

**COUNTY OF PRINCE EDWARD, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



# COUNTY OF PRINCE EDWARD, VIRGINIA

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## Board of Supervisors

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Howard F. Simpson, Chairman  
Pattie Cooper-Jones, Vice-Chairman

Jerry R. Townsend  
Howard M. Campbell  
James R. Wilck

Robert M. Jones  
C.R. Timmons, Jr.  
Charles W. McKay

## Board of Social Services

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

Zachary Jackson  
Shirley Wallace  
Pauly Hollingsworth

## County School Board

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Russell L. Dove, Chairman

Beulah Womack  
Darin E. Thomas  
Sherry Honeycutt

Timothy W. Corbett Sr., M.D.  
Dr. Peter Gur  
Susan S. Lawman  
Dr. Lawrence C. Varner

## 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

Kimberley S. White  
Machelle J. Eppes  
Robert G. Woodson, Jr.  
Marvin H. Dunkum, Jr.  
James R. Ennis  
Beverly M. Booth  
Donna B. Nunally  
Wesley Reed  
Dr. K. David Smith  
Roma R. Morris  
Wade Bartlett



COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report  
For The Year Ended June 30, 2014

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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 County of Prince Edward, Virginia, as of and for the year ended June 30, 2014, 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 County of Prince Edward, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-13, 57, and 58-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014 on our consideration of 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 County of Prince Edward, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 30, 2014

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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, 2014. 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 \$7,849,435 (total net position). This was a decrease of \$3,965,949 or 34% compared to the ending amount of \$11,815,384 on June 30, 2013. This decrease was largely due to deeding \$2,880,664 of fixed assets to the Commonwealth of Virginia, as well as an increase of Public Safety expenditures in the General Fund of \$1,027,129. Cash only decreased from the prior year by \$136,010, as discussed below. \$6,122,310 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 \$8,206,491 of the County's total, a decrease of \$3,717,391 or 31% in comparison with net position of \$11,923,882 at June 30, 2013. The decrease was largely due to deeding \$2,880,664 of fixed assets to the Commonwealth of Virginia, as well as an increase of Public Safety expenditures in the General Fund of \$1,027,129. Cash and cash equivalents for the Governmental Activities decreased from \$11,066,765 in FY13 to \$10,930,695 at the end of FY14. This is a decrease of \$136,070 or 1.23%.
- The School Board's assets exceeded its liabilities by \$9,083,012 a decrease of \$609,040 when compared to the amount on June 30, 2013. However, \$8,964,090 of this amount reflects the School Board's net investment in capital assets leaving \$118,922 in unrestricted assets available to meet ongoing obligations. This is a decrease of \$187,322 or 61% 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 (\$357,056) which was a decrease of \$248,558. Unrestricted net position of Business-Type Activities decreased \$324,047 during the year ending with a balance of (\$4,056) on June 30, 2014 as compared to \$319,991 on June 30, 2013.
- The combining long-term governmental obligations decreased \$794,267 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. This decrease includes premiums received on the bond issue that are not repaid but will be amortized.

## Financial Highlights: (Continued)

### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures exceeded revenues by \$1,253,908 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,281,397 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$12,090,660 which is a decrease of \$1,253,908 or 9% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$9,038,328 or 38% 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 FY2014, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,849,435 at the close of the fiscal year as presented in the Table below. This was a decrease of \$3,965,949 or 34% under the FY2013 ending amount of \$11,815,384. This decrease was largely due to deeding \$2,880,664 of fixed assets to the Commonwealth of Virginia, as well as an increase of Public Safety expenditures in the General Fund of \$1,027,129.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position  
For the Years Ended June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 28,069,560	\$ 28,558,885	\$ 42,403	\$ 368,100	\$ 28,111,963	\$ 28,926,985
Capital assets	<u>10,336,377</u>	<u>13,719,676</u>	<u>3,988,086</u>	<u>4,075,051</u>	<u>14,324,463</u>	<u>17,794,727</u>
Total assets	<u>\$ 38,405,937</u>	<u>\$ 42,278,561</u>	<u>\$ 4,030,489</u>	<u>\$ 4,443,151</u>	<u>\$ 42,436,426</u>	<u>\$ 46,721,712</u>
Long-term liabilities outstanding	\$ 16,723,407	\$ 17,517,673	\$ 4,341,086	\$ 4,503,540	\$ 21,064,493	\$ 22,021,213
Current liabilities	<u>280,182</u>	<u>412,357</u>	<u>46,459</u>	<u>48,109</u>	<u>326,641</u>	<u>460,466</u>
Total liabilities	<u>\$ 17,003,589</u>	<u>\$ 17,930,030</u>	<u>\$ 4,387,545</u>	<u>\$ 4,551,649</u>	<u>\$ 21,391,134</u>	<u>\$ 22,481,679</u>
Deferred inflows of resources:						
Deferred revenue-property taxes	<u>\$ 13,195,857</u>	<u>\$ 12,424,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,195,857</u>	<u>\$ 12,424,649</u>
Net position:						
Net investment in capital assets	\$ 2,080,125	\$ 2,079,106	\$ (353,000)	\$ (428,489)	\$ 1,727,125	\$ 1,650,617
Unrestricted	<u>6,126,366</u>	<u>9,844,776</u>	<u>(4,056)</u>	<u>319,991</u>	<u>6,122,310</u>	<u>10,164,767</u>
Total net position	<u>\$ 8,206,491</u>	<u>\$ 11,923,882</u>	<u>\$ (357,056)</u>	<u>\$ (108,498)</u>	<u>\$ 7,849,435</u>	<u>\$ 11,815,384</u>

At the end of FY2014, the County's net investment in capital assets is \$1,727,125. 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. The remaining balance of net position in the amount of \$6,122,310 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is approximately \$6.1 million 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 \$3,717,391. The key elements of this decrease are found in exhibit 2 and 6 and the table below. Revenues decreased from the previous year by \$2,362,896 and expenses increased \$4,769,619. The net effect was a decrease in net position of \$3,717,391, largely due to the \$2,880,664 deed of fixed assets to the Commonwealth of Virginia.

County of Prince Edward, Virginia

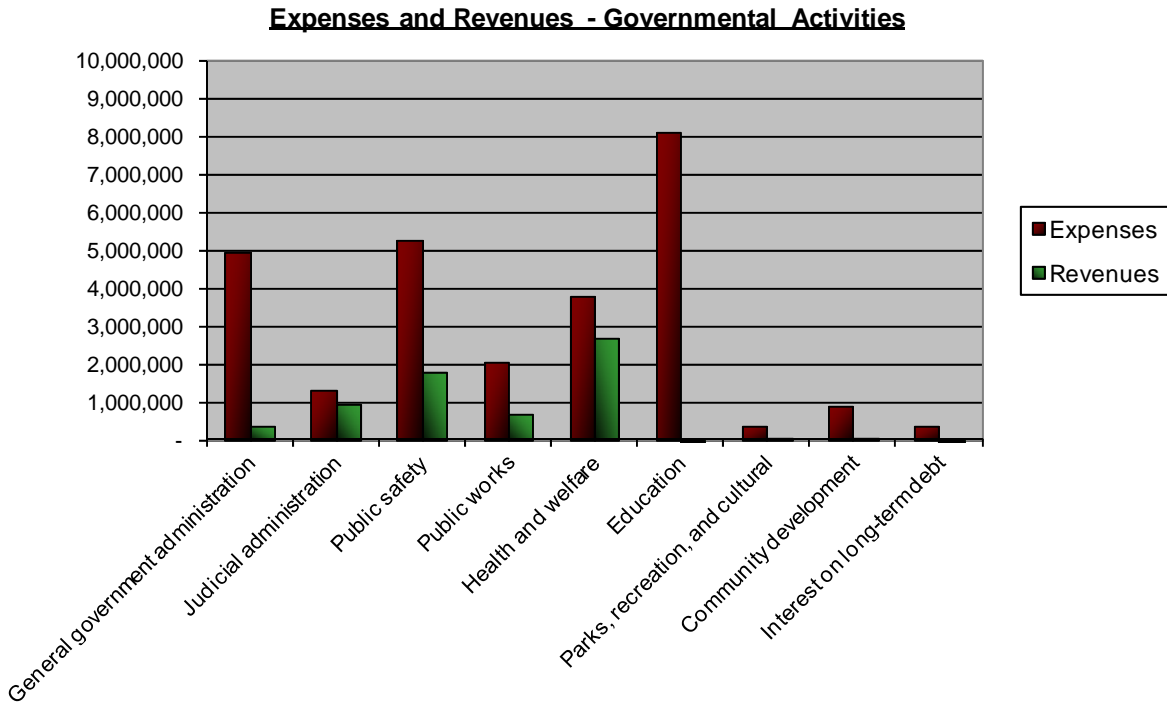
Changes in Net Position  
For the Years Ended June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 999,827	\$ 1,117,014	\$ 2,558	\$ 6,122	\$ 1,002,385	\$ 1,123,136
Operating grants and contributions	5,616,484	5,416,084	-	-	5,616,484	5,416,084
Capital grants and contributions	2,337	2,093,667	-	-	2,337	2,093,667
General revenues:						
General property taxes	11,076,090	11,103,740	-	-	11,076,090	11,103,740
Other local taxes	3,564,610	3,716,129	-	-	3,564,610	3,716,129
Commonwealth non-categorical aid	1,693,827	1,707,699	-	-	1,693,827	1,707,699
Other general revenues	445,562	522,075	-	-	445,562	522,075
Total revenues	\$ 23,398,737	\$ 25,676,408	\$ 2,558	\$ 6,122	\$ 23,401,295	\$ 25,682,530
Expenses:						
General government administration	\$ 4,967,094	\$ 1,940,807	\$ -	\$ -	\$ 4,967,094	\$ 1,940,807
Judicial administration	1,320,809	1,215,821	-	-	1,320,809	1,215,821
Public safety	5,243,483	4,159,935	-	-	5,243,483	4,159,935
Public works	2,032,088	2,065,013	-	-	2,032,088	2,065,013
Health and welfare	3,810,158	3,741,349	-	-	3,810,158	3,741,349
Education	8,126,108	7,728,685	-	-	8,126,108	7,728,685
Parks, recreation, and cultural	365,365	302,000	-	-	365,365	302,000
Community development	906,637	722,579	-	-	906,637	722,579
Interest on long-term debt	344,386	385,095	-	-	344,386	385,095
Water fund	-	-	181,343	188,411	181,343	188,411
Sewer fund	-	-	69,773	70,901	69,773	70,901
Total expenses	\$ 27,116,128	\$ 22,261,284	\$ 251,116	\$ 259,312	\$ 27,367,244	\$ 22,520,596
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ (3,717,391)	\$ 3,415,124	\$ (248,558)	\$ (253,190)	\$ (3,965,949)	\$ 3,161,934
Net position - beginning	11,923,882	8,508,758	(108,498)	144,692	11,815,384	8,653,450
Net position - ending	\$ 8,206,491	\$ 11,923,882	\$ (357,056)	\$ (108,498)	\$ 7,849,435	\$ 11,815,384

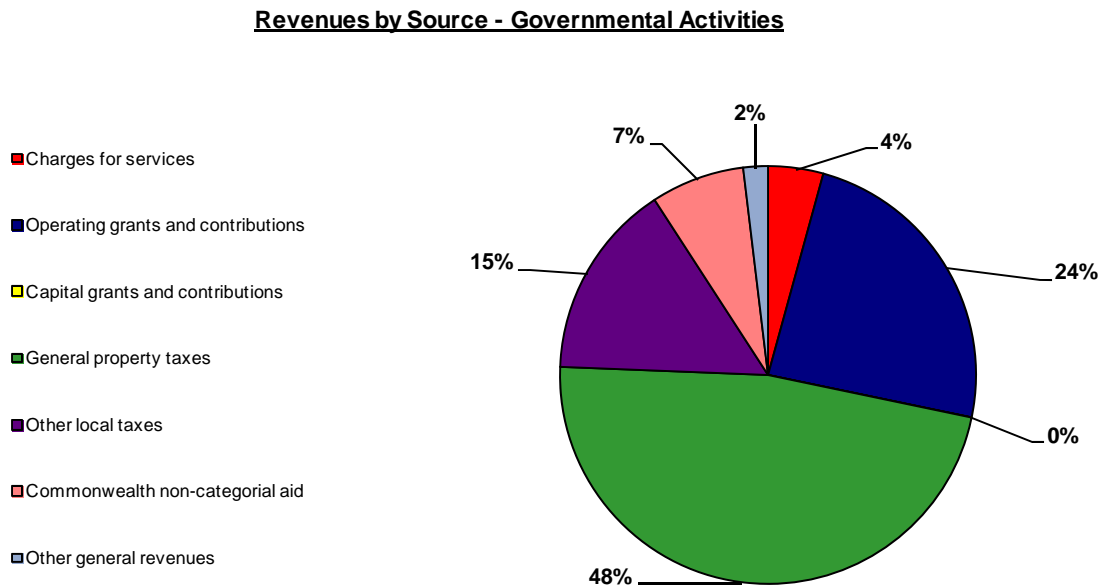
Revenues from governmental activities totaled \$23,398,737 with general property taxes (47.3%), operating grants and contributions (24.0%), and other local taxes (15.2%) comprising 86.8% of the County's revenues. Expenses for education (30.0%), health and welfare (14.1%), public safety (19.3%), public works (7.5%), and general government administration (18.3%) account for 89.2% of total governmental expenses of \$27,116,128.

**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.



Business-Type Activities decreased the County’s net position by \$248,558.

## 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 \$12,090,660, a decrease of \$1,253,908 when compared to the prior year. Approximately 75 percent (\$9,038,328) of the combined governmental fund balance is unassigned. The remaining 25% (\$3,052,332) 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 \$10,020,343 comprise 83% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents decreased \$264,172 or 3%.

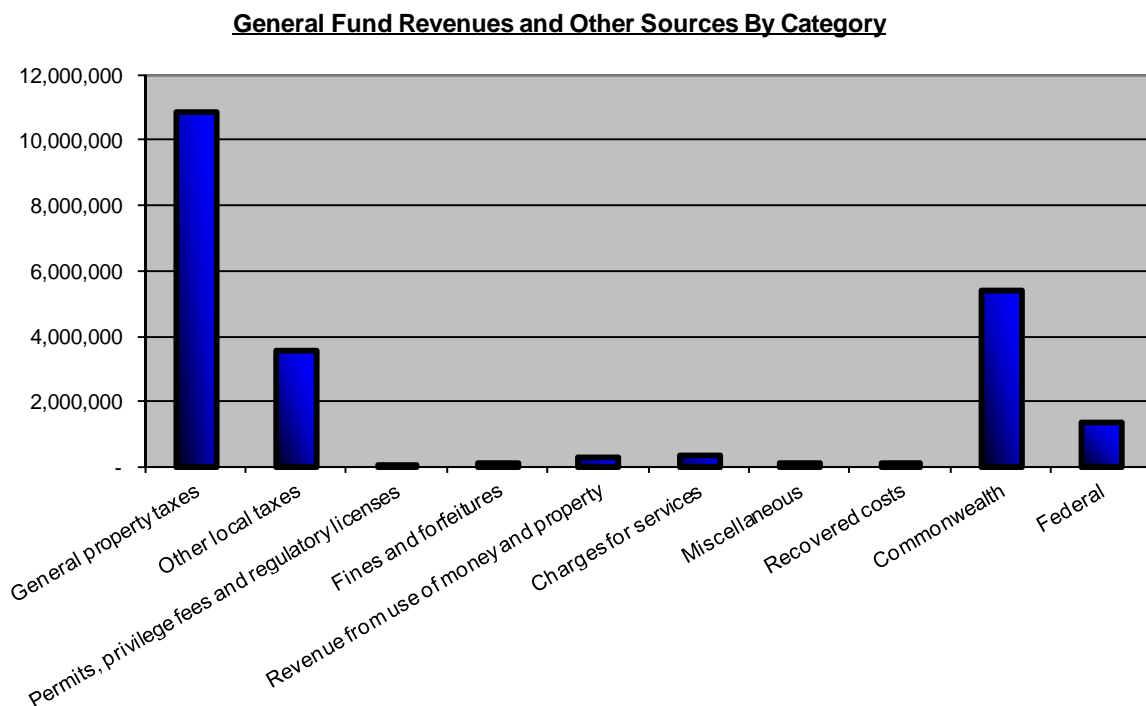
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2014 of \$9,038,328. This is a decrease from the prior year of \$1,683,948. Major components of the current year decrease were an increase of expenditures in Public Safety of \$1,027,129 and increase in Education expenditures of \$402,157.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2014 the Landfill Construction Fund had a fund balance of \$1,784,386, an increase of \$301,643. This increase was the result of an increase in cash and cash equivalents as revenues exceeded expenses.

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 38% 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

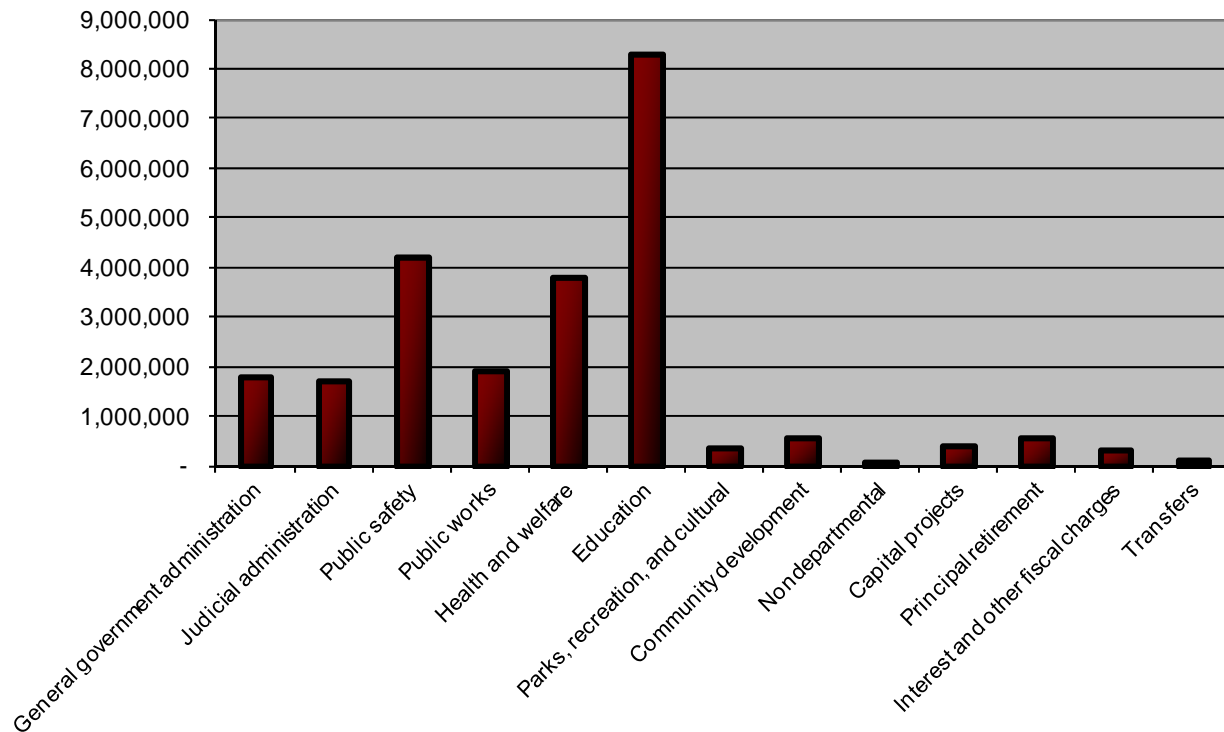
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$22,597,363.



## 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 \$24,281,311 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 \$2,404,412 over the original budgeted amount. The final expenditure budget reflected an increase of \$2,240,245 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$15,858 in General Property Taxes
- \$55,000 in Fines and forfeitures
- \$16,475 in Miscellaneous Revenues
- \$2,302,029 in intergovernmental revenues from the Commonwealth of Virginia
- \$14,780 in intergovernmental revenues from the Federal Government.

The significant increase in budgeted revenues from the Commonwealth can be attributed primarily from grant funds received from the Tobacco Commission, Virginia Department of Transportation (VDOT) and Virginia Information Technology Agency (VITA).

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

The Expenditure amendments were as follows:

- \$38,451 increase in General government administration
- \$126,432 increase in Judicial administration
- \$1,020,749 increase Public Safety
- \$5,101 increase in Public Works
- \$50,000 increase in Parks, recreation, and cultural
- \$304,089 increase in Community Development
- (\$101,465) decrease in Nondepartmental
- \$796,888 increase in Capital projects

As can be seen increases in Capital Projects and Public Safety accounted for approximately 81% of the increase in the budgeted expenditures. The majority of the increase in public safety is attributed to the regional jail.

The Route 786 project accounted for over 64% 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, 2014, is \$14,324,463 (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, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,501,360	\$ 1,501,360	-	-	\$ 1,501,360	\$ 1,501,360
Buildings	8,203,447	8,739,634	-	-	8,203,447	8,739,634
Improvements other than buildings	158,094	181,884	-	-	158,094	181,884
Equipment	473,476	416,134	-	-	473,476	416,134
Utility plant in service	-	-	3,988,086	4,075,051	3,988,086	4,075,051
Construction in progress	-	2,880,664	-	-	-	2,880,664
Net capital assets	<u>\$ 10,336,377</u>	<u>\$ 13,719,676</u>	<u>\$ 3,988,086</u>	<u>\$ 4,075,051</u>	<u>\$ 14,324,463</u>	<u>\$ 17,794,727</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 FY2014, Prince Edward County had total outstanding obligations of \$21,064,493. Of this amount \$9,558,704 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$794,267.

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

## Economic Factors Influencing FY2015 Budgets and Tax Rates

Increases in expenses coupled with stagnate revenues required the County to increase Real Estate Tax rates to balance the FY15 budget. The rate was increased from \$.42 to \$.47.

The single greatest impact on the FY15 budget was an increase in expenses for the housing of inmates at the Piedmont Regional Jail. This one expense item increased from \$700,000 in the initial FY14 budget to \$1,400,000 in the initial FY15 budget. For the first time in the Jails almost 30 years of operation member Counties had to pay for the housing of inmates. Prince Edward County initially budgeted \$700,000 in FY14 but that proved inadequate. The County decided to fund this additional expense from the fund balance in FY14, waiting to see if operational changes could be made to reduce expenses or increase revenues. Such adjustments were elusive, therefore, the County had to take action in FY15 to fund the full \$1,400,000 as the expense appears to be on going and the continued use of the fund balance to cover a continuing operational expense would not be sustainable in the long run. Additional expense increases in FY 14 that were supported by draws on the fund balance included \$133,000 for increase cost of employee health insurance and \$90,000 for a pay increase. Thus the County had to determine how to overcome a revenue shortfall of slightly more than \$1,600,000 in FY15. The loss of revenue, not an increase in expenses for the Jail caused the member Counties to have this new expenditure. Several factors caused this dilemma but the primary reason was the decision by the General Assembly to reduce per diem payments to local governments from \$28 per inmate day to \$12. This 57% reduction means the Commonwealth shifted almost \$2.5 million in expenses to the local governments operating the regional jail.

Local revenues are expected to be stagnant for FY15. While General Property tax receipts are expected to increase by approximately 2% or \$222,000, charges for services will decrease about \$200,000. This decrease is the result of the sale of a local refuse company. The new Company is hauling the garbage to its own landfill. This is causing a decrease in revenue from tipping fees by approximately \$200,000.

To balance the FY15 budget the County made expenditure reductions of approximately \$400,000. This included reductions in almost every department and changes to the employee health insurance program. These actions were not sufficient to balance the General Fund budget. To achieve a balanced budget in FY15 the County increased the Real Estate tax rate by five cents which generated \$750,000, transferred \$664,000 from the IDA fund which was obtained by selling land in the County's business park and used \$90,190 from the fund balance.

## 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, 2014

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,020,143	\$ 42,403	\$ 10,062,546	\$ 392,705	\$ 50,927
Receivables (net of allowance for uncollectibles):					
Taxes receivable	15,046,580	-	15,046,580	-	-
Accounts receivable	100,902	-	100,902	66,782	-
Loan receivable, current	-	-	-	-	193,258
Note receivable	905,838	-	905,838	-	-
Due from primary government	-	-	-	-	52,570
Due from component unit	118,496	-	118,496	-	-
Due from other governmental units	967,048	-	967,048	1,092,697	-
Prepaid items	-	-	-	184,915	-
Industrial assets	-	-	-	-	1,047,505
Restricted assets:					
Cash and cash equivalents	910,553	-	910,553	-	-
Capital assets (net of accumulated depreciation):					
Land	1,501,360	-	1,501,360	99,952	-
Buildings and improvements	8,203,447	-	8,203,447	8,011,392	-
Improvements other than buildings	158,094	-	158,094	289,158	-
Equipment	473,476	-	473,476	563,588	-
Utility plant in service	-	3,988,086	3,988,086	-	-
<b>Total assets</b>	<b>\$ 38,405,937</b>	<b>\$ 4,030,489</b>	<b>\$ 42,436,426</b>	<b>\$ 10,701,189</b>	<b>\$ 1,344,260</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 106,343	\$ -	\$ 106,343	\$ 17,830	\$ -
Accrued liabilities	-	-	-	1,234,651	-
Accrued interest payable	121,269	46,459	167,728	-	-
Due to primary government	-	-	-	118,496	-
Due to component unit	52,570	-	52,570	-	-
Long-term liabilities:					
Due within one year	973,315	164,630	1,137,945	-	-
Due in more than one year	15,750,092	4,176,456	19,926,548	247,200	-
<b>Total liabilities</b>	<b>\$ 17,003,589</b>	<b>\$ 4,387,545</b>	<b>\$ 21,391,134</b>	<b>\$ 1,618,177</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	13,195,857	-	13,195,857	-	-
<b>NET POSITION</b>					
Net investment in capital assets	\$ 2,080,125	\$ (353,000)	\$ 1,727,125	\$ 8,964,090	\$ -
Unrestricted	6,126,366	(4,056)	6,122,310	118,922	1,344,260
<b>Total net position</b>	<b>\$ 8,206,491</b>	<b>\$ (357,056)</b>	<b>\$ 7,849,435</b>	<b>\$ 9,083,012</b>	<b>\$ 1,344,260</b>

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, 2014

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	\$ 4,967,094	\$ -	\$ 388,897	\$ -
Judicial administration	1,320,809	182,240	767,864	-
Public safety	5,243,483	202,472	1,611,641	-
Public works	2,032,088	603,518	71,277	-
Health and welfare	3,810,158	-	2,708,999	-
Education	8,126,108	-	-	-
Parks, recreation, and cultural	365,365	-	13,581	-
Community development	906,637	11,600	54,225	2,337
Interest on long-term debt	344,386	-	-	-
Total governmental activities	\$ 27,116,128	\$ 999,830	\$ 5,616,484	\$ 2,337
Business-type activities:				
Water	\$ 181,343	\$ 778	\$ -	\$ -
Sewer	69,773	1,780	-	-
Total business-type activities	\$ 251,116	\$ 2,558	\$ -	\$ -
Total primary government	\$ 27,367,244	\$ 1,002,388	\$ 5,616,484	\$ 2,337
<b>COMPONENT UNITS:</b>				
School Board	\$ 25,832,022	\$ 422,712	\$ 16,676,778	\$ -
Industrial Development Authority	24,060	-	-	-
Total component units	\$ 25,856,082	\$ 422,712	\$ 16,676,778	\$ -

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	
\$ (4,578,197)	\$ -	\$ (4,578,197)	\$ -	\$ -	
(370,705)	-	(370,705)	-	-	
(3,429,370)	-	(3,429,370)	-	-	
(1,357,293)	-	(1,357,293)	-	-	
(1,101,159)	-	(1,101,159)	-	-	
(8,126,108)	-	(8,126,108)	-	-	
(351,784)	-	(351,784)	-	-	
(838,475)	-	(838,475)	-	-	
(344,386)	-	(344,386)	-	-	
<u>\$ (20,497,477)</u>	<u>\$ -</u>	<u>\$ (20,497,477)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (180,565)	\$ (180,565)	\$ -	\$ -	
-	(67,993)	(67,993)	-	-	
<u>\$ -</u>	<u>\$ (248,558)</u>	<u>\$ (248,558)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (20,497,477)</u>	<u>\$ (248,558)</u>	<u>\$ (20,746,035)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (8,732,532)	\$ -	
-	-	-	-	(24,060)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,732,532)</u>	<u>\$ (24,060)</u>	
\$ 11,076,090	\$ -	\$ 11,076,090	\$ -	\$ -	
2,585,962	-	2,585,962	-	-	
306,197	-	306,197	-	-	
460,643	-	460,643	-	-	
140,040	-	140,040	-	-	
71,768	-	71,768	-	-	
341,618	-	341,618	12,887	4,253	
103,941	-	103,941	4,511	4,167	
-	-	-	8,106,094	77,225	
1,693,827	-	1,693,827	-	-	
<u>\$ 16,780,086</u>	<u>\$ -</u>	<u>\$ 16,780,086</u>	<u>\$ 8,123,492</u>	<u>\$ 85,645</u>	
\$ (3,717,391)	\$ (248,558)	\$ (3,965,949)	\$ (609,040)	\$ 61,585	
11,923,882	(108,498)	11,815,384	9,692,052	1,282,675	
<u>\$ 8,206,491</u>	<u>\$ (357,056)</u>	<u>\$ 7,849,435</u>	<u>\$ 9,083,012</u>	<u>\$ 1,344,260</u>	

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## Fund Financial Statements

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Balance Sheet  
 Governmental Funds  
 June 30, 2014

	General	School Debt Service	Landfill Construction	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,899,401	\$ -	\$ 1,757,908	\$ 363,034	\$ 10,020,343
Receivables (net of allowance for uncollectibles):					
Taxes receivable	15,046,580	-	-	-	15,046,580
Accounts receivable	74,424	-	26,478	-	100,902
Notes receivable	51,266	-	-	-	51,266
Due from component unit	118,496	-	-	-	118,496
Due from other governmental units	967,048	-	-	-	967,048
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	910,353	-	-	910,353
<b>Total assets</b>	<b>\$ 24,157,215</b>	<b>\$ 910,353</b>	<b>\$ 1,784,386</b>	<b>\$ 363,034</b>	<b>\$ 27,214,988</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 96,542	\$ -	\$ -	\$ 5,441	\$ 101,983
Accrued liabilities	4,358	-	-	-	4,358
Due to component unit	52,570	-	-	-	52,570
<b>Total liabilities</b>	<b>\$ 153,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,441</b>	<b>\$ 158,911</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	\$ 14,965,417	\$ -	\$ -	\$ -	\$ 14,965,417
<b>FUND BALANCES</b>					
Restricted:					
Debt service	\$ -	\$ 910,353	\$ -	\$ -	\$ 910,353
Assigned:					
Landfill construction	-	-	1,784,386	-	1,784,386
Recreation capital projects	-	-	-	20,468	20,468
Special revenue	-	-	-	337,125	337,125
Unassigned	9,038,328	-	-	-	9,038,328
<b>Total fund balances</b>	<b>\$ 9,038,328</b>	<b>\$ 910,353</b>	<b>\$ 1,784,386</b>	<b>\$ 357,593</b>	<b>\$ 12,090,660</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,157,215</b>	<b>\$ 910,353</b>	<b>\$ 1,784,386</b>	<b>\$ 363,034</b>	<b>\$ 27,214,988</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, 2014

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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	\$	12,090,660
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 20,324,941	
Accumulated depreciation	<u>(9,988,564)</u>	10,336,377

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

Unavailable property taxes	1,769,558	
Notes receivable	<u>854,572</u>	2,624,130

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	\$ (11,751,931)	
Accrued interest payable	(121,269)	
Compensated absences	(654,941)	
Net OPEB obligation	(158,900)	
Landfill closure, postclosure and corrective action cost liability	<u>(4,157,635)</u>	<u>(16,844,676)</u>

Net position of governmental activities	\$	<u><u>8,206,491</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2014

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 10,868,709	\$ -	\$ -	\$ -	\$ 10,868,709
Other local taxes	3,564,610	-	-	-	3,564,610
Permits, privilege fees, and regulatory licenses	69,529	-	-	-	69,529
Fines and forfeitures	156,204	-	-	-	156,204
Revenue from the use of money and property	313,813	19,923	6,474	1,408	341,618
Charges for services	404,801	-	295,169	74,127	774,097
Miscellaneous	234,962	-	-	1,183	236,145
Recovered costs	119,153	-	-	-	119,153
Intergovernmental:					
Commonwealth	5,452,572	-	-	447,066	5,899,638
Federal	1,413,010	-	-	-	1,413,010
<b>Total revenues</b>	<b>\$ 22,597,363</b>	<b>\$ 19,923</b>	<b>\$ 301,643</b>	<b>\$ 523,784</b>	<b>\$ 23,442,713</b>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,788,018	\$ -	\$ -	\$ -	\$ 1,788,018
Judicial administration	1,712,847	-	-	-	1,712,847
Public safety	4,194,767	-	-	525,463	4,720,230
Public works	1,926,912	-	-	-	1,926,912
Health and welfare	3,806,903	-	-	-	3,806,903
Education	8,301,411	-	-	-	8,301,411
Parks, recreation, and cultural	362,013	-	-	-	362,013
Community development	844,138	-	-	-	844,138
Nondepartmental	74,015	-	-	-	74,015
Capital projects	247,877	-	-	-	247,877
Debt service:					
Principal retirement	565,424	-	-	-	565,424
Interest and other fiscal charges	346,833	-	-	-	346,833
<b>Total expenditures</b>	<b>\$ 24,171,158</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 525,463</b>	<b>\$ 24,696,621</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,573,795)	\$ 19,923	\$ 301,643	\$ (1,679)	\$ (1,253,908)
<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	\$ (1,683,948)	\$ 130,076	\$ 301,643	\$ (1,679)	\$ (1,253,908)
Fund balances - beginning	10,722,276	780,277	1,482,743	359,272	13,344,568
Fund balances - ending	<u>\$ 9,038,328</u>	<u>\$ 910,353</u>	<u>\$ 1,784,386</u>	<u>\$ 357,593</u>	<u>\$ 12,090,660</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, 2014

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

Net change in fund balances - total governmental funds \$ (1,253,908)

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	\$	221,393	
Net transfer of joint tenancy assets		(216,851)	
Depreciation expense		<u>(507,177)</u>	<u>(502,635)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 207,378

The net effect of various transactions involving capital assets is to decrease net position (2,880,664)

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. (99,228)

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	\$	(58,432)	
Principal payments and premium amortization		<u>973,445</u>	<u>915,013</u>

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	\$	17,399	
(Increase) decrease in compensated absences		(86,646)	
(Increase) decrease in net OPEB obligation		<u>(34,100)</u>	<u>(103,347)</u>

Change in net position of governmental activities \$ (3,717,391)

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

Statement of Net Position  
 Proprietary Funds  
 June 30, 2014

	Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 312,163	\$ -	\$ 312,163
Total current assets	\$ 312,163	\$ -	\$ 312,163
Noncurrent assets:			
Capital assets:			
Utility plant in service	\$ 3,107,261	\$ 1,241,000	\$ 4,348,261
Accumulated depreciation	(236,075)	(124,100)	(360,175)
Total capital assets	\$ 2,871,186	\$ 1,116,900	\$ 3,988,086
Total noncurrent assets	\$ 2,871,186	\$ 1,116,900	\$ 3,988,086
Total assets	\$ 3,183,349	\$ 1,116,900	\$ 4,300,249
<b>LIABILITIES</b>			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 269,760	\$ 269,760
Accrued interest payable	33,835	12,624	46,459
Bonds payable - current portion	119,898	44,732	164,630
Total current liabilities	\$ 153,733	\$ 327,116	\$ 480,849
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 3,041,643	\$ 1,134,813	\$ 4,176,456
Total noncurrent liabilities	\$ 3,041,643	\$ 1,134,813	\$ 4,176,456
Total liabilities	\$ 3,195,376	\$ 1,461,929	\$ 4,657,305
<b>NET POSITION</b>			
Net investment in capital assets	\$ (290,355)	\$ (62,645)	\$ (353,000)
Unrestricted	278,328	(282,384)	(4,056)
Total net position	\$ (12,027)	\$ (345,029)	\$ (357,056)

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, 2014

	Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 778	\$ -	\$ 778
Sewer revenues	-	1,780	1,780
Total operating revenues	\$ 778	\$ 1,780	\$ 2,558
<b>OPERATING EXPENSES</b>			
Supplies	\$ 1,335	\$ -	\$ 1,335
Repairs and maintenance	120	-	120
Utilities	-	776	776
Insurance	400	400	800
Depreciation	62,145	24,820	86,965
Total operating expenses	\$ 64,000	\$ 25,996	\$ 89,996
Operating income (loss)	\$ (63,222)	\$ (24,216)	\$ (87,438)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	\$ (117,343)	\$ (43,777)	\$ (161,120)
Total nonoperating revenues (expenses)	\$ (117,343)	\$ (43,777)	\$ (161,120)
Change in net position	\$ (180,565)	\$ (67,993)	\$ (248,558)
Total net position - beginning	168,538	(277,036)	(108,498)
Total net position - ending	\$ (12,027)	\$ (345,029)	\$ (357,056)

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, 2014

	Enterprise Funds		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 778	\$ 1,780	\$ 2,558
Payments to suppliers	(1,888)	(1,176)	(3,064)
Net cash provided by (used for) operating activities	<u>\$ (1,110)</u>	<u>\$ 604</u>	<u>\$ (506)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from other funds	\$ -	\$ 87,752	\$ 87,752
Net cash provided by (used for) noncapital financing activities	<u>\$ -</u>	<u>\$ 87,752</u>	<u>\$ 87,752</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on bonds	\$ (98,112)	\$ (36,603)	\$ (134,715)
Interest payments	(138,723)	(51,753)	(190,476)
Net cash provided by (used for) capital and related financing activities	<u>\$ (236,835)</u>	<u>\$ (88,356)</u>	<u>\$ (325,191)</u>
Net increase (decrease) in cash and cash equivalents	\$ (237,945)	\$ -	\$ (237,945)
Cash and cash equivalents - beginning	<u>550,108</u>	<u>-</u>	<u>550,108</u>
Cash and cash equivalents - ending	<u><u>\$ 312,163</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 312,163</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (63,222)	\$ (24,216)	\$ (87,438)
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	(33)	-	(33)
Total adjustments	<u>\$ 62,112</u>	<u>\$ 24,820</u>	<u>\$ 86,932</u>
Net cash provided by (used for) operating activities	<u><u>\$ (1,110)</u></u>	<u><u>\$ 604</u></u>	<u><u>\$ (506)</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2014

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>398,983</u>
Total assets	\$ <u><u>398,983</u></u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 6,774
Amounts held for Piedmont Alcohol Safety Action Program	<u>392,209</u>
Total liabilities	\$ <u><u>398,983</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, 2014

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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 components unit. 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 (government 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.

## COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### 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, 2014 (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, \$48,030 to the juvenile detention center, and \$62,643 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.

## COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

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

##### 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.

## COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### 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 Capital Projects Fund, and the Water and Sewer Funds of the primary government and the School Fund and 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 \$591,487 at June 30, 2014 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, 2014 (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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, 2014.

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. 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.

**J. 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.

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

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**J. Long-term Obligations**

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

**K. Fund Equity**

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

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

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

The 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).



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

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**L. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as they accrue.

**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 \$910,353, which is to be used for debt service on QZAB bonds.

**O. Upcoming Pronouncements**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of the pronouncement on its financial statements.

**P. Net Position**

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

**Q. 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, 2014 (Continued)

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**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).

Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County’s investments at June 30, 2014 were held by the County or in the County’s name by the County’s custodial banks.

Credit Risk of Debt Securities:

The County’s investment policy allows for any investments which are in accordance with the Code of Virginia. The County’s rated debt investments as of June 30, 2014 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

<u>County’s Rated Debt Investments Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
US Government Money Market U.S. Agencies Securities	\$ <u>162,450</u>
Total	\$ <u><u>162,450</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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**Note 2—Deposits and Investments: (Continued)**

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Concentration of Credit Risk:

The County's investment policy states the importance of diversification within its portfolio. Excessive concentration of any type of investment or excessive transactions with a financial institution is prohibited.

The County had no concentration of credit risk at June 30, 2014.

Interest Rate Risk:

The County's investment policy prohibits investments that have a maturity date of greater than five years. Investments with a maturity date of between six months and five years are authorized on an individual basis determined by the time required to make a withdrawal without incurring penalties.

The County had no interest rate risk at June 30, 2014.

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

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Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia		
School funds	\$ -	\$ 113,256
State sales taxes	-	485,569
Local sales tax	443,116	-
Communication tax	52,772	-
Shared expenses	161,789	-
Social services funds	80,253	-
Comprehensive services	93,269	-
Shared revenues	17,701	-
Federal Government:		
School funds	-	493,872
Social services funds	118,148	-
	<u>\$ 967,048</u>	<u>\$ 1,092,697</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

**Note 4—Capital Assets:**

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360
Construction in progress	<u>2,880,664</u>	<u>-</u>	<u>2,880,664</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 4,382,024</u>	<u>\$ -</u>	<u>\$ 2,880,664</u>	<u>\$ 1,501,360</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,263,151	\$ -	\$ 369,649	\$ 12,893,502
Improvements other than buildings	3,728,401	-	-	3,728,401
Equipment	<u>1,980,285</u>	<u>221,393</u>	<u>-</u>	<u>2,201,678</u>
Total capital assets being depreciated	<u>\$ 18,971,837</u>	<u>\$ 221,393</u>	<u>\$ 369,649</u>	<u>\$ 18,823,581</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,523,517	\$ 319,336	\$ 152,798	\$ 4,690,055
Improvements other than buildings	3,546,517	23,790	-	3,570,307
Equipment	<u>1,564,151</u>	<u>164,051</u>	<u>-</u>	<u>1,728,202</u>
Total accumulated depreciation	<u>\$ 9,634,185</u>	<u>\$ 507,177</u>	<u>\$ 152,798</u>	<u>\$ 9,988,564</u>
Total capital assets being depreciated, net	<u>\$ 9,337,652</u>	<u>\$ (285,784)</u>	<u>\$ 216,851</u>	<u>\$ 8,835,017</u>
Governmental activities capital assets, net	<u><u>\$ 13,719,676</u></u>	<u><u>\$ (285,784)</u></u>	<u><u>\$ 3,097,515</u></u>	<u><u>\$ 10,336,377</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

Note 4—Capital Assets: (Continued)

Enterprise Funds (Business-type) Activities

The following is a summary of changes in Business-type capital assets during the year:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<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	\$ 273,210	\$ 86,965	\$ -	\$ 360,175
Total capital assets being depreciated, net	\$ 4,075,051	\$ (86,965)	\$ -	\$ 3,988,086
Business-type activities capital assets, net	<u>\$ 4,075,051</u>	<u>\$ (86,965)</u>	<u>\$ -</u>	<u>\$ 3,988,086</u>

The following is a summary of changes in School Board capital assets during the year:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,894,942	\$ 369,649	\$ -	\$ 20,264,591
Improvements other than buildings	720,057	-	-	720,057
Equipment	5,168,437	21,484	-	5,189,921
Total capital assets being depreciated	\$ 25,783,436	\$ 391,133	\$ -	\$ 26,174,569
Accumulated depreciation:				
Buildings and improvements	\$ 11,647,656	\$ 662,188	\$ 56,645	\$ 12,253,199
Improvements other than buildings	417,874	13,025	-	430,899
Equipment	4,432,050	194,283	-	4,626,333
Total accumulated depreciation	\$ 16,497,580	\$ 869,496	\$ 56,645	\$ 17,310,431
Total capital assets being depreciated, net	\$ 9,285,856	\$ (478,363)	\$ (56,645)	\$ 8,864,138
Governmental activities capital assets, net	<u>\$ 9,385,808</u>	<u>\$ (478,363)</u>	<u>\$ (56,645)</u>	<u>\$ 8,964,090</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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:

Governmental activities:		
General government administration	\$	303,570
Public safety		90,326
Public works		22,256
Education		56,645
Health & Welfare		2,239
Community development		<u>32,141</u>
Total Governmental Activities		<u>507,177</u>
Business type activities		<u>86,965</u>
Total Primary Government	\$	<u>594,142</u>
Component Unit-School Board	\$	<u>869,496</u>

**Note 5—Pension Plan:**

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**A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

**VRS – PLAN 1**

- 1. Plan Overview** - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**VRS – PLAN 1 (CONTINUED)**

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

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.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**VRS – PLAN 1 (CONTINUED)**

- 8. Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- 9. Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- 10. Normal Retirement Age** - Age 65.
- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.  
  
Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - 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.  
  
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.
- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
  - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
  - The member retires on disability.



**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**VRS – PLAN 1 (CONTINUED)**

**15. Exceptions to COLA Effective Dates: (Continued)**

- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

**16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

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

**17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

**VRS – PLAN 2**

- 1. Plan Overview** - VRS 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 VRS 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.
- 2. Eligible Members** - Employees are in VRS 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.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**VRS – PLAN 2 (CONTINUED)**

3. **Hybrid Opt-In Election** - VRS 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.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**VRS – PLAN 2 (CONTINUED)**

14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
- Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.
- VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

**HYBRID RETIREMENT PLAN**

1. **Plan Overview** - 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
  - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
  - 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.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
- State employees\*
  - School division employees
  - Political subdivision employees\*

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**2. Eligible Members: (Continued)**

- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS 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

**3. \*Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:**

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

**4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.**

**5. Creditable Service**

Defined Benefit Component - 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.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**6. Vesting**

Defined Benefit Component - 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. VRS Plan 1 or VRS 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.

Defined Contribution Component - 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.

Members are always 100% vested in the contributions that they make.

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.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

**7. Calculating the Benefit**

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - 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.

**8. Average Final Compensation** - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

**9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Note 5—Pension Plan: (Continued)**

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**A. Plan Description: (Continued)**

**HYBRID RETIREMENT PLAN (CONTINUED)**

**10. Normal Retirement Age**

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**11. Earliest Unreduced Retirement Eligibility**

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**12. Earliest Reduced Retirement Eligibility**

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**13. Cost-of-Living Adjustment (COLA) in Retirement**

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

**14. Eligibility** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

**15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

**16. Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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Note 5—Pension Plan: (Continued)

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A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

16. Disability Coverage: (Continued)

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board's contribution rates for the fiscal year ended 2014 were 12.25% and 8.54% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,444,425, \$1,498,019, and \$1,488,380, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

Note 5—Pension Plan: (Continued)

C. Annual Pension Cost:

For fiscal year 2014, County’s annual pension cost of \$605,163 was equal to the County’s required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 459,960	100%	\$ -
June 30, 2013	606,081	100%	-
June 30, 2014	605,163	100%	-

(1) Employer portion only

For fiscal year 2014, School Board’s annual pension cost of \$51,177 was equal to the School Board’s required and actual contributions.

Three-Year Trend Information - School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 49,272	100%	\$ -
June 30, 2013	78,939	100%	-
June 30, 2014	51,177	100%	-

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.



COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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**Note 5—Pension Plan: (Continued)**

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**D. Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the County’s plan was 74.14% funded. The actuarial accrued liability for benefits was \$20,155,015, and the actuarial value of assets was \$14,941,988, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,213,027. The covered payroll (annual payroll of active employees covered by the plan) was \$4,910,829, and ratio of the UAAL to the covered payroll was 106.15%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board’s plan was 80.14% funded. The actuarial accrued liability for benefits was \$3,766,745, and the actuarial value of assets was \$3,018,598, resulting in an unfunded actuarial accrued liability (UAAL) of \$748,147. The covered payroll (annual payroll of active employees covered by the plan) was \$783,405, and ratio of the UAAL to the covered payroll was 95.50%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

**Note 6—Compensated Absences:**

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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>654,941</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2014</u>	<u>Payable Due Within One Year</u>
Governmental Activities:					
Revenue bond	\$ 2,268,512	\$ -	\$ 75,285	\$ 2,193,227	\$ 78,099
General obligation bonds (VPSA)	1,871,493	-	297,855	1,573,638	282,319
General obligation bonds	4,474,599	-	378,139	4,096,460	383,762
Premium on bond issuance	951,607	-	51,858	899,749	51,641
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
VRS Early retirement obligation	58,308	-	58,308	-	-
Notes payable	984,000	-	112,000	872,000	112,000
Landfill closure and postclosure care liability	3,751,544	52,522	-	3,804,066	-
Landfill corrective action plan	347,659	5,910	-	353,569	-
Net OPEB obligation	124,800	39,300	5,200	158,900	-
Compensated absences	568,295	86,646	-	654,941	65,494
<b>Total Governmental Activities</b>	<b>\$ 17,517,674</b>	<b>\$ 184,378</b>	<b>\$ 978,645</b>	<b>\$ 16,723,407</b>	<b>\$ 973,315</b>

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

<u>Year</u>	<u>Bonds &amp; Notes Payable (1)</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 856,180	\$ 396,959
2016	876,635	356,514
2017	899,266	314,826
2018	915,757	271,956
2019	501,824	239,020
2020-2024	2,478,211	831,820
2025-2029	1,334,256	375,839
2030-2032	873,196	64,468
	<b>\$ 8,735,325</b>	<b>\$ 2,851,402</b>

(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, 2014 (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%. \$ 958,638

\$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%. 615,000

Plus: Premium on issuance 15,981

\$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%. \$ 1,796,460

Plus: Premium on issuance 295,625

\$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%. 2,300,000

Plus: Premium on issuance 304,692

Total general obligation bonds \$ 6,286,396

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%. \$ 2,193,227

Plus: Premium on issuance 283,451

Total revenue bond (payable from General Fund property rentals) \$ 2,476,678

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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 \$ 800,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 72,000

Total notes payable \$ 872,000

Other long-term obligations:

Landfill closure and postclosure care liability \$ 3,804,066

Landfill corrective action plan liability 353,569

Compensated absences 654,941

Net OPEB obligation 158,900

Total other long-term obligations \$ 4,971,476

Total general long-term obligations \$ 16,723,407

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Lease revenue bond	\$ 3,976,498	\$ -	\$ 134,715	\$ 3,841,783	\$ 136,891
Premium on bond issuance	<u>527,042</u>	<u>-</u>	<u>27,739</u>	<u>499,303</u>	<u>27,739</u>
Total Business-type Activities	<u>\$ 4,503,540</u>	<u>\$ -</u>	<u>\$ 162,454</u>	<u>\$ 4,341,086</u>	<u>\$ 164,630</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>
2015	\$ 136,891	\$ 182,500
2016	143,258	175,719
2017	152,807	169,104
2018	159,175	162,096
2019	168,725	155,094
2020-2024	958,234	651,438
2025-2029	1,225,648	376,515
2030-2032	<u>897,045</u>	<u>66,497</u>
	<u>\$ 3,841,783</u>	<u>\$ 1,938,963</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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%. \$ 3,841,783

Plus: Premium on issuance 499,303

Total business-type activities long-term obligations \$ 4,341,086

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, 2014:

	Balance			Payable	
	July 1, 2013	Addition	Deletions	Balance	Due Within
				June 30, 2014	One Year
Net OPEB obligation	\$ 164,700	\$ 182,400	\$ 99,900	\$ 247,200	\$ -

**Note 8—Litigation:**

At June 30, 2014, 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 Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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. Nunally, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Wesley 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 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, 2014 were \$1,922,405 and \$1,881,662, respectively. Furthermore, the County reports \$353,569 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

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, 2014 (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, 2014 (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	\$	39,500
Interest on net OPEB obligation		5,000
Adjustment to annual required contribution		<u>(5,200)</u>
Annual OPEB cost (expense)	\$	39,300
Contributions made		<u>(5,200)</u>
Increase in net OPEB obligation	\$	<u>34,100</u>
Net OPEB obligation - beginning of year		<u>124,800</u>
Net OPEB obligation - end of year	\$	<u><u>158,900</u></u>

For 2014, the County’s expected cash payment of \$5,200 was \$34,100 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 2014 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, 2012	\$ 34,800	12.64%	\$ 88,600
June 30, 2013	37,400	3.21%	124,800
June 30, 2014	39,300	13.23%	158,900

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (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, 2012, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	517,400
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		517,400
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		4,947,603
UAAL as a percentage of covered payroll		10.46%

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, 2012 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 10.00 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, 2012 was 30 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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**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	8.0%
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, 2014 (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	\$ 182,700
Interest on net OPEB obligation	6,600
Adjustment to annual required contribution	<u>(6,900)</u>
Annual OPEB cost (expense)	\$ 182,400
Contributions made	<u>(99,900)</u>
Increase in net OPEB obligation	\$ <u>82,500</u>
Net OPEB obligation - beginning of year	<u>164,700</u>
Net OPEB obligation - end of year	\$ <u><u>247,200</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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

**School Board: (Continued)**

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

For 2014, the School Board’s expected cash payment of \$99,000 was \$82,500 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 2014 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, 2012	\$ 109,800	99.45%	\$ 71,900
June 30, 2013	176,500	47.42%	164,700
June 30, 2014	182,400	54.77%	247,200

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

The funded status of the plan as of July 1, 2012 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 2,044,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,044,900
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,307,397
UAAL as a percentage of covered payroll	16.62%

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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**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, 2012 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 10.00 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, 2012 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	8.0%
Payroll growth	2.5%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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**Note 14—Deferred Outflows/Inflows of Resources:**

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In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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 (revenues) until that time.

The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

**Note 15—Interfund Transfers:**

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Interfund transfers for the year ended June 30, 2014 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.

## COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements  
As of June 30, 2014 (Continued)

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### Note 17—Notes Receivable:

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The County provided an equipment loan to Paris Ceramics.America, LLC in January 2009 in the amount of \$164,000. The loan bears simple interest at 3% and is payable over 7 years with a balloon in 5 years. At June 30, 2014, this note had an outstanding balance of \$38,895.

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, 2014, this note had an outstanding balance of \$696,500.

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, 2014, this note had an outstanding balance of \$119,177.

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 2015. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2014 was \$51,266.

### Note 18—Unavailable Revenue:

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$14,965,417 is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,936,414 (including 2<sup>nd</sup> half billings of \$13,277,019 not due until December 5) at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$29,003 at June 30, 2014.



**Required Supplementary Information**

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General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 10,778,002	\$ 10,793,860	\$ 10,868,709	\$ 74,849
Other local taxes	3,569,000	3,569,000	3,564,610	(4,390)
Permits, privilege fees, and regulatory licenses	58,400	58,400	69,529	11,129
Fines and forfeitures	86,200	141,200	156,204	15,004
Revenue from the use of money and property	342,838	342,838	313,813	(29,025)
Charges for services	552,650	552,650	404,801	(147,849)
Miscellaneous	69,997	86,742	234,962	148,220
Recovered costs	102,640	102,640	119,153	16,513
Intergovernmental:				
Commonwealth	5,270,358	7,572,387	5,452,572	(2,119,815)
Federal	1,331,391	1,346,171	1,413,010	66,839
Total revenues	<u>\$ 22,161,476</u>	<u>\$ 24,565,888</u>	<u>\$ 22,597,363</u>	<u>\$ (1,968,525)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,811,551	\$ 1,850,002	\$ 1,788,018	\$ 61,984
Judicial administration	1,663,334	1,789,766	1,712,847	76,919
Public safety	3,380,566	4,401,315	4,194,767	206,548
Public works	2,244,911	2,250,012	1,926,912	323,100
Health and welfare	3,908,132	3,908,132	3,806,903	101,229
Education	8,366,814	8,366,814	8,301,411	65,403
Parks, recreation, and cultural	313,013	363,013	362,013	1,000
Community development	602,773	906,862	844,138	62,724
Nondepartmental	305,200	203,735	74,015	129,720
Capital projects	79,500	876,388	247,877	628,511
Debt service:				
Principal retirement	565,425	565,425	565,424	1
Interest and other fiscal charges	347,443	347,443	346,833	610
Total expenditures	<u>\$ 23,588,662</u>	<u>\$ 25,828,907</u>	<u>\$ 24,171,158</u>	<u>\$ 1,657,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,427,186)</u>	<u>\$ (1,263,019)</u>	<u>\$ (1,573,795)</u>	<u>\$ (310,776)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (110,153)	\$ (110,153)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,153)</u>	<u>\$ (110,153)</u>
Net change in fund balances	\$ (1,427,186)	\$ (1,263,019)	\$ (1,683,948)	\$ (420,929)
Fund balances - beginning	1,427,186	1,263,019	10,722,276	9,459,257
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,038,328</u>	<u>\$ 9,038,328</u>

Schedule of Pension Funding Progress for the Virginia Retirement System  
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)
6/30/2011	\$ 14,389,028	\$ 19,468,376	\$ 5,079,348	73.91%	\$ 4,627,813	109.76%
6/30/2012	14,372,076	20,418,591	6,046,515	70.39%	4,546,371	133.00%
6/30/2013	14,941,988	20,155,015	5,213,027	74.14%	4,910,829	106.15%

School Board Non-Professionals:

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)
6/30/2011	\$ 2,856,632	\$ 3,456,576	\$ 599,944	82.64%	\$ 820,888	73.08%
6/30/2012	2,897,722	3,630,049	732,327	79.83%	837,809	87.41%
6/30/2013	3,018,598	3,766,745	748,147	80.14%	783,405	95.50%

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)
7/1/2008	\$ -	\$ 329,000	\$ 329,000	0.00%	\$ 4,435,146	7.42%
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%

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)
7/1/2008	\$ -	\$ 834,700	\$ 834,700	0.00%	\$ 823,715	101.33%
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%

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## Other Supplementary Information

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## Combining and Individual Fund 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 6,474	\$ 1,474
Charges for services	320,000	320,000	295,169	(24,831)
Total revenues	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 301,643</u>	<u>\$ (23,357)</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	<u>\$ 1,150,500</u>	<u>\$ 1,150,500</u>	<u>\$ -</u>	<u>\$ 1,150,500</u>
Total expenditures	<u>\$ 1,150,500</u>	<u>\$ 1,150,500</u>	<u>\$ -</u>	<u>\$ 1,150,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (825,500)</u>	<u>\$ (825,500)</u>	<u>\$ 301,643</u>	<u>\$ 1,127,143</u>
Net change in fund balances	\$ (825,500)	\$ (825,500)	\$ 301,643	\$ 1,127,143
Fund balances - beginning	<u>825,500</u>	<u>825,500</u>	<u>1,482,743</u>	<u>657,243</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,386</u>	<u>\$ 1,784,386</u>

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds	Capital Projects	Total
	Piedmont Court Services	Recreation Fund	Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 342,566	\$ 20,468	\$ 363,034
Total assets	<u>\$ 342,566</u>	<u>\$ 20,468</u>	<u>\$ 363,034</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 5,441	\$ -	\$ 5,441
Total liabilities	<u>\$ 5,441</u>	<u>\$ -</u>	<u>\$ 5,441</u>
Fund balances:			
Assigned:			
Recreation capital projects	\$ -	\$ 20,468	\$ 20,468
Special revenue	<u>337,125</u>	<u>-</u>	<u>337,125</u>
Total fund balances	<u>\$ 337,125</u>	<u>\$ 20,468</u>	<u>\$ 357,593</u>
Total liabilities and fund balances	<u>\$ 342,566</u>	<u>\$ 20,468</u>	<u>\$ 363,034</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 1,354	\$ 54	\$ 1,408
Charges for services	74,127	-	74,127
Miscellaneous	1,183	-	1,183
Intergovernmental revenues:			-
Commonwealth	447,066	-	447,066
Total revenues	<u>\$ 523,730</u>	<u>\$ 54</u>	<u>\$ 523,784</u>
<b>EXPENDITURES</b>			
Public Safety	<u>\$ 517,463</u>	<u>\$ 8,000</u>	<u>\$ 525,463</u>
Total expenditures	<u>\$ 517,463</u>	<u>\$ 8,000</u>	<u>\$ 525,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,267</u>	<u>\$ (7,946)</u>	<u>\$ (1,679)</u>
Net change in fund balances	\$ 6,267	\$ (7,946)	\$ (1,679)
Fund balances - beginning	<u>330,858</u>	<u>28,414</u>	<u>359,272</u>
Fund balances - ending	<u><u>\$ 337,125</u></u>	<u><u>\$ 20,468</u></u>	<u><u>\$ 357,593</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	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	\$ 100	\$ 100	\$ 54	\$ (46)	\$ 2,000	\$ 2,000	\$ 1,354	\$ (646)
Charges for services	-	-	-	-	106,886	106,886	74,127	(32,759)
Miscellaneous	-	-	-	-	1,000	1,000	1,183	183
Intergovernmental: Commonwealth	-	-	-	-	435,566	435,566	447,066	11,500
<b>Total revenues</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 54</b>	<b>\$ (46)</b>	<b>\$ 545,452</b>	<b>\$ 545,452</b>	<b>\$ 523,730</b>	<b>\$ (21,722)</b>
<b>EXPENDITURES</b>								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 563,883	\$ 563,883	\$ 517,463	\$ 46,420
Capital projects	-	8,000	8,000	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ 8,000</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>\$ 563,883</b>	<b>\$ 563,883</b>	<b>\$ 517,463</b>	<b>\$ 46,420</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 100	\$ (7,900)	\$ (7,946)	\$ (46)	\$ (18,431)	\$ (18,431)	\$ 6,267	\$ 24,698
Net change in fund balances	\$ 100	\$ (7,900)	\$ (7,946)	\$ (46)	\$ (18,431)	\$ (18,431)	\$ 6,267	\$ 24,698
Fund balances - beginning	(100)	7,900	28,414	20,514	18,431	18,431	330,858	312,427
Fund balances - ending	\$ -	\$ -	\$ 20,468	\$ 20,468	\$ -	\$ -	\$ 337,125	\$ 337,125

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

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	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>6,774</u>	\$ <u>392,209</u>	\$ <u>398,983</u>
Total assets	\$ <u><u>6,774</u></u>	\$ <u><u>392,209</u></u>	\$ <u><u>398,983</u></u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 6,774	\$ -	\$ 6,774
Amounts held for Piedmont Alcohol Safety Action Program	<u>-</u>	<u>392,209</u>	<u>392,209</u>
Total liabilities	\$ <u><u>6,774</u></u>	\$ <u><u>392,209</u></u>	\$ <u><u>398,983</u></u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 2,732	\$ 17,795	\$ 13,753	\$ 6,774
Liabilities:				
Amounts held for social service clients	\$ 2,732	\$ 17,795	\$ 13,753	\$ 6,774
Undistributed Local Sales Tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 334,558	\$ 334,558	\$ -
Liabilities:				
Sales tax payable to towns	\$ -	\$ 334,558	\$ 334,558	\$ -
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 342,097	\$ 399,548	\$ 349,436	\$ 392,209
Liabilities:				
Amounts held for Piedmont ASAP	\$ 342,097	\$ 399,548	\$ 349,436	\$ 392,209
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 344,829	\$ 751,901	\$ 697,747	\$ 398,983
Total assets	\$ 344,829	\$ 751,901	\$ 697,747	\$ 398,983
Liabilities:				
Amounts held for social service clients	\$ 2,732	\$ 17,795	\$ 13,753	\$ 6,774
Sales tax payable to towns	-	334,558	334,558	-
Amounts held for Piedmont ASAP	342,097	399,548	349,436	392,209
Total liabilities	\$ 344,829	\$ 751,901	\$ 697,747	\$ 398,983

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2014

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 372,705	\$ 20,000	\$ 392,705
Receivables (net of allowance for uncollectibles):				
Accounts receivable	66,782	-	-	66,782
Due from other governmental units	1,092,697	-	-	1,092,697
Prepaid items	184,915	-	-	184,915
 Total assets	<u>\$ 1,344,394</u>	<u>\$ 372,705</u>	<u>\$ 20,000</u>	<u>\$ 1,737,099</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 17,830	\$ -	\$ -	\$ 17,830
Accrued liabilities	1,208,068	26,583	-	1,234,651
Due to primary government	118,496	-	-	118,496
 Total liabilities	<u>\$ 1,344,394</u>	<u>\$ 26,583</u>	<u>\$ -</u>	<u>\$ 1,370,977</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 184,915	\$ -	\$ -	\$ 184,915
Assigned:				
Cafeteria	-	346,122	-	346,122
Underground storage	-	-	20,000	20,000
Unassigned	(184,915)	-	-	(184,915)
 Total fund balances	<u>\$ -</u>	<u>\$ 346,122</u>	<u>\$ 20,000</u>	<u>\$ 366,122</u>
 Total liabilities and fund balances	<u>\$ 1,344,394</u>	<u>\$ 372,705</u>	<u>\$ 20,000</u>	<u>\$ 1,737,099</u>

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

Total fund balances per above \$ 366,122

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

Capital assets	\$ 26,274,521	
Less: accumulated depreciation	<u>(17,310,431)</u>	8,964,090

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

Net OPEB obligation		<u>(247,200)</u>
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Net position of governmental activities		<u>\$ 9,083,012</u>
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 12,887	\$ -	\$ -	\$ 12,887
Charges for services	201,083	221,629	-	422,712
Miscellaneous	4,511	-	-	4,511
Recovered costs	169,928	-	-	169,928
Intergovernmental:				
Local government	8,281,397	-	-	8,281,397
Commonwealth	13,814,396	21,619	-	13,836,015
Federal	1,956,550	884,213	-	2,840,763
Total revenues	<u>\$ 24,440,752</u>	<u>\$ 1,127,461</u>	<u>\$ -</u>	<u>\$ 25,568,213</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 23,984,202	\$ 1,240,034	\$ -	\$ 25,224,236
Debt service:				
Principal retirement	356,268	-	-	356,268
Interest and other fiscal charges	92,531	-	-	92,531
Total expenditures	<u>\$ 24,433,001</u>	<u>\$ 1,240,034</u>	<u>\$ -</u>	<u>\$ 25,673,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,751</u>	<u>\$ (112,573)</u>	<u>\$ -</u>	<u>\$ (104,822)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 26,583	\$ 34,334	\$ -	\$ 60,917
Transfers out	(34,334)	(26,583)	-	(60,917)
Total other financing sources (uses)	<u>\$ (7,751)</u>	<u>\$ 7,751</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (104,822)	\$ -	\$ (104,822)
Fund balances - beginning	-	450,944	20,000	470,944
Fund balances - ending	<u>\$ -</u>	<u>\$ 346,122</u>	<u>\$ 20,000</u>	<u>\$ 366,122</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	\$ (104,822)
--	--------------

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	\$ 21,484
Net transfer of joint tenancy assets	426,294
Depreciation expense	<u>(869,496)</u>
	<u>(421,718)</u>

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 OPEB obligation	<u>(82,500)</u>
Change in net position of governmental activities	<u>\$ (609,040)</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, 2014

	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	\$ 12,887	\$ 2,887
Charges for services	221,500	221,500	201,083	(20,417)
Miscellaneous	81,700	81,700	4,511	(77,189)
Recovered costs	142,090	142,090	169,928	27,838
Intergovernmental:				
Local government	8,346,800	8,346,800	8,281,397	(65,403)
Commonwealth	14,059,528	14,059,528	13,814,396	(245,132)
Federal	2,235,517	2,235,517	1,956,550	(278,967)
Total revenues	\$ 25,097,135	\$ 25,097,135	\$ 24,440,752	\$ (656,383)
<b>EXPENDITURES</b>				
Current:				
Education	\$ 24,535,787	\$ 24,535,787	\$ 23,984,202	\$ 551,585
Debt service:				
Principal retirement	449,815	449,815	356,268	93,547
Interest and other fiscal charges	111,533	111,533	92,531	19,002
Total expenditures	\$ 25,097,135	\$ 25,097,135	\$ 24,433,001	\$ 664,134
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 7,751	\$ 7,751
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 26,583	\$ 26,583
Transfers out	-	-	(34,334)	(34,334)
Total other financing sources (uses)	\$ -	\$ -	\$ (7,751)	\$ (7,751)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 22

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
230,200	230,200	221,629	(8,571)
-	-	-	-
5,000	5,000	-	(5,000)
-	-	-	-
26,605	26,605	21,619	(4,986)
760,000	760,000	884,213	124,213
<u>\$ 1,021,805</u>	<u>\$ 1,021,805</u>	<u>\$ 1,127,461</u>	<u>\$ 105,656</u>
\$ 1,181,676	\$ 1,181,676	\$ 1,240,034	\$ (58,358)
-	-	-	-
-	-	-	-
<u>\$ 1,181,676</u>	<u>\$ 1,181,676</u>	<u>\$ 1,240,034</u>	<u>\$ (58,358)</u>
\$ (159,871)	\$ (159,871)	\$ (112,573)	\$ 47,298
\$ -	\$ -	\$ 34,334	\$ 34,334
-	-	(26,583)	(26,583)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,751</u>	<u>\$ 7,751</u>
\$ (159,871)	\$ (159,871)	\$ (104,822)	\$ 55,049
-	-	450,944	450,944
<u>\$ (159,871)</u>	<u>\$ (159,871)</u>	<u>\$ 346,122</u>	<u>\$ 505,993</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, 2014

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	\$ 6,582,002	\$ 6,582,002	\$ 6,524,062	\$ (57,940)
Real and personal public service corporation taxes	350,000	365,858	399,550	33,692
Personal property taxes	3,160,000	3,160,000	3,203,699	43,699
Mobile home taxes	37,000	37,000	35,758	(1,242)
Machinery and tools taxes	24,000	24,000	30,164	6,164
Merchants' capital taxes	389,000	389,000	396,139	7,139
Penalties	151,000	151,000	161,878	10,878
Interest	85,000	85,000	117,459	32,459
Total general property taxes	<u>\$ 10,778,002</u>	<u>\$ 10,793,860</u>	<u>\$ 10,868,709</u>	<u>\$ 74,849</u>
Other local taxes:				
Local sales and use taxes	\$ 2,665,000	\$ 2,665,000	\$ 2,585,962	\$ (79,038)
Consumers' utility taxes	290,000	290,000	306,197	16,197
Gross receipts tax	70,000	70,000	71,768	1,768
Motor vehicle licenses	445,000	445,000	460,643	15,643
Taxes on recordation and wills	99,000	99,000	140,040	41,040
Total other local taxes	<u>\$ 3,569,000</u>	<u>\$ 3,569,000</u>	<u>\$ 3,564,610</u>	<u>\$ (4,390)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 14,000	\$ 14,000	\$ 10,496	\$ (3,504)
Permits and other licenses	44,400	44,400	59,033	14,633
Total permits, privilege fees, and regulatory licenses	<u>\$ 58,400</u>	<u>\$ 58,400</u>	<u>\$ 69,529</u>	<u>\$ 11,129</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 86,200	\$ 141,200	\$ 156,204	\$ 15,004
Revenue from use of money and property:				
Revenue from use of money	\$ 77,090	\$ 77,090	\$ 48,564	\$ (28,526)
Revenue from use of property	265,748	265,748	265,249	(499)
Total revenue from use of money and property	<u>\$ 342,838</u>	<u>\$ 342,838</u>	<u>\$ 313,813</u>	<u>\$ (29,025)</u>
Charges for services:				
Court costs	\$ 2,700	\$ 2,700	\$ 1,958	\$ (742)
Charges for law library	8,000	8,000	6,620	(1,380)
Charges for courthouse maintenance	8,000	8,000	11,206	3,206
Charges for Commonwealth's Attorney	1,200	1,200	2,833	1,633
Miscellaneous fees	5,500	5,500	5,801	301
Charges for cannery	8,000	8,000	10,689	2,689
Charges for other protection	49,250	49,250	62,579	13,329
Charges for sanitation and waste removal	470,000	470,000	303,115	(166,885)
Total charges for services	<u>\$ 552,650</u>	<u>\$ 552,650</u>	<u>\$ 404,801</u>	<u>\$ (147,849)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Miscellaneous revenue:				
Expenditure refunds	\$ 47,897	\$ 47,897	\$ 35,281	\$ (12,616)
Insurance recoveries	-	16,745	19,868	3,123
Miscellaneous	22,100	22,100	179,813	157,713
Total miscellaneous revenue	<u>\$ 69,997</u>	<u>\$ 86,742</u>	<u>\$ 234,962</u>	<u>\$ 148,220</u>
Recovered costs:				
Other recovered costs	\$ 70,640	\$ 70,640	\$ 87,153	\$ 16,513
Circuit court judge	32,000	32,000	32,000	-
Total recovered costs	<u>\$ 102,640</u>	<u>\$ 102,640</u>	<u>\$ 119,153</u>	<u>\$ 16,513</u>
Total revenue from local sources	<u>\$ 15,559,727</u>	<u>\$ 15,647,330</u>	<u>\$ 15,731,781</u>	<u>\$ 84,451</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 600	\$ (59,400)
Mobile home titling tax	15,000	15,000	30,206	15,206
Motor vehicle rental tax	3,000	3,000	2,281	(719)
State recordation tax	25,000	25,000	42,196	17,196
Communications tax	300,000	300,000	313,174	13,174
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	<u>\$ 1,708,350</u>	<u>\$ 1,708,350</u>	<u>\$ 1,693,807</u>	<u>\$ (14,543)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 409,202	\$ 409,202	\$ 399,673	\$ (9,529)
Sheriff	1,010,795	1,010,795	1,013,444	2,649
Commissioner of revenue	89,507	89,507	89,955	448
Treasurer	88,165	88,165	85,940	(2,225)
Registrar/electoral board	40,800	40,800	36,411	(4,389)
Clerk of the Circuit Court	291,508	307,052	307,950	898
Total shared expenses	<u>\$ 1,929,977</u>	<u>\$ 1,945,521</u>	<u>\$ 1,933,373</u>	<u>\$ (12,148)</u>
Other categorical aid:				
Emergency medical services	\$ 26,436	\$ 26,436	\$ 16,479	\$ (9,957)
Welfare administration and assistance	856,842	856,842	849,911	(6,931)
Litter control grant	6,000	6,000	7,452	1,452



Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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	\$ -	\$ 19,200	\$ 3,229	\$ (15,971)
Record preservation grant	-	11,087	11,087	-
Comprehensive services act	651,950	651,950	545,778	(106,172)
Tobacco commission grant	-	371,598	175,000	(196,598)
Victim-witness grant	46,709	46,709	46,709	-
Fire program funds	-	38,311	38,311	-
Other categorical	44,094	1,890,383	131,436	(1,758,947)
Total other categorical aid	<u>\$ 1,632,031</u>	<u>\$ 3,918,516</u>	<u>\$ 1,825,392</u>	<u>\$ (2,093,124)</u>
Total categorical aid	<u>\$ 3,562,008</u>	<u>\$ 5,864,037</u>	<u>\$ 3,758,765</u>	<u>\$ (2,105,272)</u>
Total revenue from the Commonwealth	<u>\$ 5,270,358</u>	<u>\$ 7,572,387</u>	<u>\$ 5,452,572</u>	<u>\$ (2,119,815)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 20</u>	<u>\$ (14,980)</u>
Categorical aid:				
Welfare administration and assistance	\$ 1,316,391	\$ 1,316,391	\$ 1,313,310	\$ (3,081)
Highway planning and construction	-	-	19,872	19,872
Emergency management performance grant	-	-	41,264	41,264
Bulletproof vest partnership program	-	1,247	-	(1,247)
Other federal revenue	-	13,533	38,544	25,011
Total categorical aid	<u>\$ 1,316,391</u>	<u>\$ 1,331,171</u>	<u>\$ 1,412,990</u>	<u>\$ 81,819</u>
Total revenue from the federal government	<u>\$ 1,331,391</u>	<u>\$ 1,346,171</u>	<u>\$ 1,413,010</u>	<u>\$ 66,839</u>
Total General Fund	<u><u>\$ 22,161,476</u></u>	<u><u>\$ 24,565,888</u></u>	<u><u>\$ 22,597,363</u></u>	<u><u>\$ (1,968,525)</u></u>
<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	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 6,474</u>	<u>\$ 1,474</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ 295,169</u>	<u>\$ (24,831)</u>
Total revenue from local sources	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 301,643</u>	<u>\$ (23,357)</u>
Total Landfill Construction Fund	<u><u>\$ 325,000</u></u>	<u><u>\$ 325,000</u></u>	<u><u>\$ 301,643</u></u>	<u><u>\$ (23,357)</u></u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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	\$ 100	\$ 100	\$ 54	\$ (46)
Total revenue from local sources	\$ 100	\$ 100	\$ 54	\$ (46)
Total Recreation Fund	\$ 100	\$ 100	\$ 54	\$ (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	\$ 2,000	\$ 2,000	\$ 1,354	\$ (646)
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 1,354	\$ (646)
Charges for services:				
Other charges for services	106,886	106,886	74,127	(32,759)
Total charges for services	106,886	106,886	74,127	(32,759)
Miscellaneous revenue:				
Other miscellaneous	1,000	1,000	1,183	183
Total miscellaneous revenue	1,000	1,000	1,183	183
Total revenue from local sources	\$ 109,886	\$ 109,886	\$ 76,664	\$ (33,222)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 435,566	\$ 435,566	\$ 447,066	\$ 11,500
Total categorical aid	\$ 435,566	\$ 435,566	\$ 447,066	\$ 11,500
Total revenue from the Commonwealth	\$ 435,566	\$ 435,566	\$ 447,066	\$ 11,500
Total Piedmont Court Services Fund	\$ 545,452	\$ 545,452	\$ 523,730	\$ (21,722)
<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	\$ -	\$ -	\$ 19,923	\$ 19,923
Total revenue from local sources	\$ -	\$ -	\$ 19,923	\$ 19,923
Total School Debt Service Fund	\$ -	\$ -	\$ 19,923	\$ 19,923
Total Primary Government	\$ 23,032,028	\$ 25,436,440	\$ 23,442,713	\$ (1,993,727)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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	\$ 12,887	\$ 2,887
Charges for services:				
Charges for education	\$ 221,500	\$ 221,500	\$ 201,083	\$ (20,417)
Miscellaneous revenue:				
Other miscellaneous	\$ 81,700	\$ 81,700	\$ 4,511	\$ (77,189)
Recovered costs:				
Other recovered costs	\$ 142,090	\$ 142,090	\$ 169,928	\$ 27,838
Total revenue from local sources	\$ 455,290	\$ 455,290	\$ 388,409	\$ (66,881)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,346,800	\$ 8,346,800	\$ 8,281,397	\$ (65,403)
Total revenues from local governments	\$ 8,346,800	\$ 8,346,800	\$ 8,281,397	\$ (65,403)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,812,502	\$ 2,812,502	\$ 2,725,455	\$ (87,047)
Basic school aid	5,997,516	5,997,516	5,871,886	(125,630)
Other state funds	5,249,510	5,249,510	5,217,055	(32,455)
Total categorical aid	\$ 14,059,528	\$ 14,059,528	\$ 13,814,396	\$ (245,132)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,140,639	\$ 1,140,639	\$ 910,662	\$ (229,977)
Title II	195,044	195,044	167,791	(27,253)
Title VI-B, special education flow-through	724,261	724,261	645,117	(79,144)
Title VI-B, pre-school	19,313	19,313	18,637	(676)
Title V-A	-	-	39,151	39,151
Title I - school improvement - ARRA	100,000	100,000	128,502	28,502
Vocational education	56,260	56,260	45,720	(10,540)
Gear up	-	-	970	970
Total categorical aid	\$ 2,235,517	\$ 2,235,517	\$ 1,956,550	\$ (278,967)
Total School Operating Fund	\$ 25,097,135	\$ 25,097,135	\$ 24,440,752	\$ (656,383)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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:				
Charges for services:				
Cafeteria sales	\$ 230,200	\$ 230,200	\$ 221,629	\$ (8,571)
Recovered costs:				
Other recovered costs	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenue from local sources	<u>\$ 235,200</u>	<u>\$ 235,200</u>	<u>\$ 221,629</u>	<u>\$ (13,571)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 26,605	\$ 26,605	\$ 21,619	\$ (4,986)
Total categorical aid	<u>\$ 26,605</u>	<u>\$ 26,605</u>	<u>\$ 21,619</u>	<u>\$ (4,986)</u>
Total revenue from the Commonwealth	<u>\$ 26,605</u>	<u>\$ 26,605</u>	<u>\$ 21,619</u>	<u>\$ (4,986)</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 760,000	\$ 760,000	\$ 884,213	\$ 124,213
Total categorical aid	<u>\$ 760,000</u>	<u>\$ 760,000</u>	<u>\$ 884,213</u>	<u>\$ 124,213</u>
Total School Cafeteria Fund	<u>\$ 1,021,805</u>	<u>\$ 1,021,805</u>	<u>\$ 1,127,461</u>	<u>\$ 105,656</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,118,940</u>	<u>\$ 26,118,940</u>	<u>\$ 25,568,213</u>	<u>\$ (550,727)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

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	\$ 125,580	\$ 149,852	\$ 147,568	\$ 2,284
General and financial administration:				
County administrator	\$ 529,226	\$ 535,802	\$ 525,908	\$ 9,894
Legal services	49,018	49,018	39,094	9,924
Commissioner of revenue	288,583	293,920	289,369	4,551
Treasurer	349,323	349,323	341,035	8,288
Independent Auditor	43,500	43,500	42,988	512
Assessor	213,000	213,000	199,935	13,065
Other general and financial administration	85,000	85,000	80,954	4,046
Total general and financial administration	\$ 1,557,650	\$ 1,569,563	\$ 1,519,283	\$ 50,280
Board of elections:				
Electoral board and officials	\$ 29,655	\$ 29,655	\$ 21,576	\$ 8,079
Registrar	98,666	100,932	99,591	1,341
Total board of elections	\$ 128,321	\$ 130,587	\$ 121,167	\$ 9,420
Total general government administration	\$ 1,811,551	\$ 1,850,002	\$ 1,788,018	\$ 61,984
Judicial administration:				
Courts:				
Circuit court	\$ 53,827	\$ 54,462	\$ 52,443	\$ 2,019
General district court	9,500	13,500	11,652	1,848
Office of the magistrates	3,650	3,650	3,797	(147)
Clerk of the circuit court	495,091	559,736	534,363	25,373
Law library	6,300	6,300	6,396	(96)
Sheriff - courts	372,519	374,519	371,310	3,209
Victim and witness assistance	60,295	61,414	61,472	(58)
Total courts	\$ 1,001,182	\$ 1,073,581	\$ 1,041,433	\$ 32,148
Commonwealth's attorney:				
Commonwealth's attorney	\$ 662,152	\$ 716,185	\$ 671,414	\$ 44,771
Total judicial administration	\$ 1,663,334	\$ 1,789,766	\$ 1,712,847	\$ 76,919
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,779,026	\$ 1,930,119	\$ 1,920,318	\$ 9,801
Emergency services	12,000	19,170	21,672	(2,502)
Line of Duty Act payments	24,000	24,000	22,580	1,420
Total law enforcement and traffic control	\$ 1,815,026	\$ 1,973,289	\$ 1,964,570	\$ 8,719
Fire and rescue services:				
Fire department	\$ 447,294	\$ 586,736	\$ 505,739	\$ 80,997
Ambulance and rescue services	76,000	88,000	88,000	-
Forestry service	12,040	12,040	11,687	353
Total fire and rescue services	\$ 535,334	\$ 686,776	\$ 605,426	\$ 81,350

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2014 (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	\$ 795,000	\$ 1,495,000	\$ 1,388,787	\$ 106,213
Inspections:				
Building	\$ 98,187	\$ 99,387	\$ 99,483	\$ (96)
Other protection:				
Animal control	\$ 136,519	\$ 139,163	\$ 129,181	\$ 9,982
Other protection	-	7,200	7,200	-
Medical examiner (coroner)	500	500	120	380
Total other protection	\$ 137,019	\$ 146,863	\$ 136,501	\$ 10,362
Total public safety	\$ 3,380,566	\$ 4,401,315	\$ 4,194,767	\$ 206,548
<b>Public works:</b>				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,476,018	\$ 1,476,018	\$ 1,212,588	\$ 263,430
Litter control	3,300	6,300	-	6,300
Biosolids	69,364	71,465	70,046	1,419
Total sanitation and waste removal	\$ 1,548,682	\$ 1,553,783	\$ 1,282,634	\$ 271,149
Maintenance of general buildings and grounds:				
General properties	\$ 696,229	\$ 696,229	\$ 644,278	\$ 51,951
Total public works	\$ 2,244,911	\$ 2,250,012	\$ 1,926,912	\$ 323,100
<b>Health and welfare:</b>				
Health:				
Supplement of local health department	\$ 169,643	\$ 169,643	\$ 153,494	\$ 16,149
Mental health and mental retardation:				
Chapter X board	\$ 62,643	\$ 62,643	\$ 62,643	-
Welfare:				
Welfare administration and assistance	\$ 2,761,176	\$ 2,761,176	\$ 2,774,689	\$ (13,513)
Comprehensive services act	851,000	851,000	752,407	98,593
Other welfare programs	63,670	63,670	63,670	-
Total welfare	\$ 3,675,846	\$ 3,675,846	\$ 3,590,766	\$ 85,080
Total health and welfare	\$ 3,908,132	\$ 3,908,132	\$ 3,806,903	\$ 101,229
<b>Education:</b>				
Other instructional costs:				
Contributions to community college	\$ 20,014	\$ 20,014	\$ 20,014	-
Contribution to County School Board	8,346,800	8,346,800	8,281,397	65,403
Total education	\$ 8,366,814	\$ 8,366,814	\$ 8,301,411	\$ 65,403

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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	\$ 97,350	\$ 147,350	\$ 147,350	\$ -
Cultural enrichment:				
Museums	\$ 11,000	\$ 11,000	\$ 10,000	\$ 1,000
Contribution to regional library	\$ 204,663	\$ 204,663	\$ 204,663	\$ -
Total parks, recreation, and cultural	\$ 313,013	\$ 363,013	\$ 362,013	\$ 1,000
Community development:				
Planning and community development:				
Planning	\$ 202,977	\$ 213,977	\$ 82,449	\$ 131,528
Community development	60,850	60,850	60,850	-
Contribution to Industrial Development Auth.	-	-	77,225	(77,225)
Economic development	95,727	104,780	98,994	5,786
Tourism	88,407	97,443	100,170	(2,727)
Other community development	-	175,000	175,000	-
Total planning and community development	\$ 447,961	\$ 652,050	\$ 594,688	\$ 57,362
Environmental management:				
Soil and water conservation	\$ 13,943	\$ 113,943	\$ 104,343	\$ 9,600
Cooperative extension program:				
Cooperative extension program	\$ 61,177	\$ 61,177	\$ 57,513	\$ 3,664
Cannery	79,692	79,692	87,594	(7,902)
Total cooperative extension program	\$ 140,869	\$ 140,869	\$ 145,107	\$ (4,238)
Total community development	\$ 602,773	\$ 906,862	\$ 844,138	\$ 62,724
Nondepartmental:				
Other nondepartmental	\$ 305,200	\$ 203,735	\$ 74,015	\$ 129,720
Total nondepartmental	\$ 305,200	\$ 203,735	\$ 74,015	\$ 129,720
Capital projects:				
Sandy River reservoir project	\$ 17,500	\$ 17,500	\$ 5,350	\$ 12,150
Other capital projects	62,000	858,888	242,527	616,361
Total capital projects	\$ 79,500	\$ 876,388	\$ 247,877	\$ 628,511
Debt service:				
Principal retirement	\$ 565,425	\$ 565,425	\$ 565,424	\$ 1
Interest and other fiscal charges	347,443	347,443	346,833	610
Total debt service	\$ 912,868	\$ 912,868	\$ 912,257	\$ 611
Total General Fund	\$ 23,588,662	\$ 25,828,907	\$ 24,171,158	\$ 1,657,749
<b>Special Revenue Fund:</b>				
<b>Piedmont Court Services:</b>				
Public safety:				
Correction and detention:				
Piedmont Court Services	\$ 563,883	\$ 563,883	\$ 517,463	\$ 46,420
Total other protection	\$ 563,883	\$ 563,883	\$ 517,463	\$ 46,420
Total public safety	\$ 563,883	\$ 563,883	\$ 517,463	\$ 46,420
Total Piedmont Court Services Fund	\$ 563,883	\$ 563,883	\$ 517,463	\$ 46,420

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (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	\$ 1,150,500	\$ 1,150,500	\$ -	\$ 1,150,500
Total Landfill Construction Fund	\$ 1,150,500	\$ 1,150,500	\$ -	\$ 1,150,500
Total Capital Projects Fund	\$ 1,150,500	\$ 1,150,500	\$ -	\$ 1,150,500
<b>Nonmajor Capital Projects Fund:</b>				
<b>Recreation Fund:</b>				
Capital projects expenditures:				
Virso recreation center	\$ -	\$ 8,000	\$ 8,000	\$ -
Total Recreation Fund	\$ -	\$ 8,000	\$ 8,000	\$ -
Total Capital Projects Fund	\$ -	\$ 8,000	\$ 8,000	\$ -
Total Primary Government	\$ 25,303,045	\$ 27,551,290	\$ 24,696,621	\$ 2,854,669
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 18,943,400	\$ 18,943,400	\$ 18,889,296	\$ 54,104
Administration, attendance, and health	1,714,393	1,714,393	1,698,059	16,334
Pupil transportation services	1,989,091	1,989,091	1,663,776	325,315
Operation and maintenance services	1,726,855	1,726,855	1,571,023	155,832
School food program	12,048	12,048	12,048	-
Facilities	150,000	150,000	150,000	-
Total education	\$ 24,535,787	\$ 24,535,787	\$ 23,984,202	\$ 551,585
Debt service:				
Principal retirement	\$ 449,815	\$ 449,815	\$ 356,268	\$ 93,547
Interest and other fiscal charges	111,533	111,533	92,531	19,002
Total debt service	\$ 561,348	\$ 561,348	\$ 448,799	\$ 112,549
Total School Operating Fund	\$ 25,097,135	\$ 25,097,135	\$ 24,433,001	\$ 664,134
<b>Special Revenue Funds:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,181,676	1,181,676	\$ 1,240,034	\$ (58,358)
Total School Cafeteria Fund	\$ 1,181,676	\$ 1,181,676	\$ 1,240,034	\$ (58,358)
Total Discretely Presented Component Unit - School Board	\$ 26,278,811	\$ 26,278,811	\$ 25,673,035	\$ 605,776



## 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.

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#### 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities					
Net investment in capital assets	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203	\$ 2,459,199
Restricted	78,102	-	-	-	-
Unrestricted	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,178</u>
Total governmental activities net position	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 3,887,377</u>
Business-type activities					
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ (31,482)
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,661)</u>
Primary government					
Net investment in capital assets	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203	\$ 2,427,717
Restricted	78,102	-	-	-	-
Unrestricted	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>	<u>1,428,999</u>
Total primary government net position	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>	<u>\$ 3,856,716</u>

Table 1

	2010	2011	2012	2013	2014
\$	2,534,819	\$ 2,584,694	\$ 1,520,646	\$ 2,079,106	\$ 2,080,125
	-	-	-	-	-
	<u>1,538,199</u>	<u>4,090,425</u>	<u>6,750,994</u>	<u>9,844,776</u>	<u>6,126,366</u>
\$	<u>4,073,018</u>	<u>6,675,119</u>	<u>8,271,640</u>	<u>11,923,882</u>	<u>8,206,491</u>
\$	851,144	\$ 480,268	\$ (499,787)	\$ (428,489)	\$ (353,000)
	<u>(149,653)</u>	<u>52,852</u>	<u>755,314</u>	<u>319,991</u>	<u>(4,056)</u>
\$	<u>701,491</u>	<u>533,120</u>	<u>255,527</u>	<u>(108,498)</u>	<u>(357,056)</u>
\$	3,385,963	\$ 3,064,962	\$ 1,020,859	\$ 1,650,617	\$ 1,727,125
	-	-	-	-	-
	<u>1,388,546</u>	<u>4,143,277</u>	<u>7,506,308</u>	<u>10,164,767</u>	<u>6,122,310</u>
\$	<u>4,774,509</u>	<u>7,208,239</u>	<u>8,527,167</u>	<u>11,815,384</u>	<u>7,849,435</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2005	2006	2007
<b>Expenses</b>			
Governmental activities:			
General government administration	\$ 1,542,517	\$ 1,553,538	\$ 1,613,434
Judicial administration	1,239,534	1,337,676	1,060,878
Public safety	2,449,038	2,714,749	2,886,070
Public works	2,203,917	2,555,224	2,745,353
Health and welfare	3,343,298	3,331,152	3,699,915
Education	5,920,107	7,571,463	5,517,861
Parks, recreation and cultural	189,991	237,633	253,326
Community development	458,214	1,237,317	556,620
Interest on long-term debt	575,931	556,628	559,142
<b>Total governmental activities expenses</b>	<b>\$ 17,922,547</b>	<b>\$ 21,095,380</b>	<b>\$ 18,892,599</b>
Business-type activities:			
Water	\$ -	\$ -	\$ -
Sewer	-	-	-
<b>Total business-type activities expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total primary government expenses</b>	<b>\$ 17,922,547</b>	<b>\$ 21,095,380</b>	<b>\$ 18,892,599</b>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government administration	\$ 51,368	\$ 93,202	\$ 92,490
Judicial administration	117,534	92,089	80,026
Public safety	6,165	2,472	99,282
Public works	583,083	722,738	740,406
Community development	6,624	4,680	5,319
Operating grants and contributions	4,808,345	4,683,367	4,885,349
Capital grants and contributions	-	-	-
<b>Total governmental activities program revenues</b>	<b>\$ 5,573,119</b>	<b>\$ 5,598,548</b>	<b>\$ 5,902,872</b>
Business-type activities:			
Charges for services:			
Water	\$ -	\$ -	\$ -
Sewer	-	-	-
Capital grants and contributions	-	-	-
<b>Total business-type activities program revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total primary government program revenues</b>	<b>\$ 5,573,119</b>	<b>\$ 5,598,548</b>	<b>\$ 5,902,872</b>
Net (expense) / revenue			
Governmental activities	\$ (12,349,428)	\$ (15,496,832)	\$ (12,989,727)
<b>Total primary government net expense</b>	<b>\$ (12,349,428)</b>	<b>\$ (15,496,832)</b>	<b>\$ (12,989,727)</b>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities:			
Taxes			
Property taxes	\$ 6,335,709	\$ 8,197,655	\$ 8,988,258
Local sales and use taxes	2,258,289	2,402,247	2,555,696
Taxes on recordation and wills	162,805	207,670	276,472
Motor vehicle licenses taxes	231,477	232,757	223,727
Consumer utility taxes	474,912	476,527	438,853
Other local taxes	80,675	86,162	190,653
Unrestricted grants and contributions	1,391,668	1,655,009	3,086,888
Unrestricted revenues from use of money and property	427,756	493,043	593,476
Miscellaneous	167,979	45,126	116,470
Gain (loss) on disposal of capital assets	-	-	-
Transfers	-	-	-
<b>Total governmental activities</b>	<b>\$ 11,531,270</b>	<b>\$ 13,796,196</b>	<b>\$ 16,470,493</b>
Business-type activities:			
Miscellaneous	\$ -	\$ -	\$ -
Transfers	-	-	-
<b>Total business-type activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total primary government</b>	<b>\$ 11,531,270</b>	<b>\$ 13,796,196</b>	<b>\$ 16,470,493</b>
<b>Change in Net Position</b>			
Governmental activities	\$ (818,158)	\$ (1,700,636)	\$ 3,480,766
Business-type activities	-	-	-
<b>Total primary government</b>	<b>\$ (818,158)</b>	<b>\$ (1,700,636)</b>	<b>\$ 3,480,766</b>

Table 2

	2008	2009	2010	2011	2012	2013	2014
\$	1,888,328	\$ 1,878,951	\$ 1,795,153	\$ 1,869,443	\$ 1,960,555	\$ 1,940,807	\$ 4,967,094
	1,247,739	1,557,012	1,175,955	1,147,492	1,137,299	1,215,821	1,320,809
	2,920,779	2,718,405	2,910,454	3,118,622	3,270,479	4,159,935	5,243,483
	4,498,020	2,641,623	2,105,782	2,228,299	2,058,022	2,065,013	2,032,088
	4,009,487	3,948,690	3,894,723	4,382,927	4,094,036	3,741,349	3,810,158
	7,558,263	7,039,437	7,082,604	7,695,814	7,440,879	7,728,685	8,126,108
	1,842,051	3,274,724	293,485	94,271	290,155	302,000	365,365
	1,201,635	1,618,525	721,676	658,469	647,868	722,579	906,637
	521,152	701,954	676,992	514,419	500,719	385,095	344,386
\$	<u>25,687,454</u>	<u>25,379,321</u>	<u>20,656,824</u>	<u>21,709,756</u>	<u>21,400,012</u>	<u>22,261,284</u>	<u>27,116,128</u>
\$	-	\$ 31,512	\$ 69,875	\$ 127,189	\$ 200,571	\$ 188,411	\$ 181,343
	-	29,800	83,078	62,885	78,869	70,901	69,773
\$	-	\$ 61,312	\$ 152,953	\$ 190,074	\$ 279,440	\$ 259,312	\$ 251,116
\$	<u>25,687,454</u>	<u>25,440,633</u>	<u>20,809,777</u>	<u>21,899,830</u>	<u>21,679,452</u>	<u>22,520,596</u>	<u>27,367,244</u>
\$	100	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ -
	62,306	79,865	77,250	64,241	63,456	127,690	182,240
	207,114	161,311	135,014	122,036	112,457	186,172	202,472
	888,006	758,965	749,031	717,441	747,804	792,492	603,518
	12,044	19,396	12,456	12,518	14,311	10,660	11,600
	5,567,251	5,662,902	5,272,050	5,217,595	4,781,772	5,416,084	5,616,484
	180,000	-	-	668,002	390,000	2,093,667	2,337
\$	<u>6,916,821</u>	<u>6,682,539</u>	<u>6,245,901</u>	<u>6,801,833</u>	<u>6,109,800</u>	<u>8,626,765</u>	<u>6,618,651</u>
\$	-	\$ -	\$ 1,289	\$ 1,386	\$ 628	\$ 4,332	\$ 778
	-	-	7,713	2,317	1,219	1,790	1,780
	-	6,000	21,750	18,000	-	-	-
\$	-	\$ 6,000	\$ 30,752	\$ 21,703	\$ 1,847	\$ 6,122	\$ 2,558
\$	<u>6,916,821</u>	<u>6,688,539</u>	<u>6,276,653</u>	<u>6,823,536</u>	<u>6,111,647</u>	<u>8,632,887</u>	<u>6,621,209</u>
\$	<u>(18,770,633)</u>	<u>(18,696,782)</u>	<u>(14,410,923)</u>	<u>(14,907,923)</u>	<u>(15,290,212)</u>	<u>(13,634,519)</u>	<u>(20,497,477)</u>
\$	<u>(18,770,633)</u>	<u>(18,752,094)</u>	<u>(14,533,124)</u>	<u>(15,076,294)</u>	<u>(15,567,805)</u>	<u>(13,887,709)</u>	<u>(20,746,035)</u>
\$	9,898,122	\$ 10,338,674	\$ 9,925,117	\$ 10,796,720	\$ 10,919,152	\$ 11,103,740	\$ 11,076,090
	2,890,586	2,683,336	2,526,302	2,558,209	2,614,512	2,691,630	2,585,962
	201,608	159,537	121,912	109,777	95,354	165,224	140,040
	201,203	276,176	313,778	475,995	445,920	464,581	460,643
	344,009	371,824	387,557	375,945	289,770	324,910	306,197
	357,262	324,603	12	-	57,122	69,784	71,768
	1,467,887	1,325,103	1,619,326	1,664,644	1,564,362	1,707,699	1,693,827
	639,211	450,348	329,506	374,912	379,221	356,455	341,618
	130,554	451,992	126,880	169,346	125,734	165,620	103,941
	-	99,113	100,277	-	-	-	-
	-	(24,651)	(854,103)	-	-	-	-
\$	<u>16,130,442</u>	<u>16,456,055</u>	<u>14,596,564</u>	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>	<u>16,780,086</u>
\$	-	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -
	-	24,651	854,103	-	-	-	-
\$	-	\$ 24,651	\$ 854,353	\$ -	\$ -	\$ -	\$ -
\$	<u>16,130,442</u>	<u>16,480,706</u>	<u>15,450,917</u>	<u>16,525,548</u>	<u>16,491,147</u>	<u>17,049,643</u>	<u>16,780,086</u>
\$	(2,640,191)	\$ (2,240,727)	\$ 185,641	\$ 1,617,625	\$ 1,200,935	\$ 3,415,124	\$ (3,717,391)
	-	(30,661)	732,152	(168,371)	(277,593)	(253,190)	(248,558)
\$	<u>(2,640,191)</u>	<u>(2,271,388)</u>	<u>917,793</u>	<u>1,449,254</u>	<u>923,342</u>	<u>3,161,934</u>	<u>(3,965,949)</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
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
2006	8,197,655	2,402,247	476,527	232,757	207,670	11,516,856
2005	6,335,709	2,258,289	474,912	231,477	162,805	9,463,192

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	-
Restricted for:					
Retiree benefits	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	78,102	-	8,074	11,486	12,078
Unreserved	<u>5,119,772</u>	<u>6,009,170</u>	<u>8,765,971</u>	<u>8,788,927</u>	<u>9,207,233</u>
Total general fund	<u>\$ 5,197,874</u>	<u>\$ 6,009,170</u>	<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>	<u>\$ 9,219,311</u>
All other governmental funds					
Restricted:					
Debt service	\$ -	\$ -	\$ -	\$ -	-
Assigned:					
Landfill construction	-	-	-	-	-
Recreation capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Reserved	-	-	61,153	174,097	289,712
Unreserved, reported in:					
Capital projects funds	<u>806,100</u>	<u>129,375</u>	<u>425,644</u>	<u>77,047</u>	<u>377,012</u>
Total all other governmental funds	<u>\$ 806,100</u>	<u>\$ 129,375</u>	<u>\$ 486,797</u>	<u>\$ 251,144</u>	<u>\$ 666,724</u>

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



Table 4

2010	2011 (1)	2012 (1)	2013 (1)	2014 (1)
\$ -	\$ 13,899	\$ -	\$ -	\$ -
-	399	5,479	1,974	-
-	9,603,023	9,998,619	10,720,302	9,038,328
1,106	-	-	-	-
8,774,360	-	-	-	-
<u>\$ 8,775,466</u>	<u>\$ 9,617,321</u>	<u>\$ 10,004,098</u>	<u>\$ 10,722,276</u>	<u>\$ 9,038,328</u>
\$ -	\$ 529,233	\$ 653,285	\$ 780,277	\$ 910,353
-	898,059	1,225,075	1,482,743	1,784,386
-	27,002	27,116	28,414	20,468
-	-	-	330,858	337,125
408,069	-	-	-	-
639,629	-	-	-	-
<u>\$ 1,047,698</u>	<u>\$ 1,454,294</u>	<u>\$ 1,905,476</u>	<u>\$ 2,622,292</u>	<u>\$ 3,052,332</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2005	2006	2007	2008
<b>Revenues</b>				
General property taxes	\$ 6,386,661	\$ 8,201,124	\$ 8,781,315	\$ 9,869,179
Other local taxes	3,208,158	3,405,363	3,672,974	3,994,668
Permits, privilege fees and regulatory licenses	51,368	93,202	107,344	100,805
Fines and forfeitures	85,142	59,473	46,112	29,824
Revenue from use of money and property	427,756	493,044	593,477	639,211
Charges for services	628,264	762,506	818,345	985,037
Miscellaneous	167,979	45,126	1,674,879	201,265
Recovered costs	44,837	60,363	51,218	236,973
Intergovernmental:				
Commonwealth	5,043,573	5,171,085	5,079,154	5,744,492
Federal	1,156,441	1,190,522	1,392,823	1,290,645
<b>Total revenues</b>	<b>\$ 17,200,179</b>	<b>\$ 19,481,808</b>	<b>\$ 22,217,641</b>	<b>\$ 23,092,099</b>
<b>Expenditures</b>				
General government administration	\$ 1,243,224	\$ 1,238,135	\$ 1,416,441	\$ 1,626,034
Judicial administration	1,266,333	1,404,563	1,084,329	1,178,889
Public safety	2,343,621	2,651,956	2,815,986	3,020,666
Public works	1,582,784	1,688,418	1,723,931	2,033,140
Health and welfare	3,356,131	3,377,252	3,714,420	4,061,932
Education	6,270,528	6,600,608	6,669,651	7,749,894
Parks, recreation and cultural	189,991	237,633	243,368	230,159
Community development	455,360	449,727	501,123	1,018,825
Capital projects	1,381,092	1,062,351	324,432	1,675,064
Nondepartmental	-	-	-	1,517
Debt service				
Principal	339,822	330,766	323,958	431,078
Interest and other fiscal charges	309,616	305,828	277,705	274,186
<b>Total expenditures</b>	<b>\$ 18,738,502</b>	<b>\$ 19,347,237</b>	<b>\$ 19,095,344</b>	<b>\$ 23,301,384</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (1,538,323)</b>	<b>\$ 134,571</b>	<b>\$ 3,122,297</b>	<b>\$ (209,285)</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 11,163	\$ -	\$ 60,425	\$ 310,153
Transfers out	(11,163)	-	(60,425)	(310,153)
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Issuance of debt	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (1,538,323)</b>	<b>\$ 134,571</b>	<b>\$ 3,122,297</b>	<b>\$ (209,285)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.74%</b>	<b>3.48%</b>	<b>3.21%</b>	<b>3.17%</b>

Note: Does not include discretely presented component unit.

Table 5

	2009	2010	2011	2012	2013	2014
\$	10,097,051	\$ 9,911,626	\$ 10,548,439	\$ 10,561,257	\$ 10,949,252	\$ 10,868,709
	3,815,476	3,349,561	3,519,926	3,502,678	3,716,129	3,564,610
	106,200	86,207	67,681	62,437	70,344	69,529
	44,006	47,822	38,770	41,216	106,409	156,204
	450,348	329,506	374,912	379,217	356,455	341,618
	869,431	839,822	809,785	834,375	940,261	774,097
	1,041,105	231,167	216,177	200,465	268,908	236,145
	99,018	45,111	266,220	130,380	122,337	119,153
	5,674,148	5,432,928	5,594,185	5,019,333	7,917,815	5,899,638
	1,313,858	1,458,448	1,956,056	1,716,801	1,299,635	1,413,010
\$	<u>23,510,641</u>	<u>\$ 21,732,198</u>	<u>\$ 23,392,151</u>	<u>\$ 22,448,159</u>	<u>\$ 25,747,545</u>	<u>\$ 23,442,713</u>
\$	1,620,699	\$ 1,453,038	\$ 1,443,953	\$ 1,525,092	\$ 1,577,327	\$ 1,788,018
	1,382,779	1,482,540	1,494,170	1,480,002	1,581,018	1,712,847
	2,846,153	2,516,411	2,672,181	2,914,040	3,675,254	4,720,230
	1,864,186	1,786,034	1,776,525	1,665,056	1,909,601	1,926,912
	3,915,282	3,890,975	4,398,020	4,103,322	3,732,134	3,806,903
	7,446,574	7,451,833	7,955,280	7,696,610	7,899,254	8,301,411
	307,159	293,159	274,659	295,383	299,506	362,013
	1,409,598	478,134	526,537	754,145	687,859	844,138
	3,911,158	592,857	533,202	1,925,793	2,288,200	247,877
	-	136,046	126,189	155,200	73,454	74,015
	438,613	589,253	552,298	296,615	571,714	565,424
	309,311	390,686	390,686	456,027	356,331	346,833
\$	<u>25,451,512</u>	<u>\$ 21,060,966</u>	<u>\$ 22,143,700</u>	<u>\$ 23,267,285</u>	<u>\$ 24,651,652</u>	<u>\$ 24,696,621</u>
\$	<u>(1,940,871)</u>	<u>\$ 671,232</u>	<u>\$ 1,248,451</u>	<u>\$ (819,126)</u>	<u>\$ 1,095,893</u>	<u>\$ (1,253,908)</u>
\$	332,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
	(356,804)	(964,256)	(110,153)	(110,153)	(110,153)	(110,153)
	-	-	-	7,203,798	-	-
	-	-	-	983,512	-	-
	-	-	-	(6,530,225)	-	-
	2,800,000	120,000	-	-	-	-
\$	<u>2,775,349</u>	<u>\$ (734,103)</u>	<u>\$ -</u>	<u>\$ 1,657,085</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>834,478</u>	<u>\$ (62,871)</u>	<u>\$ 1,248,451</u>	<u>\$ 837,959</u>	<u>\$ 1,095,893</u>	<u>\$ (1,253,908)</u>
	3.06%	4.89%	4.47%	3.53%	4.15%	3.73%

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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
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
2006	8,201,124	2,402,247	-	476,527	232,757	207,670	33,792	-	11,554,117
2005	6,386,661	2,258,289	-	474,912	231,477	162,805	31,204	-	9,545,348

(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

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Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
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
2006	997,370,300	89,093,880	11,629,405	1,653,500
2005	959,147,690	78,767,055	12,733,114	4,208,100

(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
\$	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%
	52,094,300	58,424,956	1,210,266,341	1,204,266,341	100.00%
	49,215,525	59,024,452	1,163,095,936	1,163,095,936	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
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
2006	0.50	4.20	0.50	4.20	0.70
2005	0.43	3.20	0.43	3.20	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
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%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%
2005	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%

(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 2014		Fiscal Year 2005	
	2013 Assessed Valuation	% of Total Assessed Valuation	2004 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 4,549,700	0.25%	\$ 2,921,700	0.16%
Southside Community Nursing	17,362,500	0.95%	9,636,700	0.52%
Statewide Realty Co.	2,637,900	0.14%	2,386,300	0.13%
Southgate Associates II	4,588,100	0.25%	4,505,100	0.24%
Wright, Shelton	3,754,300	0.21%	1,534,400	0.08%
Davis Real Properties LLC	4,353,700	0.24%	4,463,500	0.24%
Garnett, James	1,444,500	0.08%	1,546,600	0.08%
Landon G. Atkins Revocable Trust	61,700	0.00%	1,329,000	0.07%
Longwood Village Shopping Center	7,742,700	0.42%	6,832,300	0.37%
Farmville Partners, LLC	6,803,800	0.37%	-	0.00%
	<u>\$ 53,298,900</u>	<u>2.91%</u>	<u>\$ 35,155,600</u>	<u>1.90%</u>

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			
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	5.10%	879
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	4.10%	742
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
2006	9,380,224	157,500	2,444,551	-	-	11,982,275	4.44%	587
2005	9,105,504	210,000	1,764,512	13,536	-	11,093,552	3.01%	581

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)
2014	\$ 8,686,704	\$ 717,722	\$ 7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	441
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	438
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%	453
2007	10,876,490	69,227	10,807,263	0.87%	508
2006	11,982,275	-	11,982,275	0.96%	575
2005	11,080,017	-	11,080,017	0.95%	580

(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
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%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%
2005	19,500	344,234,000	17,653	31.5	2,617	3.90%

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	2005	2006	2007	2008	2009
General government administration	18.0	19.0	17.0	17.0	17.0
Judicial administration	21.0	23.0	25.0	25.0	25.0
Public safety					
Sheriffs department	25.0	26.0	30.5	30.5	30.5
Animal control	2.0	2.0	2.0	2.0	2.0
Building official	-	-	2.0	2.0	2.0
Public works					
General maintenance	7.0	7.0	7.5	7.5	7.5
Refuse Collection & Disposal	2.0	2.0	15.5	15.5	15.5
Biosolids	-	-	1.0	1.0	1.0
Health and welfare					
Department of social services	30.0	31.0	31.0	31.0	31.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	1.0	1.0	-	-	-
Economic Development	1.0	1.0	2.0	2.0	2.0
Cannery	1.0	1.0	1.5	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	-	-	1.0	1.0	1.0
Totals	109.5	114.5	137.5	138.0	138.0

Source: Individual County departments

Table 14

2010	2011	2012	2013	2014
17.0	17.0	18.0	18.0	17.0
22.5	22.5	22.5	22.5	23.0
31.0	31.0	32.0	32.0	32.0
2.0	2.0	1.5	1.5	2.0
2.0	2.0	2.0	2.0	1.0
6.5	6.5	6.5	6.5	6.0
13.0	13.0	13.0	13.0	13.0
1.0	1.0	1.0	1.0	1.0
32.0	32.0	32.0	32.0	32.0
-	-	-	-	-
-	-	-	-	-
2.0	2.0	2.0	2.0	-
2.0	2.0	2.0	2.0	2.0
1.5	1.5	1.5	1.5	1.0
1.0	1.0	1.0	1.0	1.0
<u>133.5</u>	<u>133.5</u>	<u>135.0</u>	<u>135.0</u>	<u>131.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years (1)

Function	2005	2006	2007	2008	2009
Public safety					
Sheriffs department:					
Physical arrests	825.0	1,167.0	1,127.0	1,629.0	2,164.0
Civil papers	9,982.0	9,660.0	9,700.0	7,718.0	9,890.0
Building inspections:					
Permits issued (2)	322.0	430.0	416.0	558.0	784.0
Public works					
Landfill:					
Refuse collected (tons/day)	70.5	76.9	91.0	89.0	80.0
Recycling (tons/day)	10.3	12.0	11.0	9.0	13.0
Health and welfare					
Department of Social Services:					
Caseload	5,194.0	5,114.0	5,298.0	7,065.0	8,100.0
Community development					
Planning:					
Zoning permits issued	266.0	246.0	242.0	194.0	119.0
Component Unit - School Board					
Education:					
Number of teachers	232.0	238.0	229.5	235.7	228.0
Local expenditures per pupil	-	2,506.2	2,623.0	2,840.0	2,718.0

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

2010	2011	2012	2013	2014
1,396.0	1,325.0	335.0	353.0	393.0
9,124.0	8,812.0	8,994.0	8,664.0	8,820.0
642.0	438.0	434.0	453.0	535.0
78.0	71.0	85.0	77.0	54.6
13.0	39.0	9.0	4.3	4.4
8,817.0	8,058.0	7,548.0	8,162.0	8,503.0
112.0	93.0	75.0	67.0	81.0
224.0	224.0	214.0	214.0	211.0
2,858.0	2,927.0	3,359.0	3,707.0	3,789.0

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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, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2014, 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 30, 2014.

### 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, Farney Cox Associates*  
Charlottesville, Virginia  
December 30, 2014

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

### Report on Compliance for Each Major Federal Program

We have audited County of Prince Edward, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of County of Prince Edward, Virginia's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of 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 County of Prince Edward, Virginia's compliance.

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

In our opinion, 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, 2014.

## Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer Cox Associates*  
Charlottesville, Virginia  
December 30, 2014



COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

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	0950113	\$ 6,273
Temporary Assistance to Needy Families (TANF)	93.558	0400113/0400114	290,496
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	1,856
Low-income Home Energy Assistance	93.568	0600413/0600414	24,374
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	37,444
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900113/0900114	1,755
Foster Care - Title IV-E	93.658	1100113/1100114	111,334
Adoption Assistance	93.659	1120113/1120114	117,289
Social Services Block Grant	93.667	1000113/1000114	158,401
Chafee Foster Care Independence Program	93.674	9150113/9150114	1,779
Children's Health Insurance Program	93.767	0540113/0540114	8,723
Medical Assistance Program	93.778	1200113/1200114	259,561
Total Department of Health and Human Services			<u>\$ 1,019,285</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	N/A	\$ 61,671
Department of Education:			
National School Lunch Program - Child Nutrition Cluster	10.555	2013IN109941/2014IN109941	572,687
Subtotal CFDA 10.555			<u>\$ 634,358</u>
School Breakfast Program	10.553	2013IN109941/2014IN109941	180,713
Summer Food Service Program for Children	10.559	Unknown	11,295
Fresh Fruits and Vegetables Program	10.582	2013IL160341/2014IL160341	57,847
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114/0040113/0040114	295,616
Total Department of Agriculture			<u>\$ 1,179,829</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	Unknown	\$ <u>13,532</u>
Department of Transportation:			
Pass through payments:			
Department of Motor Vehicles:			
Highway Planning and Construction	20.205	Unknown	\$ 19,872
State and Community Highway Safety	20.600	SC2010501093729	9,258
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Unknown	<u>14,164</u>
Total Department of Transportation			\$ <u>43,294</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	\$ <u>41,263</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S010A110046/S101A120046/S010A130046	\$ 921,542
Special Education Cluster:			
Special Education-Grants to States	84.027	H027A120107/H027A130107	645,117
Special Education-Preschool Grants	84.173	H173A130112	18,637
ARRA - School Improvement Grants	84.388	S388A090047	117,622
Career and Technical Education Basic Grants to States	84.048	V048A120046	45,720
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	970
Rural Education	84.358	S358B120046/S358B130046	39,151
Improving Teacher Quality State Grants	84.367	S367A120044/S367A130044	<u>167,791</u>
Total Department of Education			\$ <u>1,956,550</u>
Total Expenditures of Federal Awards			<u>\$ 4,253,753</u>

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, 2014

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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, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of 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 OMB Circular A-81, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund \$ 1,413,010

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

Payment in Lieu of Taxes (20)

Total primary government \$ 1,412,990

Component Unit School Board:

School Operating Fund \$ 1,956,550

School Cafeteria Fund 884,213

Total Component Unit School Board \$ 2,840,763

Total federal expenditures per basic financial statements \$ 4,253,753

Total federal expenditures per the Schedule of Expenditures  
of Federal Awards

\$ 4,253,753

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

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

Financial Statements

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I - Grants to Local Educational Agencies
84.027 / 84.173	Special Education Cluster
84.388	ARRA - School Improvement Grants

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

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Audit Findings**

There are no prior year audit findings.