

**COUNTY OF PRINCE EDWARD, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**



**COUNTY OF PRINCE EDWARD, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**



# COUNTY OF PRINCE EDWARD, VIRGINIA

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## Board of Supervisors

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Howard F. Simpson, Chairman  
Robert M. Jones, Vice-Chairman

Jerry R. Townsend  
Calvin L. Gray  
James R. Wilck

Pattie Cooper-Jones  
C.R. Timmons, Jr.  
Odessa H. Pride, Ed.D

## Board of Social Services

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Howard F. Simpson, Chairman  
Lanay S. Walker, Vice-Chairman

Ida Miley  
Shirley Wallace  
Pauly Hollingsworth

## County School Board

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Russell L. Dove, Chairman

Beulah M. Womack  
Darin E. Thomas  
Sherry Honeycutt

Timothy W. Corbett Sr., M.D.  
Peter Y. Gur, Ph.D.  
Chapman H. Frazier, Ph. D.  
Lawrence C. Varner, M.D.

## Other Officials

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

Donald C. Blessing  
Machelle J. Eppes  
Robert G. Woodson, Jr.  
Marvin H. Dunkum, Jr.  
Megan L. Clark  
Beverly M. Booth  
Donna B. Nunnally  
Wesley W. Reed  
Dr. K. David Smith  
Roma R. Morris  
Wade Bartlett



COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report  
For The Year Ended June 30, 2016

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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To the Honorable Members of  
the Board of Supervisors  
County of Prince Edward, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, 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.

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, 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.

## *Change in Accounting Principle*

As described in Note 17 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73, and 77 Tax Abatement Disclosures. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 80, and 81-86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince Edward, Virginia's basic financial statements. The other supplementary information and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

*Other Information: (Continued)*

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2016, on our consideration of the County of Prince Edward, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

*Robinson, Farney Cox Associates*  
Charlottesville, Virginia  
December 16, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Honorable Members of the Board of Supervisors  
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

### Financial Highlights

#### Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,014,916 (total net position). This was a decrease of \$292,949 or 22% compared to the ending amount of \$1,307,865 on June 30, 2015. (\$747,610) of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$1,848,682 of the County's total, a decrease of \$58,976 or 3% in comparison with net position of \$1,907,658 at June 30, 2015. Cash and cash equivalents for the Governmental Activities decreased from \$12,007,084 in FY15 to \$11,672,918 at the end of FY16. This is a decrease of \$334,166 or 2.86%.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$12,303,960, a decrease of \$1,288,077 when compared to the amount on June 30, 2015. \$8,525,936 of this amount reflects the School Board's net investment in capital assets. \$866,433 is restricted for future construction, leaving (\$21,696,329) in unrestricted assets available to meet ongoing obligations. This is an increase of \$1,637,705 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. Business-Type Activities net position was (\$833,766) which was a decrease of \$233,973. Unrestricted net position of Business-Type Activities decreased \$318,005 during the year ending with a balance of (\$642,461) on June 30, 2016 as compared to (\$324,456) on June 30, 2015.
- The combining long-term governmental obligations decreased \$140,830 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report.

## Financial Highlights: (Continued)

### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures exceeded revenues by \$833,789 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,291,427 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$12,530,743 which is a decrease of \$833,789 or 6% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$9,672,556 or 41% of total general fund expenditures excluding capital projects.

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

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

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

**Government-wide financial statements** - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

The Statement of Net Position (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.



## Overview of the Financial Statements: (Continued)

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

1. Governmental Activities - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
2. Business-Type Activities - The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
3. Component Unit - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. 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 of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

**Overview of the Financial Statements: (Continued)**

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

Notes to the financial statements - 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 statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

**Government-wide Financial Analysis**

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2016, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,848,682 at the close of the fiscal year as presented in the Table below. This was a decrease of \$58,976 or 3% under the FY2015 ending amount of \$1,907,658.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position  
For the Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 28,428,109	\$ 28,502,394	\$ -	\$ -	\$ 28,428,109	\$ 28,502,394
Capital assets	12,631,334	11,016,399	3,814,156	3,901,121	16,445,490	14,917,520
Total assets	\$ 41,059,443	\$ 39,518,793	\$ 3,814,156	\$ 3,901,121	\$ 44,873,599	\$ 43,419,914
Deferred outflows of resources	\$ 573,883	\$ 569,368	\$ -	\$ -	\$ 573,883	\$ 569,368
Long-term liabilities outstanding	\$ 23,896,396	\$ 24,037,226	\$ 4,005,461	\$ 4,176,458	\$ 27,901,857	\$ 28,213,684
Current liabilities	2,049,292	334,213	642,461	324,456	2,691,753	658,669
Total liabilities	\$ 25,945,688	\$ 24,371,439	\$ 4,647,922	\$ 4,500,914	\$ 30,593,610	\$ 28,872,353
Deferred inflows of resources	\$ 13,838,956	\$ 13,809,064	\$ -	\$ -	\$ 13,838,956	\$ 13,809,064
Net position:						
Net investment in capital assets	\$ 1,858,573	\$ 2,289,146	\$ (191,305)	\$ (275,337)	\$ 1,667,268	\$ 2,013,809
Restricted	95,258	95,258	-	-	95,258	95,258
Unrestricted	(105,149)	(476,746)	(642,461)	(324,456)	(747,610)	(801,202)
Total net position	\$ 1,848,682	\$ 1,907,658	\$ (833,766)	\$ (599,793)	\$ 1,014,916	\$ 1,307,865

At the end of FY2016, the County's net investment in capital assets is \$1,858,573. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Government-wide Financial Analysis: (Continued)**

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. \$95,258 of the County's net position is restricted for the use of Community Development Authority. The remaining balance of net position in the amount of (\$105,149) may be used to meet the government's ongoing obligations. While the unrestricted net position amount is (\$105,149), Prince Edward County has more than \$10 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

Governmental Activities - Governmental activities decreased Prince Edward County's net position by \$58,976. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$33,383 and expenses decreased \$2,371,527. The net effect was a decrease in net position of \$58,976.

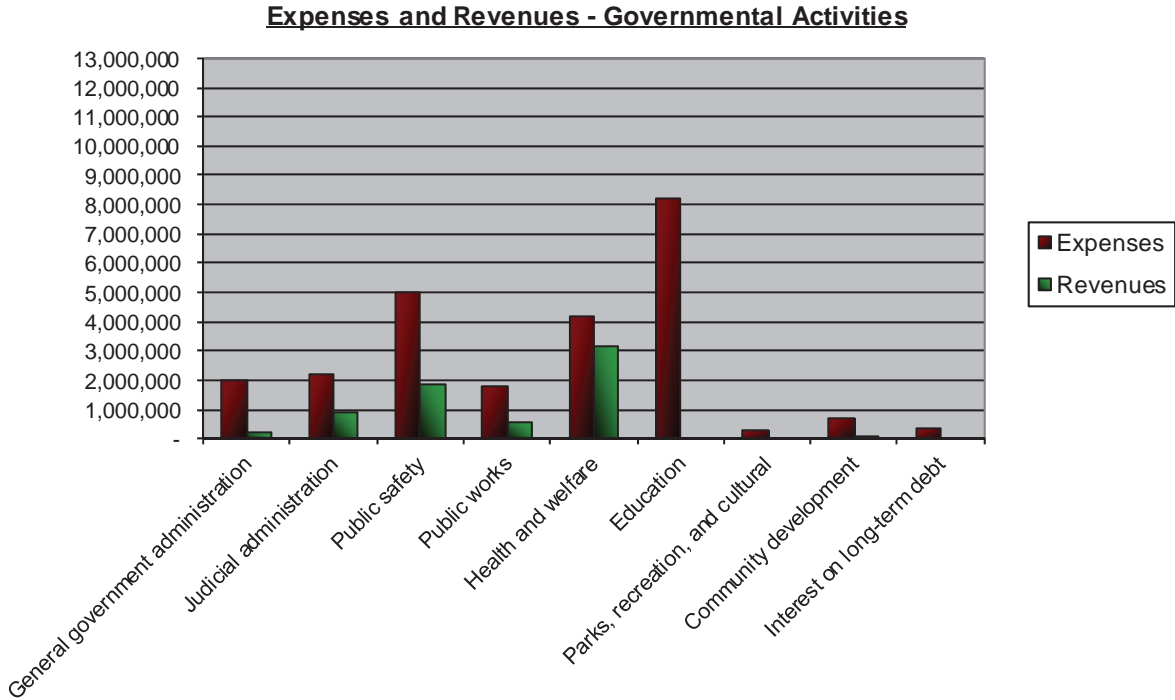
County of Prince Edward, Virginia  
Changes in Net Position  
For the Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 933,574	\$ 986,189	\$ 2,651	\$ 3,114	\$ 936,225	\$ 989,303
Operating grants and contributions	5,813,572	5,595,435	-	-	5,813,572	5,595,435
General revenues:						
General property taxes	11,867,596	11,877,989	-	-	11,867,596	11,877,989
Other local taxes	3,710,005	3,796,368	-	-	3,710,005	3,796,368
Commonwealth non-categorical aid	1,774,380	1,850,727	-	-	1,774,380	1,850,727
Other general revenues	530,189	489,225	-	-	530,189	489,225
Total revenues	\$ 24,629,316	\$ 24,595,933	\$ 2,651	\$ 3,114	\$ 24,631,967	\$ 24,599,047
Expenses:						
General government administration	\$ 1,978,261	\$ 1,836,885	\$ -	\$ -	\$ 1,978,261	\$ 1,836,885
Judicial administration	2,183,197	1,228,338	-	-	2,183,197	1,228,338
Public safety	4,988,608	4,988,167	-	-	4,988,608	4,988,167
Public works	1,783,830	1,991,833	-	-	1,783,830	1,991,833
Health and welfare	4,200,104	3,873,482	-	-	4,200,104	3,873,482
Education	8,197,715	11,968,460	-	-	8,197,715	11,968,460
Parks, recreation, and cultural	315,351	284,325	-	-	315,351	284,325
Community development	660,282	572,714	-	-	660,282	572,714
Interest on long-term debt	380,944	315,615	-	-	380,944	315,615
Water fund	-	-	170,631	178,144	170,631	178,144
Sewer fund	-	-	65,993	67,707	65,993	67,707
Total expenses	\$ 24,688,292	\$ 27,059,819	\$ 236,624	\$ 245,851	\$ 24,924,916	\$ 27,305,670
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ (58,976)	\$ (2,463,886)	\$ (233,973)	\$ (242,737)	\$ (292,949)	\$ (2,706,623)
Net position - beginning	1,907,658	4,371,544	(599,793)	(357,056)	1,307,865	4,014,488
Net position - ending	\$ 1,848,682	\$ 1,907,658	\$ (833,766)	\$ (599,793)	\$ 1,014,916	\$ 1,307,865

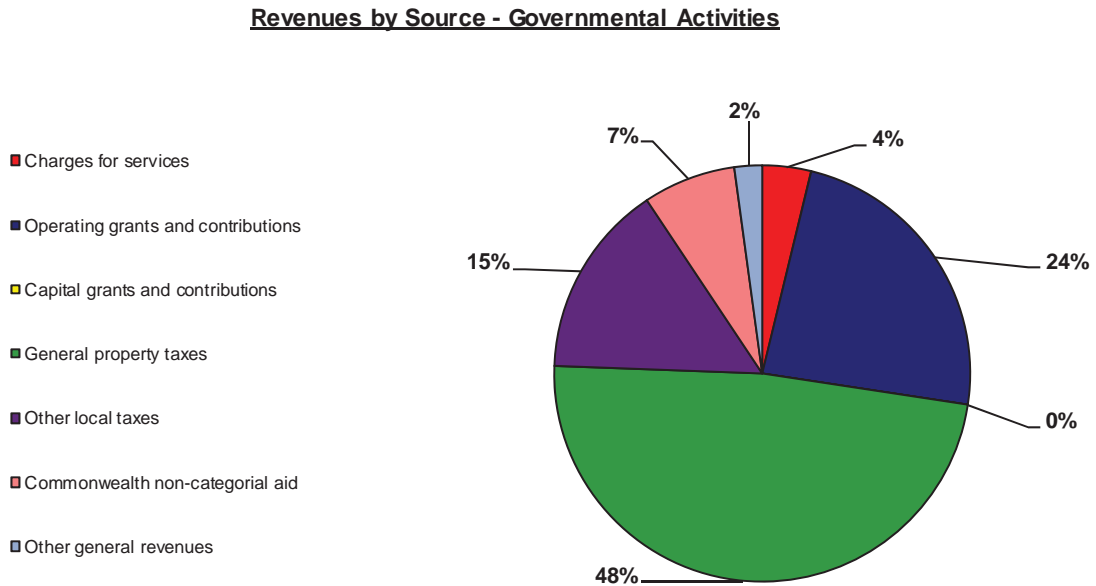
Revenues from governmental activities totaled \$24,629,316 with general property taxes (48.6%), operating grants and contributions (23.6%), and other local taxes (15.1%) comprising 87.3% of the County's revenues. Expenses for education (33.4%), health and welfare (17.1%), and public safety (20.3%) account for 70.8% of total governmental expenses of \$24,688,292.

**Government-wide Financial Analysis: (Continued)**

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



## 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 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. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$12,530,743, a decrease of \$833,789 when compared to the prior year. Approximately 77 percent (\$9,672,556) of the combined governmental fund balance is unassigned. The remaining 23% (\$2,858,187) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$10,493,245 comprise 84% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents decreased \$494,634 or 5%.

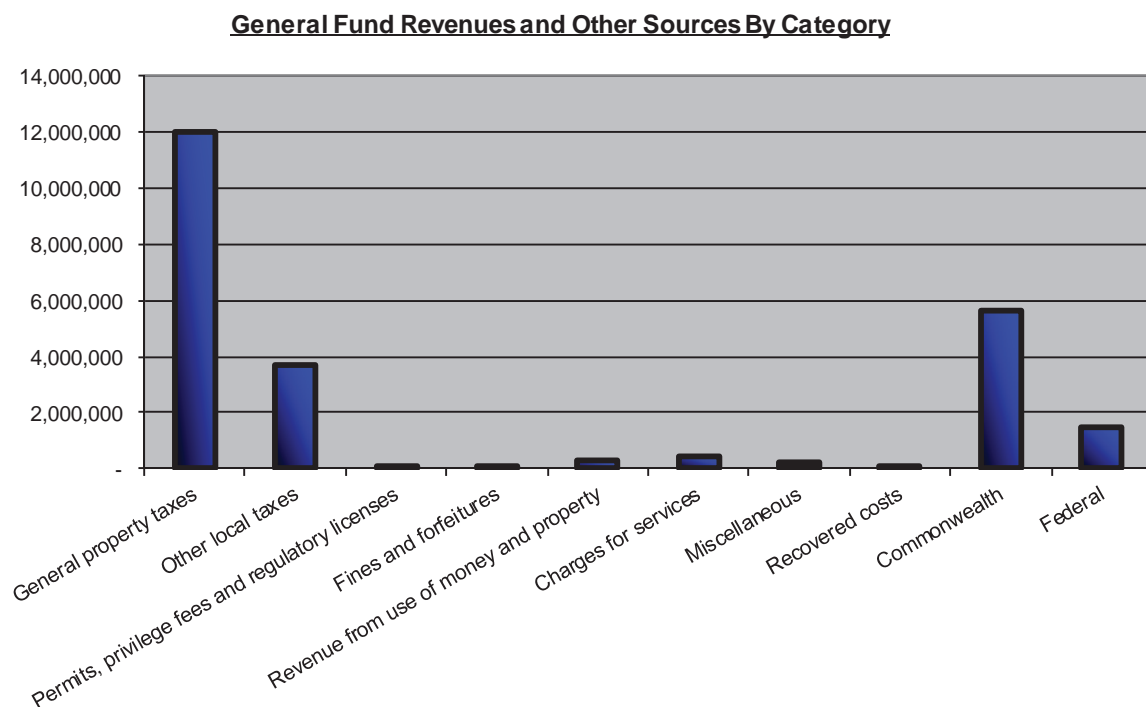
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2016 of \$9,767,814. This is a decrease from the prior year of \$138,725. The major component of the current year decrease was a decrease of general property taxes of \$175,972.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2016 the Landfill Construction Fund had a fund balance of \$1,278,266, a decrease of \$813,820. This decrease was the result of capital project expenditures in the fund.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.5% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

### General Fund Revenues and Other Sources by Category

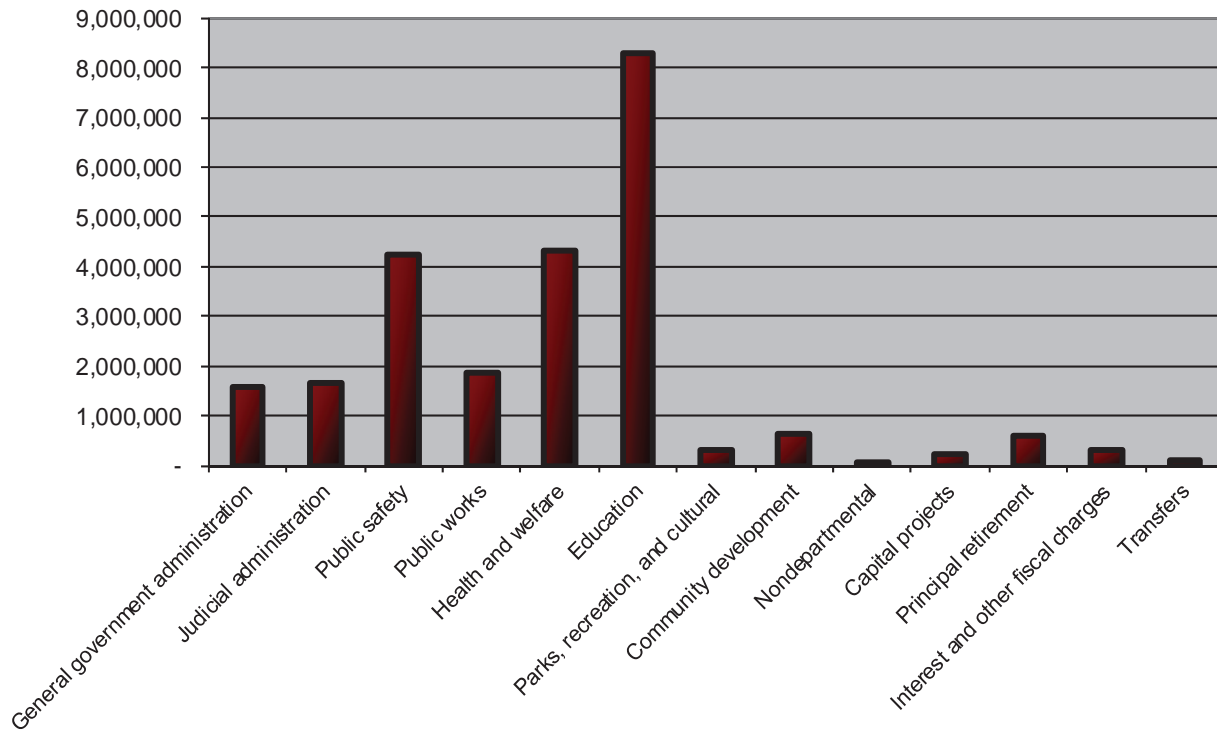
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$24,073,376.



## General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$24,212,101 including transfers out of the fund of \$110,153.

### General Fund Expenditures and Other Sources By Category



## General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$204,201 over the original budgeted amount. The final expenditure budget reflected an increase of \$788,936 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$110,709 in General Property Taxes
- \$20,850 in Miscellaneous Revenues
- \$72,642 in intergovernmental revenues from the Commonwealth of Virginia

**General Fund Budgetary Highlights: (Continued)**

The Expenditure amendments were as follows:

- \$16,300 increase in General government administration
- \$22,606 increase in Judicial administration
- \$382,763 increase in Public Safety
- \$4,000 increase in Public Works
- \$1,500 increase in Education
- \$162,173 increase in Community Development
- \$25,906 decrease in Nondepartmental
- \$225,500 increase in Capital projects

As can be seen increases in Capital Projects and Public Safety accounted for approximately 77% of the increase in the budgeted expenditures. The majority of the increase in public safety is attributed to the Fire Department.

The Physical Plant project accounted for over 91% of the capital project increase.

**Capital Asset and Debt Administration**

Capital assets - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2016, is \$16,445,490 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia  
Capital Assets  
June 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,501,360	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360	\$ 1,501,360
Buildings	7,184,022	7,688,210	-	-	7,184,022	7,688,210
Improvements other than buildings	110,514	134,304	-	-	110,514	134,304
Equipment	573,515	609,813	-	-	573,515	609,813
Utility plant in service	-	-	3,814,156	3,901,121	3,814,156	3,901,121
Construction in progress	3,261,923	1,082,712	-	-	3,261,923	1,082,712
Net capital assets	<u>\$ 12,631,334</u>	<u>\$ 11,016,399</u>	<u>\$ 3,814,156</u>	<u>\$ 3,901,121</u>	<u>\$ 16,445,490</u>	<u>\$ 14,917,520</u>

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

Long-term debt - At the close of FY2016, Prince Edward County had total outstanding obligations of \$27,901,857. Of this amount \$7,882,748 comprises note payable and bonds payable (other than revenue bonds) of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$140,830.

Additional information on the Prince Edward County's long-term obligations can be found in Note 7 of this report.

## **Economic Factors Influencing FY2017 Budgets and Tax Rates**

The dominant factor in developing the FY2017 budget was to solve a beginning budget deficit of approximately \$780,000 in the General Fund, and \$320,000 in the Water and Sewer Funds, for a total deficit of \$1,100,000. This deficit was the result of the FY2016 budget being unbalanced, as it was only balanced by the transfer of \$1,031,352 from the fund balance of the General Fund.

A reassessment of real estate occurred in 2015 which resulted in a decrease in values of almost 8%. An equalized real estate tax rate would have been \$.51, an increase of four cents. With the knowledge that several new businesses would come on the tax rolls in 2016 and 2017 the Board of Supervisors voted to provide tax relief to the citizens and adopted a real estate tax of \$.49 for FY2016. This decision reduced revenues by \$300,000.

For 2017 revenue from general property taxes were projected to increase by only \$128,000 with the remaining revenues remaining at the same levels as 2016. To help offset the beginning deficit the Board increased the real estate tax rate by two cents taking it to \$.51 or the equalized tax rate resulting from the reassessment. These two actions resulted \$428,000 in additional revenue to offset approximately 40% of the 2016 deficit. The remaining deficit of \$600,000 was eliminated by reducing funding for outside organizations by \$107,000, personnel savings from attrition and retirements of \$197,000, reduction in capital spending by \$300,000.

The end result was a balanced budget which required no draws from fund balances.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.



## Basic Financial Statements

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## Government-wide Financial Statements

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## Statement of Net Position

June 30, 2016

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,493,243	\$ -	\$ 10,493,243	\$ 478,926	\$ 522,962
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,446,005	-	14,446,005	-	-
Accounts receivable	94,673	-	94,673	-	-
Loan receivable	-	-	-	-	473,383
Note receivable	733,607	-	733,607	-	-
Due from primary government	-	-	-	1,011,903	21,556
Due from component unit	221,203	-	221,203	-	-
Due from other governmental units	1,259,703	-	1,259,703	1,060,307	-
Prepaid items	-	-	-	227,788	1,475
Industrial assets	-	-	-	-	1,001,241
Restricted assets:					
Cash and cash equivalents	1,179,675	-	1,179,675	866,433	-
Capital assets (net of accumulated depreciation):					
Land	1,501,360	-	1,501,360	99,952	-
Buildings and improvements	7,184,022	-	7,184,022	7,488,693	-
Improvements other than buildings	110,514	-	110,514	263,109	-
Equipment	573,515	-	573,515	674,182	-
Utility plant in service	-	3,814,156	3,814,156	-	-
Construction in progress	3,261,923	-	3,261,923	-	-
Total assets	\$ 41,059,443	\$ 3,814,156	\$ 44,873,599	\$ 12,171,293	\$ 2,020,617
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions subsequent to measurement date	\$ 573,883	\$ -	\$ 573,883	\$ 1,783,785	\$ -
<b>LIABILITIES</b>					
Reconciled overdraft	\$ -	\$ 600,600	\$ 600,600	\$ -	\$ -
Accounts payable	804,581	59	804,640	614,789	4,042
Accrued liabilities	11,251	-	11,251	1,125,913	-
Accrued interest payable	221,557	41,802	263,359	-	-
Due to primary government	-	-	-	242,759	-
Due to component unit	1,011,903	-	1,011,903	-	-
Long-term liabilities:					
Due within one year	1,031,891	180,277	1,212,168	-	-
Due in more than one year	22,864,505	3,825,184	26,689,689	20,895,752	-
Total liabilities	\$ 25,945,688	\$ 4,647,922	\$ 30,593,610	\$ 22,879,213	\$ 4,042
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Items related to measurement of net pension liability	\$ 802,227	\$ -	\$ 802,227	\$ 1,679,825	\$ -
Changes in proportionate share of net pension liability	-	-	-	1,700,000	-
Deferred revenue - property taxes	13,036,729	-	13,036,729	-	-
Total deferred inflows of resources	\$ 13,838,956	\$ -	\$ 13,838,956	\$ 3,379,825	\$ -
<b>NET POSITION</b>					
Net investment in capital assets	\$ 1,858,573	\$ (191,305)	\$ 1,667,268	\$ 8,525,936	\$ -
Restricted:					
Construction	-	-	-	866,433	-
Community Development Authority	95,258	-	95,258	-	-
Unrestricted	(105,149)	(642,461)	(747,610)	(21,696,329)	2,016,575
Total net position	\$ 1,848,682	\$ (833,766)	\$ 1,014,916	\$ (12,303,960)	\$ 2,016,575

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,978,261	\$ -	\$ 237,644	\$ -
Judicial administration	2,183,197	148,791	746,805	-
Public safety	4,988,608	187,308	1,646,105	-
Public works	1,783,830	583,490	-	-
Health and welfare	4,200,104	-	3,181,018	-
Education	8,197,715	-	-	-
Parks, recreation, and cultural	315,351	-	2,000	-
Community development	660,282	13,985	-	-
Interest on long-term debt	380,944	-	-	-
Total governmental activities	\$ 24,688,292	\$ 933,574	\$ 5,813,572	\$ -
Business-type activities:				
Water	\$ 170,631	\$ 1,063	\$ -	\$ -
Sewer	65,993	1,588	-	-
Total business-type activities	\$ 236,624	\$ 2,651	\$ -	\$ -
Total primary government	\$ 24,924,916	\$ 936,225	\$ 5,813,572	\$ -
<b>COMPONENT UNITS:</b>				
School Board	\$ 26,187,517	\$ 506,548	\$ 15,851,336	\$ -
Industrial Development Authority	72,776	-	-	-
Total component units	\$ 26,260,293	\$ 506,548	\$ 15,851,336	\$ -

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia

Grants and contributions not restricted to specific programs

Total general revenues

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
\$ (1,740,617)	\$ -	\$ (1,740,617)	\$ -	\$ -
(1,287,601)	-	(1,287,601)	-	-
(3,155,195)	-	(3,155,195)	-	-
(1,200,340)	-	(1,200,340)	-	-
(1,019,086)	-	(1,019,086)	-	-
(8,197,715)	-	(8,197,715)	-	-
(313,351)	-	(313,351)	-	-
(646,297)	-	(646,297)	-	-
(380,944)	-	(380,944)	-	-
<u>\$ (17,941,146)</u>	<u>\$ -</u>	<u>\$ (17,941,146)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (169,568)	\$ (169,568)	\$ -	\$ -
-	(64,405)	(64,405)	-	-
<u>\$ -</u>	<u>\$ (233,973)</u>	<u>\$ (233,973)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (17,941,146)</u>	<u>\$ (233,973)</u>	<u>\$ (18,175,119)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (9,829,633)	\$ -
-	-	-	-	(72,776)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,829,633)</u>	<u>\$ (72,776)</u>
\$ 11,867,596	\$ -	\$ 11,867,596	\$ -	\$ -
2,714,379	-	2,714,379	-	-
307,536	-	307,536	-	-
417,138	-	417,138	-	-
205,362	-	205,362	-	-
65,589	-	65,589	-	-
331,892	-	331,892	38,570	55,871
198,298	-	198,298	6,771	1,021
-	-	-	8,185,215	36,071
1,774,380	-	1,774,380	311,000	-
<u>\$ 17,882,170</u>	<u>\$ -</u>	<u>\$ 17,882,170</u>	<u>\$ 8,541,556</u>	<u>\$ 92,963</u>
\$ (58,976)	\$ (233,973)	\$ (292,949)	\$ (1,288,077)	\$ 20,187
1,907,658	(599,793)	1,307,865	(11,015,883)	1,996,388
<u>\$ 1,848,682</u>	<u>\$ (833,766)</u>	<u>\$ 1,014,916</u>	<u>\$ (12,303,960)</u>	<u>\$ 2,016,575</u>

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## Fund Financial Statements

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Balance Sheet  
Governmental Funds  
June 30, 2016

	General	School Debt Service	Landfill Construction	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,286,733	\$ -	\$ 1,896,084	\$ 310,428	\$ 10,493,245
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,446,005	-	-	-	14,446,005
Accounts receivable	73,883	-	20,790	-	94,673
Notes receivable	51,266	-	-	-	51,266
Due from component unit	221,203	-	-	-	221,203
Due from other governmental units	1,259,703	-	-	-	1,259,703
Restricted assets:					
Cash and cash equivalents	-	1,179,675	-	-	1,179,675
<b>Total assets</b>	<b>\$ 24,338,793</b>	<b>\$ 1,179,675</b>	<b>\$ 1,916,874</b>	<b>\$ 310,428</b>	<b>\$ 27,745,770</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 156,121	\$ -	\$ 638,608	\$ 5,440	\$ 800,169
Accrued liabilities	15,663	-	-	-	15,663
<b>Total liabilities</b>	<b>\$ 171,784</b>	<b>\$ -</b>	<b>\$ 638,608</b>	<b>\$ 5,440</b>	<b>\$ 815,832</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	\$ 14,399,195	\$ -	\$ -	\$ -	\$ 14,399,195
<b>FUND BALANCES</b>					
Restricted:					
Community Development Authority	\$ 95,258	\$ -	\$ -	\$ -	\$ 95,258
Debt service	-	1,179,675	-	-	1,179,675
Assigned:					
Landfill construction	-	-	1,278,266	-	1,278,266
Recreation capital projects	-	-	-	14,038	14,038
Special revenue	-	-	-	290,950	290,950
Unassigned	9,672,556	-	-	-	9,672,556
<b>Total fund balances</b>	<b>\$ 9,767,814</b>	<b>\$ 1,179,675</b>	<b>\$ 1,278,266</b>	<b>\$ 304,988</b>	<b>\$ 12,530,743</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,338,793</b>	<b>\$ 1,179,675</b>	<b>\$ 1,916,874</b>	<b>\$ 310,428</b>	<b>\$ 27,745,770</b>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 12,530,743

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 23,379,480	
Transfer of construction in progress from component unit School Board	(1,011,905)	
Accumulated depreciation	<u>(10,748,146)</u>	11,619,429

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

Unavailable property taxes	\$ 1,362,466	
Notes receivable	682,341	
Items related to measurement of net pension liability	<u>(802,227)</u>	1,242,580

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

573,883

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

Bonds and loans payable, including premium on bonds	\$ (15,039,434)	
Accrued interest payable	(221,557)	
Compensated absences	(612,339)	
Net OPEB obligation	(195,000)	
Net pension liability	(2,960,222)	
Landfill closure, postclosure and corrective action cost liability	<u>(5,089,401)</u>	<u>(24,117,953)</u>

Net position of governmental activities \$ 1,848,682

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2016

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 11,988,352	\$ -	\$ -	\$ -	\$ 11,988,352
Other local taxes	3,710,005	-	-	-	3,710,005
Permits, privilege fees, and regulatory licenses	98,002	-	-	-	98,002
Fines and forfeitures	120,200	-	-	-	120,200
Revenue from the use of money and property	295,747	26,052	9,176	916	331,891
Charges for services	405,853	-	247,415	62,106	715,374
Miscellaneous	196,931	-	-	1,367	198,298
Recovered costs	124,292	-	-	-	124,292
Intergovernmental:					
Commonwealth	5,633,273	-	-	453,957	6,087,230
Federal	1,500,721	-	-	-	1,500,721
<b>Total revenues</b>	<b>\$ 24,073,376</b>	<b>\$ 26,052</b>	<b>\$ 256,591</b>	<b>\$ 518,346</b>	<b>\$ 24,874,365</b>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,564,514	\$ -	\$ -	\$ -	\$ 1,564,514
Judicial administration	1,645,993	-	-	-	1,645,993
Public safety	4,251,371	-	-	529,295	4,780,666
Public works	1,875,840	-	-	-	1,875,840
Health and welfare	4,304,800	-	-	-	4,304,800
Education	8,303,927	-	-	-	8,303,927
Parks, recreation, and cultural	313,351	-	-	6,500	319,851
Community development	650,874	-	-	-	650,874
Nondepartmental	67,188	-	-	-	67,188
Capital projects	238,416	-	1,070,411	-	1,308,827
Debt service:					
Principal retirement	587,247	-	-	-	587,247
Interest and other fiscal charges	298,427	-	-	-	298,427
<b>Total expenditures</b>	<b>\$ 24,101,948</b>	<b>\$ -</b>	<b>\$ 1,070,411</b>	<b>\$ 535,795</b>	<b>\$ 25,708,154</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (28,572)	\$ 26,052	\$ (813,820)	\$ (17,449)	\$ (833,789)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 110,153	\$ -	\$ -	\$ 110,153
Transfers out	(110,153)	-	-	-	(110,153)
<b>Total other financing sources (uses)</b>	<b>\$ (110,153)</b>	<b>\$ 110,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balances	\$ (138,725)	\$ 136,205	\$ (813,820)	\$ (17,449)	\$ (833,789)
Fund balances - beginning	9,906,539	1,043,470	2,092,086	322,437	13,364,532
Fund balances - ending	<u>\$ 9,767,814</u>	<u>\$ 1,179,675</u>	<u>\$ 1,278,266</u>	<u>\$ 304,988</u>	<u>\$ 12,530,743</u>

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2016

---

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

Net change in fund balances - total governmental funds \$ (833,789)

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

Capital asset additions	\$ 2,358,461	
Transfer of construction in progress from component unit School Board	(1,011,905)	
Net transfer of joint tenancy assets	(241,497)	
Depreciation expense	(502,028)	603,031

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

Unavailable property tax revenue	\$ (120,756)	
Deferred inflows related to the measurement of the net pension liability	313,100	192,344

The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable. (62,961)

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

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$ (869,401)	
Principal payments and premium amortization	928,058	58,657

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.

(Increase) decrease accrued interest payable	\$ (102,946)	
(Increase) decrease in compensated absences	14,588	
(Increase) decrease in net pension liability	84,185	
(Increase) decrease in deferred outflows of resources related to net pension liability	4,515	
(Increase) decrease in net OPEB obligation	(16,600)	(16,258)

Change in net position of governmental activities \$ (58,976)

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

Statement of Net Position  
 Proprietary Funds  
 June 30, 2016

	Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
Noncurrent assets:			
Capital assets:			
Utility plant in service	\$ 3,107,261	\$ 1,241,000	\$ 4,348,261
Accumulated depreciation	(360,365)	(173,740)	(534,105)
Total capital assets	\$ 2,746,896	\$ 1,067,260	\$ 3,814,156
Total noncurrent assets	\$ 2,746,896	\$ 1,067,260	\$ 3,814,156
Total assets	\$ 2,746,896	\$ 1,067,260	\$ 3,814,156
<b>LIABILITIES</b>			
Current liabilities:			
Reconciled overdraft	\$ 157,609	\$ 442,991	\$ 600,600
Accounts payable	59	-	59
Accrued interest payable	30,444	11,358	41,802
Bonds payable - current portion	131,490	48,787	180,277
Total current liabilities	\$ 319,602	\$ 503,136	\$ 822,738
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 2,785,899	\$ 1,039,285	\$ 3,825,184
Total noncurrent liabilities	\$ 2,785,899	\$ 1,039,285	\$ 3,825,184
Total liabilities	\$ 3,105,501	\$ 1,542,421	\$ 4,647,922
<b>NET POSITION</b>			
Net investment in capital assets	\$ (170,493)	\$ (20,812)	\$ (191,305)
Unrestricted	(188,112)	(454,349)	(642,461)
Total net position	\$ (358,605)	\$ (475,161)	\$ (833,766)

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2016

	Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 1,063	\$ -	\$ 1,063
Sewer revenues	-	1,588	1,588
Total operating revenues	<u>\$ 1,063</u>	<u>\$ 1,588</u>	<u>\$ 2,651</u>
<b>OPERATING EXPENSES</b>			
Supplies	\$ 638	\$ -	\$ 638
Repairs and maintenance	350	-	350
Utilities	-	819	819
Insurance	400	400	800
Depreciation	62,145	24,820	86,965
Total operating expenses	<u>\$ 63,533</u>	<u>\$ 26,039</u>	<u>\$ 89,572</u>
Operating income (loss)	<u>\$ (62,470)</u>	<u>\$ (24,451)</u>	<u>\$ (86,921)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	\$ (107,098)	\$ (39,954)	\$ (147,052)
Total nonoperating revenues (expenses)	<u>\$ (107,098)</u>	<u>\$ (39,954)</u>	<u>\$ (147,052)</u>
Change in net position	\$ (169,568)	\$ (64,405)	\$ (233,973)
Total net position - beginning	<u>(189,037)</u>	<u>(410,756)</u>	<u>(599,793)</u>
Total net position - ending	<u><u>\$ (358,605)</u></u>	<u><u>\$ (475,161)</u></u>	<u><u>\$ (833,766)</u></u>

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



Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2016

	Enterprise Funds		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,063	\$ 1,588	\$ 2,651
Payments to suppliers	(1,413)	(1,219)	(2,632)
Net cash provided by (used for) operating activities	\$ (350)	\$ 369	\$ 19
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from other funds	\$ 157,609	\$ 86,953	\$ 244,562
Net cash provided by (used for) noncapital financing activities	\$ 157,609	\$ 86,953	\$ 244,562
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on bonds	\$ (104,333)	\$ (38,925)	\$ (143,258)
Interest payments	(129,727)	(48,397)	(178,124)
Net cash provided by (used for) capital and related financing activities	\$ (234,060)	\$ (87,322)	\$ (321,382)
Net increase (decrease) in cash and cash equivalents	\$ (76,801)	\$ -	\$ (76,801)
Cash and cash equivalents - beginning	76,801	-	76,801
Cash and cash equivalents - ending	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (62,470)	\$ (24,451)	\$ (86,921)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	62,145	24,820	86,965
Increase (decrease) in accounts payable	(25)	-	(25)
Total adjustments	\$ 62,120	\$ 24,820	\$ 86,940
Net cash provided by (used for) operating activities	\$ (350)	\$ 369	\$ 19

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2016

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>360,882</u>
Total assets	\$ <u><u>360,882</u></u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 3,086
Amounts held as sales tax to other towns	30
Amounts held for Piedmont Alcohol Safety Action Program	<u>357,766</u>
Total liabilities	\$ <u><u>360,882</u></u>

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

# COUNTY OF PRINCE EDWARD, VIRGINIA

## Notes to Financial Statements As of June 30, 2016

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

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#### Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

#### Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

**A. Financial Reporting Entity**

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

**B. Individual Component Unit Disclosures**

Blended Component Units - The County has no blended component units.

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

## COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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#### C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$204,663 to the regional library, \$159,886 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

c. Capital Projects Fund

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

d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

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

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and 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 include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**E. Budgets and Budgetary Accounting:**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

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**E. Budgets and Budgetary Accounting: (Continued)**

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, and the Water and Sewer Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. The following departments reported expenditures in excess of appropriations:
  - School cafeteria

**F. Cash and Cash Equivalents**

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

**G. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$871,245 at June 30, 2016 and is comprised solely of property taxes.

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



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2016.

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

<u>Assets</u>	<u>Years</u>
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

I. Deferred Outflows/Inflows of Resources

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

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

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**I. Deferred Outflows/Inflows of Resources: (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

**J. Compensated Absences**

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

**K. Long-term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

**L. Fund Equity**

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

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

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**L. Fund Equity: (Continued)**

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

**M. Use of Estimates**

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

**N. Restricted Assets**

The County reports restricted assets of \$1,179,675, which is to be used for debt service on QZAB bonds.

**O. Net Position**

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

**P. Net Position Flow Assumption**

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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Q. Pensions

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

Note 2—Deposits and Investments:

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Deposits

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

Investments

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

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<u>County's Rated Debt Investments Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Virginia State Non-Arbitrage Program	\$ <u>912,133</u>
Total	\$ <u><u>912,133</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 2—Deposits: (Continued)

Interest Rate Risk

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

County's Debt Investments Values		
Debt Investments	Fair Value	Less than 1 year
Virginia State Non-Arbitrage Program	\$ 912,133	\$ 912,133
Total	\$ 912,133	\$ 912,133

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

The value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. SNAP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	Primary Government	Component Unit
Commonwealth of Virginia		
School funds	\$ -	\$ 85,054
State sales taxes	-	509,774
Local sales tax	452,328	-
Communication tax	49,206	-
Shared expenses	166,839	-
Social services funds	88,826	-
Comprehensive services	227,337	-
School resource	33,630	-
Shared revenues	113,124	-
Federal Government:		
School funds	-	465,479
Social services funds	128,413	-
	\$ 1,259,703	\$ 1,060,307

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 4—Capital Assets:**

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360
Construction in progress	<u>1,082,712</u>	<u>2,179,211</u>	<u>-</u>	<u>3,261,923</u>
Total capital assets not being depreciated	<u>\$ 2,584,072</u>	<u>\$ 2,179,211</u>	<u>\$ -</u>	<u>\$ 4,763,283</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,537,296	\$ -	\$ 363,062	\$ 12,174,234
Improvements other than buildings	3,728,401	-	-	3,728,401
Equipment	<u>2,534,313</u>	<u>179,249</u>	<u>-</u>	<u>2,713,562</u>
Total capital assets being depreciated	<u>\$ 18,800,010</u>	<u>\$ 179,249</u>	<u>\$ 363,062</u>	<u>\$ 18,616,197</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,849,086	\$ 262,691	\$ 121,565	\$ 4,990,212
Improvements other than buildings	3,594,097	23,790	-	3,617,887
Equipment	<u>1,924,500</u>	<u>215,547</u>	<u>-</u>	<u>2,140,047</u>
Total accumulated depreciation	<u>\$ 10,367,683</u>	<u>\$ 502,028</u>	<u>\$ 121,565</u>	<u>\$ 10,748,146</u>
Total capital assets being depreciated, net	<u>\$ 8,432,327</u>	<u>\$ (322,779)</u>	<u>\$ 241,497</u>	<u>\$ 7,868,051</u>
Governmental activities capital assets, net	<u>\$ 11,016,399</u>	<u>\$ 1,856,432</u>	<u>\$ 241,497</u>	<u>\$ 12,631,334</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Primary Government: (Continued)</b>				
<b>Business-type Activities:</b>				
Capital assets, being depreciated:				
Utility plant in service	\$ 4,348,261	\$ -	\$ -	\$ 4,348,261
Accumulated depreciation:				
Utility plant in service	\$ 447,140	\$ 86,965	\$ -	\$ 534,105
Total capital assets being depreciated, net	\$ 3,901,121	\$ (86,965)	\$ -	\$ 3,814,156
Business-type activities capital assets, net	<u>\$ 3,901,121</u>	<u>\$ (86,965)</u>	<u>\$ -</u>	<u>\$ 3,814,156</u>
	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Component Unit-School Board:</b>				
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,620,797	\$ 363,062	\$ -	\$ 20,983,859
Improvements other than buildings	720,057	-	-	720,057
Equipment	5,391,102	309,708	-	5,700,810
Total capital assets being depreciated	\$ 26,731,956	\$ 672,770	\$ -	\$ 27,404,726
Accumulated depreciation:				
Buildings and improvements	\$ 12,865,230	\$ 629,936	\$ -	\$ 13,495,166
Improvements other than buildings	443,924	13,025	-	456,949
Equipment	4,826,544	200,084	-	5,026,628
Total accumulated depreciation	\$ 18,135,698	\$ 843,045	\$ -	\$ 18,978,743
Total capital assets being depreciated, net	\$ 8,596,258	\$ (170,275)	\$ -	\$ 8,425,983
Governmental activities capital assets, net	<u>\$ 8,696,210</u>	<u>\$ (170,275)</u>	<u>\$ -</u>	<u>\$ 8,525,935</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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

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

Primary Government		
Governmental activities:		
General government administration	\$	308,889
Public safety		119,554
Public works		37,084
Health & Welfare		4,360
Community development		<u>32,141</u>
Total Governmental Activities	\$	<u>502,028</u>
Business type activities	\$	<u>86,965</u>
Total Primary Government	\$	<u><u>588,993</u></u>
Component Unit-School Board	\$	<u><u>843,045</u></u>

**Note 5—Pension Plan:**

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*Plan Description*

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

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



Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Plan Description (Continued)*

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <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, VA 23218-2500.

*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:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	75	34
Inactive members:		
Vested inactive members	15	4
Non-vested inactive members	16	7
Inactive members active elsewhere in VRS	<u>52</u>	<u>13</u>
Total inactive members	83	24
Active members	<u>117</u>	<u>32</u>
Total covered employees	<u><u>275</u></u>	<u><u>90</u></u>

**Note 5—Pension Plan: (Continued)**

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*Contributions*

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

The County's contractually required contribution rate for the year ended June 30, 2016 was 11.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$573,883 and \$569,368 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 9.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$55,607 and \$55,143 for the years ended June 30, 2016 and June 30, 2015, respectively.

*Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liability and asset were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liability and asset were 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 PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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Note 5—Pension Plan: (Continued)

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*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 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 liabilities.

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 5—Pension Plan: (Continued)

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*Actuarial Assumptions - General Employees (Continued)*

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:

Largest 10 - Non-LEOS:

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

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

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

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 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, 2014.

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

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

Note 5—Pension Plan: (Continued)

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*Actuarial Assumptions - Public Safety Employees*

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Discount Rate*

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

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 21,312,701	\$ 18,268,294	\$ 3,044,407
Changes for the year:			
Service cost	\$ 545,827	\$ -	\$ 545,827
Interest	1,462,131	-	1,462,131
Differences between expected and actual experience	(446,242)	-	(446,242)
Contributions - employer	-	567,774	(567,774)
Contributions - employee	-	248,130	(248,130)
Net investment income	-	841,567	(841,567)
Benefit payments, including refunds of employee contributions	(850,241)	(850,241)	-
Administrative expenses	-	(11,394)	11,394
Other changes	-	(176)	176
Net changes	\$ 711,475	\$ 795,660	\$ (84,185)
Balances at June 30, 2015	\$ 22,024,176	\$ 19,063,954	\$ 2,960,222

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 3,916,727	\$ 3,562,851	\$ 353,876
Changes for the year:			
Service cost	\$ 50,122	\$ -	\$ 50,122
Interest	266,930	-	266,930
Differences between expected and actual experience	(119,719)	-	(119,719)
Contributions - employer	-	56,512	(56,512)
Contributions - employee	-	30,842	(30,842)
Net investment income	-	160,116	(160,116)
Benefit payments, including refunds of employee contributions	(206,875)	(206,875)	-
Administrative expenses	-	(2,280)	2,280
Other changes	-	(33)	33
Net changes	\$ (9,542)	\$ 38,282	\$ (47,824)
Balances at June 30, 2015	\$ 3,907,185	\$ 3,601,133	\$ 306,052

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability	\$ 5,804,210	\$ 2,960,222	\$ 592,063
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 745,946	\$ 306,052	\$ (65,568)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

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

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$170,489 and (\$54,066), respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 314,218	\$ -	\$ 60,157
Net difference between projected and actual earnings on pension plan investments	-	488,009	-	96,668
Employer contributions subsequent to the measurement date	573,883	-	55,607	-
Total	\$ 573,883	\$ 802,227	\$ 55,607	\$ 156,825

\$573,883 and \$55,607 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended 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 reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2017	\$ (323,735)	\$ (97,453)
2018	(323,735)	(38,486)
2019	(241,880)	(37,890)
2020	87,123	17,004
2021	-	-
Thereafter	-	-

Note 5—Pension Plan: (Continued)

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Component Unit School Board (professional)

*Plan Description*

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

*Contributions*

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

Each School Division's contractually required contribution rate for the year ended June 30, 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 (.16137% for County of Prince Edward) 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 were \$1,728,178 and \$1,660,376 for the years ended June 30, 2016 and June 30, 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 division reported a liability of \$20,311,000 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 division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was .16% as compared to .17% at June 30, 2014.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2016, the school division recognized pension expense of \$1,084,000. 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 280,000
Net difference between projected and actual earnings on pension plan investments	-	1,243,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,700,000
Employer contributions subsequent to the measurement date	<u>1,728,178</u>	<u>-</u>
Total	<u>\$ 1,728,178</u>	<u>\$ 3,223,000</u>

\$1,728,178 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended 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 reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (954,000)
2018	(954,000)
2019	(954,000)
2020	(185,000)
2021	(176,000)
Thereafter	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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Note 5—Pension Plan: (Continued)

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Component Unit School Board (professional) (Continued)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 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.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Long-Term Expected Rate of Return*

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

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

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



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Discount Rate*

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 29,723,000	\$ 20,311,000	\$ 12,562,000

*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 <http://www.retire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 6—Compensated Absences:

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

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government	\$ <u>612,339</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 7—Long-Term Obligations:**

Primary Government:

Governmental Activities:

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2016:

	Balance at July 1, 2015	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2016	Payable Due Within One Year
Governmental Activities:					
Revenue bond	\$ 2,115,128	\$ -	\$ 81,731	\$ 2,033,397	\$ 87,180
General obligation bonds (VPSA)	1,291,319	-	287,022	1,004,297	312,192
General obligation bonds	3,712,698	-	395,882	3,316,816	408,079
General lease purchase	5,123,382	-	-	5,123,382	-
Premium on bond issuance	848,108	-	51,423	796,685	51,206
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Notes payable	760,000	-	112,000	648,000	112,000
Landfill closure and postclosure care liability	3,861,127	867,134	-	4,728,261	-
Landfill corrective action plan	358,873	2,267	-	361,140	-
Net pension liability	3,044,407	2,019,528	2,103,713	2,960,222	-
Net OPEB obligation	178,400	35,000	18,400	195,000	-
Compensated absences	626,927	-	14,588	612,339	61,234
Total Governmental Activities	<u>\$ 24,037,226</u>	<u>\$ 2,923,929</u>	<u>\$ 3,064,759</u>	<u>\$ 23,896,396</u>	<u>\$ 1,031,891</u>

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

Year	Bonds & Notes Payable (1)	
	Principal	Interest
2017	\$ 919,451	\$ 445,259
2018	958,857	391,882
2019	801,908	357,932
2020	828,474	328,460
2021	844,882	286,707
2022-2026	3,882,694	1,023,310
2027-2031	3,585,620	294,202
2032	304,006	7,335
	<u>\$ 12,125,892</u>	<u>\$ 3,135,087</u>

(1) Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 7—Long-Term Obligations: (Continued)**

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Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations:

General obligation bonds:

\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%. \$ 489,297

\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%. 515,000

\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually through June 17, 2030 with interest payable annually at a rate of 2.35% 5,123,382

Plus: Premium on issuance 11,268

\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125% to 5.125%. \$ 1,501,816

Plus: Premium on issuance 262,778

\$2,780,000 general obligation bond issued November 16, 2011, maturing annually through June 30, 2031 with interest payable semi-annually at a rate of 3.37%. 1,815,000

Plus: Premium on issuance 270,838

Total general obligation bonds \$ 9,989,379

Revenue bond (payable from General Fund property rentals):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$ 2,033,397

Plus: Premium on issuance 251,801

Total revenue bond (payable from General Fund property rentals) \$ 2,285,198

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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Note 7—Long-Term Obligations: (Continued)

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Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations: (Continued)

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Notes Payable:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 600,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 48,000

Total notes payable \$ 648,000

Other long-term obligations:

Landfill closure and postclosure care liability \$ 4,728,261

Landfill corrective action plan liability 361,140

Compensated absences 612,339

Net pension liability 2,960,222

Net OPEB obligation 195,000

Total other long-term obligations \$ 8,856,962

Total Governmental Activities long-term obligations \$ 23,896,396

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Lease revenue bond	\$ 3,704,893	\$ -	\$ 143,258	\$ 3,561,635	\$ 152,538
Premium on bond issuance	471,565	-	27,739	443,826	27,739
Total Business-type Activities	<u>\$ 4,176,458</u>	<u>\$ -</u>	<u>\$ 170,997</u>	<u>\$ 4,005,461</u>	<u>\$ 180,277</u>

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

<u>Year</u>	<u>Lease Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 152,808	\$ 169,104
2018	159,175	162,096
2019	168,725	155,094
2020	175,092	148,067
2021	181,459	140,172
2022-2026	1,053,739	551,002
2027-3021	1,359,355	247,471
2032	311,282	7,738
	<u>\$ 3,561,635</u>	<u>\$ 1,580,744</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%.	\$	3,561,635
Plus: Premium on issuance		<u>443,826</u>
Total business-type activities long-term obligations	\$	<u><u>4,005,461</u></u>

Component Unit - School Board:

The following is a summary of long-term obligations transactions of the Component Unit- School Board for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Net OPEB obligation	\$ 271,100	\$ 151,000	\$ 143,400	\$ 278,700	\$ -
Net pension liability	<u>21,323,876</u>	<u>4,629,365</u>	<u>5,636,189</u>	<u>20,317,052</u>	<u>-</u>
Total	<u><u>\$ 21,594,976</u></u>	<u><u>\$ 4,780,365</u></u>	<u><u>\$ 5,779,589</u></u>	<u><u>\$ 20,595,752</u></u>	<u><u>\$ -</u></u>

**Note 8—Litigation:**

At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

**Note 9—Contingent Liabilities:**

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 10—Surety Bonds:**

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Machelle J. Eppes, Clerk of the Circuit Court	\$ 360,000
Donna B. Nunnally, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Wesley W. Reed, Sheriff	30,000
United State Fidelity and Guaranty Company - Surety	
Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety	
Roma R. Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety	
County Administrator	2,000

**Note 11—Landfill Closure and Postclosure Care Cost:**

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State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2016 were \$2,501,888 and \$2,226,373, respectively. Furthermore, the County reports \$361,140 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. Actual cost may be higher due to inflation, changes in technology or changes in regulation. During fiscal year 2016 the County started construction on a new cell.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

**Note 12—Risk Management:**

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The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 12—Risk Management: (Continued)**

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

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

**Note 13—Other Postemployment Benefits - Health Insurance:**

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**County:**

**Background**

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

**A. Plan Description:**

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

**B. Funding Policy:**

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

Background (Continued)

**C. Annual OPEB Cost and Net OPEB Obligation:**

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

Annual required contribution	\$ 35,300
Interest on net OPEB obligation	7,100
Adjustment to annual required contribution	<u>(7,400)</u>
Annual OPEB cost (expense)	\$ 35,000
Contributions made	<u>(18,400)</u>
Increase in net OPEB obligation	\$ <u>16,600</u>
Net OPEB obligation - beginning of year	<u>178,400</u>
Net OPEB obligation - end of year	<u><u>\$ 195,000</u></u>

For 2016, the County's expected cash payment of \$18,400 was \$16,600 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 39,300	13.23%	\$ 158,900
June 30, 2015	34,000	42.65%	178,400
June 30, 2016	35,000	52.57%	195,000

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 13—Other Postemployment Benefits - Health Insurance: (Continued)**

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**County: (Continued)**

**D. Funded Status and Funding Progress:**

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

Actuarial accrued liability (AAL)	\$	496,700
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		496,700
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		2,906,863
UAAL as a percentage of covered payroll		17.09%

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

**E. Actuarial Methods and Assumptions:**

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

In the July 1, 2014 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 6.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

**Note 13—Other Postemployment Benefits - Health Insurance: (Continued)**

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**County: (Continued)**

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

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Health cost trend assumption	6.5%
Payroll growth	2.5%

**School Board:**

**A. Plan Description:**

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

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School Board: (Continued)

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

**C. Annual OPEB Cost and Net OPEB Obligation:**

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

Annual required contribution	\$	151,400
Interest on net OPEB obligation		10,900
Adjustment to annual required contribution		<u>(11,300)</u>
Annual OPEB cost (expense)	\$	151,000
Contributions made		<u>(143,400)</u>
Increase in net OPEB obligation	\$	<u>7,600</u>
Net OPEB obligation - beginning of year		<u>271,100</u>
Net OPEB obligation - end of year	\$	<u><u>278,700</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2016, the School Board's expected cash payment of \$143,400 was \$7,600 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 182,400	54.77%	\$ 247,200
June 30, 2015	148,400	83.89%	271,100
June 30, 2016	151,000	94.97%	278,700

D. Funded Status and Funding Progress:

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

Actuarial accrued liability (AAL)	\$ 1,837,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,837,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,541,037
UAAL as a percentage of covered payroll	14.65%

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

**Note 13—Other Postemployment Benefits - Health Insurance: (Continued)**

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**School Board: (Continued)**

**E. Actuarial Methods and Assumptions:**

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

In the July 1, 2014 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 6.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

**Cost Method**

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

**Interest Assumptions**

	<u>Unfunded</u>
Discount rate	4.0%
Health cost trend assumption	6.5%
Payroll growth	2.5%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**Note 14—Interfund Transfers:**

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Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 110,153
School Debt Service Fund	110,153	-
Total	<u>\$ 110,153</u>	<u>\$ 110,153</u>

Transfers were made for operational expenditures.

**Note 15—Notes Receivable:**

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The County refinanced a building loan to Paris Ceramics.America, LLC for economic development in August 2010 in the amount of \$840,000. The loan bears no interest and is to be paid over 20 years in monthly installments of \$3,500 commencing January 1, 2011 with final payment due December 1, 2030. At June 30, 2016, this note had an outstanding balance of \$612,000.

The County provided an equipment loan to Paris Ceramics America, LLC in May 2012 in the amount of \$170,000. The loan bears simple interest at 5% and is payable over 7 years. At June 30, 2016, this note had an outstanding balance of \$70,341.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2017. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2016 was \$51,266.

**Note 16—Unavailable/Deferred Revenue:**

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Unavailable/deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$14,399,195 is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,345,886 (including 2<sup>nd</sup> half billings of \$12,983,539 not due until December 5) at June 30, 2016.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2016 but paid in advance by the taxpayers totaled \$53,309 at June 30, 2016.

**Note 17—Adoption of Accounting Principles:**

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**Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application***

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

**Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants***

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 2.

**Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73***

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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. No restatement was required as a result of this implementation.

**Note 18—Upcoming Pronouncements:**

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



**Note 18—Upcoming Pronouncements: (Continued)**

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

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves 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, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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**Required Supplementary Information**

General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 11,701,302	\$ 11,812,011	\$ 11,988,352	\$ 176,341
Other local taxes	3,689,147	3,689,147	3,710,005	20,858
Permits, privilege fees, and regulatory licenses	71,480	71,480	98,002	26,522
Fines and forfeitures	162,500	162,500	120,200	(42,300)
Revenue from the use of money and property	313,398	313,398	295,747	(17,651)
Charges for services	371,850	371,850	405,853	34,003
Miscellaneous	76,435	97,285	196,931	99,646
Recovered costs	120,000	120,000	124,292	4,292
Intergovernmental:				
Commonwealth	5,340,429	5,413,071	5,633,273	220,202
Federal	1,332,182	1,332,182	1,500,721	168,539
Total revenues	\$ 23,178,723	\$ 23,382,924	\$ 24,073,376	\$ 690,452
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,574,114	\$ 1,590,414	\$ 1,564,514	\$ 25,900
Judicial administration	1,654,386	1,676,992	1,645,993	30,999
Public safety	4,202,087	4,584,850	4,251,371	333,479
Public works	1,935,400	1,939,400	1,875,840	63,560
Health and welfare	3,969,239	3,969,239	4,304,800	(335,561)
Education	8,329,682	8,331,182	8,303,927	27,255
Parks, recreation, and cultural	362,163	362,163	313,351	48,812
Community development	639,576	801,749	650,874	150,875
Nondepartmental	225,855	199,949	67,188	132,761
Capital projects	134,400	359,900	238,416	121,484
Debt service:				
Principal retirement	583,545	583,545	587,247	(3,702)
Interest and other fiscal charges	297,116	297,116	298,427	(1,311)
Total expenditures	\$ 23,907,563	\$ 24,696,499	\$ 24,101,948	\$ 594,551
Excess (deficiency) of revenues over (under) expenditures	\$ (728,840)	\$ (1,313,575)	\$ (28,572)	\$ 1,285,003
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,254,842	\$ 1,254,842	\$ -	\$ (1,254,842)
Transfers out	(806,194)	(806,194)	(110,153)	696,041
Total other financing sources (uses)	\$ 448,648	\$ 448,648	\$ (110,153)	\$ (558,801)
Net change in fund balances	\$ (280,192)	\$ (864,927)	\$ (138,725)	\$ 726,202
Fund balances - beginning	280,192	864,927	9,906,539	9,041,612
Fund balances - ending	\$ -	\$ -	\$ 9,767,814	\$ 9,767,814

Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios  
 Primary Government  
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 545,827	\$ 555,966
Interest	1,462,131	1,383,489
Changes of benefit terms	-	-
Differences between expected and actual experience	(446,242)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(850,241)	(781,769)
<b>Net change in total pension liability</b>	<b>\$ 711,475</b>	<b>\$ 1,157,686</b>
<b>Total pension liability - beginning</b>	<b>21,312,701</b>	<b>20,155,015</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 22,024,176</b>	<b>\$ 21,312,701</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 567,774	\$ 604,584
Contributions - employee	248,130	246,898
Net investment income	841,567	2,496,224
Benefit payments, including refunds of employee contributions	(850,241)	(781,769)
Administrative expense	(11,394)	(13,259)
Other	(176)	132
<b>Net change in plan fiduciary net position</b>	<b>\$ 795,660</b>	<b>\$ 2,552,810</b>
<b>Plan fiduciary net position - beginning</b>	<b>18,268,294</b>	<b>15,715,484</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 19,063,954</b>	<b>\$ 18,268,294</b>
County's net pension liability (asset) - ending (a) - (b)	\$ 2,960,222	\$ 3,044,407
Plan fiduciary net position as a percentage of the total pension liability	86.56%	85.72%
Covered payroll	\$ 4,994,453	\$ 4,941,586
County's net pension liability (asset) as a percentage of covered payroll	59.27%	61.61%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 50,122	\$ 74,756
Interest	266,930	257,300
Changes of benefit terms	-	-
Differences between expected and actual experience	(119,719)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(206,875)	(182,074)
<b>Net change in total pension liability</b>	<b>\$ (9,542)</b>	<b>\$ 149,982</b>
<b>Total pension liability - beginning</b>	<b>3,916,727</b>	<b>3,766,745</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,907,185</b>	<b>\$ 3,916,727</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 56,512	\$ 50,281
Contributions - employee	30,842	29,439
Net investment income	160,116	493,037
Benefit payments, including refunds of employee contributions	(206,875)	(182,074)
Administrative expense	(2,280)	(2,719)
Other	(33)	26
<b>Net change in plan fiduciary net position</b>	<b>\$ 38,282</b>	<b>\$ 387,990</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,562,851</b>	<b>3,174,861</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,601,133</b>	<b>\$ 3,562,851</b>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 306,052	\$ 353,876
Plan fiduciary net position as a percentage of the total pension liability	92.17%	90.97%
Covered payroll	\$ 602,454	\$ 599,266
School Division's net pension liability (asset) as a percentage of covered payroll	50.80%	59.05%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan  
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,311,000	\$ 20,970,000
Employer's Covered Payroll	11,745,639	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	172.92%	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions  
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2016	\$ 573,883	\$ 573,883	\$ -	\$ 5,034,064	11.40%
2015	569,368	569,368	-	4,994,453	11.40%
2014	605,344	605,344	-	4,941,586	12.25%
2013	603,669	603,669	-	4,927,907	12.25%
2012	459,960	459,960	-	4,549,559	10.11%
2011	465,177	465,177	-	4,601,161	10.11%
2010	430,761	430,761	-	4,651,842	9.26%
2009	427,997	427,997	-	4,622,000	9.26%
2008	303,273	303,273	-	4,440,314	6.83%
2007	282,054	282,054	-	4,129,630	6.83%
<b>Component Unit School Board (nonprofessional)</b>					
2016	\$ 55,607	\$ 55,607	\$ -	\$ 607,723	9.15%
2015	55,143	55,143	-	602,654	9.15%
2014	51,178	51,178	-	599,266	8.54%
2013	68,018	68,018	-	796,467	8.54%
2012	49,452	49,452	-	831,125	5.95%
2011	49,421	49,421	-	830,612	5.95%
2010	50,279	50,279	-	805,757	6.24%
2009	52,248	52,248	-	837,304	6.24%
2008	38,406	38,406	-	827,705	4.64%
2007	37,750	37,750	-	813,580	4.64%
<b>Component Unit School Board (professional)</b>					
2016	\$ 1,728,178	\$ 1,728,178	\$ -	\$ 11,760,526	14.69%
2015	1,660,376	1,660,376	-	11,745,639	14.14%
2014	1,444,425	1,444,425	-	12,499,030	11.56%
2013	1,498,019	1,498,019	-	12,847,504	11.66%
2012	1,488,380	1,488,380	-	13,136,626	11.33%
2011	1,167,485	1,167,485	-	13,073,738	8.93%
2010	1,562,792	1,562,792	-	13,452,785	11.62%
2009	1,932,103	1,932,103	-	13,990,607	13.81%
2008	2,059,394	2,059,394	-	13,460,092	15.30%
2007	1,835,861	1,835,861	-	12,928,598	14.20%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.



Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

**Changes of benefit terms** - There have been no actuarially material 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.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Schedule of OPEB Funding Progress  
Last Three Fiscal Years

County:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2010	\$ -	\$ 401,600	\$ 401,600	0.00%	\$ 4,193,600	9.58%
7/1/2012	-	517,400	517,400	0.00%	4,947,603	10.46%
7/1/2014	-	496,700	496,700	0.00%	2,879,543	17.25%

School Board:

Actuarial Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2010	\$ -	\$ 1,605,900	\$ 1,605,900	0.00%	\$ 12,088,700	13.28%
7/1/2012	-	2,044,900	2,044,900	0.00%	12,307,397	16.62%
7/1/2014	-	1,837,000	1,837,000	0.00%	12,568,357	14.62%

## Other Supplementary Information

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## Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund - Landfill Construction Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 9,176	\$ 2,176
Charges for services	290,000	290,000	247,415	(42,585)
Total revenues	<u>\$ 297,000</u>	<u>\$ 297,000</u>	<u>\$ 256,591</u>	<u>\$ (40,409)</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	<u>\$ 297,000</u>	<u>\$ 1,709,195</u>	<u>\$ 1,070,411</u>	<u>\$ 638,784</u>
Total expenditures	<u>\$ 297,000</u>	<u>\$ 1,709,195</u>	<u>\$ 1,070,411</u>	<u>\$ 638,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (1,412,195)</u>	<u>\$ (813,820)</u>	<u>\$ 598,375</u>
Net change in fund balances	\$ -	\$ (1,412,195)	\$ (813,820)	\$ 598,375
Fund balances - beginning	<u>-</u>	<u>1,412,195</u>	<u>2,092,086</u>	<u>679,891</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278,266</u>	<u>\$ 1,278,266</u>

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2016

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 296,390	\$ 14,038	\$ 310,428
Total assets	<u>\$ 296,390</u>	<u>\$ 14,038</u>	<u>\$ 310,428</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 5,440	\$ -	\$ 5,440
Total liabilities	<u>\$ 5,440</u>	<u>\$ -</u>	<u>\$ 5,440</u>
Fund balances:			
Assigned:			
Recreation capital projects	\$ -	\$ 14,038	\$ 14,038
Special revenue	<u>290,950</u>	<u>-</u>	<u>290,950</u>
Total fund balances	<u>\$ 290,950</u>	<u>\$ 14,038</u>	<u>\$ 304,988</u>
Total liabilities and fund balances	<u>\$ 296,390</u>	<u>\$ 14,038</u>	<u>\$ 310,428</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total
	Piedmont Court Services	Recreation Fund	Nonmajor Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 870	\$ 46	\$ 916
Charges for services	62,106	-	62,106
Miscellaneous	1,367	-	1,367
Intergovernmental:			
Commonwealth	453,957	-	453,957
Total revenues	<u>\$ 518,300</u>	<u>\$ 46</u>	<u>\$ 518,346</u>
<b>EXPENDITURES</b>			
Public Safety	\$ 529,295	\$ -	\$ 529,295
Parks and Recreation	-	6,500	6,500
Total expenditures	<u>\$ 529,295</u>	<u>\$ 6,500</u>	<u>\$ 535,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,995)</u>	<u>\$ (6,454)</u>	<u>\$ (17,449)</u>
Net change in fund balances	\$ (10,995)	\$ (6,454)	\$ (17,449)
Fund balances - beginning	<u>301,945</u>	<u>20,492</u>	<u>322,437</u>
Fund balances - ending	<u><u>\$ 290,950</u></u>	<u><u>\$ 14,038</u></u>	<u><u>\$ 304,988</u></u>



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2016

	Nonmajor Capital Projects Funds				Special Revenue Funds			
	Recreation Fund			Variance with Final Budget Positive (Negative)	Piedmont Court Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final		Original	Final			
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ -	\$ 46	\$ 46	\$ 1,000	\$ 1,000	\$ 870	(130)
Charges for services	-	-	-	-	54,801	54,801	62,106	7,305
Miscellaneous	-	-	-	-	1,500	1,500	1,367	(133)
Intergovernmental: Commonwealth	-	-	-	-	447,927	447,927	453,957	6,030
Total revenues	\$ -	\$ -	\$ 46	\$ 46	\$ 505,228	\$ 505,228	\$ 518,300	\$ 13,072
<b>EXPENDITURES</b>								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199
Parks and recreation	-	6,500	6,500	-	-	-	-	-
Total expenditures	\$ -	\$ 6,500	\$ 6,500	\$ -	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (6,500)	\$ (6,454)	\$ 46	\$ (56,266)	\$ (59,266)	\$ (10,995)	\$ 48,271
Net change in fund balances	\$ -	\$ (6,500)	\$ (6,454)	\$ 46	\$ (56,266)	\$ (59,266)	\$ (10,995)	\$ 48,271
Fund balances - beginning	-	6,500	20,492	13,992	56,266	59,266	301,945	242,679
Fund balances - ending	\$ -	\$ -	\$ 14,038	\$ 14,038	\$ -	\$ -	\$ 290,950	\$ 290,950

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2016

	Special Welfare	Piedmont Alcohol Safety Action Program	Sales Tax Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,086	\$ 357,766	\$ 30	\$ 360,882
Total assets	<u>\$ 3,086</u>	<u>\$ 357,766</u>	<u>\$ 30</u>	<u>\$ 360,882</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 3,086	\$ -	\$ -	\$ 3,086
Amounts held as sales tax to towns	-	-	30	30
Amounts held for Piedmont Alcohol Safety Action Program	-	357,766	-	357,766
Total liabilities	<u>\$ 3,086</u>	<u>\$ 357,766</u>	<u>\$ 30</u>	<u>\$ 360,882</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 3,456	\$ 5,864	\$ 6,234	\$ 3,086
Liabilities:				
Amounts held for social service clients	\$ 3,456	\$ 5,864	\$ 6,234	\$ 3,086
Sales Tax:				
Assets:				
Cash and cash equivalents	\$ 30	\$ 353,368	\$ 353,368	\$ 30
Liabilities:				
Sales tax payable to towns	\$ 30	\$ 353,368	\$ 353,368	\$ 30
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 426,044	\$ 371,366	\$ 439,644	\$ 357,766
Liabilities:				
Amounts held for Piedmont ASAP	\$ 426,044	\$ 371,366	\$ 439,644	\$ 357,766
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 429,530	\$ 730,598	\$ 799,246	\$ 360,882
Total assets	\$ 429,530	\$ 730,598	\$ 799,246	\$ 360,882
Liabilities:				
Amounts held for social service clients	\$ 3,456	\$ 5,864	\$ 6,234	\$ 3,086
Amounts held as sales tax payable to towns	30	353,368	353,368	30
Amounts held for Piedmont ASAP	426,044	371,366	439,644	357,766
Total liabilities	\$ 429,530	\$ 730,598	\$ 799,246	\$ 360,882

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2016

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 58,510	\$ 400,416	\$ -	\$ 20,000	\$ 478,926
Receivables (net of allowance for uncollectibles):					
Due from other governmental units	1,060,307	-	-	-	1,060,307
Prepaid items	227,788	-	-	-	227,788
Restricted assets:					
Cash and cash equivalents	-	-	866,433	-	866,433
Total assets	<u>\$ 1,346,605</u>	<u>\$ 400,416</u>	<u>\$ 866,433</u>	<u>\$ 20,000</u>	<u>\$ 2,633,454</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 9,968	\$ -	\$ 604,821	\$ -	\$ 614,789
Accrued liabilities	1,093,878	32,036	-	-	1,125,914
Due to primary government	242,759	-	-	-	242,759
Total liabilities	<u>\$ 1,346,605</u>	<u>\$ 32,036</u>	<u>\$ 604,821</u>	<u>\$ -</u>	<u>\$ 1,983,462</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 227,788	\$ -	\$ -	\$ -	\$ 227,788
Restricted:					
Construction	-	-	866,433	-	866,433
Assigned:					
Cafeteria	-	368,380	-	-	368,380
Underground storage	-	-	-	20,000	20,000
Unassigned	(227,788)	-	(604,821)	-	(832,609)
Total fund balances	<u>\$ -</u>	<u>\$ 368,380</u>	<u>\$ 261,612</u>	<u>\$ 20,000</u>	<u>\$ 649,992</u>
Total liabilities and fund balances	<u>\$ 1,346,605</u>	<u>\$ 400,416</u>	<u>\$ 866,433</u>	<u>\$ 20,000</u>	<u>\$ 2,633,454</u>

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

Total fund balances per above \$ 649,992

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 27,504,680	
Transfer of construction in progress in general government	1,011,905	
Less: accumulated depreciation	<u>(18,978,743)</u>	9,537,842

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

Items related to the measurement of the net pension liability (3,379,825)

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds 1,783,785

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

Net pension liability (20,617,052)  
 Net OPEB obligation (278,700)

Net position of governmental activities \$ (12,303,958)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2016

	School Operating Fund	School Cafeteria Fund	Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 31,706	\$ 1,729	\$ 5,135	\$ -	\$ 38,570
Charges for services	321,921	184,627	-	-	506,548
Miscellaneous	5,271	-	-	-	5,271
Recovered costs	31,623	-	-	-	31,623
Intergovernmental:					
Local government	8,291,427	-	-	-	8,291,427
Commonwealth	13,445,057	18,563	-	-	13,463,620
Federal	1,460,179	927,537	-	-	2,387,716
Total revenues	<u>\$ 23,587,184</u>	<u>\$ 1,132,456</u>	<u>\$ 5,135</u>	<u>\$ -</u>	<u>\$ 24,724,775</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 23,240,975	\$ 1,070,378	\$ -	\$ -	\$ 24,311,353
Capital projects	-	-	3,330,164	-	3,330,164
Debt service:					
Principal retirement	272,269	-	-	-	272,269
Interest and other fiscal charges	73,940	-	-	-	73,940
Total expenditures	<u>\$ 23,587,184</u>	<u>\$ 1,070,378</u>	<u>\$ 3,330,164</u>	<u>\$ -</u>	<u>\$ 27,987,726</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 62,078	\$ (3,325,029)	\$ -	\$ (3,262,951)
Net change in fund balances	\$ -	\$ 62,078	\$ (3,325,029)	\$ -	\$ (3,262,951)
Fund balances - beginning	-	306,302	3,586,641	20,000	3,912,943
Fund balances - ending	<u>\$ -</u>	<u>\$ 368,380</u>	<u>\$ 261,612</u>	<u>\$ 20,000</u>	<u>\$ 649,992</u>

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

Net change in fund balances - total governmental funds - per above \$ (3,262,951)

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

Capital asset additions	\$ 431,275
Transfer of construction in progress in general government	1,011,905
Net transfer of joint tenancy assets	241,497
Depreciation expense	<u>(843,045)</u>
	<u>841,632</u>

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

Deferred inflows related to the measurement of the net pension liability 365,754

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.

(Increase) decrease in net pension liability	\$ 706,824
(Increase) decrease in deferred outflows of resources related to the net pension liability	68,266
(Increase) decrease in net OPEB obligation	<u>(7,600)</u>
Change in net position of governmental activities	<u>\$ (1,288,075)</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2016

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 31,706	\$ 21,706
Charges for services	221,500	221,500	321,921	100,421
Miscellaneous	81,700	81,700	5,271	(76,429)
Recovered costs	102,090	102,090	31,623	(70,467)
Intergovernmental:				
Local government	8,317,182	8,318,682	8,291,427	(27,255)
Commonwealth	13,820,275	13,859,295	13,445,057	(414,238)
Federal	1,784,679	1,959,570	1,460,179	(499,391)
Total revenues	\$ 24,337,426	\$ 24,552,837	\$ 23,587,184	\$ (965,653)
<b>EXPENDITURES</b>				
Current:				
Education	\$ 23,878,663	\$ 24,053,554	\$ 23,240,977	\$ 812,577
Capital projects	-	-	-	-
Debt service:				
Principal retirement	384,823	384,823	272,269	112,554
Interest and other fiscal charges	73,940	73,940	73,940	-
Total expenditures	\$ 24,337,426	\$ 24,512,317	\$ 23,587,186	\$ 925,131
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 40,520	\$ (2)	\$ (40,522)
Net change in fund balances	\$ -	\$ 40,520	\$ (2)	\$ (40,522)
Fund balances - beginning	-	(40,520)	2	40,522
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 1,729	\$ 1,729	\$ -	\$ -	\$ 5,135	\$ 5,135
236,324	236,324	184,627	(51,697)	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	-	(5,000)	-	-	-	-
-	-	-	-	-	-	-	-
20,452	20,452	18,563	(1,889)	-	-	-	-
826,651	826,651	927,537	100,886	-	-	-	-
<u>\$ 1,088,427</u>	<u>\$ 1,088,427</u>	<u>\$ 1,132,456</u>	<u>\$ 44,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,135</u>	<u>\$ 5,135</u>
\$ 1,088,427	\$ 1,088,427	\$ 1,070,378	\$ 18,049	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3,330,164	(3,330,164)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,088,427</u>	<u>\$ 1,088,427</u>	<u>\$ 1,070,378</u>	<u>\$ 18,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,330,164</u>	<u>\$ (3,330,164)</u>
\$ -	\$ -	\$ 62,078	\$ 62,078	\$ -	\$ -	\$ (3,325,029)	\$ (3,325,029)
\$ -	\$ -	\$ 62,078	\$ 62,078	\$ -	\$ -	\$ (3,325,029)	\$ (3,325,029)
-	-	306,303	306,303	-	-	3,586,641	3,586,641
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,381</u>	<u>\$ 368,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,612</u>	<u>\$ 261,612</u>

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## Supporting Schedules

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Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,124,956	\$ 7,235,665	\$ 7,240,963	\$ 5,298
Real and personal public service corporation taxes	460,000	460,000	481,115	21,115
Personal property taxes	3,345,472	3,345,472	3,492,425	146,953
Mobile home taxes	39,731	39,731	35,084	(4,647)
Machinery and tools taxes	38,000	38,000	42,523	4,523
Merchants' capital taxes	420,143	420,143	387,591	(32,552)
Penalties	158,000	158,000	174,240	16,240
Interest	115,000	115,000	134,411	19,411
Total general property taxes	<u>\$ 11,701,302</u>	<u>\$ 11,812,011</u>	<u>\$ 11,988,352</u>	<u>\$ 176,341</u>
Other local taxes:				
Local sales and use taxes	\$ 2,737,147	\$ 2,737,147	\$ 2,714,379	\$ (22,768)
Consumers' utility taxes	300,000	300,000	307,536	7,536
Gross receipts tax	70,000	70,000	65,590	(4,410)
Motor vehicle licenses	460,000	460,000	417,138	(42,862)
Taxes on recordation and wills	122,000	122,000	205,362	83,362
Total other local taxes	<u>\$ 3,689,147</u>	<u>\$ 3,689,147</u>	<u>\$ 3,710,005</u>	<u>\$ 20,858</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 10,487	\$ 487
Permits and other licenses	61,480	61,480	87,515	26,035
Total permits, privilege fees, and regulatory licenses	<u>\$ 71,480</u>	<u>\$ 71,480</u>	<u>\$ 98,002</u>	<u>\$ 26,522</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 162,500	\$ 162,500	\$ 120,200	\$ (42,300)
Revenue from use of money and property:				
Revenue from use of money	\$ 48,150	\$ 48,150	\$ 25,799	\$ (22,351)
Revenue from use of property	265,248	265,248	269,948	4,700
Total revenue from use of money and property	<u>\$ 313,398</u>	<u>\$ 313,398</u>	<u>\$ 295,747</u>	<u>\$ (17,651)</u>
Charges for services:				
Court costs	\$ 2,200	\$ 2,200	\$ 2,052	\$ (148)
Charges for law library	6,500	6,500	6,884	384
Charges for courthouse maintenance	11,000	11,000	9,097	(1,903)
Charges for Commonwealth's Attorney	2,500	2,500	1,630	(870)
Miscellaneous fees	5,150	5,150	6,091	941
Charges for cannery	16,500	16,500	13,642	(2,858)
Charges for other protection	57,000	57,000	58,020	1,020
Charges for sanitation and waste removal	271,000	271,000	308,437	37,437
Total charges for services	<u>\$ 371,850</u>	<u>\$ 371,850</u>	<u>\$ 405,853</u>	<u>\$ 34,003</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Miscellaneous:				
Expenditure refunds	\$ 50,435	\$ 50,435	\$ 48,082	\$ (2,353)
Insurance recoveries	-	-	6,022	6,022
Miscellaneous	26,000	46,850	142,827	95,977
Total miscellaneous	<u>\$ 76,435</u>	<u>\$ 97,285</u>	<u>\$ 196,931</u>	<u>\$ 99,646</u>
Recovered costs:				
Other recovered costs	\$ 75,000	\$ 75,000	\$ 81,011	\$ 6,011
Circuit court judge	45,000	45,000	43,281	(1,719)
Total recovered costs	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 124,292</u>	<u>\$ 4,292</u>
Total revenue from local sources	<u>\$ 16,506,112</u>	<u>\$ 16,637,671</u>	<u>\$ 16,939,382</u>	<u>\$ 301,711</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 67,000	\$ 67,000	\$ 63,724	\$ (3,276)
Mobile home titling tax	15,000	15,000	34,073	19,073
Motor vehicle rental tax	350	350	555	205
State recordation tax	30,000	30,000	39,132	9,132
Communications tax	304,896	304,896	301,247	(3,649)
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	<u>\$ 1,722,596</u>	<u>\$ 1,722,596</u>	<u>\$ 1,744,081</u>	<u>\$ 21,485</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 418,259	\$ 418,259	\$ 405,197	\$ (13,062)
Sheriff	1,052,348	1,052,348	1,037,609	(14,739)
Commissioner of revenue	92,292	92,292	91,923	(369)
Treasurer	90,881	90,881	89,635	(1,246)
Registrar/electoral board	36,231	36,231	43,580	7,349
Clerk of the Circuit Court	298,823	306,823	306,004	(819)
Total shared expenses	<u>\$ 1,988,834</u>	<u>\$ 1,996,834</u>	<u>\$ 1,973,948</u>	<u>\$ (22,886)</u>
Other categorical aid:				
Emergency medical services	\$ 27,436	\$ 27,436	\$ 17,218	\$ (10,218)
Welfare administration and assistance	862,132	862,132	891,270	29,138
Litter control grant	7,445	7,445	7,528	83

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other Categorical aid: (Continued)				
Sheriff - jails	\$ 26,926	\$ 41,300	\$ 33,630	\$ (7,670)
Comprehensive services act	651,950	651,950	844,522	192,572
Victim-witness grant	48,110	48,110	48,110	-
Fire program funds	-	50,268	48,022	(2,246)
Other categorical	5,000	5,000	24,944	19,944
<b>Total other categorical aid</b>	<b>\$ 1,628,999</b>	<b>\$ 1,693,641</b>	<b>\$ 1,915,244</b>	<b>\$ 221,603</b>
<b>Total categorical aid</b>	<b>\$ 3,617,833</b>	<b>\$ 3,690,475</b>	<b>\$ 3,889,192</b>	<b>\$ 198,717</b>
<b>Total revenue from the Commonwealth</b>	<b>\$ 5,340,429</b>	<b>\$ 5,413,071</b>	<b>\$ 5,633,273</b>	<b>\$ 220,202</b>
Revenue from the federal government:				
Payments in lieu of taxes	\$ -	\$ -	\$ 30,298	\$ 30,298
Categorical aid:				
Welfare administration and assistance	\$ 1,332,182	\$ 1,332,182	\$ 1,445,226	\$ 113,044
Emergency management performance grant	-	-	9,397	9,397
Other federal revenue	-	-	15,800	15,800
<b>Total categorical aid</b>	<b>\$ 1,332,182</b>	<b>\$ 1,332,182</b>	<b>\$ 1,470,423</b>	<b>\$ 138,241</b>
<b>Total revenue from the federal government</b>	<b>\$ 1,332,182</b>	<b>\$ 1,332,182</b>	<b>\$ 1,500,721</b>	<b>\$ 168,539</b>
<b>Total General Fund</b>	<b>\$ 23,178,723</b>	<b>\$ 23,382,924</b>	<b>\$ 24,073,376</b>	<b>\$ 690,452</b>
<b>Capital Projects Funds:</b>				
<b>Landfill Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 7,000	\$ 7,000	\$ 9,176	\$ 2,176
Charges for services:				
Tipping fees - non-county users	\$ 290,000	\$ 290,000	\$ 247,415	\$ (42,585)
<b>Total revenue from local sources</b>	<b>\$ 297,000</b>	<b>\$ 297,000</b>	<b>\$ 256,591</b>	<b>\$ (40,409)</b>
<b>Total Landfill Construction Fund</b>	<b>\$ 297,000</b>	<b>\$ 297,000</b>	<b>\$ 256,591</b>	<b>\$ (40,409)</b>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>Recreation Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 46	\$ 46
Total revenue from local sources	\$ -	\$ -	\$ 46	\$ 46
Total Recreation Fund	\$ -	\$ -	\$ 46	\$ 46
<b>Special Revenue Funds:</b>				
<b>Piedmont Court Services Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 870	\$ (130)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 870	\$ (130)
Charges for services:				
Other charges for services	\$ 54,801	\$ 54,801	\$ 62,106	\$ 7,305
Total charges for services	\$ 54,801	\$ 54,801	\$ 62,106	\$ 7,305
Miscellaneous:				
Other miscellaneous	\$ 1,500	\$ 1,500	\$ 1,367	\$ (133)
Total miscellaneous	\$ 1,500	\$ 1,500	\$ 1,367	\$ (133)
Total revenue from local sources	\$ 57,301	\$ 57,301	\$ 64,343	\$ 7,042
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 447,927	\$ 447,927	\$ 453,957	\$ 6,030
Total categorical aid	\$ 447,927	\$ 447,927	\$ 453,957	\$ 6,030
Total revenue from the Commonwealth	\$ 447,927	\$ 447,927	\$ 453,957	\$ 6,030
Total Piedmont Court Services Fund	\$ 505,228	\$ 505,228	\$ 518,300	\$ 13,072
<b>Debt Service Fund:</b>				
<b>School Debt Service</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26,052	\$ 26,052
Total revenue from local sources	\$ -	\$ -	\$ 26,052	\$ 26,052
Total School Debt Service Fund	\$ -	\$ -	\$ 26,052	\$ 26,052
Total Primary Government	\$ 23,980,951	\$ 24,185,152	\$ 24,874,365	\$ 689,213

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 10,000	\$ 10,000	\$ 31,706	\$ 21,706
Total revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 31,706	\$ 21,706
Charges for services:				
Charges for education	\$ 221,500	\$ 221,500	\$ 321,921	\$ 100,421
Miscellaneous:				
Other miscellaneous	\$ 81,700	\$ 81,700	\$ 5,271	\$ (76,429)
Recovered costs:				
Other recovered costs	\$ 102,090	\$ 102,090	\$ 31,623	\$ (70,467)
Total revenue from local sources	\$ 415,290	\$ 415,290	\$ 390,521	\$ (24,769)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,317,182	\$ 8,318,682	\$ 8,291,427	\$ (27,255)
Total revenues from local governments	\$ 8,317,182	\$ 8,318,682	\$ 8,291,427	\$ (27,255)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,856,772	\$ 2,856,772	\$ 2,868,706	\$ 11,934
Basic school aid	5,965,221	5,965,221	5,739,301	(225,920)
Other state funds	4,998,282	5,037,302	4,837,050	(200,252)
Total categorical aid	\$ 13,820,275	\$ 13,859,295	\$ 13,445,057	\$ (414,238)
Total revenue from the Commonwealth	\$ 13,820,275	\$ 13,859,295	\$ 13,445,057	\$ (414,238)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 874,863	\$ 874,863	\$ 590,774	\$ (284,089)
Title I, neglected and delinquent children	-	-	3,547	3,547
Title II	171,660	171,660	97,278	(74,382)
Title VI-B, special education flow-through	-	-	611,928	611,928
Title VI-B, pre-school	18,637	18,637	18,653	16
Title V-A	47,716	47,716	16,984	(30,732)
21st Century	-	174,891	77,094	(97,797)
Vocational education	56,260	56,260	42,629	(13,631)
Other federal funds	615,543	615,543	1,292	(614,251)
Total categorical aid	\$ 1,784,679	\$ 1,959,570	\$ 1,460,179	\$ (499,391)
Total School Operating Fund	\$ 24,337,426	\$ 24,552,837	\$ 23,587,184	\$ (965,653)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,729	\$ 1,729
Charges for services:				
Cafeteria sales	\$ 236,324	\$ 236,324	\$ 184,627	\$ (51,697)
Recovered costs:				
Other recovered costs	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenue from local sources	<u>\$ 241,324</u>	<u>\$ 241,324</u>	<u>\$ 186,356</u>	<u>\$ (54,968)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 20,452	\$ 20,452	\$ 18,563	\$ (1,889)
Total categorical aid	<u>\$ 20,452</u>	<u>\$ 20,452</u>	<u>\$ 18,563</u>	<u>\$ (1,889)</u>
Total revenue from the Commonwealth	<u>\$ 20,452</u>	<u>\$ 20,452</u>	<u>\$ 18,563</u>	<u>\$ (1,889)</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 826,651	\$ 826,651	\$ 927,537	\$ 100,886
Total categorical aid	<u>\$ 826,651</u>	<u>\$ 826,651</u>	<u>\$ 927,537</u>	<u>\$ 100,886</u>
Total School Cafeteria Fund	<u><u>\$ 1,088,427</u></u>	<u><u>\$ 1,088,427</u></u>	<u><u>\$ 1,132,456</u></u>	<u><u>\$ 44,029</u></u>
<b>Capital Projects Fund:</b>				
<b>School Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,135	\$ 5,135
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,135</u>	<u>\$ 5,135</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 25,425,853</u></u>	<u><u>\$ 25,641,264</u></u>	<u><u>\$ 24,724,775</u></u>	<u><u>\$ (916,489)</u></u>



Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 123,462	\$ 123,462	\$ 116,829	\$ 6,633
General and financial administration:				
County administrator	\$ 519,470	\$ 522,270	\$ 520,533	\$ 1,737
Legal services	45,780	59,280	58,684	596
Commissioner of revenue	284,338	284,338	281,210	3,128
Treasurer	334,555	334,555	333,287	1,268
Independent Auditor	42,988	42,988	48,290	(5,302)
Assessor	17,000	17,000	3,007	13,993
Other general and financial administration	82,615	82,615	84,503	(1,888)
Total general and financial administration	\$ 1,326,746	\$ 1,343,046	\$ 1,329,514	\$ 13,532
Board of elections:				
Electoral board and officials	\$ 37,059	\$ 37,059	\$ 33,570	\$ 3,489
Registrar	86,847	86,847	84,601	2,246
Total board of elections	\$ 123,906	\$ 123,906	\$ 118,171	\$ 5,735
Total general government administration	\$ 1,574,114	\$ 1,590,414	\$ 1,564,514	\$ 25,900
Judicial administration:				
Courts:				
Circuit court	\$ 55,213	\$ 55,213	\$ 53,270	\$ 1,943
General district court	8,682	8,682	7,193	1,489
Office of the magistrates	3,600	3,600	3,629	(29)
Clerk of the circuit court	509,461	517,461	512,075	5,386
Law library	6,300	6,300	7,253	(953)
Sheriff - courts	366,451	366,451	364,608	1,843
Victim and witness assistance	67,032	69,138	68,894	244
Total courts	\$ 1,016,739	\$ 1,026,845	\$ 1,016,922	\$ 9,923
Commonwealth's attorney:				
Commonwealth's attorney	\$ 637,647	\$ 650,147	\$ 629,071	\$ 21,076
Total judicial administration	\$ 1,654,386	\$ 1,676,992	\$ 1,645,993	\$ 30,999
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,964,513	\$ 1,984,947	\$ 1,953,258	\$ 31,689
Emergency services	19,126	19,126	18,757	369
Line of Duty Act payments	18,688	18,688	19,027	(339)
Total law enforcement and traffic control	\$ 2,002,327	\$ 2,022,761	\$ 1,991,042	\$ 31,719
Fire and rescue services:				
Fire department	\$ 536,600	\$ 898,429	\$ 690,441	\$ 207,988
Ambulance and rescue services	85,000	85,000	85,000	-
Forestry service	12,000	12,000	11,687	313
Total fire and rescue services	\$ 633,600	\$ 995,429	\$ 787,128	\$ 208,301

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
<b>Public safety: (Continued)</b>				
Correction and detention:				
Regional jail and juvenile detention	\$ 1,340,736	\$ 1,340,736	\$ 1,285,401	\$ 55,335
Inspections:				
Building	\$ 95,803	\$ 95,803	\$ 53,133	\$ 42,670
Other protection:				
Animal control	\$ 129,121	\$ 129,621	\$ 127,147	\$ 2,474
Other protection	-	-	7,300	(7,300)
Medical examiner (coroner)	500	500	220	280
Total other protection	\$ 129,621	\$ 130,121	\$ 134,667	\$ (4,546)
Total public safety	\$ 4,202,087	\$ 4,584,850	\$ 4,251,371	\$ 333,479
<b>Public works:</b>				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,234,579	\$ 1,234,579	\$ 1,179,645	\$ 54,934
Litter control	7,452	7,452	5,600	1,852
Biosolids	3,874	3,874	-	3,874
Total sanitation and waste removal	\$ 1,245,905	\$ 1,245,905	\$ 1,185,245	\$ 60,660
Maintenance of general buildings and grounds:				
General properties	\$ 689,495	\$ 693,495	\$ 690,595	\$ 2,900
Total public works	\$ 1,935,400	\$ 1,939,400	\$ 1,875,840	\$ 63,560
<b>Health and welfare:</b>				
Health:				
Supplement of local health department	\$ 162,734	\$ 162,734	\$ 162,298	\$ 436
Mental health and mental retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Welfare administration and assistance	\$ 2,814,667	\$ 2,814,667	\$ 2,892,463	\$ (77,796)
Comprehensive services act	851,000	851,000	1,109,201	(258,201)
Other welfare programs	80,838	80,838	80,838	-
Total welfare	\$ 3,746,505	\$ 3,746,505	\$ 4,082,502	\$ (335,997)
Total health and welfare	\$ 3,969,239	\$ 3,969,239	\$ 4,304,800	\$ (335,561)
<b>Education:</b>				
Other instructional costs:				
Contributions to community college	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Contribution to County School Board	8,317,182	8,318,682	8,291,427	27,255
Total education	\$ 8,329,682	\$ 8,331,182	\$ 8,303,927	\$ 27,255

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 146,500	\$ 146,500	\$ 96,500	\$ 50,000
Cultural enrichment:				
Museums	\$ 11,000	\$ 11,000	\$ 12,188	\$ (1,188)
Contribution to regional library	\$ 204,663	\$ 204,663	\$ 204,663	\$ -
Total parks, recreation, and cultural	\$ 362,163	\$ 362,163	\$ 313,351	\$ 48,812
Community development:				
Planning and community development:				
Planning	\$ 189,495	\$ 189,495	\$ 122,845	\$ 66,650
Community development	59,500	59,500	59,500	-
Contribution to Industrial Development Auth.	-	-	36,071	(36,071)
Economic development	121,391	283,564	169,076	114,488
Tourism	85,008	85,008	81,513	3,495
Other community development	23,368	23,368	23,368	-
Total planning and community development	\$ 478,762	\$ 640,935	\$ 492,373	\$ 148,562
Environmental management:				
Soil and water conservation	\$ 17,840	\$ 17,840	\$ 18,413	\$ (573)
Cooperative extension program:				
Cooperative extension program	\$ 64,344	\$ 64,344	\$ 64,039	\$ 305
Cannery	78,630	78,630	76,049	2,581
Total cooperative extension program	\$ 142,974	\$ 142,974	\$ 140,088	\$ 2,886
Total community development	\$ 639,576	\$ 801,749	\$ 650,874	\$ 150,875
Nondepartmental:				
Other nondepartmental	\$ 225,855	\$ 199,949	\$ 67,188	\$ 132,761
Total nondepartmental	\$ 225,855	\$ 199,949	\$ 67,188	\$ 132,761
Capital projects:				
Sandy River reservoir project	\$ 12,400	\$ 12,400	\$ 9,308	\$ 3,092
Other capital projects	122,000	347,500	229,108	118,392
Total capital projects	\$ 134,400	\$ 359,900	\$ 238,416	\$ 121,484
Debt service:				
Principal retirement	\$ 583,545	\$ 583,545	\$ 587,247	\$ (3,702)
Interest and other fiscal charges	297,116	297,116	298,427	(1,311)
Total debt service	\$ 880,661	\$ 880,661	\$ 885,674	\$ (5,013)
Total General Fund	\$ 23,907,563	\$ 24,696,499	\$ 24,101,948	\$ 594,551
<b>Special Revenue Fund:</b>				
<b>Piedmont Court Services:</b>				
Public safety:				
Correction and detention:				
Piedmont Court Services	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199
Total other protection	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199
Total public safety	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199
Total Piedmont Court Services Fund	\$ 561,494	\$ 564,494	\$ 529,295	\$ 35,199

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
<b>Landfill Construction Fund</b>				
Capital projects expenditures:				
Landfill construction	\$ 297,000	\$ 1,709,195	\$ 1,070,411	\$ 638,784
Total Landfill Construction Fund	\$ 297,000	\$ 1,709,195	\$ 1,070,411	\$ 638,784
Total Capital Projects Fund	<u>\$ 297,000</u>	<u>\$ 1,709,195</u>	<u>\$ 1,070,411</u>	<u>\$ 638,784</u>
<b>Nonmajor Capital Projects Fund:</b>				
<b>Recreation Fund:</b>				
Capital projects expenditures:				
Virso recreation center	\$ -	\$ 6,500	\$ 6,500	\$ -
Total Recreation Fund	\$ -	\$ 6,500	\$ 6,500	\$ -
Total Primary Government	<u>\$ 24,766,057</u>	<u>\$ 26,976,688</u>	<u>\$ 25,708,154</u>	<u>\$ 1,268,534</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 17,316,356	\$ 17,476,125	\$ 17,095,899	\$ 380,226
Administration, attendance, and health	1,519,865	1,519,865	1,360,729	159,136
Pupil transportation services	2,039,627	2,054,749	1,955,536	99,213
Operation and maintenance services	1,814,303	1,814,303	1,632,749	181,554
Technology	1,038,512	1,038,512	1,007,044	31,468
Facilities	150,000	150,000	189,020	(39,020)
Total education	<u>\$ 23,878,663</u>	<u>\$ 24,053,554</u>	<u>\$ 23,240,977</u>	<u>\$ 812,577</u>
Debt service:				
Principal retirement	\$ 384,823	\$ 384,823	\$ 272,269	\$ 112,554
Interest and other fiscal charges	73,940	73,940	73,940	-
Total debt service	<u>\$ 458,763</u>	<u>\$ 458,763</u>	<u>\$ 346,209</u>	<u>\$ 112,554</u>
Total School Operating Fund	<u>\$ 24,337,426</u>	<u>\$ 24,512,317</u>	<u>\$ 23,587,186</u>	<u>\$ 925,131</u>
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,088,427	\$ 1,088,427	\$ 1,070,378	\$ 18,049
Total School Cafeteria Fund	<u>\$ 1,088,427</u>	<u>\$ 1,088,427</u>	<u>\$ 1,070,378</u>	<u>\$ 18,049</u>
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
Capital projects expenditures	\$ -	\$ -	\$ 3,330,164	\$ (3,330,164)
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,330,164</u>	<u>\$ (3,330,164)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,425,853</u>	<u>\$ 25,600,744</u>	<u>\$ 27,987,728</u>	<u>\$ (2,386,984)</u>

## Statistical Section

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

7 - 10

#### Debt Capacity

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

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#### Demographic and Economic Information

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

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#### Operating Information

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Net investment in capital assets	\$ 2,339,985	\$ 2,912,203	\$ 2,459,199	\$ 2,534,819	\$ 2,584,694
Restricted	-	-	-	-	-
Unrestricted	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,178</u>	<u>1,538,199</u>	<u>4,090,425</u>
Total governmental activities net position	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 3,887,377</u>	<u>\$ 4,073,018</u>	<u>\$ 6,675,119</u>
Business-type activities					
Net investment in capital assets	\$ -	\$ -	\$ (31,482)	\$ 851,144	\$ 480,268
Unrestricted	<u>-</u>	<u>-</u>	<u>821</u>	<u>(149,653)</u>	<u>52,852</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,661)</u>	<u>\$ 701,491</u>	<u>\$ 533,120</u>
Primary government					
Net investment in capital assets	\$ 2,339,985	\$ 2,912,203	\$ 2,427,717	\$ 3,385,963	\$ 3,064,962
Restricted	-	-	-	-	-
Unrestricted	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,999</u>	<u>1,388,546</u>	<u>4,143,277</u>
Total primary government net position	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 3,856,716</u>	<u>\$ 4,774,509</u>	<u>\$ 7,208,239</u>

Table 1

	2012	2013	2014	2015	2016
\$	1,520,646	\$ 2,079,106	\$ 2,080,125	\$ 2,289,146	\$ 1,858,573
	-	-	-	95,258	95,258
	<u>6,750,994</u>	<u>9,844,776</u>	<u>6,126,366</u>	<u>(476,746)</u>	<u>(105,149)</u>
\$	<u>8,271,640</u>	<u>11,923,882</u>	<u>8,206,491</u>	<u>1,907,658</u>	<u>1,848,682</u>
\$	(499,787)	(428,489)	(353,000)	(275,337)	(191,305)
	<u>755,314</u>	<u>319,991</u>	<u>(4,056)</u>	<u>(324,456)</u>	<u>(642,461)</u>
\$	<u>255,527</u>	<u>(108,498)</u>	<u>(357,056)</u>	<u>(599,793)</u>	<u>(833,766)</u>
\$	1,020,859	\$ 1,650,617	\$ 1,727,125	\$ 2,013,809	\$ 1,667,268
	-	-	-	95,258	95,258
	<u>7,506,308</u>	<u>10,164,767</u>	<u>6,122,310</u>	<u>(801,202)</u>	<u>(747,610)</u>
\$	<u>8,527,167</u>	<u>11,815,384</u>	<u>7,849,435</u>	<u>1,307,865</u>	<u>1,014,916</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities:				
General government administration	\$ 1,613,434	\$ 1,888,328	\$ 1,878,951	\$ 1,795,153
Judicial administration	1,060,878	1,247,739	1,557,012	1,175,955
Public safety	2,886,070	2,920,779	2,718,405	2,910,454
Public works	2,745,353	4,498,020	2,641,623	2,105,782
Health and welfare	3,699,915	4,009,487	3,948,690	3,894,723
Education	5,517,861	7,558,263	7,039,437	7,082,604
Parks, recreation and cultural	253,326	1,842,051	3,274,724	293,485
Community development	556,620	1,201,635	1,618,525	721,676
Interest on long-term debt	559,142	521,152	701,954	676,992
Total governmental activities expenses	<u>\$ 18,892,599</u>	<u>\$ 25,687,454</u>	<u>\$ 25,379,321</u>	<u>\$ 20,656,824</u>
Business-type activities:				
Water	\$ -	\$ -	\$ 31,512	\$ 69,875
Sewer	-	-	29,800	83,078
Total business-type activities expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,312</u>	<u>\$ 152,953</u>
Total primary government expenses	<u>\$ 18,892,599</u>	<u>\$ 25,687,454</u>	<u>\$ 25,440,633</u>	<u>\$ 20,809,777</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government administration	\$ 92,490	\$ 100	\$ 100	\$ 100
Judicial administration	80,026	62,306	79,865	77,250
Public safety	99,282	207,114	161,311	135,014
Public works	740,406	888,006	758,965	749,031
Community development	5,319	12,044	19,396	12,456
Operating grants and contributions	4,885,349	5,567,251	5,662,902	5,272,050
Capital grants and contributions	-	180,000	-	-
Total governmental activities program revenues	<u>\$ 5,902,872</u>	<u>\$ 6,916,821</u>	<u>\$ 6,682,539</u>	<u>\$ 6,245,901</u>
Business-type activities:				
Charges for services:				
Water	\$ -	\$ -	\$ -	\$ 1,289
Sewer	-	-	-	7,713
Capital grants and contributions	-	-	6,000	21,750
Total business-type activities program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 30,752</u>
Total primary government program revenues	<u>\$ 5,902,872</u>	<u>\$ 6,916,821</u>	<u>\$ 6,688,539</u>	<u>\$ 6,276,653</u>
Net (expense) / revenue				
Governmental activities	<u>\$ (12,989,727)</u>	<u>\$ (18,770,633)</u>	<u>\$ (18,696,782)</u>	<u>\$ (14,410,923)</u>
Total primary government net expense	<u>\$ (12,989,727)</u>	<u>\$ (18,770,633)</u>	<u>\$ (18,752,094)</u>	<u>\$ (14,533,124)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 8,988,258	\$ 9,898,122	\$ 10,338,674	\$ 9,925,117
Local sales and use taxes	2,555,696	2,890,586	2,683,336	2,526,302
Taxes on recordation and wills	276,472	201,608	159,537	121,912
Motor vehicle licenses taxes	223,727	201,203	276,176	313,778
Consumer utility taxes	438,853	344,009	371,824	387,557
Other local taxes	190,653	357,262	324,603	12
Unrestricted grants and contributions	3,086,888	1,467,887	1,325,103	1,619,326
Unrestricted revenues from use of money and property	593,476	639,211	450,348	329,506
Miscellaneous	116,470	130,554	451,992	126,880
Gain (loss) on disposal of capital assets	-	-	99,113	100,277
Transfers	-	-	(24,651)	(854,103)
Total governmental activities	<u>\$ 16,470,493</u>	<u>\$ 16,130,442</u>	<u>\$ 16,456,055</u>	<u>\$ 14,596,564</u>
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ -	\$ 250
Transfers	-	-	24,651	854,103
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,651</u>	<u>\$ 854,353</u>
Total primary government	<u>\$ 16,470,493</u>	<u>\$ 16,130,442</u>	<u>\$ 16,480,706</u>	<u>\$ 15,450,917</u>
<b>Change in Net Position</b>				
Governmental activities	<u>\$ 3,480,766</u>	<u>\$ (2,640,191)</u>	<u>\$ (2,240,727)</u>	<u>\$ 185,641</u>
Business-type activities	<u>-</u>	<u>-</u>	<u>(30,661)</u>	<u>732,152</u>
Total primary government	<u>\$ 3,480,766</u>	<u>\$ (2,640,191)</u>	<u>\$ (2,271,388)</u>	<u>\$ 917,793</u>



Table 2

	2011	2012	2013	2014	2015	2016
\$	1,869,443	\$ 1,960,555	\$ 1,940,807	\$ 4,967,094	\$ 1,836,885	\$ 1,978,261
	1,147,492	1,137,299	1,215,821	1,320,809	1,228,338	2,183,197
	3,118,622	3,270,479	4,159,935	5,243,483	4,988,167	4,988,608
	2,228,299	2,058,022	2,065,013	2,032,088	1,991,833	1,783,830
	4,382,927	4,094,036	3,741,349	3,810,158	3,873,482	4,200,104
	7,695,814	7,440,879	7,728,685	8,126,108	11,968,460	8,197,715
	94,271	290,155	302,000	365,365	284,325	315,351
	658,469	647,868	722,579	906,637	572,714	660,282
	514,419	500,719	385,095	344,386	315,615	380,944
\$	<u>21,709,756</u>	<u>21,400,012</u>	<u>22,261,284</u>	<u>27,116,128</u>	<u>27,059,819</u>	<u>24,688,292</u>
\$	127,189	\$ 200,571	\$ 188,411	\$ 181,343	\$ 178,144	\$ 170,631
	62,885	78,869	70,901	69,773	67,707	65,993
\$	<u>190,074</u>	<u>279,440</u>	<u>259,312</u>	<u>251,116</u>	<u>245,851</u>	<u>236,624</u>
\$	<u>21,899,830</u>	<u>21,679,452</u>	<u>22,520,596</u>	<u>27,367,244</u>	<u>27,305,670</u>	<u>24,924,916</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	64,241	63,456	127,690	182,240	200,947	148,791
	122,036	112,457	186,172	202,472	194,988	187,308
	717,441	747,804	792,492	603,518	575,946	583,490
	12,518	14,311	10,660	11,600	14,308	13,985
	5,217,595	4,781,772	5,416,084	5,616,484	5,595,435	5,813,572
	668,002	390,000	2,093,667	2,337	-	-
\$	<u>6,801,833</u>	<u>6,109,800</u>	<u>8,626,765</u>	<u>6,618,651</u>	<u>6,581,624</u>	<u>6,747,146</u>
\$	1,386	\$ 628	\$ 4,332	\$ 778	\$ 1,134	\$ 1,063
	2,317	1,219	1,790	1,780	1,980	1,588
	18,000	-	-	-	-	-
\$	<u>21,703</u>	<u>1,847</u>	<u>6,122</u>	<u>2,558</u>	<u>3,114</u>	<u>2,651</u>
\$	<u>6,823,536</u>	<u>6,111,647</u>	<u>8,632,887</u>	<u>6,621,209</u>	<u>6,584,738</u>	<u>6,749,797</u>
\$	<u>(14,907,923)</u>	<u>(15,290,212)</u>	<u>(13,634,519)</u>	<u>(20,497,477)</u>	<u>(20,478,195)</u>	<u>(17,941,146)</u>
\$	<u>(15,076,294)</u>	<u>(15,567,805)</u>	<u>(13,887,709)</u>	<u>(20,746,035)</u>	<u>(20,720,932)</u>	<u>(18,175,119)</u>
\$	10,796,720	\$ 10,919,152	\$ 11,103,740	\$ 11,076,090	\$ 11,877,989	\$ 11,867,596
	2,558,209	2,614,512	2,691,630	2,585,962	2,722,713	2,714,379
	109,777	95,354	165,224	140,040	157,890	205,362
	475,995	445,920	464,581	460,643	548,133	417,138
	375,945	289,770	324,910	306,197	307,372	307,536
	-	57,122	69,784	71,768	60,260	65,589
	1,664,644	1,564,362	1,707,699	1,693,827	1,850,727	1,774,380
	374,912	379,221	356,455	341,618	360,957	331,892
	169,346	125,734	165,620	103,941	128,268	198,298
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>	<u>16,780,086</u>	<u>18,014,309</u>	<u>17,882,170</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>	<u>16,780,086</u>	<u>18,014,309</u>	<u>17,882,170</u>
\$	1,617,625	\$ 1,200,935	\$ 3,415,124	\$ (3,717,391)	\$ (2,463,886)	\$ (58,976)
	(168,371)	(277,593)	(253,190)	(248,558)	(242,737)	(233,973)
\$	<u>1,449,254</u>	<u>923,342</u>	<u>3,161,934</u>	<u>(3,965,949)</u>	<u>(2,706,623)</u>	<u>(292,949)</u>

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2016	\$ 11,867,596	\$ 2,714,379	\$ 307,536	\$ 417,138	\$ 205,362	\$ 15,512,011
2015	11,877,989	2,722,713	307,372	548,133	157,890	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547
2008	9,898,122	2,890,586	344,009	201,203	201,608	13,535,528
2007	8,988,258	2,555,696	438,853	223,727	276,472	12,483,006

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	-
Restricted for:					
Retiree benefits	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	-	8,074	11,486	12,078	1,106
Unreserved	<u>6,009,170</u>	<u>8,765,971</u>	<u>8,788,927</u>	<u>9,207,233</u>	<u>8,774,360</u>
Total general fund	<u>\$ 6,009,170</u>	<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>	<u>\$ 9,219,311</u>	<u>\$ 8,775,466</u>
All other governmental funds					
Restricted:					
Debt service	\$ -	\$ -	\$ -	\$ -	-
Assigned:					
Landfill construction	-	-	-	-	-
Recreation capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Reserved	-	61,153	174,097	289,712	408,069
Unreserved, reported in:					
Capital projects funds	<u>129,375</u>	<u>425,644</u>	<u>77,047</u>	<u>377,012</u>	<u>639,629</u>
Total all other governmental funds	<u>\$ 129,375</u>	<u>\$ 486,797</u>	<u>\$ 251,144</u>	<u>\$ 666,724</u>	<u>\$ 1,047,698</u>

(1) The County implemented GASB 54 in fiscal year 2011.

Table 4

	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>2014 (1)</u>	<u>2015 (1)</u>	<u>2016 (1)</u>
\$	13,899	\$ -	\$ -	\$ -	\$ -	-
	399	5,479	1,974	-	-	-
	9,603,023	9,998,619	10,720,302	9,038,328	-	-
	-	-	-	-	95,258	95,258
	-	-	-	-	9,811,281	9,672,556
\$	<u>9,617,321</u>	<u>10,004,098</u>	<u>10,722,276</u>	<u>9,038,328</u>	<u>9,906,539</u>	<u>9,767,814</u>
\$	529,233	\$ 653,285	\$ 780,277	\$ 910,353	\$ 1,043,470	\$ 1,179,675
	898,059	1,225,075	1,482,743	1,784,386	2,092,086	1,278,266
	27,002	27,116	28,414	20,468	20,492	14,038
	-	-	330,858	337,125	301,945	290,950
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>1,454,294</u>	<u>1,905,476</u>	<u>2,622,292</u>	<u>3,052,332</u>	<u>3,457,993</u>	<u>2,762,929</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2007	2008	2009	2010
<b>Revenues</b>				
General property taxes	\$ 8,781,315	\$ 9,869,179	\$ 10,097,051	\$ 9,911,626
Other local taxes	3,672,974	3,994,668	3,815,476	3,349,561
Permits, privilege fees and regulatory licenses	107,344	100,805	106,200	86,207
Fines and forfeitures	46,112	29,824	44,006	47,822
Revenue from use of money and property	593,477	639,211	450,348	329,506
Charges for services	818,345	985,037	869,431	839,822
Miscellaneous	1,674,879	201,265	1,041,105	231,167
Recovered costs	51,218	236,973	99,018	45,111
Intergovernmental:				
Commonwealth	5,079,154	5,744,492	5,674,148	5,432,928
Federal	1,392,823	1,290,645	1,313,858	1,458,448
<b>Total revenues</b>	<b>\$ 22,217,641</b>	<b>\$ 23,092,099</b>	<b>\$ 23,510,641</b>	<b>\$ 21,732,198</b>
<b>Expenditures</b>				
General government administration	\$ 1,416,441	\$ 1,626,034	\$ 1,620,699	\$ 1,453,038
Judicial administration	1,084,329	1,178,889	1,382,779	1,482,540
Public safety	2,815,986	3,020,666	2,846,153	2,516,411
Public works	1,723,931	2,033,140	1,864,186	1,786,034
Health and welfare	3,714,420	4,061,932	3,915,282	3,890,975
Education	6,669,651	7,749,894	7,446,574	7,451,833
Parks, recreation and cultural	243,368	230,159	307,159	293,159
Community development	501,123	1,018,825	1,409,598	478,134
Capital projects	324,432	1,675,064	3,911,158	592,857
Nondepartmental	-	1,517	-	136,046
Debt service				
Principal	323,958	431,078	438,613	589,253
Interest and other fiscal charges	277,705	274,186	309,311	390,686
<b>Total expenditures</b>	<b>\$ 19,095,344</b>	<b>\$ 23,301,384</b>	<b>\$ 25,451,512</b>	<b>\$ 21,060,966</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 3,122,297</b>	<b>\$ (209,285)</b>	<b>\$ (1,940,871)</b>	<b>\$ 671,232</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 60,425	\$ 310,153	\$ 332,153	\$ 110,153
Transfers out	(60,425)	(310,153)	(356,804)	(964,256)
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Issuance of debt	-	-	2,800,000	120,000
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,775,349</b>	<b>\$ (734,103)</b>
<b>Net change in fund balances</b>	<b>\$ 3,122,297</b>	<b>\$ (209,285)</b>	<b>\$ 834,478</b>	<b>\$ (62,871)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.21%</b>	<b>3.17%</b>	<b>3.06%</b>	<b>4.89%</b>

Note: Does not include discretely presented component unit.

Table 5

	2011	2012	2013	2014	2015	2016
\$	10,548,439	\$ 10,561,257	\$ 10,949,252	\$ 10,868,709	\$ 12,164,324	\$ 11,988,352
	3,519,926	3,502,678	3,716,129	3,564,610	3,796,368	3,710,005
	67,681	62,437	70,344	69,529	79,339	98,002
	38,770	41,216	106,409	156,204	171,827	120,200
	374,912	379,217	356,455	341,618	360,957	331,891
	809,785	834,375	940,261	774,097	735,023	715,374
	216,177	200,465	268,908	236,145	283,391	198,298
	266,220	130,380	122,337	119,153	101,411	124,292
	5,594,185	5,019,333	7,917,815	5,899,638	6,027,849	6,087,230
	1,956,056	1,716,801	1,299,635	1,413,010	1,418,313	1,500,721
\$	<u>23,392,151</u>	<u>\$ 22,448,159</u>	<u>\$ 25,747,545</u>	<u>\$ 23,442,713</u>	<u>\$ 25,138,802</u>	<u>\$ 24,874,365</u>
\$	1,443,953	\$ 1,525,092	\$ 1,577,327	\$ 1,788,018	\$ 1,556,430	\$ 1,564,514
	1,494,170	1,480,002	1,581,018	1,712,847	1,640,931	1,645,993
	2,672,181	2,914,040	3,675,254	4,720,230	4,680,697	4,780,666
	1,776,525	1,665,056	1,909,601	1,926,912	2,074,408	1,875,840
	4,398,020	4,103,322	3,732,134	3,806,903	3,970,706	4,304,800
	7,955,280	7,696,610	7,899,254	8,301,411	8,031,503	8,303,927
	274,659	295,383	299,506	362,013	288,890	319,851
	526,537	754,145	687,859	844,138	579,448	650,874
	533,202	1,925,793	2,288,200	247,877	80,702	1,308,827
	126,189	155,200	73,454	74,015	65,554	67,188
	552,298	296,615	571,714	565,424	573,861	587,247
	390,686	456,027	356,331	346,833	321,800	298,427
\$	<u>22,143,700</u>	<u>\$ 23,267,285</u>	<u>\$ 24,651,652</u>	<u>\$ 24,696,621</u>	<u>\$ 23,864,930</u>	<u>\$ 25,708,154</u>
\$	<u>1,248,451</u>	<u>\$ (819,126)</u>	<u>\$ 1,095,893</u>	<u>\$ (1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>
\$	110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
	(110,153)	(110,153)	(110,153)	(110,153)	(110,153)	(110,153)
	-	7,203,798	-	-	-	-
	-	983,512	-	-	-	-
	-	(6,530,225)	-	-	-	-
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ 1,657,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>1,248,451</u>	<u>\$ 837,959</u>	<u>\$ 1,095,893</u>	<u>\$ (1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>
	4.47%	3.53%	4.15%	3.73%	3.77%	3.63%

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

Fiscal Year	Property Tax	Local sales and use Tax	Communication Taxes (1)(2)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2016	\$ 11,988,352	\$ 2,714,379	-	\$ 307,536	\$ 417,138	\$ 205,362	-	\$ 65,590	\$ 15,698,357
2015	12,164,324	2,722,713	-	307,372	541,664	157,890	-	66,729	15,960,692
2014	10,868,709	2,585,962	-	306,197	460,643	140,040	-	71,768	14,433,319
2013	10,949,252	2,691,630	-	324,910	464,581	165,224	-	69,784	14,665,381
2012	10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011	10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010	9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009	10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527
2008	9,869,179	2,890,586	357,262	281,464	201,203	201,608	-	-	13,801,302
2007	8,781,315	2,555,696	153,199	382,290	223,727	276,472	19,542	-	12,392,241

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commnowealth representing the respective share of the communication taxes.

(2) Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2016	\$ 1,476,787,676	\$ 109,881,928	7,201,680	\$ 909,060
2015	1,593,856,675	105,257,875	9,292,235	737,600
2014	1,584,918,225	105,312,817	9,283,568	910,900
2013	1,576,717,255	104,873,820	9,574,543	623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300

(1) Real estate and personal property are assessed at 100% of fair market value.

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

Source: Commissioner of Revenue

Table 7

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	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	55,491,150	\$ 94,692,680	\$ 1,744,964,174	\$ 1,744,964,174	100.00%
	57,499,650	94,140,180	1,860,784,215	1,860,784,215	100.00%
	56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%
	54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%
	59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
	60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
	65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
	50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%
	64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%
	62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2016	\$ 0.49	\$ 4.50	\$ 0.49	\$ 4.20	\$ 0.70
2015	0.47	4.50	0.47	4.20	0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70
2008	0.57	4.50	0.57	4.20	0.70
2007	0.50	4.20	0.50	4.20	0.70

(1) Per \$100 of assessed value

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2016	\$ 13,088,275	\$ 12,372,851	94.53%	\$ 612,200	\$ 12,985,051	99.21%	\$ 2,333,711	17.83%
2015	13,263,062	12,351,793	93.13%	797,023	13,148,816	99.14%	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%

(1) Exclusive of penalties and interest. Includes personal property tax relief funds.  
 (2) Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers  
 Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2016		Fiscal Year 2007	
	2015 Assessed Valuation	% of Total Assessed Valuation	2006 Assessed Valuation	% of Total Assessed Valuation
Southside Community Nursing	\$ 20,554,600	1.12%	\$ 12,837,800	0.70%
Shoppes of College Park LLC	8,373,300	0.46%	-	0.00%
Longwood Village Shopping Center	7,333,700	0.40%	6,832,300	0.37%
Southside Holding	4,779,100	0.26%	3,118,900	0.17%
Wright, Shelton	3,695,400	0.20%	2,242,400	0.12%
Davis Real Properties LLC	3,464,300	0.19%	5,059,000	0.27%
Southgate Associates II	2,222,500	0.12%	4,733,200	0.26%
Andrews, Larget Whidden	1,447,000	0.08%	535,800	0.03%
Statewide Realty Co.	1,414,300	0.08%	1,063,500	0.06%
	<u>\$ 53,284,200</u>	<u>2.91%</u>	<u>\$ 36,422,900</u>	<u>1.97%</u>

Note: Information was not available for Fiscal Year 2016 and Fiscal Year 2007  
 Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	Other Notes/ Bonds			
2016	\$ 5,117,798	\$ -	\$ 4,798,254	\$ 5,123,382	\$ 4,005,461	\$ 19,044,895	3.82%	815
2015	5,852,125	-	4,991,985	5,123,382	4,176,457	20,143,949	4.04%	873
2014	6,569,847	-	5,182,084	-	4,341,086	16,093,017	3.23%	706
2013	7,297,699	-	5,427,677	-	4,503,541	17,228,917	3.46%	741
2012	8,028,021	-	5,668,629	-	4,661,803	18,358,453	3.68%	781
2011	5,157,837	-	7,696,025	-	3,750,000	16,603,862	3.33%	711
2010	5,778,724	-	8,181,343	-	2,500,000	16,460,067	4.06%	736
2009	6,426,063	-	8,552,832	-	1,281,482	16,260,377	4.01%	745
2008	7,890,333	52,500	5,296,677	-	-	13,239,510	3.49%	623
2007	8,654,633	105,000	4,036,409	-	-	12,796,042	3.37%	614

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

(1) See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2016	\$ 7,151,195	\$ 858,657	\$ 6,292,538	0.36%	269
2015	7,968,982	734,327	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	372
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	465
2007	10,876,490	69,227	10,807,263	0.87%	518

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

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

(3) Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.



Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
2016	23,368	\$ 498,422,000	\$ 21,329	30.0	2,086	6.30%
2015	23,074	498,422,000	21,601	30.0	2,016	6.10%
2014	22,802	498,422,000	21,859	30.0	2,129	9.80%
2013	23,238	498,422,000	21,449	30.9	2,282	10.60%
2012	23,518	498,422,000	21,193	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%

Source: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

- (1) Information is not updated annually
- (2) School enrollment includes pre-K

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Function	2007	2008	2009	2010	2011
General government administration	17.0	17.0	17.0	17.0	17.0
Judicial administration	25.0	25.0	25.0	22.5	22.5
Public safety					
Sheriffs department	30.5	30.5	30.5	31.0	31.0
Animal control	2.0	2.0	2.0	2.0	2.0
Building official	2.0	2.0	2.0	2.0	2.0
Public works					
General maintenance	7.5	7.5	7.5	6.5	6.5
Refuse Collection & Disposal	15.5	15.5	15.5	13.0	13.0
Biosolids	1.0	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	31.0	31.0	31.0	32.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	2.0	2.0	2.0	2.0	2.0
Economic Development	1.5	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	1.0	1.0	1.0	1.0	1.0
Totals	137.5	138.0	138.0	133.5	133.5

Source: Individual County departments

Table 14

2012	2013	2014	2015	2016
18.0	18.0	17.0	17.0	17.0
22.5	22.5	23.0	23.0	23.0
32.0	32.0	32.0	32.0	32.0
1.5	1.5	2.0	2.0	2.0
2.0	2.0	1.0	1.0	1.0
6.5	6.5	6.0	6.0	6.0
13.0	13.0	13.0	13.0	13.0
1.0	1.0	1.0	-	-
32.0	32.0	32.0	32.0	32.0
-	-	-	-	-
2.0	2.0	-	1.0	1.0
2.0	2.0	2.0	2.0	2.0
1.5	1.5	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<u>135.0</u>	<u>135.0</u>	<u>131.0</u>	<u>131.0</u>	<u>131.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years (1)

Function	2007	2008	2009	2010	2011
Public safety					
Sheriffs department:					
Physical arrests	1,127.0	1,629.0	2,164.0	1,396.0	1,325.0
Civil papers	9,700.0	7,718.0	9,890.0	9,124.0	8,812.0
Building inspections:					
Permits issued (2)	416.0	558.0	784.0	642.0	438.0
Public works					
Landfill:					
Refuse collected (tons/day)	91.0	89.0	80.0	78.0	71.0
Recycling (tons/day)	11.0	9.0	13.0	13.0	39.0
Health and welfare					
Department of Social Services:					
Caseload	5,298.0	7,065.0	8,100.0	8,817.0	8,058.0
Community development					
Planning:					
Zoning permits issued	242.0	194.0	119.0	112.0	93.0
Component Unit - School Board					
Education:					
Number of teachers	229.5	235.7	228.0	224.0	224.0
Local expenditures per pupil	2,623.0	2,840.0	2,718.0	2,858.0	2,927.0

Source: Individual County departments

(1) Information has been reported where available.

(2) The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2012	2013	2014	2015	2016
335.0	353.0	393.0	377.0	483.0
8,994.0	8,664.0	8,820.0	8,637.0	8,298.0
434.0	453.0	535.0	485.0	596.0
85.0	77.0	54.6	43.7	41.7
9.0	4.3	4.4	8.2	6.5
7,548.0	8,162.0	8,503.0	9,127.0	11,097.0
75.0	67.0	81.0	74.0	79.0
214.0	214.0	211.0	207.0	206.4
3,359.0	3,707.0	3,789.0	3,774.0	4,030.0

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## Compliance

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the Honorable Members of  
Board of Supervisors  
County of Prince Edward, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated December 16, 2016.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 16, 2016

## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of  
Board of Supervisors  
County of Prince Edward, Virginia

### Report on Compliance for Each Major Federal Program

We have audited the County of Prince Edward, Virginia's 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 of Prince Edward, Virginia's major federal programs for the year ended June 30, 2016. County of Prince Edward, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

### *Opinion on Each Major Federal Program*

In our opinion, the County of Prince Edward, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of the County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince Edward, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 of Prince Edward, Virginia's internal control over compliance.

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

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 16, 2016

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950114/0950115	\$ 6,807
Temporary Assistance to Needy Families (TANF)	93.558	0400115/0400116	283,358
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	242
Low-income Home Energy Assistance	93.568	0600415/0600416	26,086
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	36,805
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900115/0900116	1,365
Foster Care - Title IV-E	93.658	1100115/1100116	139,998
Adoption Assistance	93.659	1120115/1120116	164,280
Social Services Block Grant	93.667	1000115/1000116	153,224
Chafee Foster Care Independence Program	93.674	9150115/9150116	2,009
Children's Health Insurance Program	93.767	0540115/0540116	10,936
Medical Assistance Program	93.778	1200115/1200116	336,147
Total Department of Health and Human Services			\$ 1,161,257
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	Unknown	\$ 69,691
Department of Education:			
National School Lunch Program - Child Nutrition Cluster	10.555	2015IN109941/2016IN109941	637,652
Subtotal CFDA 10.555			\$ 707,343
School Breakfast Program - Child Nutrition Cluster	10.553	2015IN109941/2016IN109941	147,406
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	Unknown	20,101
Fresh Fruit and Vegetable Program	10.582	2015IL160341/2016IL160341	52,687
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115/0010116/0040115/0040116	269,380
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	0060115	14,589
Total Department of Agriculture			\$ 1,211,506
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victims Assistance	16.575	Unknown	\$ 7,217
Department of Transportation:			
Pass through payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC2010501093729	\$ 2,261
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Unknown	6,322
Total Highway Safety Cluster			\$ 8,583
Total Department of Transportation			\$ 8,583
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	\$ 9,397
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S101A140046/S010A150046	\$ 590,774
Special Education Cluster:			
Special Education-Grants to States	84.027	H027A140107/H027A150107	611,928
Special Education-Preschool Grants	84.173	H173A140112/H173A150112	18,653
Total Special Education Cluster			\$ 630,581
Career and Technical Education Basic Grants to States	84.048	V048A140046	42,629
Twenty-First Century Community Learning Centers	84.287	S287C150047	77,094
Rural Education	84.358	S358B140046	16,984
Advanced Placement Program	84.330	S330B14002	1,292
Supporting Effective Instruction State Grant	84.367	S367A140044/S367A150044	97,278
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A140046/S013A150046	3,547
Total Department of Education			\$ 1,460,179
Total Expenditures of Federal Awards			\$ 3,858,139

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund \$ 1,500,721

Less: Amounts not recorded on Schedule of Expenditures of Federal Awards

Payment in Lieu of Taxes (30,298)

Total primary government \$ 1,470,423

Component Unit School Board:

School Operating Fund \$ 1,460,179

School Cafeteria Fund 927,537

Total Component Unit School Board \$ 2,387,716

Total federal expenditures per basic financial statements \$ 3,858,139

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 3,858,139

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Audit Findings**

There are no prior year audit findings.

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