4,011,639

County of Goochland, Virginia  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Year Ended June 30, 2016

Exhibit 20  
 Page 85

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
General government administration:				
Legislative:				
Board of Supervisors	\$ 159,457	\$ 209,457	\$ 174,913	\$ 34,544
General and financial administration:				
County Administrator	388,536	388,536	359,588	28,948
County Attorney	379,442	387,442	384,278	3,164
Human resources	132,787	132,787	114,727	18,060
Commissioner of the Revenue	346,391	354,391	342,153	12,238
Assessor	413,035	428,785	407,642	21,143
Other general and financial administration	459,018	422,018	229,035	192,983
Treasurer	446,010	459,010	451,788	7,222
Information systems	995,832	1,037,615	945,513	92,102
Finance	480,591	480,591	459,168	21,423
Purchasing	105,134	105,134	99,460	5,674
Total general and financial administration	4,146,776	4,196,309	3,793,352	402,957
Board of Elections:				
Registrar	255,510	256,510	208,511	47,999
Total general government administration	4,561,743	4,662,276	4,176,776	485,500
Judicial administration:				
Courts:				
Circuit court	33,900	94,800	35,717	59,083
General District Court	15,000	17,000	16,019	981
Magistrates	-	-	1,279	(1,279)
Sheriff - court services	523,028	527,028	514,739	12,289
Clerk of the Circuit Court	557,986	585,191	569,769	15,422
Total courts	1,129,914	1,224,019	1,137,523	86,496
Commonwealth's attorney:	472,419	479,004	468,728	10,276
Total judicial administration	1,602,333	1,703,023	1,606,251	96,772
Public safety:				
Law enforcement and traffic control:				
Sheriff	3,250,712	3,439,712	3,264,141	175,571
Sheriff's grants	-	43,981	33,340	10,641
Total law enforcement and traffic control	3,250,712	3,483,693	3,297,481	186,212
Fire and rescue services:				
Fire and rescue	2,525,187	2,558,862	2,362,801	196,061
Emergency planning	123,517	223,582	216,762	6,820
Fire and rescue revenue recovery	625,000	661,639	478,838	182,801
Total fire and rescue services	3,273,704	3,444,083	3,058,401	385,682
Correction and detention:				
Confinement and care of prisoners	466,245	386,245	336,752	49,493
Inspections:				
Building inspections	531,425	537,925	524,429	13,496

County of Goochland, Virginia  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Exhibit 20  
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Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other protection:				
Animal control	\$ 365,013	\$ 370,013	\$ 358,972	\$ 11,041
Emergency dispatch services	263,000	263,000	272,579	(9,579)
E911 System	701,637	715,637	616,360	99,277
Total other protection	1,329,650	1,348,650	1,247,911	100,739
Total public safety	8,851,736	9,200,596	8,464,974	735,622
Public Works:				
Sanitation and waste removal:				
Refuse disposal	811,032	811,032	843,705	(32,673)
Total public works	811,032	811,032	843,705	(32,673)
Health and welfare:				
Health:				
Supplement of local health department	236,660	242,807	242,807	-
Mental health and mental retardation:				
Chapter X Board	261,980	261,980	259,934	2,046
Welfare:				
Public assistance and welfare administration	2,090,548	2,090,548	2,037,568	52,980
Tax relief for the elderly and disabled	435,000	435,000	423,899	11,101
Goochland Free Clinic and Family Services	164,000	164,000	153,554	10,446
Contributions	131,693	182,693	179,848	2,845
Other welfare contributions	-	-	120	(120)
Total welfare	2,821,241	2,872,241	2,794,989	77,252
Total health and welfare	3,319,881	3,377,028	3,297,730	79,298
Parks, recreation, and facilities management:				
Parks, recreation, and facilities management	1,738,922	1,860,226	1,797,552	62,674
Contribution to regional library	403,100	408,100	403,484	4,616
Total parks, recreation, and facilities management	2,142,022	2,268,326	2,201,036	67,290
Community development:				
Planning and community development:				
Planning and zoning	516,183	581,058	476,606	104,452
Community development	228,099	228,099	224,364	3,735
Plan review and code enforcement	255,486	285,486	279,661	5,825
Other planning and community development	-	-	6	(6)
Extension office	54,909	54,909	46,117	8,792
Economic development	395,449	395,449	346,698	48,751
Appropriation to Economic Development Authority	-	750,000	750,000	-
Total community development	1,450,126	2,295,001	2,123,452	171,549
Education:				
Appropriation to the County School Board	20,260,000	20,270,000	19,933,900	336,100
Total education	20,260,000	20,270,000	19,933,900	336,100

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt service:				
Principal retirement	\$ 1,740,000	\$ 1,740,000	\$ 1,815,812	\$ (75,812)
Interest and other fiscal charges	1,403,664	1,323,664	599,976	723,688
Total debt service	3,143,664	3,063,664	2,415,788	647,876
Total expenditures	46,142,537	47,650,946	45,063,612	2,587,334
Excess (deficiency) of revenues over (under) expenditures	(1,052,738)	(37,725)	6,561,248	6,598,973
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	-	-	151,580	151,580
Transfer to Capital Projects Fund	(750,000)	(5,185,887)	(5,060,887)	(125,000)
Transfer to Office of Children's Services Fund	(704,664)	(779,664)	(779,664)	-
Transfer to Utilities Fund	(250,000)	(250,000)	(250,000)	-
Total other financing uses, net	(1,704,664)	(6,215,551)	(5,938,971)	26,580
Net change in fund balance	(2,757,402)	(6,253,276)	622,277	(6,875,553)
Fund balance - beginning	-	33,763,545	33,763,545	-
Fund balance - ending	\$ (2,757,402)	\$ 27,510,269	\$ 34,385,822	\$ (6,875,553)

## **CAPITAL PROJECTS FUND**

**Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 1,250,000	\$ 1,250,000	\$ 727,873	\$ (522,127)
Commonwealth	229,113	264,426	118,814	(145,612)
Total revenues	<u>1,479,113</u>	<u>1,514,426</u>	<u>846,687</u>	<u>(667,739)</u>
<b>EXPENDITURES</b>				
General government administration	705,000	1,704,757	484,175	1,220,582
Public safety	2,960,000	17,015,110	5,177,659	11,837,451
Education	1,500,000	2,625,548	449,146	2,176,402
Parks, recreation, and facilities management	275,000	585,188	276,380	308,808
Community development	100,000	617,309	48,274	569,035
Total expenditures	<u>5,540,000</u>	<u>22,547,912</u>	<u>6,435,634</u>	<u>16,112,278</u>
Deficiency of revenues under expenditures	<u>(4,060,887)</u>	<u>(21,033,486)</u>	<u>(5,588,947)</u>	<u>15,444,539</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,310,887	5,060,887	5,060,887	-
Issuance of general obligation bonds	2,750,000	8,800,000	-	(8,800,000)
Total other financing sources	<u>4,060,887</u>	<u>13,860,887</u>	<u>5,060,887</u>	<u>(8,800,000)</u>
Net change in fund balance	-	(7,172,599)	(528,060)	6,644,539
Fund balance - beginning	-	8,780,683	8,780,683	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,608,084</u>	<u>\$ 8,252,623</u>	<u>\$ 6,644,539</u>



**OTHER NONMAJOR GOVERNMENTAL FUNDS**

Other Nonmajor Governmental Funds

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 6	\$ 6
Charges for services	41,033	41,033	25,725	(15,308)
Intergovernmental revenues:				
Commonwealth	430,543	630,543	575,670	(54,873)
Federal	-	88,498	4,746	(83,752)
Total revenues	<u>471,576</u>	<u>760,074</u>	<u>606,147</u>	<u>(153,927)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	88,498	41,494	47,004
Health and welfare	1,176,240	1,536,240	1,470,445	65,795
Total expenditures	<u>1,176,240</u>	<u>1,624,738</u>	<u>1,511,939</u>	<u>112,799</u>
Deficiency of revenues under expenditures	<u>(704,664)</u>	<u>(864,664)</u>	<u>(905,792)</u>	<u>(41,128)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>704,664</u>	<u>779,664</u>	<u>779,664</u>	<u>-</u>
Net change in fund balance	-	(85,000)	(126,128)	(41,128)
Fund balance - beginning	-	234,080	234,080	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 149,080</u>	<u>\$ 107,952</u>	<u>\$ (41,128)</u>

## **AGENCY FUNDS**

**Fiduciary Funds  
Combining Statement of Net Position**

**June 30, 2016**

	Agency Funds			Total
	Special Welfare	Towers & Roads	Performance Bonds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,925	\$ 260,440	\$ 233,055	\$ 520,420
Total assets	\$ 26,925	\$ 260,440	\$ 233,055	\$ 520,420
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 26,925	\$ -	\$ -	\$ 26,925
Performance bonds payable	-	260,440	233,055	493,495
Total liabilities	\$ 26,925	\$ 260,440	\$ 233,055	\$ 520,420

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare</b>				
Assets:				
Cash and cash equivalents	\$ 6,114	\$ 58,942	\$ (38,131)	\$ 26,925
Liabilities:				
Amounts held for social services clients	\$ 6,114	\$ 58,942	\$ (38,131)	\$ 26,925
<b>Towers &amp; Roads</b>				
Assets:				
Cash and cash equivalents	\$ 260,440	\$ -	\$ -	\$ 260,440
Liabilities:				
Performance bonds payable	\$ 260,440	\$ -	\$ -	\$ 260,440
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 315,142	\$ 82,290	\$ (164,377)	\$ 233,055
Liabilities:				
Performance bonds payable	\$ 315,142	\$ 82,290	\$ (164,377)	\$ 233,055
<b>Total - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 581,696	\$ 141,232	\$ (202,508)	\$ 520,420
Liabilities:				
Amounts held for social services clients	\$ 6,114	\$ 58,942	\$ (38,131)	\$ 26,925
Performance bonds payable	575,582	82,290	(164,377)	493,495
Total liabilities	\$ 581,696	\$ 141,232	\$ (202,508)	\$ 520,420

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

**Discretely Presented Component Unit - School Board  
Combining Balance Sheet**

**June 30, 2016**

	Governmental Funds			
	School Operating	Textbook	Cafeteria	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,643,446	\$ 240,010	\$ 24,631	\$ 1,908,087
Accounts receivable	50,831	-	659	51,490
Prepaid items	177,504	-	-	177,504
Due from other governmental units	1,056,949	-	-	1,056,949
Inventories	-	-	27,938	27,938
Total assets	<u>\$ 2,928,730</u>	<u>\$ 240,010</u>	<u>\$ 53,228</u>	<u>\$ 3,221,968</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities:				
Accounts payable	\$ 203,817	\$ -	\$ 402	\$ 204,219
Accrued liabilities	2,491,708	-	34,224	2,525,932
Total liabilities	<u>2,695,525</u>	<u>-</u>	<u>34,626</u>	<u>2,730,151</u>
Fund balances:				
Nonspendable	177,504	-	27,938	205,442
Assigned	55,701	240,010	(9,336)	286,375
Total fund balances	<u>233,205</u>	<u>240,010</u>	<u>18,602</u>	<u>491,817</u>
Total liabilities and fund balances	<u>\$ 2,928,730</u>	<u>\$ 240,010</u>	<u>\$ 53,228</u>	<u>\$ 3,221,968</u>

Reconciliation of the School Board's Balance Sheet to the Statement of Net Position (Exhibit 1)

Total fund balances per above	<u>\$ 491,817</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:	
Capital assets, cost	47,134,320
Less - accumulated depreciation and amortization	<u>(20,194,941)</u>
	<u>26,939,379</u>
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.	3,241,338
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.	(1,874,377)
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Capital lease	(136,891)
Compensated absences	(325,833)
Net pension liability	(23,940,913)
Other postemployment benefits	<u>(1,111,662)</u>
	<u>(25,515,299)</u>
Net position of governmental activities	<u>\$ 3,282,858</u>

**Discretely Presented Component Unit - School Board**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Year Ended June 30, 2016**

	Governmental Funds			Totals
	School Operating	Textbook	Cafeteria	
<b>REVENUES</b>				
Revenue from local sources:				
Revenue from use of money and property	\$ 49,645	\$ -	\$ -	\$ 49,645
Charges for services	76,131	-	480,620	556,751
Miscellaneous	130,269	-	-	130,269
Payments from primary government	19,741,820	192,080	-	19,933,900
Revenue from the Commonwealth	6,863,000	48,020	9,210	6,920,230
Revenue from the Federal government	1,021,450	-	425,868	1,447,318
Total revenues	<u>27,882,315</u>	<u>240,100</u>	<u>915,698</u>	<u>29,038,113</u>
<b>EXPENDITURES</b>				
Education	27,803,625	215,199	949,887	28,968,711
Debt service:				
Principal retirement	39,679	-	-	39,679
Interest and other fiscal charges	6,341	-	-	6,341
Total expenditures	<u>27,849,645</u>	<u>215,199</u>	<u>949,887</u>	<u>29,014,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,670</u>	<u>24,901</u>	<u>(34,189)</u>	<u>23,382</u>
Net change in fund balances	32,670	24,901	(34,189)	23,382
Fund balances - beginning	200,535	215,109	52,791	468,435
Fund balances - ending	<u>\$ 233,205</u>	<u>\$ 240,010</u>	<u>\$ 18,602</u>	<u>\$ 491,817</u>

Net change in fund balances - total governmental funds - per above \$ 23,382

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

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 and amortization expense. This is the amount by which capital assets were impacted by capital outlays, depreciation, amortization, and transfers of joint tenancy assets in the current period.

Capital outlay	424,391
Depreciation and amortization expense	(1,249,279)
Acquisition value of donated assets	201,646
Transfer of depreciation and amortization expense related to joint tenancy assets from Primary Government	(839,712)
Transfer of joint tenancy assets from Primary Government	<u>2,084,889</u>
	<u>621,935</u>

Deferred outflows of resources - pension contributions 3,241,338

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:

Capital lease	39,679
Pension expense	(2,891,438)
Other postemployment benefits	(65,670)
Compensated absences	39,366
	<u>(2,878,063)</u>

Change in net position of governmental activities \$ 1,008,592



## School Operating Fund - School Board

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Revenue from local sources:				
Revenue from use of money and property	\$ 41,090	\$ 41,090	\$ 49,645	\$ 8,555
Charges for services	52,483	85,724	76,131	(9,593)
Miscellaneous	38,234	113,143	130,269	17,126
Payments from primary government	20,074,488	20,077,920	19,741,820	(336,100)
Revenue from the Commonwealth:				
Share of State sales tax	3,132,621	3,197,621	3,246,824	49,203
Basic school aid	2,093,739	2,217,675	2,191,747	(25,928)
Instructional fringe benefits	438,886	441,386	456,894	15,508
Special education	325,872	325,872	326,884	1,012
Remedial education	119,537	143,911	146,136	2,225
VPSA technology grant	180,000	306,000	306,039	39
Other state categorical aid	112,266	200,388	188,476	(11,912)
Revenue from the Federal government:				
IDEA Part B Special Education	609,949	620,837	603,042	(17,795)
Title I Part A Basic Education	259,344	308,536	256,126	(52,410)
Other federal categorical aid	169,287	186,758	162,282	(24,476)
Total revenues	27,647,796	28,266,861	27,882,315	(384,546)
<b>EXPENDITURES</b>				
Education:				
Instruction	19,574,420	19,937,427	19,625,294	312,133
Administration, attendance, and health	1,520,874	1,566,489	1,525,754	40,735
Pupil transportation	2,366,291	2,421,376	2,379,858	41,518
Operation and maintenance	2,475,315	2,604,837	2,505,725	99,112
Technology	1,710,896	1,860,169	1,766,994	93,175
Debt service:				
Principal retirement	-	39,679	39,679	-
Interest and other fiscal charges	-	6,341	6,341	-
Total expenditures	27,647,796	28,436,318	27,849,645	586,673
Excess (deficiency) of revenues over (under) expenditures	-	(169,457)	32,670	202,127
Net change in fund balance	-	(169,457)	32,670	202,127
Fund balance - beginning	-	200,535	200,535	-
Fund balance - ending	\$ -	\$ 31,078	\$ 233,205	\$ 202,127

Textbook Fund - School Board

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Revenue from local sources:				
Payments from primary government	\$ 185,512	\$ 192,080	\$ 192,080	\$ -
Revenue from the Commonwealth	46,378	48,110	48,020	(90)
Total revenues	231,890	240,190	240,100	(90)
<b>EXPENDITURES</b>				
Education	231,890	455,299	215,199	240,100
Total expenditures	231,890	455,299	215,199	240,100
Excess (deficiency) of revenues over (under) expenditures	-	(215,109)	24,901	240,010
Net change in fund balance	-	(215,109)	24,901	240,010
Fund balance - beginning	-	215,109	215,109	-
Fund balance - ending	\$ -	\$ -	\$ 240,010	\$ 240,010

Cafeteria Fund - School Board

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Revenue from local sources:				
Charges for services	\$ 555,301	\$ 555,301	\$ 480,620	\$ (74,681)
Revenue from the Commonwealth	9,784	9,784	9,210	(574)
Revenue from the Federal government	447,115	447,115	425,868	(21,247)
Total revenues	1,012,200	1,012,200	915,698	(96,502)
<b>EXPENDITURES</b>				
Education	1,012,200	1,012,200	949,887	62,313
Total expenditures	1,012,200	1,012,200	949,887	62,313
Deficiency of revenues under expenditures	-	-	(34,189)	(34,189)
Net change in fund balance	-	-	(34,189)	(34,189)
Fund balance - beginning	-	52,791	52,791	-
Fund balance - ending	\$ -	\$ 52,791	\$ 18,602	\$ (34,189)

Agency Fund - School Board  
Statement of Net Position

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June 30, 2016

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 94,792
Total assets	<u>\$ 94,792</u>
<b>LIABILITIES</b>	
Amounts held for CodeRVA Regional High School	\$ 94,792
Total liabilities	<u>\$ 94,792</u>

Agency Fund - School Board  
Statement of Changes in Assets and Liabilities

Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>CodeRVA Regional High School:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 95,000	\$ (208)	\$ 94,792
Total assets	\$ -	\$ 95,000	\$ (208)	\$ 94,792
Liabilities:				
Amounts held for CodeRVA Regional High School	\$ -	\$ 95,000	\$ (208)	\$ 94,792
Total liabilities	\$ -	\$ 95,000	\$ (208)	\$ 94,792

**DISCRETELY PRESENTED COMPONENT UNIT –  
ECONOMIC DEVELOPMENT AUTHORITY**

**Discretely Presented Component Unit - Economic Development Authority  
Statement of Net Position**

**June 30, 2016**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 317,008
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Noncurrent assets:

Due from primary government	2,343,607
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Note receivable	30,662
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Land held for resale	801,100
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Total noncurrent assets	<u>3,175,369</u>
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Total assets	<u>3,492,377</u>
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**LIABILITIES**

Current liabilities:

Contractual agreement payable	170,000
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Deposit on land sale	1,250
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Total current liabilities	<u>171,250</u>
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Long-term liabilities:

Contractual agreement payable	2,023,607
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Total liabilities	<u>2,194,857</u>
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**NET POSITION**

Unrestricted	<u>1,297,520</u>
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Total net position	<u>\$ 1,297,520</u>
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**Discretely Presented Component Unit - Economic Development Authority**  
**Schedule of Revenues, Expenditures, and Change in Net Position**

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**Year Ended June 30, 2016**

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**OPERATING REVENUES**

Charges for services \$ 934

**OPERATING EXPENDITURES**

Economic development 761,681

Operating loss (760,747)

**NONOPERATING REVENUES**

Revenue from use of money 3,363

Loss before capital grants and contributions (757,384)

Capital grants and contributions - primary government 750,000

Change in net position (7,384)

Total net position - beginning 1,304,904

Total net position - ending \$ 1,297,520



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## **STATISTICAL SECTION**

# COUNTY OF GOOCHLAND, VIRGINIA

## Statistical Section (Unaudited)

The statistical section of the Comprehensive Annual Financial Report provides readers with additional detailed information as a context to assist in understanding what the information in the financial statements, accompanying notes, and required supplementary information indicates about the County's economic condition over an extended period of time. Information is presented in the following five categories:

**Financial trends information** ..... 101-105

Financial trends information is intended to help the reader understand and assess how the County's financial position has changed over time.

**Revenue capacity information** ..... 106-109

Revenue capacity information is intended to help the reader understand and assess the County's ability to generate its most significant local revenue source, the property tax.

**Debt capacity information**..... 110-111

Debt capacity information is intended to help the reader understand and assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

**Demographic and economic information**..... 112-113

Demographic and economic information is intended to help the reader understand the socioeconomic environment within which the County's financial activities take place.

**Operating information**..... 114-116

Operating information is intended to provide information about the County's services and capital asset resources to help the reader understand how the information in the financial report relates to the services the County provides and the activities it performs.

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**Net Position by Component (Unaudited) <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014 <sup>(2)</sup>	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$15,099,612	\$16,930,704	\$18,841,162	\$23,380,680	\$19,953,566	\$20,135,687	\$ 21,842,273	\$ 22,927,053	\$ 23,112,562	\$ 28,321,068
Restricted	-	-	-	-	-	-	-	209,922	109,498	138,572
Unrestricted	25,949,214	28,851,763	23,182,061	19,393,949	20,924,342	24,303,629	32,334,297	36,164,646	36,331,089	36,851,707
Total governmental activities net position	\$41,048,826	\$45,782,467	\$42,023,223	\$42,774,629	\$40,877,908	\$44,439,316	\$ 54,176,570	\$ 59,301,621	\$ 59,553,149	\$ 65,311,347
<b>Business-type activities</b>										
Net investment in capital assets	\$11,692,461	\$18,898,718	\$11,551,649	\$ 9,808,497	\$ 7,691,315	\$ 5,886,806	\$ 3,160,779	\$ 3,251,218	\$ 2,616,401	\$ 3,185,598
Restricted	-	-	-	-	-	-	13,526,684	13,782,829	14,279,691	13,535,478
Unrestricted	10,561,829	4,459,567	5,518,352	4,457,566	4,123,505	4,980,826	(7,690,723)	(8,548,768)	(10,099,290)	(9,876,792)
Total business-type activities net position	\$22,254,290	\$23,358,285	\$17,070,001	\$14,266,063	\$11,814,820	\$10,867,632	\$ 8,996,740	\$ 8,485,279	\$ 6,796,802	\$ 6,844,284
<b>Primary Government</b>										
Net investment in capital assets	\$26,792,073	\$35,829,422	\$30,392,811	\$33,189,177	\$27,644,881	\$26,022,493	\$ 10,789,930	\$ 26,178,271	\$ 25,728,963	\$ 31,506,666
Restricted	-	-	-	-	-	-	13,526,684	13,992,751	14,389,189	13,674,050
Unrestricted	36,511,043	33,311,330	28,700,413	23,851,515	25,047,847	29,284,455	38,856,696	27,615,878	26,231,799	26,974,915
Total Primary Government net position	\$63,303,116	\$69,140,752	\$59,093,224	\$57,040,692	\$52,692,728	\$55,306,948	\$ 63,173,310	\$ 67,786,900	\$ 66,349,951	\$ 72,155,631

Notes:

- (1) This table reports financial information based on the full accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (2) At June 30, 2014, net position was restated for the implementation of GASB Statements No. 68 and 71 which reduced net position by \$2,284,368.

**Changes in Net Position (Unaudited)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 4,034,139	\$ 3,543,975	\$ 3,703,204	\$ 3,788,584	\$ 3,364,513	\$ 3,775,282	\$ 3,783,527	\$ 4,036,684	\$ 4,197,626	\$ 4,392,816
Judicial administration	1,324,493	1,450,165	1,607,973	1,568,521	1,513,768	1,456,810	1,561,657	1,631,514	1,527,917	1,641,333
Public safety	5,509,715	5,253,389	6,002,676	7,211,154	7,513,474	7,130,848	7,658,681	8,223,726	8,105,378	8,531,631
Public works	1,945,886	2,414,201	2,971,577	1,928,762	1,732,979	796,180	801,403	784,017	825,229	760,112
Health and welfare	3,345,836	3,273,716	3,894,233	3,997,944	4,112,538	3,880,617	3,938,769	4,031,891	4,342,568	4,744,149
Education	18,782,446	20,406,154	22,230,249	20,890,262	22,136,778	17,700,882	19,467,678	20,255,232	23,761,695	21,875,546
Parks, recreation, and facilities management	897,317	1,091,454	1,176,038	959,783	991,726	2,045,649	2,089,590	2,124,874	2,031,018	2,415,654
Community development	1,153,925	1,320,752	1,206,680	1,163,011	924,947	1,191,392	1,020,421	1,265,385	1,121,129	1,844,255
Interest and other fiscal charges	1,234,746	1,406,465	1,354,281	1,015,677	1,078,901	949,236	836,779	726,881	598,042	539,984
Total governmental activities expenses	38,228,503	40,160,271	44,146,911	42,523,698	43,369,624	38,926,896	41,158,505	43,080,204	46,510,602	46,745,480
Business-type activities:										
Public utilities	5,686,297	6,551,077	10,380,369	10,168,993	10,064,571	10,199,319	10,922,109	10,761,364	1,208,532	11,672,931
Total Primary Government expenses	43,914,800	46,711,348	54,527,280	52,692,691	53,434,195	49,126,215	52,080,614	53,841,568	47,719,134	58,418,411
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	-	-	-	18,000	-	-	-	64,513	77,785	97,985
Judicial administration	218,918	164,268	63,485	64,192	13,130	14,964	28,814	75,219	75,504	83,059
Public safety	1,341,566	578,857	282,823	32,381	163,368	87,764	317,460	1,251,462	1,309,043	1,826,008
Public works	33,442	28,983	35,736	25,833	34,529	36,284	34,325	39,768	26,794	36,532
Health and welfare	-	18,000	-	44,059	59,859	47,247	36,672	30,672	21,182	25,725
Education	-	154,669	-	-	354,115	765,182	974,569	-	-	-
Parks, recreation, and facilities management	63,583	69,294	74,697	77,420	86,923	126,822	127,380	135,617	152,552	195,078
Community development	23,001	200,843	327,729	247,900	-	-	-	27,659	28,625	309,049
Operating grants and contributions	3,817,200	3,775,146	3,945,782	3,746,337	3,828,860	3,407,998	3,606,738	3,693,077	3,872,169	4,899,901
Capital grants and contributions	149,309	171,522	-	155,624	27,181	190,358	37,000	1,366,358	105,238	118,814
Total governmental activities revenues	5,647,019	5,161,582	4,730,252	4,411,746	4,567,965	4,676,619	5,162,958	6,684,345	5,668,892	7,592,151
Business-type activities:										
Charges for services:										
Public utilities	1,601,136	2,479,214	3,940,435	3,205,803	3,350,912	3,576,014	4,014,710	4,272,246	4,610,848	5,021,894
Operating grants and contributions	757,004	-	-	-	-	-	-	1,156,394	778,312	1,156,394
Capital grants and contributions	2,820,683	1,263,689	474,120	319,998	351,790	1,790,690	932,860	2,335,129	453,250	654,500
Total business-type activities revenues	5,178,823	3,742,903	4,414,555	3,525,801	3,702,702	5,366,704	4,947,570	7,763,769	5,842,410	6,832,788
Total Primary Government program revenues	10,825,842	8,904,485	9,144,807	7,937,547	8,270,667	10,043,323	10,110,528	14,448,114	11,511,302	14,424,939

**Changes in Net Position (Unaudited) (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net expense:										
Governmental activities	\$ (32,581,484)	\$ (34,998,689)	\$ (39,416,658)	\$ (38,111,952)	\$ (38,801,659)	\$ (34,250,277)	\$ (35,995,547)	\$ (36,395,859)	\$ (40,841,710)	\$ (39,153,329)
Business-type activities	(507,474)	(2,808,174)	(5,965,814)	(6,643,192)	(6,361,869)	(4,832,615)	(5,974,539)	(2,997,595)	(6,166,122)	(4,840,143)
Total Primary Government net expense	(33,088,958)	(37,806,863)	(45,382,472)	(44,755,144)	(45,163,528)	(39,082,892)	(41,970,086)	(39,393,454)	(47,007,832)	(43,993,472)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	28,552,925	30,341,072	32,246,409	30,839,772	28,577,269	29,314,852	33,172,749	30,880,310	31,564,455	33,856,674
Local sales and use taxes	2,205,379	2,359,158	2,359,776	1,901,294	1,866,228	2,255,251	2,277,542	2,495,443	2,800,373	-
Consumer utility taxes	740,236	319,706	418,162	418,249	421,353	422,363	423,108	390,637	441,456	453,843
Communications tax <sup>(1)</sup>	-	1,024,954	865,751	896,132	890,874	876,103	875,140	-	-	-
Other local taxes	2,731,308	2,213,072	1,763,898	1,647,718	1,622,389	1,698,638	5,453,754	3,592,955	3,965,972	6,174,773
Unrestricted grants and contributions	3,299,021	3,130,576	3,055,367	2,992,216	2,955,534	2,935,200	3,059,051	3,944,607	3,919,183	3,912,925
Unrestricted revenues from use of money and property	1,488,090	1,029,969	466,093	184,717	161,386	217,982	90,781	154,059	59,084	133,704
Fines and forfeitures	-	-	-	-	170,670	182,360	130,802	124,052	117,109	123,069
Miscellaneous	118,657	159,142	35,650	451,414	722,591	375,003	796,524	729,424	811,268	506,539
Transfers	(322,523)	(424,637)	(432,547)	(468,154)	(483,356)	(466,067)	(546,650)	(790,577)	(381,000)	(250,000)
Total governmental activities expenses	38,813,093	40,153,012	40,778,559	38,863,358	36,904,938	37,811,685	45,732,801	41,520,910	43,297,900	44,911,527
Business-type activities:										
Taxes:										
Property taxes	2,048,125	2,529,679	2,862,263	2,994,394	3,051,136	3,082,297	3,128,789	3,302,746	3,650,266	4,083,633
Unrestricted revenues from use of money and property	559,790	514,150	358,289	351,471	358,005	336,694	424,269	520,733	524,238	552,765
Miscellaneous	-	23,021	2,110	25,235	18,129	369	3,939	2,492	6,847	1,227
Transfers	322,523	424,637	432,547	468,154	483,356	466,067	546,650	790,577	381,000	250,000
Total business-type activities	2,930,438	3,491,487	3,655,209	3,839,254	3,910,626	3,885,427	4,103,647	4,616,548	4,562,351	4,887,625
Total Primary Government	41,743,531	43,644,499	44,433,768	42,702,612	40,815,564	41,697,112	49,836,448	46,137,458	47,860,251	49,799,152
<b>Change in net position</b>										
Governmental activities	6,231,609	5,154,323	1,361,901	751,406	(1,896,721)	3,561,408	9,737,254	5,125,051	2,456,190	5,758,198
Business-type activities	2,422,964	683,313	(2,310,605)	(2,803,938)	(2,451,243)	(947,188)	(1,870,892)	1,618,953	(1,603,771)	47,482
Total Primary Government	\$ 8,654,573	\$ 5,837,636	\$ (948,704)	\$ (2,052,532)	\$ (4,347,964)	\$ 2,614,220	\$ 7,866,362	\$ 6,744,004	\$ 852,419	\$ 5,805,680

Note:

(1) Beginning in fiscal year 2014, communication tax was reclassified as unrestricted grants and contributions.

County of Goochland, Virginia

Table 3

**Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	June 30,									
	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014	2015	2016
<b>General fund</b>										
Reserved	\$ 115,000	\$ 405,907	\$ 7,390,926	\$ 7,854,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	23,160,450	25,228,969	18,298,631	12,522,344	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,338,836	2,986,987	2,585,293	2,577,195	2,594,189	2,630,719
Restricted	-	-	-	-	114,244	111,334	105,609	108,620	92,580	89,250
Committed	-	-	-	-	2,693,315	3,914,260	-	-	-	-
Assigned	-	-	-	-	1,349,452	2,358,443	6,066,496	11,756,216	11,674,825	12,261,758
Unassigned	-	-	-	-	15,676,774	16,884,189	22,873,972	19,401,025	19,401,951	19,404,095
<b>Total general fund</b>	<b>\$ 23,275,450</b>	<b>\$ 25,634,876</b>	<b>\$ 25,689,557</b>	<b>\$ 20,376,627</b>	<b>\$ 23,172,621</b>	<b>\$ 26,255,213</b>	<b>\$ 31,631,370</b>	<b>\$ 33,843,056</b>	<b>\$ 33,763,545</b>	<b>\$ 34,385,822</b>
<b>All other governmental funds</b>										
Reserved for construction	\$ -	\$ 631,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	599,573	644,646	143,954	166,214	-	-	-	-	-	-
School capital projects	3,798,236	3,872,321	2,186,492	2,339,629	-	-	-	-	-	-
Nonspendable for										
Comprehensive services/ Office of Children's Services	-	-	-	-	-	506	488	-	529	543
Restricted for drug enforcement	-	-	-	-	129,822	125,664	117,233	101,302	90,808	49,322
Assigned, reported in:										
Capital projects	-	-	-	-	1,953,419	2,488,471	4,700,812	6,613,619	8,780,683	8,252,623
Special revenue fund	-	-	-	-	69,577	505	57,642	198,594	142,743	58,087
Unassigned	-	-	-	-	-	(506)	-	-	-	-
<b>Total all other government funds</b>	<b>\$ 4,397,809</b>	<b>\$ 5,148,862</b>	<b>\$ 2,330,446</b>	<b>\$ 2,505,843</b>	<b>\$ 2,152,818</b>	<b>\$ 2,614,640</b>	<b>\$ 4,876,175</b>	<b>\$ 6,913,515</b>	<b>\$ 9,014,763</b>	<b>\$ 8,360,575</b>

Note:

(1) The presentation of fund balance changed in 2011 as a result of the implementation of GASB No. 54. Prior to 2011, fund balances are reported only as 'Reserved' and 'Unreserved'. Effective 2011, fund balances are reported as described in Note I-E of the notes to the financial statements.



**Changes in Fund Balances - Governmental Funds (Unaudited)  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
General property taxes	\$ 28,734,527	\$ 30,001,893	\$ 31,816,302	\$ 29,728,457	\$ 29,635,464	\$ 29,123,912	\$ 32,914,846	\$ 31,119,082	\$ 31,996,585	\$ 34,024,340
Other local taxes	5,676,923	5,916,890	5,407,587	4,863,393	4,800,844	5,252,355	9,029,544	6,479,035	7,207,801	6,628,616
Permits, privilege fees, and regulatory licenses	1,339,121	941,957	529,926	267,341	256,225	764,566	973,999	594,726	796,842	1,323,690
Fines and forfeitures	104,804	105,799	45,601	117,107	170,670	182,360	130,802	124,052	117,109	123,069
Revenue from use of money and property	1,468,616	1,010,495	466,093	184,717	161,387	217,982	93,455	154,059	59,084	133,704
Charges for services	236,585	167,458	208,943	242,444	355,699	313,697	545,221	1,030,184	894,643	968,146
Miscellaneous	118,657	159,142	25,450	334,307	542,121	555,473	796,524	729,424	811,268	788,139
Recovered costs	361,250	630,172	265,623	227,446	134,372	144,144	200,640	206,319	178,954	156,350
Intergovernmental:										
Commonwealth	6,262,379	6,127,044	6,142,256	5,894,383	5,817,031	5,590,356	5,749,766	6,618,871	6,716,446	7,762,328
Federal	1,003,151	950,200	858,893	999,794	994,544	943,199	916,023	1,018,813	1,180,144	1,169,312
<b>Total revenues</b>	<b>45,306,013</b>	<b>46,011,050</b>	<b>45,766,674</b>	<b>42,859,389</b>	<b>42,868,357</b>	<b>43,088,044</b>	<b>51,350,820</b>	<b>48,074,565</b>	<b>49,958,876</b>	<b>53,077,694</b>
<b>Expenditures</b>										
General government administration	3,986,281	3,495,023	3,610,265	3,537,879	3,188,558	3,537,551	3,717,286	4,113,215	4,255,040	4,660,951
Judicial administration	1,291,273	1,330,735	1,487,461	1,470,118	1,400,109	1,391,446	1,488,895	1,507,389	1,482,281	1,606,251
Public safety	4,938,236	5,586,668	5,969,814	6,430,553	6,348,125	6,185,483	6,687,191	7,436,057	8,806,727	13,684,127
Public works	1,963,766	2,311,191	2,598,655	2,062,509	1,675,599	839,369	842,089	776,933	712,448	843,705
Health and welfare	3,329,775	3,264,094	3,897,632	3,995,451	4,128,044	3,875,096	3,961,330	3,969,700	4,396,878	4,768,175
Education	16,513,476	18,591,193	20,136,653	18,598,005	16,382,429	15,860,009	17,539,786	18,614,757	21,824,649	20,383,046
Parks, recreation, and facilities management	826,648	906,674	946,161	880,499	938,631	1,813,179	1,866,550	2,355,179	2,189,014	2,477,416
Community development	1,254,571	1,365,326	1,506,566	1,321,710	906,998	1,105,405	1,220,688	1,435,436	1,452,284	2,171,726
Capital projects	11,776,510	3,805,931	3,056,652	5,081,761	592,450	1,025,164	2,024,139	-	-	-
Debt service:										
Principal	1,888,302	2,448,648	3,092,169	3,059,922	3,326,315	2,888,657	2,905,005	2,036,724	1,781,732	1,815,812
Interest and other fiscal charges	1,399,077	1,449,219	1,425,488	1,090,361	1,154,774	1,019,155	906,679	789,572	655,086	599,976
<b>Total expenditures</b>	<b>49,167,915</b>	<b>44,554,702</b>	<b>47,727,516</b>	<b>47,528,768</b>	<b>40,042,032</b>	<b>39,540,514</b>	<b>43,159,638</b>	<b>43,034,962</b>	<b>47,556,139</b>	<b>53,011,185</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,861,902)</b>	<b>1,456,348</b>	<b>(1,960,842)</b>	<b>(4,669,379)</b>	<b>2,826,325</b>	<b>3,547,530</b>	<b>8,191,182</b>	<b>5,039,603</b>	<b>2,402,737</b>	<b>66,509</b>
<b>Other financing sources (uses)</b>										
Operating transfers in	4,479,479	2,095,325	2,417,859	5,821,252	5,398,246	1,261,307	4,397,117	3,474,087	5,903,664	5,840,551
Operating transfers out	(4,802,002)	(2,519,962)	(2,850,406)	(6,289,406)	(5,881,602)	(1,727,374)	(4,950,607)	(4,264,664)	(6,284,664)	(6,090,551)
Long-term debt issued	-	2,499,750	-	-	-	462,951	-	-	-	151,580
<b>Total other financing sources (uses), net</b>	<b>(322,523)</b>	<b>2,075,113</b>	<b>(432,547)</b>	<b>(468,154)</b>	<b>(483,356)</b>	<b>(3,116)</b>	<b>(553,490)</b>	<b>(790,577)</b>	<b>(381,000)</b>	<b>(98,420)</b>
<b>Net change in fund balances</b>	<b>\$ (4,184,425)</b>	<b>\$ 3,531,461</b>	<b>\$ (2,393,389)</b>	<b>\$ (5,137,533)</b>	<b>\$ 2,342,969</b>	<b>\$ 3,544,414</b>	<b>\$ 7,637,692</b>	<b>\$ 4,249,026</b>	<b>\$ 2,021,737</b>	<b>\$ (31,911)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.85%</b>	<b>9.76%</b>	<b>10.11%</b>	<b>9.78%</b>	<b>11.36%</b>	<b>10.15%</b>	<b>9.27%</b>	<b>6.84%</b>	<b>6.04%</b>	<b>5.28%</b>

*County of Goochland, Virginia*

**Table 5**

***Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)  
Last Ten Fiscal Years***

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate <sup>(1)</sup>	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 4,064,303,836	\$ 216,235,986	\$ 9,074,031	\$ 87,951,775	\$ 4,377,565,628	\$ 0.75	\$ 4,377,565,628	100.00%
2008	5,176,505,515	235,141,920	10,629,142	107,045,905	5,529,322,482	0.68	5,529,322,482	100.00%
2009	4,538,569,000	253,241,328	10,991,246	101,958,404	4,904,759,978	0.71	5,082,384,099	96.51%
2010	4,716,357,200	223,269,562	10,707,945	115,927,483	5,066,262,190	0.68	4,700,768,490	107.78%
2011	4,350,863,500	256,886,512	11,302,821	118,435,658	4,737,488,491	0.72	4,737,488,491	100.00%
2012	4,200,112,700	262,588,986	9,708,425	118,768,766	4,591,178,877	0.73	4,591,178,877	100.00%
2013	4,066,751,908	258,095,897	9,074,954	120,057,618	4,453,980,377	0.73	4,453,980,377	100.00%
2014	4,054,090,042	275,403,341	9,286,565	119,954,347	4,458,734,295	0.74	4,458,734,295	100.00%
2015	4,207,913,780	273,133,074	35,772,558	117,609,110	4,634,428,522	0.74	4,634,428,522	100.00%
2016	4,535,164,147	280,261,771	38,640,103	129,676,678	4,983,742,699	0.73	4,983,742,699	100.00%

Note:

(1) The total direct rate for each fiscal year is per \$100 of assessed valuation, calculated on the weighted average basis.

Source: Commissioner of Revenue

**Property Tax Rates (Unaudited) <sup>(1)</sup>**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	Direct Rates			Total Direct Tax Rate <sup>(2)</sup>	Tuckahoe Creek Service District Ad Valorem
	Real Estate	Personal Property	Machinery and Tools		
2007	\$ 0.64/0.53	\$ 4.00	\$ 3.75	\$ 0.75	\$ 0.31/0.23
2008	0.53	4.00	3.75	0.68	0.23
2009	0.53	4.00	3.75	0.71	0.23
2010	0.53	4.00	3.75	0.68	0.23/0.27
2011	0.53	4.00	3.75	0.72	0.27/0.31
2012	0.53	4.00	3.75	0.73	0.31/0.32
2013	0.53	4.00	3.75	0.73	0.32
2014	0.53	4.00	1.00	0.74	0.32
2015	0.53	4.00	1.00	0.74	0.32
2016	0.53	4.00	1.00	0.73	0.32

Notes:

(1) The individual tax rates are per \$100 of assessed value.

(2) The total direct tax rates are calculated per \$100 of assessed valuation and calculated on the weighted average basis.

**Principal Property Taxpayers (Unaudited)  
Current Year and the Period Nine Years Prior**

Taxpayer	Business Type	Rank	Fiscal Year 2016**		Rank	Fiscal year 2007**	
			Tax Year 2015 Assessed Valuation	% of Total Assessed Valuation		Tax Year 2006 Assessed Valuation	% of Total Assessed Valuation
Capital One Bank	Bank Headquarters	1	\$ 180,768,892	4.05%	1	\$ 118,040,400	3.67%
West Creek/WC/GC Land	Land Developers	2	109,947,100	2.47%	2	108,467,700	3.37%
Dominion Virginia Power	Public Utility	3	57,496,237	1.29%	3	36,836,390	1.14%
Car Max Business Services	Car Sales Headquarters	4	37,008,100	0.83%			
Riverstone Group LLC	Commercial Real Estate	5	31,460,700	0.71%			
Pruitt, Richard I	Rock Quarries	6	29,236,106	0.66%			
Luck Stone Corporation	Rock Quarries	7	27,989,588	0.63%	8	15,858,100	0.49%
Federal Reserve Bank	Bank Headquarters	8	22,663,600	0.51%	9	14,551,500	0.45%
Gotwald, James T	Individual	9	21,569,999	0.48%	6	22,859,600	0.71%
CSX Transportation	Railroad	10	21,568,676	0.48%	10	14,541,100	0.45%
Freescale Semiconductor Inc.	Semiconductor				4	30,260,600	0.94%
Verizon Virginia Inc.	Communications				5	27,515,184	0.86%
Virginia Farm Bureau	Insurance				7	19,484,900	0.61%
			<u>\$ 539,708,998</u>	<u>12.10%</u>		<u>\$ 408,415,474</u>	<u>12.69%</u>

Source: Commissioner of Revenue

\*\*Commissioner's figures are based on Calendar Year 2015 and Calendar Year 2006 without abatements or supplements.

**Property Tax Levies and Collections (Unaudited)  
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
2007	\$ 30,303,638	\$ 29,747,213	98.16%	\$ 572,442	\$ 30,319,655	100.05%
2008	31,751,540	30,382,467	95.69%	1,285,445	31,667,912	99.74%
2009	33,921,962	32,187,530	94.89%	1,619,924	33,807,454	99.66%
2010	31,742,964	29,874,484	94.11%	1,755,551	31,630,035	99.64%
2011	31,180,137	29,377,651	94.22%	1,669,718	31,047,369	99.57%
2012	31,544,172	29,854,001	94.64%	1,513,590	31,367,591	99.44%
2013	35,903,587	34,089,797	94.95%	1,604,224	35,694,021	99.42%
2014	33,104,770	31,802,496	96.07%	1,099,645	32,902,141	99.39%
2015	34,354,491	33,176,890	96.57%	947,369	34,124,259	99.33%
2016	36,476,715	35,342,767	96.89%	-	35,342,767	96.89%

Source: County Treasurer's office

**Ratios of Outstanding Debt by Type** <sup>(1) (Unaudited)</sup>  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Total Debt as a Percent of Personal Income (2)	Total Debt Per Capita (2)
	General Obligation Bonds	Capital Leases	Revenue Bonds	Accreted Interest on Revenue Bonds	Capacity Rights Obligations	Contractual Obligations			
2007	\$ 28,860,000	\$ 2,282,534	\$ 69,007,167	\$ 7,767,443	\$ -	\$ -	\$ 107,917,144	8.54%	\$ 5,313
2008	26,760,000	4,433,886	68,582,167	9,598,659	-	-	109,374,712	8.17%	5,232
2009	24,715,000	3,801,378	67,997,167	11,524,570	20,668,206	-	128,706,321	10.12%	6,054
2010	22,615,000	2,841,455	67,397,167	13,551,008	20,595,224	-	126,999,854	9.74%	5,848
2011	20,460,000	1,846,977	66,492,167	15,683,222	20,222,224	-	124,704,590	8.80%	5,733
2012	18,585,000	1,263,304	65,337,167	17,926,838	19,630,367	1,762,260	124,504,936	8.58%	5,881
2013	16,963,165	216,485	81,842,364	14,213,122	19,359,886	4,245,963	136,840,985	8.56%	6,394
2014	15,003,690	101,732	80,658,180	16,039,612	19,069,443	5,099,856	135,972,513	7.26%	6,265
2015	13,304,215	-	79,352,175	17,747,281	18,776,878	5,855,594	135,036,143	7.03%	6,062
2016	11,544,740	75,768	78,052,945	19,290,536	18,515,235	6,691,468	134,170,692	6.86%	5,919

Notes:

(1) Details regarding the County's outstanding debt can be found in Note IV-G to the financial statements.

(2) See Table 11 for population and personal income data.

**Ratio of Net General Obligation Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita (Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Gross Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2007	\$ 28,860,000	0.66%	\$ 1,421
2008	26,760,000	0.48%	1,280
2009	24,715,000	0.50%	1,162
2010	22,615,000	0.48%	1,041
2011	20,460,000	0.43%	941
2012	18,585,000	0.40%	878
2013	16,963,165	0.38%	793
2014	15,003,690	0.34%	691
2015	13,304,215	0.29%	597
2016	11,544,740	0.23%	509

Notes:

- (1) Includes all long-term general obligation bonded debt and excludes revenue bonds
- (2) See Table 5 for assessed value data
- (3) See Table 11 for population data

**Demographic and Economic Statistics (Unaudited)  
Last Ten Years**

Fiscal Year	Population (1)	Total Personal Income (000's) (1)	Per Capita		Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
			Personal Income (1)				
2007	20,311	\$ 1,263,617	\$ 62,213		40.50	2,299	2.50%
2008	20,905	1,338,804	64,042		41.40	2,367	3.30%
2009	21,261	1,272,294	59,842		40.00	2,430	6.70%
2010	21,717	1,303,806	60,036		45.20	2,459	6.20%
2011	21,753	1,417,622	65,169		45.20	2,409	5.40%
2012	21,169	1,450,321	68,512		45.20	2,359	5.32%
2013	21,400	1,598,816	74,711		45.20	2,315	4.50%
2014	21,703	1,872,528	86,280		45.20	2,387	4.50%
2015	22,277	1,922,053	86,280		45.20	2,392	4.70%
2016	22,667	1,955,688	86,280		45.20	2,495	3.60%

Notes:

- (1) Population estimates from Weldon Cooper Center for Public Service, University of Virginia. Latest estimate available is 2015. Estimate for 2016 calculated using expected growth rate of 1.75%. Total personal income from U.S. Department of Commerce, Bureau of Economic Analysis. Latest data available is 2014. Per capita personal income calculated by dividing personal income by the population estimate for each year. Per capita personal income for 2015 and 2016 is assumed same as 2014 (latest total personal income data). Total personal income for 2015 and 2016 are calculated by multiplying population estimate by per capital personal income for each of those years.
- (2) U. S. Department of Commerce, Census Bureau.
- (3) Based on Virginia Department of Education "Superintendent's Annual Report" (end-of-year Average Daily Membership). Current year numbers are preliminary and based on the "Spring Student Record Collection."
- (4) Virginia Employment Commission.



*County of Goochland, Virginia*

*Table 12*

*Principal Employers (Unaudited)*

*Current Year and the Period Nine Years Prior*

<b>Employer</b>	<b>2016</b>		<b>2007</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Capital One Bank	1,000 and over	1	1,000 and over	1
CarMax Auto Superstores	1,000 and over	2	500 to 999	2
Goochland County School Board	250 to 499	3	250 to 499	3
Luck Stone Corporation	250 to 499	4	250 to 499	4
Capital One Services, LLC	250 to 499	5		
Performance Food Group	250 to 499	6	100 to 249	8
Virginia Farm Bureau Mutual Insurance	100 to 249	7	250 to 499	7
L.E. Myers Company	100 to 249	8		
Virginia Correctional Center for Women	100 to 249	9	100 to 249	9
County of Goochland	100 to 249	10	250 to 499	5
James River Correctional Center			250 to 499	6
Psychiatric Institute of Richmond			100 to 249	10

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages

**Full-time Equivalent County Employees by Function (Unaudited)  
Last Ten Fiscal Years**

Function	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Government:</b>										
General government	27	35	35	32	29	32	36	36	35	34
Judicial administration	25	15	12	12	15	24	24	24	15	16
Public safety:										
Sheriff's department	33	33	42	41	38	39	41	41	41	45
Fire and rescue	5	6	16	17	16	19	20	22	24	27
Building inspections	7	9	6	6	4	5	6	6	7	7
Animal control	2	2	3	3	3	3	3	3	3	4
Public works:										
General maintenance	13	12	16	12	11	-	-	-	-	-
Convenience centers	9	7	7	8	6	7	6	6	6	6
Utilities	5	7	6	6	6	6	6	6	6	7
Health and welfare:										
Department of social services	18	19	19	20	21	22	22	22	23	23
Parks, recreation, and facilities management	6	5	2	5	7	18	18	19	16	19
Community development:										
Planning	9	10	11	11	9	11	10	10	10	10
Total Government	159	160	175	173	165	186	192	195	186	198
<b>School Board:</b>										
Central office administrators	18	18	18	21	14	13	11	12	13	13
Principals and Assistant Principals <sup>(1)</sup>	-	-	-	-	8	8	8	8	8	8
Instructors:										
Elementary school	97	102	103	87	97	99	97	102	104	107
Middle school	44	41	43	41	47	50	51	52	51	51
High school	52	63	54	49	56	56	55	55	58	61
Special education professionals <sup>(1)</sup>	-	-	-	-	13	12	12	14	14	14
Instructional aides (all schools) <sup>(1)</sup>	-	-	-	-	33	33	33	36	39	37
Other admin support staff <sup>(1)</sup>	-	-	-	-	23	24	24	23	25	26
Custodians, bus drivers, cafeteria workers <sup>(1)</sup>	-	-	-	-	78	76	79	75	75	77
Total School Board	211	224	218	197	369	371	370	377	387	394
<b>Total County</b>	<b>370</b>	<b>384</b>	<b>393</b>	<b>370</b>	<b>534</b>	<b>557</b>	<b>562</b>	<b>572</b>	<b>573</b>	<b>592</b>

Source: Human Resources, Virginia Department of Education IPAL (Instructional Personnel and Licensure) and the related IPAL survey

Note:

(1) New category for fiscal year 2011. Previously, only positions reported in IPAL were shown on this table and not all School Board employees. There may be some duplication of FTEs between the different IPAL reports.

County of Goochland, Virginia

Table 14

Operating Indicators by Function (Unaudited)  
Last Ten Fiscal Years

Function	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>PUBLIC SAFETY</b>										
Sheriff's department:										
Physical arrests	765	789	661	637	548	427	492	478	421	419
Traffic violations	4,589	4,228	4,606	5,205	6,299	5,784	5,847	6,447	6,720	6,953
Civil papers	5,756	4,890	5,693	4,951	5,227	5,143	4,689	4,259	4,466	4,780
Fire and rescue:										
Number of calls answered	2,658	2,643	3,414	3,146	2,906	3,444	2,718	2,572	2,522	2,680
Building inspections:										
New residential and commercial permits	239	156	84	73	37	63	145	150	216	236
Animal control:										
Number of calls answered	4,015	4,680	5,110	5,020	5,475	5,712	5,548	5,500	534	637
<b>CULTURE AND RECREATION</b>										
Parks and recreation:										
After-school program participants	219	274	227	1,189	1,211	1,279	1,255	1,648	1,683	2,041
Youth sports participants	205	310	495	1,100	1,975	1,350	1,475	1,300	1,450	1,575
<b>COMPONENT UNIT - SCHOOL BOARD</b>										
Education:										
School age population <sup>(1)</sup>										
Elementary school	1,039	1,082	1,207	1,134	1,129	1,039	1,001	1,061	1,036	1,108
Middle school	321	508	564	583	585	556	580	570	588	575
High school	926	763	770	764	729	734	727	756	768	812
Free and reduced meals served <sup>(2)</sup>	104,583	99,088	116,082	128,880	121,302	123,274	119,515	127,674	121,617	124,036

Source: Individual county departments

Note:

(1) Based on Virginia Department of Education "Spring Student Record Collection."

*County of Goochland, Virginia*  
*Capital Asset Statistics by Function (Unaudited)*  
*Last Ten Fiscal Years*

*Table 15*

Function	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	7	5	6	9	6	6	4	3	3	4
Public safety:										
Sheriff's department:										
Patrol units	42	52	50	54	53	55	55	55	55	60
Fire and rescue:										
Vehicles	6	6	9	11	14	16	15	34	34	36
Building inspections:										
Vehicles	3	4	4	4	4	4	5	4	5	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	4
Public works:										
General maintenance:										
Trucks/vehicles <sup>(1)</sup>	16	19	26	18	15	-	-	-	-	-
Convenience center:										
Vehicles	4	4	2	2	2	1	1	2	2	2
Equipment	2	2	3	1	1	1	1	1	1	2
Sites	1	2	2	2	2	2	2	2	2	2
Health and welfare:										
Department of Social Services:										
Vehicles	6	6	7	6	6	6	7	6	6	5
Parks, recreation, and facilities management:										
Community Centers	1	1	1	1	1	2	1	1	1	1
Vehicles	2	3	3	3	4	19	18	16	15	15
Community development:										
Planning:										
Vehicles	1	2	4	3	1	2	3	3	4	4
Business-type activities: <sup>(2)</sup>										
Utilities:										
Vehicles	-	-	-	-	-	4	5	6	6	7
Education:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Elementary schools	3	3	3	3	3	3	3	3	3	3
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Vehicles	53	53	57	57	54	53	52	51	55	56
School buses	64	64	68	68	66	60	60	59	58	61

Source: Human Resources/Risk Management, School administration

Notes:

(1) Combined with Parks and Recreation vehicles beginning in fiscal year 2012.

(2) Information not available prior to fiscal year 2012.

## **COMPLIANCE SECTION**

**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

Federal Grantor/State Pass - Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>				
Pass-through payments:				
Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not provided	\$ -	\$ 55,498
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	201616N109941	-	75,134
National School Lunch Program	10.555	201616N109941	-	294,427
Summer Food Service Program for Children	10.559	600260000	-	808
Total Child Nutrition Cluster				<u>425,867</u>
Department of Social Services:				
SNAP Cluster:				
State Administered Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115/0040115/0010116/0040116	-	201,343
Total SNAP cluster				<u>201,343</u>
<b>Total Department of Agriculture</b>				<u>627,210</u>
<b>DEPARTMENT OF JUSTICE</b>				
Direct payments:				
Equitable sharing program	16.922	N/A	-	40,738
Pass-through payments:				
Department of Criminal Justice Services				
Crime Victim Assistance	16.575	16-S9582VW15	-	25,996
<b>Total Department of Justice</b>				<u>66,734</u>
<b>DEPARTMENT OF TRANSPORTATION</b>				
Pass-through payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	SC-2016-56155-6355	-	14,541
Total Highway Safety Cluster				<u>14,541</u>
Alcohol Open Container Requirements	20.607	154AL-2016-56153-6353	-	13,897
<b>Total Department of Transportation</b>				<u>28,438</u>
<b>DEPARTMENT OF EDUCATION</b>				
Pass-through payments:				
Virginia Department of Education:				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	H027A150107-2015-430710000/ H173A130112-2013-611360000	-	575,279
Special Education - Preschool Grants	84.173	H173A150112-2015-625210000	-	27,763
Total Special Education Cluster (IDEA)				<u>603,042</u>
Title I Grants to Local Educational Agencies	84.010	S010A150046-2015-429010000/ S010A140046-2014-429010000	-	256,126
Title I, Part D: State Agency Program for Neglected and Delinquent Children and Youth	84.013	S010A150046-2015-429350000	-	83,628
Education for Homeless Children and Youth	84.196	S196A130048-2014-17	-	391
Advanced Placement Program	84.330	609570000	-	1,435
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	S367A150044-2015-614800000	-	45,864
Title III, Part A: English Language Acquisition State Grant	84.365	S3635A150046-2015-605120000	-	3,910
Career and Technical Education - Basic Grant to States	84.048	V048A150046-2015-610950000	-	26,554
<b>Total Department of Education</b>				<u>417,908</u> <u>1,020,950</u>

See notes to Schedule of Expenditures of Federal Awards

**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

Federal Grantor/State Pass - Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950114/0950115	\$ -	\$ 6,988
TANF Cluster:				
Temporary Assistance to Needy Families (TANF)	93.558	0400115/0400116	-	128,991
Total TANF Cluster				<u>128,991</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	-	143
Low Income Home Energy Assistance	93.568	0600415/0600416	-	14,021
Community Services Block Grant	93.569	not provided	-	164,468
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	-	23,432
Total Child Care and Development Fund Cluster				<u>23,432</u>
Chafee Education and Training Vouchers Program	93.599	9160114/9160115	-	1,401
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900116	-	861
Foster Care - Title IV-E	93.658	1100115/1100116	-	95,983
Adoption Assistance	93.659	1120115/1120116	-	90,969
Social Services Block Grant	93.667	1000115/100116	-	115,987
Chafee Foster Care Independence Program	93.674	9150115/9150116	-	3,004
Children's Health Insurance Program	93.767	0540115/0540116	-	7,518
Medicaid Cluster:				
Medical Assistance Program	93.778	1200115/1200116	-	243,350
Total Medicaid Cluster				<u>243,350</u>
<b>Total Department of Health and Human Services</b>				<u>897,116</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Pass-through payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	DHS-14-GPD-042-001-01	-	16,904
<b>Total Department of Homeland Security</b>				<u>16,904</u>
<b>Total Federal Awards Expended</b>				<u>\$ 2,657,352</u>

See notes to Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2016**

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**1. Basis of Presentation and Accounting**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the *County of Goochland, Virginia* (County) and component units of the *Goochland County Public School Board and the Goochland County Economic Development Authority* under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

*Major Programs* – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County of Goochland, Virginia and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

*Catalog of Federal Domestic Assistance* – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the Schedule.

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Goochland, Virginia and its component units: Child Nutrition, SNAP, Highway Safety, Special Education, TANF, Child Care and Development Fund, and Medicaid.



*County of Goochland, Virginia*

*Notes to Schedule of Expenditures of Federal Awards*

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**Year Ended June 30, 2016**

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**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Non-Cash Assistance**

In addition to amounts reported on the Schedule, the County of Goochland, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$55,498 at the time received were consumed during the year ended June 30, 2016. These commodities were included in the determination of federal awards expended during the year ended June 30, 2016.



**INDEPENDENT AUDITOR'S 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 Goochland, Virginia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the County of Goochland, Virginia (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 17, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 17, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited the County of Goochland, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and Uniform Guidance require 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 the County's compliance.

### **Basis for Qualified Opinion on the Medical Assistance Program**

As described in the accompanying Schedule of Findings and Questioned Costs, the Goochland Department of Social Services did not comply with the requirement regarding CFDA 93.778 Medical Assistance Program as described in finding number 2016-001 for Eligibility. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2016.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the County 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

### **Other Matters**

The County's response to the noncompliance finding identified in our audit as 2016-001 is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County'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 appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a material weakness.

### **The County's Response to Finding**

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 17, 2016

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

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I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?        Yes   √   No  
 Significant deficiencies identified?        Yes   √   None Reported  
 Noncompliance material to financial statements noted?        Yes   √   No

Federal Awards

Internal control over major programs:

Material weakness identified?   √   Yes        No  
 Significant deficiencies identified?        Yes   √   None Reported

Type of auditor's report issued on compliance for major programs:

- Qualified for CFDA 93.778, Medical Assistance Program – Eligibility
- Unmodified for all other applicable compliance requirements of the Medical Assistance Program and for all other major programs and applicable compliance requirements

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.778	Medical Assistance Program
<b>Special Education Cluster:</b>	
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
<b>Child Nutrition Cluster:</b>	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodity Distributions
10.559	Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee?        Yes   √   No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

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II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Department of Health and Human Services

**2016-001: Eligibility** – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services

Criteria and Condition: Code of Federal Regulations 42 CFR 435.916 – Periodic redeterminations of Medicaid eligibility – “The agency must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months.” The program has not complied with this requirement.

Context: Of the 60 eligibility determinations tested, 13 redeterminations within the specified 12 month timeframe were not performed. Although the Code of Federal Regulations allows certain eligibility factors such as blindness and disability to be considered as continuing until the conditions are no longer met, other eligibility factors which may change require redeterminations be performed.

Cause: Due to limited resources within the Goochland Department of Social Services.

Effect: Noncompliance with regulations may result in improper payments to individuals who have not received a timely redetermination of eligibility.

Questioned Costs: Undeterminable

Repeat Finding: This is a repeat finding, as the prior year finding was identified as 2015-001.

Recommendation: The Goochland Department of Social Services should develop internal control procedures to ensure employees complete the annual eligibility redeterminations in a timely manner as required by program regulations.

Views of Responsible Officials: Management concurs with the finding. Due to staff shortages and outages in the State’s case management system, the Goochland County Department of Social Services was unable to determine and renew Medical Assistance Program (Medicaid) eligibility in a timely manner during fiscal year 2015 and fiscal year 2016. The Goochland Department of Social Services has implemented changes and added additional staff positions as detailed in the Corrective Action Plan to prevent this in the future with the understanding that local staff has no control over the availability of the State’s case management system.



**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2016**

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Identifying Number: 2016-001: Eligibility – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services

Finding:

Eligibility redeterminations for beneficiaries were not performed at least every 12 months as required by 42 CFR 435.916.

Corrective Action Taken or Planned:

There are a number of factors which have contributed to the finding of overdue Medical Assistance Program (Medicaid) renewals during the timeframe selected. The factors listed below have been considered in the development of the agency's Corrective Action Plan.

The Goochland Department of Social Services (DSS), like the State as a whole, experienced increased caseloads (both new and on-going cases) as a result of the 2008 recession. Public Assistance cases statewide peaked in 2013.

**Virginia Case Management System:**

The Virginia Department of Social Services implemented a new automated benefit determination and management system, Virginia Case Management System (VaCMS), in October 2013. The system is a rules-based Medical Assistance determination and case management system that was developed and modified as it rolled out to local agencies. In the past two years, the VaCMS' functionality has improved and become more reliable and workable; however it continues to expand and be modified through the various Medical Assistance programs. The State strongly encouraged agencies to focus attention on new applications in the system and prioritize the processing of those cases in a timely manner.

In October 2016, the VaCMS began to encompass SNAP and all remaining assistance programs. This work increase directly impacts the work of all Benefit Specialists. The implementation of this new phase has had, and continues to have a negative impact on the VaCMS and consequently the timeliness of local workers' case actions.

**Staff Turnover:**

Goochland DSS, like the State, has been experiencing historically high turnover rates since 2013. For the fiscal year 2014, the statewide turnover rate was 96.8%; for Goochland County's Department of Social Services, the turnover rate was 133%. The staffing situation was challenging for the supervisor and the benefits unit due to the demands of maintaining their own caseloads as well as the caseloads of the departed staff. The unit, which is fully staffed at six full-time persons (including the Benefits Program supervisor), dropped to a unit of three. The agency was able to hire three part time employees, all recent retirees to come assist with Medicaid and other public assistance programs. In addition to the supervisor working, monitoring and approving case records, the supervisor also trained new staff on Medicaid, SNAP and other programs.

**Note:** The benefit program specialist position is not a data entry position. The position is multifaceted and requires the employee to be able to analyze program policies/procedures, communicate effectively both orally and in writing with a diverse population, and utilize state/agency software systems. Newly hired staff was undergoing their initial year of training and, therefore, provided minimal contribution to unit processing. At the same time, existing workers were carrying extra caseload duties until the new workers became functional.

**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2016**

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Identifying Number: 2016-001: Eligibility – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services (Continued)

Corrective Action Taken or Planned: (Continued)

**State Recognition of the Issue:**

JLARC issued a report on the issues with Medicaid in November 2015. This report shared issues with the VaCMS and Medicaid processing. A copy of the report was shared with the auditors, the Board of Supervisors, and the local Social Services Board. This report can be accessed by clicking <http://jlarc.virginia.gov/pdfs/reports/Rpt476.pdf>.

The Virginia Department of Social Services recognized the statewide VaCMS issue and provided additional funding to each locality. The funding was 100% state funds and required no local match. Additional paperwork and tracking processes were required to utilize the funds, and Goochland Department of Social Services used these funds to cover overtime for the Benefits staff.

**Corrective Action Plan**

The following corrective action plan was put into place in October 2015 and continues:

- The Director and the Supervisor review the Medicaid Overdue report weekly. Benefit staff are required to give weekly updates on the status of each case.
- Staff in the Benefits unit was placed on *mandatory* overtime beginning October 2015-March 2016 until all overdue cases were cleared out of the VaCMS. In April 2016, overtime was optional with the understanding that if a case is at risk of becoming overdue, the worker must work overtime hours to clear the case out of the VaCMS before the deadline.
- Management contacted the State Department of Social Services to inform them of the impact the VaCMS is having at the county level. In addition to notifying State personnel, The Virginia League of Social Services Financial Services Committee began addressing the issues with the functionality of the VaCMS, and the magnitude of the impact upon local agencies, as part of their ongoing charges in 2015. A VaCMS issue log was compiled by member agencies and presented to the State Department of Social Services Commissioner and Senior Management in March 2015. This group continues to advocate for the local agencies and communicate with the state staff about VaCMS issues and concerns. The Director of Goochland DSS is a member of the Virginia League of Social Services; the Benefit Program Supervisor of Goochland DSS is a member of the Financial Services Committee of the same organization.
- The agency is documenting every instance of issues related to the latency, outage or errors while working with the VaCMS.

**Additional Corrective Actions:**

- Management: The Director and the Supervisor review the Medicaid Overdue report each week and determine the status of each case. The Benefit Specialists are required to provide weekly updates on the status of each case. If a staff person has a case lingering towards the end of the month, the worker must work overtime to clear the case out of VaCMS. Weekly reviews allow the Supervisor and the worker to troubleshoot problematic cases with the Medicaid consultant, as well as submit help tickets in the VaCMS, if necessary.
- Staff in the Benefits unit was placed on mandatory overtime beginning October 2015-March 2016 until all overdue cases were cleared out of VaCMS. In April 2016, overtime was optional with the understanding that if a case is at risk of becoming overdue, the worker must work overtime hours to clear the case out of VaCMS before the deadline.

**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2016**

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Identifying Number: 2016-001: Eligibility – Medical Assistance Program – CFDA Number 93.778; Award period: Year Ended June 30, 2016; Pass-through entity name: Virginia Department of Social Services (Continued)

Corrective Action Taken or Planned: (Continued)

- Because of the issues cited above, the Goochland County Board of Supervisors approved two new Benefit Program Specialist positions in fiscal year 2017. One of those positions will be filled on December 1, 2016. Individuals without Benefit Program experience who are hired into these positions must receive extensive policy and systems training in each program area before becoming fully functional and able to manage a caseload. This takes approximately one year and is partly dependent upon the State’s training session availability.
- In addition to the creation of two new positions, the Goochland Social Services Board approved a Salary Range revision for the Department effective October 1, 2016. This Salary Range revision increased the starting salary for Benefits and Services staff. The intent of the Salary Range revision is to attract and retain quality staff to Goochland DSS.
- To accommodate these positions, Goochland County is working with our agency to create more office space for the new workers.
- Goochland DSS continues to work diligently to address the issues with the VaCMS and complete cases in a timely manner.

**COUNTY OF GOOCHLAND, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2016**

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Identifying Number: 2015-01: Eligibility – Medical Assistance Program (CFDA Number 93.778)

Finding:

Code of Federal Regulations 42 CFR 435.916 – Periodic redeterminations of Medicaid eligibility – “The agency must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months.”

Of the 60 eligibility determinations tested, 12 redeterminations within the specified 12 month timeframe were not performed. Although the Code of Federal Regulations allows certain eligibility factors such as blindness and disability to be considered as continuing until the conditions are no longer met, other eligibility factors which may change require redeterminations be performed.

Corrective Action Taken or Planned:

Refer to the Corrective Action Plan for finding 2016-001 for an update on the finding noted above.