

County of Wythe, Virginia

Financial Statements



Iron Furnace, Foster Falls, Wythe County, VA

Fiscal Year Ended June 30, 2015

COUNTY OF WYTHE, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

COUNTY OF WYTHE, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015

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 FINANCIAL REPORT
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INTRODUCTORY SECTION

COUNTY OF WYTHE, VIRGINIA

BOARD OF SUPERVISORS

Timothy A. Reeves, Chair

Arthur "Artie" E. Hall, Vice Chair
Joe F. Hale
Coy L. McRoberts

Gary M. Houseman
Steven T. Willis
B. G. "Gene" Horney, Jr.

R. Cellell Dalton, Clerk

COUNTY SCHOOL BOARD

Stephen R. Sage, Chair

Deborah M Crigger, Vice Chair
Walter C. White
David W. Martin

Chalmer L. Frye
Patricia S. Hines
William S. Kidd

Sara F. Dickens, Clerk

SOCIAL SERVICES BOARD

Rose M. Lester, Chair

Patty O'Quinn
Nancy Jackson

Joel Hash, Jr.
Timothy A. Reeves

Lewis Lafon, Clerk

OTHER OFFICIALS

Judge of the Circuit Court Josiah T. Showalter, Jr.
Clerk of the Circuit Court Hayden H. Horney
Judge of the General District Court J.D. Bolt
Judge of the Juvenile & Domestic Relations Court Bradley Dalton
Commonwealth's Attorney Gerald Mabe
Commissioner of the Revenue Faye Barker
Treasurer Walter S. Crockett
Sheriff Keith Dunagan
Superintendent of Schools Dr. Jeff Perry
Director of Social Services Lewis Lafon
County Administrator R. Cellell Dalton
County Attorney Scot S. Farthing

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 unit, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 76 and 77-81, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wythe, Virginia's basic financial statements. The introductory section, 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.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Wythe, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
November 30, 2015

Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	School Board
	<u>Activities</u>	<u>Activities</u>		
ASSETS				
Cash and cash equivalents	\$ 41,177,013	\$ 5,141,968	\$ 46,318,981	\$ 2,854,891
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,120,330	-	1,120,330	-
Other local taxes	530,537	-	530,537	-
Accounts receivable	303	653,601	653,904	119,411
Due from other governmental units	1,376,478	3,995,427	5,371,905	1,393,651
Inventories	-	-	-	43,299
Prepaid items	21,968	-	21,968	253,655
Investment in land	14,274,481	-	14,274,481	-
Restricted assets:				
Cash and cash equivalents (in custody of others)	890,588	1,103,094	1,993,682	-
Capital assets (net of accumulated depreciation):				
Land	2,742,336	218,005	2,960,341	774,089
Buildings and improvements	41,535,078	-	41,535,078	11,128,051
Machinery and equipment	2,045,565	55,976	2,101,541	2,500,173
Infrastructure	1,828,185	39,471,205	41,299,390	-
Construction in progress	118,081	1,684,384	1,802,465	49,256
Total assets	<u>\$ 107,660,943</u>	<u>\$ 52,323,660</u>	<u>\$ 159,984,603</u>	<u>\$ 19,116,476</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 675,264	\$ 25,580	\$ 700,844	\$ 3,081,361
LIABILITIES				
Accounts payable	\$ 543,078	\$ 175,973	\$ 719,051	\$ 215,083
Retainage payable	-	65,972	65,972	-
Customer deposits	-	67,004	67,004	2,516,122
Accrued interest payable	467,813	57,176	524,989	-
Deposits held in escrow	16,000	-	16,000	-
Long-term liabilities:				
Due within one year	2,780,476	907,315	3,687,791	429,015
Due in more than one year	42,568,382	20,086,830	62,655,212	35,265,334
Total liabilities	<u>\$ 46,375,749</u>	<u>\$ 21,360,270</u>	<u>\$ 67,736,019</u>	<u>\$ 38,425,554</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	\$ 120,787	\$ -	\$ 120,787	\$ -
Items related to measurement of net pension liability	1,627,140	61,652	1,688,792	5,377,046
Change in proportionate share of net pension liability	-	-	-	284,000
Total deferred inflows of resources	<u>\$ 1,747,927</u>	<u>\$ 61,652</u>	<u>\$ 1,809,579</u>	<u>\$ 5,661,046</u>
NET POSITION				
Net investment in capital assets	\$ 15,259,556	\$ 21,578,664	\$ 36,838,220	\$ 14,451,569
Restricted:				
Law library	32,113	-	32,113	-
Property seizure	77,005	-	77,005	-
Courtroom security	339,260	-	339,260	-
Clerk's records grant	24,058	-	24,058	-
School cafeterias	-	-	-	244,761
Unrestricted	44,480,539	9,348,654	53,829,193	(36,585,093)
Total net position	<u>\$ 60,212,531</u>	<u>\$ 30,927,318</u>	<u>\$ 91,139,849</u>	<u>\$ (21,888,763)</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,352,398	\$ 2,526	\$ 266,044	\$ -	\$ (1,083,828)	\$ -	\$ (1,083,828)	\$ -
Judicial administration	1,092,798	10,520	879,472	-	(202,806)	-	(202,806)	-
Public safety	6,237,978	1,929,846	1,578,303	-	(2,729,829)	-	(2,729,829)	-
Public works	2,306,367	43,107	-	-	(2,263,260)	-	(2,263,260)	-
Health and welfare	6,604,731	-	4,705,538	-	(1,899,193)	-	(1,899,193)	-
Education	14,166,892	-	-	-	(14,166,892)	-	(14,166,892)	-
Parks, recreation, and cultural	553,381	72,870	5,000	-	(475,511)	-	(475,511)	-
Community development	879,896	-	-	1,189,540	309,644	-	309,644	-
Interest on long-term debt	1,164,014	-	-	-	(1,164,014)	-	(1,164,014)	-
Total governmental activities	\$ 34,358,455	\$ 2,058,869	\$ 7,434,357	\$ 1,189,540	\$ (23,675,689)	\$ -	\$ (23,675,689)	\$ -
Business-type activities:								
Water and sewer	\$ 3,650,586	\$ 2,820,225	\$ -	\$ 421,539	\$ -	\$ (408,822)	\$ (408,822)	\$ -
Total primary government	\$ 38,009,041	\$ 4,879,094	\$ 7,434,357	\$ 1,611,079	\$ (23,675,689)	\$ (408,822)	\$ (24,084,511)	\$ -
COMPONENT UNIT:								
School Board	\$ 35,785,387	\$ 882,296	\$ 27,929,737	\$ -	\$ -	\$ -	\$ -	\$ (6,973,354)
General revenues:								
General property taxes					\$ 17,470,264	\$ -	\$ 17,470,264	\$ -
Other local taxes:								
Local sales and use taxes					3,616,101	-	3,616,101	-
Consumers' utility taxes					613,145	-	613,145	-
Consumption tax					94,922	-	94,922	-
Motor vehicle licenses					391,447	-	391,447	-
Bank stock taxes					38,464	-	38,464	-
Taxes on recordation and wills					164,674	-	164,674	-
Hotel and motel room taxes					177,835	-	177,835	-
Restaurant food taxes					772,865	-	772,865	-
Unrestricted revenues from use of money and property					970,390	83,975	1,054,365	6,205
Miscellaneous					525,963	-	525,963	177,709
Payments from the County of Wythe, Virginia					-	-	-	7,667,450
Grants and contributions not restricted to specific programs					2,502,844	-	2,502,844	-
Transfers					(312,326)	312,326	-	-
Total general revenues and transfers					\$ 27,026,588	\$ 396,301	\$ 27,422,889	\$ 7,851,364
Change in net position					\$ 3,350,899	\$ (12,521)	\$ 3,338,378	\$ 878,010
Net position - beginning, as restated					56,861,632	30,939,839	87,801,471	(22,766,773)
Net position - ending					\$ 60,212,531	\$ 30,927,318	\$ 91,139,849	\$ (21,888,763)

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

County of Wythe, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 33,872,466	\$ 7,304,547	\$ 41,177,013
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,120,330	-	1,120,330
Other local taxes receivable	530,537	-	530,537
Accounts receivable	-	303	303
Due from other governmental units	1,376,478	-	1,376,478
Prepaid items	21,968	-	21,968
Restricted assets:			
Cash and cash equivalents	877,635	12,953	890,588
Land held for resale	14,274,481	-	14,274,481
Total assets	<u>\$ 52,073,895</u>	<u>\$ 7,317,803</u>	<u>\$ 45,117,217</u>
LIABILITIES			
Accounts payable	\$ 543,078	\$ -	\$ 543,078
Deposits held in escrow	16,000	-	16,000
Total liabilities	<u>\$ 559,078</u>	<u>\$ -</u>	<u>\$ 559,078</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 1,086,770	\$ -	\$ 1,086,770
Unavailable revenue-land held for resale	14,274,481	-	14,274,481
Total deferred inflows of resources	<u>\$ 15,361,251</u>	<u>\$ -</u>	<u>\$ 15,361,251</u>
FUND BALANCES			
Nonspendable	\$ 21,968	\$ -	\$ 21,968
Restricted			
Law library	32,113	-	32,113
Property seizure	77,005	-	77,005
Construction projects	-	12,953	12,953
Courtroom security	339,260	-	339,260
Clerk's records grant	24,058	-	24,058
Committed for capital projects	3,214,388	7,304,850	10,519,238
Assigned for police activity	589,424	-	589,424
Unassigned	31,855,350	-	31,855,350
Total fund balances	<u>\$ 36,153,566</u>	<u>\$ 7,317,803</u>	<u>\$ 43,471,369</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,073,895</u>	<u>\$ 7,317,803</u>	<u>\$ 45,117,217</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 43,471,369

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

Land	\$ 2,742,336	
Buildings and improvements	41,535,078	
Infrastructure	1,828,185	
Machinery and equipment	2,045,565	
Construction in progress	118,081	48,269,245

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. These amounts are as follows:

Unavailable revenue - property taxes	\$ 965,983	
Items related to measurement of net pension liability	(1,627,140)	
Land held for resale	14,274,481	13,613,324

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 675,264

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

General obligation bonds	\$ (42,118,793)	
Accrued interest payable	(467,813)	
Unamortized bond premium	(153,849)	
Landfill postclosure liability	(71,658)	
Compensated absences	(279,695)	
Net OPEB obligation	(332,400)	
Net pension liability	(2,392,463)	(45,816,671)

Net position of governmental activities \$ 60,212,531

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 17,556,567	\$ -	\$ 17,556,567
Other local taxes	5,869,453	-	5,869,453
Permits, privilege fees, and regulatory licenses	68,301	-	68,301
Fines and forfeitures	1,612,103	-	1,612,103
Revenue from the use of money and property	845,182	125,208	970,390
Charges for services	331,630	46,835	378,465
Miscellaneous	525,190	773	525,963
Recovered costs	500,660	-	500,660
Intergovernmental:			
Commonwealth	8,412,114	-	8,412,114
Federal	2,714,627	-	2,714,627
Total revenues	<u>\$ 38,435,827</u>	<u>\$ 172,816</u>	<u>\$ 38,608,643</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,805,152	\$ -	\$ 1,805,152
Judicial administration	1,176,799	-	1,176,799
Public safety	6,201,763	-	6,201,763
Public works	1,985,530	-	1,985,530
Health and welfare	6,813,281	-	6,813,281
Education	14,694,533	-	14,694,533
Parks, recreation, and cultural	539,507	-	539,507
Community development	485,380	-	485,380
Capital projects	305,532	-	305,532
Debt service:			
Principal retirement	2,362,227	-	2,362,227
Interest and other fiscal charges	1,278,692	-	1,278,692
Total expenditures	<u>\$ 37,648,396</u>	<u>\$ -</u>	<u>\$ 37,648,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 787,431</u>	<u>\$ 172,816</u>	<u>\$ 960,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 47,212	\$ 1,244,929	\$ 1,292,141
Transfers out	(1,244,929)	(359,538)	(1,604,467)
Debt service principal (current refunding)	(8,025,000)	-	(8,025,000)
Issuance of general obligation bonds	923,720	-	923,720
Issuance of refunding bond	9,063,000	-	9,063,000
Sale of capital assets	137,099	-	137,099
Total other financing sources (uses)	<u>\$ 901,102</u>	<u>\$ 885,391</u>	<u>\$ 1,786,493</u>
Net change in fund balances	\$ 1,688,533	\$ 1,058,207	\$ 2,746,740
Fund balances - beginning	34,465,033	6,259,596	40,724,629
Fund balances - ending	<u>\$ 36,153,566</u>	<u>\$ 7,317,803</u>	<u>\$ 43,471,369</u>

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

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

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

Net change in fund balances - total governmental funds \$ 2,746,740

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 outlays	\$ 1,626,096	
Depreciation expense	<u>(1,809,682)</u>	(183,586)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (28,485)

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

Property taxes	\$ (86,303)	
Change in deferred inflows related to the measurement of the net pension liability	<u>(1,627,140)</u>	(1,713,443)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Debt issued or incurred:		
Issuance of general obligation debt	\$ (923,720)	
Issuance of refunding bond	(9,063,000)	
Increase in accrued landfill postclosure liability	(1,059)	
Principal repayments:		
Current refunding of debt	8,025,000	
General obligation bonds	<u>2,362,227</u>	399,448

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.

Change in compensated absences	\$ 11,397	
Change in accrued interest payable	(67,368)	
Change in net OPEB obligation	(26,100)	
Change in net pension liability	1,781,232	
Change in deferred outflows related to pension payments subsequent to the measurement date	249,018	
Amortization of bond premium	<u>182,046</u>	2,130,225

Change in net position of governmental activities \$ 3,350,899

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,674,368	\$ 2,467,600	\$ 5,141,968
Accounts receivable	394,250	259,351	653,601
Due from other governmental units	3,995,427	-	3,995,427
Total unrestricted current assets	<u>\$ 7,064,045</u>	<u>\$ 2,726,951</u>	<u>\$ 9,790,996</u>
Restricted current assets:			
Cash and cash equivalents (in custody of others)	\$ 1,103,094	\$ -	\$ 1,103,094
Total restricted current assets	<u>\$ 1,103,094</u>	<u>\$ -</u>	<u>\$ 1,103,094</u>
Total current assets	<u>\$ 8,167,139</u>	<u>\$ 2,726,951</u>	<u>\$ 10,894,090</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 211,245	\$ 6,760	\$ 218,005
Utility plant in service	28,120,791	25,006,239	53,127,030
Machinery and equipment	126,171	52,053	178,224
Accumulated depreciation	(7,158,158)	(6,619,915)	(13,778,073)
Construction in progress	1,614,192	70,192	1,684,384
Total capital assets	<u>\$ 22,914,241</u>	<u>\$ 18,515,329</u>	<u>\$ 41,429,570</u>
Total noncurrent assets	<u>\$ 22,914,241</u>	<u>\$ 18,515,329</u>	<u>\$ 41,429,570</u>
Total assets	<u>\$ 31,081,380</u>	<u>\$ 21,242,280</u>	<u>\$ 52,323,660</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 23,485	\$ 2,095	\$ 25,580
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 162,426	\$ 13,547	\$ 175,973
Retainage payable	65,972	-	65,972
Customers' deposits	52,029	14,975	67,004
Accrued interest payable	43,318	13,858	57,176
Compensated absences - current portion	5,453	6,147	11,600
Bonds payable - current portion	491,564	404,151	895,715
Total current liabilities	<u>\$ 820,762</u>	<u>\$ 452,678</u>	<u>\$ 1,273,440</u>
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 1,817	\$ 2,050	\$ 3,867
Bonds payable - net of current portion	13,394,438	6,597,875	19,992,313
Net pension liability	83,183	7,467	90,650
Total noncurrent liabilities	<u>\$ 13,479,438</u>	<u>\$ 6,607,392</u>	<u>\$ 20,086,830</u>
Total liabilities	<u>\$ 14,300,200</u>	<u>\$ 7,060,070</u>	<u>\$ 21,360,270</u>
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	\$ 56,573	\$ 5,079	\$ 61,652
NET POSITION			
Net investment in capital assets	\$ 10,065,361	\$ 11,513,303	\$ 21,578,664
Unrestricted	6,682,731	2,665,923	9,348,654
Total net position	<u>\$ 16,748,092</u>	<u>\$ 14,179,226</u>	<u>\$ 30,927,318</u>

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

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

	Enterprise Funds		Total
	Water Department	Sewer Department	
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	\$ 1,567,626	\$ 1,252,599	\$ 2,820,225
Total operating revenues	<u>\$ 1,567,626</u>	<u>\$ 1,252,599</u>	<u>\$ 2,820,225</u>
OPERATING EXPENSES			
Personnel services	\$ 234,304	\$ 75,049	\$ 309,353
Fringe benefits	76,236	44,908	121,144
Professional services	41,722	77,247	118,969
Operating expenses	426,976	271,858	698,834
Purchase of water - regional plant	552,498	-	552,498
Depreciation	686,992	642,605	1,329,597
Total operating expenses	<u>\$ 2,018,728</u>	<u>\$ 1,111,667</u>	<u>\$ 3,130,395</u>
Operating income (loss)	<u>\$ (451,102)</u>	<u>\$ 140,932</u>	<u>\$ (310,170)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ 43,500	\$ 40,475	\$ 83,975
Gain on sale of assets	15,872	-	15,872
Interest expense	(270,604)	(265,459)	(536,063)
Total nonoperating revenues (expenses)	<u>\$ (211,232)</u>	<u>\$ (224,984)</u>	<u>\$ (436,216)</u>
Income before contributions and transfers	<u>\$ (662,334)</u>	<u>\$ (84,052)</u>	<u>\$ (746,386)</u>
Capital contributions and construction grants	421,539	-	421,539
Transfers in	357,221	-	357,221
Transfers out	(23,754)	(21,141)	(44,895)
Change in net position	<u>\$ 92,672</u>	<u>\$ (105,193)</u>	<u>\$ (12,521)</u>
Total net position - beginning, as restated	16,655,420	14,284,419	30,939,839
Total net position - ending	<u>\$ 16,748,092</u>	<u>\$ 14,179,226</u>	<u>\$ 30,927,318</u>

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,433,615	\$ 1,282,452	\$ 2,716,067
Payments to suppliers	(983,114)	(345,424)	(1,328,538)
Payments to and for employees	(327,716)	(115,910)	(443,626)
Net cash provided by (used for) operating activities	<u>\$ 122,785</u>	<u>\$ 821,118</u>	<u>\$ 943,903</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (23,754)	\$ (21,141)	\$ (44,895)
Transfers from other funds	357,221	-	357,221
Net cash provided by (used for) noncapital financing activities	<u>\$ 333,467</u>	<u>\$ (21,141)</u>	<u>\$ 312,326</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (1,424,854)	\$ (84,005)	\$ (1,508,859)
Construction grants	883,350	-	883,350
Principal payments on bonds	(446,445)	(390,209)	(836,654)
Proceeds from indebtedness	1,138,716	-	1,138,716
Interest expense	(332,111)	(264,971)	(597,082)
Proceeds from sales of capital assets	15,872	-	15,872
Net cash provided by (used for) capital and related financing activities	<u>\$ (165,472)</u>	<u>\$ (739,185)</u>	<u>\$ (904,657)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 43,500	\$ 40,475	\$ 83,975
Net cash provided by (used for) investing activities	<u>\$ 43,500</u>	<u>\$ 40,475</u>	<u>\$ 83,975</u>
Net increase (decrease) in cash and cash equivalents	\$ 334,280	\$ 101,267	\$ 435,547
Cash and cash equivalents - beginning (including \$694,630 of restricted deposits)	3,443,182	2,366,333	5,809,515
Cash and cash equivalents - ending (including \$1,103,094 of restricted deposits)	<u>\$ 3,777,462</u>	<u>\$ 2,467,600</u>	<u>\$ 6,245,062</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (451,102)	\$ 140,932	\$ (310,170)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 686,992	\$ 642,605	\$ 1,329,597
(Increase) decrease in accounts receivable	(131,762)	30,453	(101,309)
(Increase) decrease in deferred outflows of resources	(8,665)	(764)	(9,429)
Increase (decrease) in customer deposits	(2,249)	(600)	(2,849)
Increase (decrease) in accounts payable	38,082	3,681	41,763
Increase (decrease) in compensated absences	(3,153)	5,293	2,140
Increase (decrease) in net pension liability	(61,931)	(5,561)	(67,492)
Increase (decrease) in deferred inflows of resources	56,573	5,079	61,652
Total adjustments	<u>\$ 573,887</u>	<u>\$ 680,186</u>	<u>\$ 1,254,073</u>
Net cash provided by (used for) operating activities	<u>\$ 122,785</u>	<u>\$ 821,118</u>	<u>\$ 943,903</u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 29,021
Total assets	<u>\$ 29,021</u>
 LIABILITIES	
Amounts held for social services clients	\$ 29,021
Total liabilities	<u>\$ 29,021</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

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

Discretely Presented Component Units - The component unit column in the financial statements includes the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Wythe County School Board ("the School Board") operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. Separate financial statements are not issued for the Component Unit - School Board.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations -

The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2015, the County contributed \$290,750 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2015, the County contributed \$62,000 to the Airport.

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

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component 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.

The statement of net position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component unit. 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, net of related debt; 2) restricted; and 3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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, if any, are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund and the Property Seizure Fund.

The County reports the following major capital projects funds:

The County Capital Projects Fund accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. It 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 government reports the following major proprietary funds:

The *water fund and sewer fund* accounts for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

Additionally, the government reports the following fund types:

Fiduciary funds (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds consist of the special welfare fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government.

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

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

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

1. Cash and Cash Equivalents

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

Investments for the government, as well as for its component unit, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

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

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

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th.

Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$441,970 at June 30, 2015. This allowance consists of delinquent taxes in the amount of \$278,318 and delinquent water and sewer bills of \$163,652.

5. 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.

6. Inventory

Land held for resale includes land, land improvement, and infrastructure at the Progress Park located in Wythe County. This inventory is valued at original cost. Fair market value cannot be determined as comparable sites do not exist within the vicinity of the County.

7. Capital Assets

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

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

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 in the during the fiscal year.

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

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

7. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. The School Board and Social Services department accrue payments associated with sick leave upon retirement. The County does not pay for sick leave upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

9. Pensions

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

10. Long-term Obligations

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

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

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

10. Long-term Obligations (Continued)

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

11. Net Position

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

12. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund 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.

13. Deferred Outflows/Inflows of Resources

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

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

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

13. Deferred Outflows/Inflows of Resources (Continued)

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

14. Fund Equity

The County reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County evaluated its funds and classified fund balance into the following five categories:

Nonspendable - amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed - amounts that have been committed (establish, modify, or rescind) by formal action (resolution or ordinance) by the entity's "highest level of decision-making authority"; which the County considers to be the Board of Supervisors.

Assigned - amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned - this category is for any balances that have no restrictions placed upon them; positive amounts are only reporting in the general fund

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

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

14. Fund Equity (Continued)

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.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to 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. The following funds have legally adopted budgets: General Fund and the School Operating Fund
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Capital Projects Fund, and the Special Revenue Funds. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

B. Excess of expenditures over appropriations

For fiscal year 2015, certain departments within the general fund expenditures exceeded their appropriations as demonstrated in Schedule 2 of this report.

C. Deficit fund equity

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

Note 3-Deposits and Investments:

A. 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.

B. Investments

Statutes authorize local governments and other public bodies 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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component unit has an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2015 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Note 3-Deposits and Investments: (Continued)

B. Investments (Continued)

Credit Risk of Debt Securities

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

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
First American Prime Obligation Fund	\$ 694,811
Wells Fargo Advantage MM Fund	929,901
SNAP	12,953

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

Concentration of Credit Risk

At June 30, 2015, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

There are no interest rate risk disclosures required for the year ended June 30, 2015.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4-Due from Other Governmental Units:

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

	Primary Government		Component Unit School Board
	Governmental Activities	Business-type Activities	
<u>Local Government:</u>			
New River Valley Regional Water Authority	\$ -	\$ 1,926,335	\$ -
Town of Wytheville	-	2,031,683	-
<u>Commonwealth of Virginia:</u>			
Local sales tax	474,984	-	-
Local communication tax	-	-	-
State sales tax	-	-	781,098
Categorical aid	204,794	-	-
Non-categorical aid	200,527	-	-
Virginia public assistance funds	99,152	-	-
Community services act	227,119	-	-
Other categorical aid	7,231	-	-
<u>Federal Government:</u>			
Virginia public assistance funds	157,437	-	-
Categorical aid	-	37,409	-
Non-categorical aid	5,234	-	-
School grants	-	-	612,553
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 1,376,478</u>	<u>\$ 3,995,427</u>	<u>\$ 1,393,651</u>

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of \$3,958,018 for repayment of shared construction costs. The County bills these entities as debt service payments are due.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 47,212	\$ 1,244,929
County Capital Projects Fund	1,244,929	359,538
Water Fund	357,221	23,754
Sewer Fund	-	21,141
Total	<u>\$ 1,649,362</u>	<u>\$ 1,649,362</u>

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

Primary government contributions to component units for the year ended June 30, 2015, consisted of the following:

Component Unit:	
School Board	\$14,655,871

Note 6-Interfund/Component-Unit Obligations:

At year end, there were no interfund/component-unit obligations.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 42,519,300	\$ 9,986,720	\$ (10,387,227)	\$ 42,118,793
GO bond premium	335,895	-	(182,046)	153,849
Landfill postclosure liability	70,599	1,059	-	71,658
Compensated absences	291,092	206,922	(218,319)	279,695
Net OPEB obligation	306,300	75,100	(49,000)	332,400
Net pension liability	4,173,695	2,577,523	(4,358,755)	2,392,463
Total	\$ 47,696,881	\$ 12,847,324	\$ (15,195,347)	\$ 45,348,858

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 2,570,705	\$ 1,353,089
2017	2,562,632	1,259,477
2018	2,625,737	1,164,710
2019	10,254,078	995,848
2020	2,302,426	827,997
2021-2025	10,525,462	2,769,092
2026-2030	7,283,142	1,194,841
2030-2035	3,994,611	232,208
Totals	\$ 42,118,793	\$ 9,797,262

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds						
GO bond	5.29%	1/29/01	2016	\$ 700,000	\$ 64,200	\$ 64,200
GO bond	3.1-5.35%	11/6/03	2024	7,435,478	3,639,960	375,972
VPSA GO bond	2.35-5.1%	11/7/02	2023	9,209,707	3,957,005	464,692
VPSA GO bond	4.255%-5.1%	10/24/06	2027	3,593,557	2,273,562	176,817
GO bond	2%-4%	3/15/10	2018	1,600,000	650,000	210,000
GO bond	2.75%	3/18/12	2033	10,000,000	8,860,500	412,098
GO bond*	4.10%	3/15/10	2030	3,440,000	3,440,000	-
Rural Development GO bond	3.75%	12/29/10	2023	1,550,000	920,566	102,672
GO refunding bond	1.93%	7/10/13	2019	9,650,000	9,250,000	405,000
GO bond	2.14-3.34%	12/18/14	2035	9,063,000	9,063,000	359,254
Total General Obligation Bonds					\$ 42,118,793	\$ 2,570,705
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/03	2024	476,903	\$ 110,173	\$ -
\$3,593,557 GO bond	n/a	10/24/06	2027	102,414	25,607	-
\$1,600,000 GO bond	n/a	3/15/10	2018	57,063	18,069	-
Total Unamortized premiums					\$ 153,849	\$ -
Total General Obligation Bonds and unamortized premiums					\$ 42,272,642	\$ 2,570,705
* Build America Bonds - effective yield						
Other Obligations:						
Landfill Postclosure Liability	n/a	n/a	n/a	n/a	\$ 71,658	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	279,695	209,771
Net OPEB Obligation	n/a	n/a	n/a	n/a	332,400	-
Net Pension Liability	n/a	n/a	n/a	n/a	2,392,463	-
Total Other Obligations					\$ 3,076,216	\$ 209,771
Total Long-term obligations					\$ 45,348,858	\$ 2,780,476

The County's 2013 refunding bond requires that the County maintains liquidity such that on June 30 of each year, the balance of cash and cash equivalents held in the general fund shall be at least equal to forty percent (40%) of the amount of the County's general obligation debt outstanding on such date. As of June 30th, the County was in compliance with this bond covenant.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations:

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

	Balance July 1, 2014, as restated	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2015
General obligation and revenue bonds	\$ 20,596,031	\$ 1,138,716	\$ (836,654)	\$ 20,898,093
General obligation bond discount	(10,980)	-	915	(10,065)
Compensated absences	13,327	12,135	(9,995)	15,467
Net pension liability	158,142	97,663	(165,155)	90,650
 Total	 <u>\$ 20,756,520</u>	 <u>\$ 1,248,514</u>	 <u>\$ (1,010,889)</u>	 <u>\$ 20,994,145</u>

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

Year Ending June 30,	General Obligation and Revenue Bonds	
	Principal	Interest
2016	\$ 895,715	\$ 691,203
2017	934,399	658,324
2018	965,670	624,165
2019	1,002,791	588,212
2020	1,033,999	550,936
2021-2025	5,782,605	2,129,184
2026-2030	3,114,433	1,225,894
2030-2035	2,276,531	883,231
2036-2040	1,625,120	563,017
2041-2045	1,470,237	342,288
2046-2050	1,552,990	136,339
2051-2052	243,603	13,177
 Totals	 <u>\$ 20,898,093</u>	 <u>\$ 8,405,970</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Business-type Activities</u>	<u>Amount Due Within One Year</u>
General Obligation and Revenue Bonds						
VRA revenue bond	0.00%	2/1/14	2025	\$ 110,100	\$ 52,395	\$ 5,239
VRA revenue bond	0.00%	5/15/12	2015	1,369,871	1,166,967	68,493
Rural Development Bond	4.50%	7/24/97	2037	2,521,100	1,895,837	55,034
Rural Development Bond	4.50%	10/31/02	2042	497,100	421,767	8,647
Rural Development Bond	4.50%	10/31/02	2042	547,700	464,747	9,521
Rural Development Bond	4.125%	6/23/10	2040	1,511,260	1,458,195	18,870
Rural Development Bond*	2.375%	3/31/10	2040	1,100,000	376,908	7,115
Rural Development Bond	2.375%	6/29/11	2051	640,000	617,953	11,122
Rural Development Bond	2.375%	6/14/11	2051	3,316,000	3,205,055	57,531
Rural Development Bond	2.375%	8/11/10	2049	1,065,000	985,825	19,283
Rural Development Bond	2.125%	11/16/12	2052	1,374,000	1,360,102	24,310
GO Bond	3.5-4.5%	1/5/06	2026	6,180,000	4,045,000	295,000
GO Bond	4.36%	12/15/05	2026	5,900,000	3,896,892	275,385
GO Bond	2.36%	12/18/14	2035	927,000	927,000	36,746
GO Bond**	2.00%	11/19/14	2020	151,809	23,450	3,419
Less: Unamortized GO Bond discount					(10,065)	-
Total General Obligation and Revenue Bonds					\$20,888,028	\$ 895,715
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 15,467	\$ 11,600
Net Pension Liability	n/a	n/a	n/a	n/a	90,650	-
Total Other Obligations					\$ 106,117	\$ 11,600
Total Long-term obligations					\$20,994,145	\$ 907,315

* Loan issued by Carroll County PSA in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 7.9733% of such loan.

** As of June 30, 2015, only \$23,450 has been drawn down.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8-Long-Term Obligations - Component Unit:

Discretely Presented Component Unit - School Board Obligations:

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

	Balance July 1, 2014, as restated	Increase	Decrease	Balance June 30, 2015
Compensated absences	\$ 620,132	\$ 416,987	\$ (465,099)	\$ 572,020
Net OPEB obligation	734,100	323,600	(246,700)	811,000
Net pension liability	39,841,130	3,148,708	(8,678,509)	34,311,329
Total	<u>\$41,195,362</u>	<u>\$ 3,889,295</u>	<u>\$ (9,390,308)</u>	<u>\$ 35,694,349</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 572,020	\$ 429,015
Net OPEB Obligation	n/a	n/a	n/a	n/a	811,000	-
Net Pension Liability	n/a	n/a	n/a	n/a	34,311,329	-
Total Long-term obligations					<u>\$ 35,694,349</u>	<u>\$ 429,015</u>

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Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County are automatically covered by the Wythe County Retirement Plan upon employment. The Plan includes employees of entities whose financial information is not included in the primary government report, and is therefore a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia.

All full-time, salaried permanent (nonprofessional) employees of the public school divisions are automatically covered by the Wythe County School Board Retirement Plan upon employment. This is an agent multiple-employer plan administered by the System along with plans for other employer groups in the Commonwealth of Virginia.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • 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.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$700,844 and \$442,397 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

At June 30, 2015, the County reported a liability of \$2,483,113 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Contributions as of June 30, 2015 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2014 and 2013, the County's proportion was 96.42%.

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

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

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

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

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

Note 9-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 9-Pension Plan: (Continued)

Discount Rate

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

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

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

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	6,314,655	2,483,113	(704,468)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9-Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County recognized pension expense of \$282,465. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,688,792
Employer contributions subsequent to the measurement date	<u>700,844</u>	<u>-</u>
Total	<u>\$ 700,844</u>	<u>\$ 1,688,792</u>

\$700,844 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2016	\$ (422,198)
2017	(422,198)
2018	(422,198)
2019	(422,198)
Thereafter	-

Note 9-Pension Plan: (Continued)

Component Unit School Board (nonprofessional)

Plan Description

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	73
Inactive members:	
Vested inactive members	6
Non-vested inactive members	16
Inactive members active elsewhere in VRS	<u>23</u>
Total inactive members	45
Active members	<u>59</u>
Total covered employees	<u><u>177</u></u>

Contributions

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 11.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9-Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$134,363 and \$133,742 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

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

Changes in Net Pension Liability

	<u>Component School Board (nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2013	\$ 5,744,037	\$ 4,937,907	\$ 806,130
Changes for the year:			
Service cost	\$ 133,560	\$ -	\$ 133,560
Interest	388,911	-	388,911
Differences between expected and actual experience	-	-	-
Contributions - employer	-	133,742	(133,742)
Contributions - employee	-	62,468	(62,468)
Net investment income	-	764,259	(764,259)
Benefit payments, including refunds of employee contributions	(376,325)	(376,325)	-
Administrative expenses	-	(4,237)	4,237
Other changes	-	40	(40)
Net changes	<u>\$ 146,146</u>	<u>\$ 579,947</u>	<u>\$ (433,801)</u>
Balances at June 30, 2014	<u>\$ 5,890,183</u>	<u>\$ 5,517,854</u>	<u>\$ 372,329</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9-Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	1,052,921	372,329	(198,786)

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

For the year ended June 30, 2015, the Component Unit School Board (nonprofessional) recognized pension expense of \$39,987. At June 30, 2015, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	340,046
Employer contributions subsequent to the measurement date	134,363	-
Total	\$ <u>134,363</u>	\$ <u>340,046</u>

Note 9-Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

\$134,363 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (85,011)
2017	(85,011)
2018	(85,011)
2019	(85,013)
Thereafter	-

Component Unit School Board (professional)

Plan Description

Additional information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

Contributions

Each School Division’s contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$2,946,998 and \$2,397,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$2,946,998 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (1,322,000)
2017	(1,322,000)
2018	(1,322,000)
2019	(1,322,000)
Thereafter	(33,000)

Actuarial Assumptions

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

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

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

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	49,836,000	33,939,000	20,850,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,742,336	\$ -	\$ -	\$ 2,742,336
Construction in progress	22,036,371	1,419,191	(23,337,481)	118,081
Total capital assets not being depreciated	<u>\$ 24,778,707</u>	<u>\$ 1,419,191</u>	<u>\$ (23,337,481)</u>	<u>\$ 2,860,417</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 43,512,763	\$ 9,097,086	\$ (14,035)	\$ 52,595,814
Infrastructure	3,322,389	-	-	3,322,389
Machinery and equipment	5,899,542	172,819	(650,771)	5,421,590
Total capital assets being depreciated	<u>\$ 52,734,694</u>	<u>\$ 9,269,905</u>	<u>\$ (664,806)</u>	<u>\$ 61,339,793</u>
Accumulated depreciation:				
Buildings and improvements	\$ (9,935,057)	\$ (1,139,714)	\$ 14,035	\$(11,060,736)
Infrastructure	(1,327,548)	(166,656)	-	(1,494,204)
Machinery and equipment	(3,494,999)	(503,312)	622,286	(3,376,025)
Total accumulated depreciation	<u>\$ (14,757,604)</u>	<u>\$ (1,809,682)</u>	<u>\$ 636,321</u>	<u>\$ (15,930,965)</u>
Total capital assets being depreciated, net	<u>\$ 37,977,090</u>	<u>\$ 7,460,223</u>	<u>\$ (28,485)</u>	<u>\$ 45,408,828</u>
Governmental activities capital assets, net	<u>\$ 62,755,797</u>	<u>\$ 8,879,414</u>	<u>\$ (23,365,966)</u>	<u>\$ 48,269,245</u>

Decreases under construction in progress includes funds totaling \$14,274,481 that were reclassified in the statement of net position to "investment in land". In addition, inventory and deferred inflows of resources in the amount of \$14,274,481 has been recorded on the balance sheet.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10-Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 218,005	\$ -	\$ -	\$ 218,005
Construction in progress	419,199	1,265,185	-	1,684,384
Total capital assets not being depreciated	<u>\$ 637,204</u>	<u>\$ 1,265,185</u>	<u>\$ -</u>	<u>\$ 1,902,389</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 52,895,461	\$ 231,569	\$ -	\$ 53,127,030
Machinery and equipment	130,652	47,572	-	178,224
Total capital assets being depreciated	<u>\$ 53,026,113</u>	<u>\$ 279,141</u>	<u>\$ -</u>	<u>\$ 53,305,254</u>
Accumulated depreciation:				
Utility plant in service	\$ (12,329,030)	\$ (1,326,795)	\$ -	\$ (13,655,825)
Machinery and equipment	(119,446)	(2,802)	-	(122,248)
Total accumulated depreciation	<u>\$ (12,448,476)</u>	<u>\$ (1,329,597)</u>	<u>\$ -</u>	<u>\$ (13,778,073)</u>
Total capital assets being depreciated, net	<u>\$ 40,577,637</u>	<u>\$ (1,050,456)</u>	<u>\$ -</u>	<u>\$ 39,527,181</u>
Business-type activities capital assets, net	<u>\$ 41,214,841</u>	<u>\$ 214,729</u>	<u>\$ -</u>	<u>\$ 41,429,570</u>

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

Governmental activities:	
General government administration	\$ 16,879
Judicial administration	94
Public safety	356,003
Public works	359,636
Health and welfare	4,850
Education	773,469
Parks, recreation, and culture	17,530
Community development	281,221
Total depreciation expense-governmental activities	<u>\$ 1,809,682</u>
Business type activities:	
Water and sewer	<u>\$ 1,329,597</u>
Total depreciation expense-Primary Government	<u>\$ 3,139,279</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,696	\$ 65,393	\$ -	\$ 774,089
Construction in progress	-	49,256	-	49,256
Total capital assets not being depreciated	<u>\$ 708,696</u>	<u>\$ 114,649</u>	<u>\$ -</u>	<u>\$ 823,345</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,682,928	\$ 146,352	\$ (35,289)	\$ 23,793,991
Machinery and equipment	7,705,654	419,137	(163,337)	7,961,454
Total capital assets being depreciated	<u>\$ 31,388,582</u>	<u>\$ 565,489</u>	<u>\$ (198,626)</u>	<u>\$ 31,755,445</u>
Accumulated depreciation:				
Buildings and improvements	\$ (12,194,984)	\$ (476,875)	\$ 5,919	\$ (12,665,940)
Machinery and equipment	(5,111,882)	(500,699)	151,300	(5,461,281)
Total accumulated depreciation	<u>\$ (17,306,866)</u>	<u>\$ (977,574)</u>	<u>\$ 157,219</u>	<u>\$ (18,127,221)</u>
Total capital assets being depreciated, net	<u>\$ 14,081,716</u>	<u>\$ (412,085)</u>	<u>\$ (41,407)</u>	<u>\$ 13,628,224</u>
Governmental activities capital assets, net	<u>\$ 14,790,412</u>	<u>\$ (297,436)</u>	<u>\$ (41,407)</u>	<u>\$ 14,451,569</u>

Note 11-Risk Management:

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County and School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 12-Commitments and 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 States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no material 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.

The County and School Board had the following construction commitments at June 30, 2015:

Project	Original Contract Amount	Outstanding at June 30, 2015
County		
Barren Springs Water Extension	\$ 876,700	\$ 125,638
Route 52 Water Line Extension	223,166	92,900
Radio Drive Tank Improvements	50,000	48,575
Radio Drive Tank Improvements	181,000	175,395
School Board		
Sheffey Elementary Fitness Center	193,149	144,559
Totals	<u>\$ 1,524,015</u>	<u>\$ 587,067</u>

Note 13-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Hayden H. Horney, Clerk of the Circuit Court	\$ 1,500,000
Walter S. Crockett, Treasurer	400,000
Faye Barker, Commissioner of the Revenue	3,000
Keith Dunagen, Sheriff	30,000
<u>Aetna Casualty and Surety - Surety:</u>	
All social services employees: blanket bond	\$ 100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
R. Cellell Dalton, County Administrator	\$ 2,000
Martha Collins, Administrative Secretary	2,000
Tim Spraker, Building Inspector	2,000
Stephen Bear, Assistant County Administrator	2,000

Component Unit - School Board:

<u>United States Fire Insurance Company - Surety:</u>	
Sara Dickens, Clerk of the School Board	\$ 25,000
All school board employees: blanket bond	10,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14-Transfer Station Closure Costs:

State and federal laws and regulations require the County to clean up the transfer station site (used by the Wythe-Bland PSA) when it stops accepting waste. Total cost estimated for cleanup of the transfer site are estimated to be \$71,658. This amount is based on what it would cost to perform all care in 2015. Actual costs for may change due to inflation, deflation, changes in technology or changes in regulations. The County has demonstrated financial assurance requirements for closure and postclosure care 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.

Note 15-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/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.

Primary Government:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$965,983 at June 30, 2015.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$120,787.

Unavailable Land Held for Resale - Unavailable revenue represents the proceeds of land held for resale of which are not available for funding of current expenditures totaled \$14,274,481 at June 30, 2015.

Note 16-Other Postemployment Benefits - Health Insurance:

From an accrual accounting perspective, the cost of post employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45, the County and the School Board recognize the cost of post employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's and the School Board's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

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Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

Primary Government

A. Plan Description

The County administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County currently has 135 employees that are eligible for the program. In addition, for retirees of the County, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

Participants	Premiums	
	Key Advantage 500	Key Advantage Expanded
Employee	\$ 537	\$ 620
Employee + One	993	1,147
Employee + Family	1,450	1,674

C. Annual OPEB Cost and Net OPEB Obligation

The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2015, the County’s annual OPEB cost (expense) of \$75,100 did not equal the ARC of \$75,600. The obligation calculation is as follows:

Annual required contribution	\$ 75,600
Interest on net OPEB obligation	12,300
Adjustment to annual required contribution	(12,800)
Annual OPEB cost (expense)	\$ 75,100
Contributions made	(49,000)
Increase in net OPEB obligation	\$ 26,100
Net OPEB obligation - beginning of year	306,300
Net OPEB obligation - ending of year	\$ 332,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

Primary Government (Continued)

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

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 75,100	65.25%	\$ 332,400
6/30/2014	69,100	28.80%	306,300
6/30/2013	65,300	16.69%	257,100

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2014 (the most recent actuarial valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 894,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 894,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 4,940,556
UAAL as a percentage of covered payroll	18.10%

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

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

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

Primary Government (Continued)

E. Actuarial Methods and Assumptions

As of July 1, 2014, the most recent actuarial valuation date, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.0%, and a health care trend rate of 8.0% decreasing 0.5% per year until an ultimate rate of 5.0% is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2014, was 30 years.

Note 17-Other Postemployment Benefits - Health Insurance - Component Unit:

Component Unit: School Board

A. Plan Description

The Component Unit - School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 year of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 601 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The rates were as follows:

Participants	Premiums	
	Key Advantage	Key Advantage
	500	Expanded
Employee	\$ 537	\$ 620
Employee + One	993	1,147
Employee + Family	1,450	1,674

Note 17-Other Postemployment Benefits - Health Insurance - Component Unit: (Continued)

Component Unit: School Board (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2015, the Board's annual OPEB cost (expense) of \$323,600 did not equal the ARC of \$324,800. The obligation calculation is as follows:

Annual required contribution	\$ 324,800
Interest on net OPEB obligation	29,300
Adjustment to annual required contribution	<u>(30,500)</u>
Annual OPEB cost (expense)	\$ 323,600
Contributions made	<u>(246,700)</u>
Increase in net OPEB obligation	\$ 76,900
Net OPEB obligation - beginning of year	734,100
Net OPEB obligation - ending of year	<u>\$ 811,000</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 323,600	76.24%	\$ 811,000
6/30/2014	290,500	64.82%	734,100
6/30/2013	280,800	63.18%	631,900

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Note 17-Other Postemployment Benefits - Health Insurance - Component Unit: (Continued)

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2014, the most recent valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 3,969,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 3,969,500
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$21,936,844
UAAL as a percentage of covered payroll	18.10%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, 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 and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2014, the most recent actuarial valuation date, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, an investment rate of return at 4.0%, and a health care trend rate of 8.0% decreasing 0.5% per year until an ultimate rate of 5.0% is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2014, was 30 years.

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Note 18-Other Postemployment Benefits - VRS Health Insurance Credit:

Primary Government

A. Plan Description

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

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was 0.13% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 18-Other Postemployment Benefits - VRS Health Insurance Credit: (Continued)

Primary Government (Continued)

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

For 2015, the County's contribution of \$2,106 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 2,106	100.00%	\$ -
6/30/2014	327	100.00%	-
6/30/2013	1,114	100.00%	-

D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 123,533
Actuarial value of plan assets	134,934
Unfunded actuarial accrued liability (UAAL)	\$ (11,401)
Funded ratio (actuarial value of plan assets/AAL)	109.23%
Covered payroll (active plan members)	\$ 1,792,636
UAAL as a percentage of covered payroll	-0.64%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision 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 liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Note 18-Other Postemployment Benefits - VRS Health Insurance Credit: (Continued)

Primary Government (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 plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2014 was 20-29 years.

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

Non-Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

An employee of the School Board, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

Note 18- Other Postemployment Benefits - VRS Health Insurance Credit: (Continued)

Non-Professional Employees - Discretely Presented Component Unit School Board (Continued)

B. Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. Contribution rates were 0.77%, 0.77%, and 0.77%, of annual covered payroll for the years ending June 30, 2015, 2014, and 2013, respectively. The School Board's actual contributions to VRS for the years ending June 30, 2015, 2014, and 2013 were \$9,461, \$9,239, and \$8,979, respectively and equaled the required contributions for each year.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2015, the School Board's annual contribution of \$9,461 equaled the annual required contribution and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were for the current and preceding two years as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 9,461	100.00%	\$ -
6/30/2014	9,239	100.00%	-
6/30/2013	8,979	100.00%	-

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Note 18- Other Postemployment Benefits - VRS Health Insurance Credit: (Continued)

Non-Professional Employees - Discretely Presented Component Unit School Board (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2014 (date of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	\$	163,111
Actuarial value of plan assets	\$	42,975
Unfunded actuarial accrued liability (UAAL)	\$	120,136
Funded ratio (actuarial value of plan assets/AAL)		26.35%
Covered payroll (active plan members)	\$	1,276,092
UAAL as a percentage of covered payroll		9.41%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision 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 liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial value of the 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 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 June 30, 2014, most recent actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.5%, payroll growth rate of 3% and investment rate of return at 7.00%. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2014, was 20-29 years. Amortizations are open ended in that they begin anew at each valuation date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 18- Other Postemployment Benefits - VRS Health Insurance Credit: (Continued)

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. Contribution rates were 1.06%, 1.11%, and 1.11%, of annual covered payroll for the years ending June 30, 2015, 2014, and 2013, respectively. The School Board's contributions to VRS for the years ending June 30, 2015, 2014, and 2013 were \$216,021, \$198,583, and \$225,846, respectively and equaled the required contributions for each year.

Note 19-Adoption of Accounting Principles:

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>School Board</u>
Net Position, July 1, 2014, as previously reported	\$ 60,226,096	\$ 31,081,830	\$ 14,543,615
Net pension liability	(4,173,695)	(158,142)	(39,841,130)
Deferred outflows	426,246	16,151	2,530,742
Remove net VRS pension obligation	382,985	-	-
Net Position, July 1, 2014, as restated	<u>\$ 56,861,632</u>	<u>\$ 30,939,839</u>	<u>\$ (22,766,773)</u>

Note 20-Upcoming Pronouncements:

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

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

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

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

Note 20-Upcoming Pronouncements: (Continued)

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

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

Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 16,736,400	\$ 16,736,400	\$ 17,556,567	\$ 820,167
Other local taxes	5,375,000	5,375,000	5,869,453	494,453
Permits, privilege fees, and regulatory licenses	65,100	65,100	68,301	3,201
Fines and forfeitures	1,400,000	1,400,000	1,612,103	212,103
Revenue from the use of money and property	755,848	755,848	845,182	89,334
Charges for services	308,500	312,542	331,630	19,088
Miscellaneous	193,600	239,726	525,190	285,464
Recovered costs	796,751	806,806	500,660	(306,146)
Intergovernmental:				
Commonwealth	10,752,117	10,753,467	8,412,114	(2,341,353)
Federal	1,835,537	1,837,214	2,714,627	877,413
Total revenues	\$ 38,218,853	\$ 38,282,103	\$ 38,435,827	\$ 153,724
EXPENDITURES				
Current:				
General government administration	\$ 1,997,623	\$ 2,073,036	\$ 1,805,152	\$ 267,884
Judicial administration	1,242,797	1,247,964	1,176,799	71,165
Public safety	7,760,324	7,923,594	6,201,763	1,721,831
Public works	3,425,045	3,902,454	1,985,530	1,916,924
Health and welfare	7,561,011	7,561,011	6,813,281	747,730
Education	13,869,820	14,949,520	14,694,533	254,987
Parks, recreation, and cultural	594,461	611,785	539,507	72,278
Community development	612,462	1,025,618	485,380	540,238
Nondepartmental	12,000	231,381	-	231,381
Capital projects	5,660,881	4,138,320	305,532	3,832,788
Debt service:				
Principal retirement	2,338,716	2,962,309	2,362,227	600,082
Interest and other fiscal charges	876,502	1,278,692	1,278,692	-
Total expenditures	\$ 45,951,642	\$ 47,905,684	\$ 37,648,396	\$ 10,257,288
Excess (deficiency) of revenues over (under) expenditures	\$ (7,732,789)	\$ (9,623,581)	\$ 787,431	\$ 10,411,012
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 47,212	\$ 47,212
Transfers out	-	-	(1,244,929)	(1,244,929)
Debt service principal (current refunding)	(8,025,000)	(8,025,000)	(8,025,000)	-
Issuance of general obligation bonds	-	-	923,720	923,720
Issuance of refunding bond	8,025,000	8,025,000	9,063,000	1,038,000
Sale of capital assets	2,000	2,000	137,099	135,099
Total other financing sources (uses)	\$ 2,000	\$ 2,000	\$ 901,102	\$ 899,102
Net change in fund balances	\$ (7,730,789)	\$ (9,621,581)	\$ 1,688,533	\$ 11,310,114
Fund balances - beginning	10,560,841	12,938,513	34,465,033	21,526,520
Fund balances - ending	\$ 2,830,052	\$ 3,316,932	\$ 36,153,566	\$ 32,836,634

County of Wythe, Virginia
Schedule of OPEB Funding Progress
As of June 30, 2015

County Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2014	\$ -	\$ 894,000	\$ 894,000	0.00%	\$ 4,940,556	18.10%
7/1/2012	-	716,500	716,500	0.00%	5,537,675	12.94%
7/1/2010	-	901,200	901,200	0.00%	5,503,641	16.37%

County Health Insurance Credit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2014	\$ 134,934	\$ 123,533	\$ (11,401)	109.23%	\$ 1,792,636	-0.64%
6/30/2013	125,650	117,111	(8,539)	107.29%	1,683,673	-0.51%
6/30/2012	120,869	109,079	(11,790)	110.81%	1,568,806	-0.75%

School Board Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2014	\$ -	\$ 3,969,500	\$ 3,969,500	0.00%	\$ 21,936,844	18.10%
7/1/2012	-	3,398,200	3,398,200	0.00%	20,216,325	16.81%
7/1/2010	-	3,604,800	3,604,800	0.00%	20,434,400	17.64%

School Board Health Insurance Credit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2014	\$ 42,975	\$ 163,111	\$ 120,136	26.35%	\$ 1,276,092	9.41%
6/30/2013	42,753	163,245	120,492	26.19%	1,137,746	10.59%
6/30/2012	45,653	187,968	142,315	24.29%	1,539,453	9.24%

County of Wythe, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 June 30, 2015

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2014	96.42%	\$ 2,483,113	\$ 6,030,523	41.18%	91.69%
Component Unit School Board (professional)					
2014	0.2808%	\$ 33,939,000	\$ 18,167,022	186.82%	70.88%

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

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 133,560
Interest	388,911
Benefit payments, including refunds of employee contributions	(376,325)
Net change in total pension liability	<u>\$ 146,146</u>
Total pension liability - beginning	<u>5,744,037</u>
Total pension liability - ending (a)	<u><u>\$ 5,890,183</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 133,742
Contributions - employee	62,468
Net investment income	764,259
Benefit payments, including refunds of employee contributions	(376,325)
Administrative expense	(4,237)
Other	40
Net change in plan fiduciary net position	<u>\$ 579,947</u>
Plan fiduciary net position - beginning	<u>4,937,907</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,517,854</u></u>
 School Division's net pension liability - ending (a) - (b)	 \$ 372,329
 Plan fiduciary net position as a percentage of the total pension liability	 93.68%
 Covered-employee payroll	 \$ 1,206,105
 School Division's net pension liability as a percentage of covered-employee payroll	 30.87%

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

County of Wythe, Virginia
 Schedule of Employer Contributions
 For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	\$ 700,844	\$ 700,844	-	\$ 6,040,131	11.60%
Component Unit School Board (nonprofessional)					
2015	\$ 134,363	\$ 134,363	-	\$ 1,228,806	10.93%
Component Unit School Board (professional)					
2015	\$ 2,946,998	\$ 2,946,998	-	\$ 20,379,338	14.46%

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

County of Wythe, Virginia
Notes to Required Supplementary Information
June 30, 2015

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

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Other Supplementary Information

County of Wythe, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 58,228	\$ 58,228	\$ 125,208	\$ 66,980
Charges for services	42,000	42,000	46,835	4,835
Miscellaneous	-	-	773	773
Total revenues	\$ 100,228	\$ 100,228	\$ 172,816	\$ 72,588
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,244,929	\$ 1,244,929
Transfers out	-	-	(359,538)	(359,538)
Total other financing sources (uses)	\$ -	\$ -	\$ 885,391	\$ 885,391
Net change in fund balances	\$ 100,228	\$ 100,228	\$ 1,058,207	\$ 957,979
Fund balances - beginning	-	-	6,259,596	6,259,596
Fund balances - ending	\$ 100,228	\$ 100,228	\$ 7,317,803	\$ 7,217,575

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS**

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

County of Wythe, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2015

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,854,891
Receivables (net of allowance for uncollectibles):		
Accounts receivable		119,411
Due from other governmental units		1,393,651
Inventories		43,299
Prepaid items		253,655
Total assets	\$	<u>4,664,907</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	215,083
Salaries payable		2,516,122
Total liabilities	\$	<u>2,731,205</u>
Fund balances:		
Nonspendable	\$	296,954
Restricted:		
School cafeterias		244,761
Unassigned		1,391,987
Total fund balances	\$	<u>1,933,702</u>
Total liabilities and fund balances	\$	<u>4,664,907</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	1,933,702
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	774,089
Buildings and improvements		11,128,051
Machinery and equipment		2,500,173
Construction in progress		49,256
		<u>14,451,569</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		(5,377,046)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		3,081,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$	(572,020)
Net OPEB obligation		(811,000)
Net pension liability		(34,311,329)
Adjustment for changes in proportionate share of net pension liability		(284,000)
		<u>(35,978,349)</u>
Net position of governmental activities	\$	<u>(21,888,763)</u>

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

		<u>School Operating Fund</u>
REVENUES		
Revenue from the use of money and property	\$	6,205
Charges for services		882,296
Miscellaneous		177,709
Recovered costs		668,193
Intergovernmental:		
Local government		14,655,871
Commonwealth		24,328,774
Federal		3,600,963
Total revenues	<u>\$</u>	<u>44,320,011</u>
EXPENDITURES		
Current:		
Education	\$	41,932,614
Capital projects		1,561,130
Total expenditures	<u>\$</u>	<u>43,493,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>826,267</u>
Net change in fund balances	\$	826,267
Fund balances - beginning		1,107,435
Fund balances - ending	<u>\$</u>	<u>1,933,702</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	\$	826,267
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 depreciation exceeded the capital outlays in the current period.		
Capital outlays	\$	680,138
Depreciation expenses		<u>(977,574)</u>
		(297,436)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows related to the measurement of the net pension liability		(5,661,046)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(41,407)
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.		
Decrease (increase) in compensated absences	\$	48,112
(Increase) decrease in net OPEB obligation		(76,900)
Change in net pension liability		5,529,801
Change in deferred outflows related to pensions		<u>550,619</u>
		6,051,632
Change in net position of governmental activities	<u>\$</u>	<u>878,010</u>

County of Wythe, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 6,205	\$ 6,205
Charges for services	1,183,000	1,183,000	882,296	(300,704)
Miscellaneous	33,499	33,499	177,709	144,210
Recovered costs	492,000	492,000	668,193	176,193
Intergovernmental:				
Local government	13,831,158	14,910,858	14,655,871	(254,987)
Commonwealth	23,945,280	23,945,280	24,328,774	383,494
Federal	3,697,692	3,697,692	3,600,963	(96,729)
Total revenues	<u>\$ 43,182,629</u>	<u>\$ 44,262,329</u>	<u>\$ 44,320,011</u>	<u>\$ 57,682</u>
EXPENDITURES				
Current:				
Education	\$ 42,070,052	\$ 42,149,752	\$ 41,932,614	\$ 217,138
Capital projects	1,112,577	2,112,577	1,561,130	551,447
Total expenditures	<u>\$ 43,182,629</u>	<u>\$ 44,262,329</u>	<u>\$ 43,493,744</u>	<u>\$ 768,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,267</u>	<u>\$ 826,267</u>
Net change in fund balances	\$ -	\$ -	\$ 826,267	\$ 826,267
Fund balances - beginning	-	-	1,107,435	1,107,435
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,933,702</u>	<u>\$ 1,933,702</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,532,200	\$ 9,532,200	\$ 10,002,634	\$ 470,434
Real and personal public service corporation taxes	834,100	834,100	913,216	79,116
Personal property taxes	4,040,000	4,040,000	4,018,720	(21,280)
Mobile home taxes	65,000	65,000	88,389	23,389
Machinery and tools taxes	1,801,000	1,801,000	1,858,615	57,615
Merchant's capital taxes	354,100	354,100	368,508	14,408
Penalties	50,000	50,000	109,705	59,705
Interest	60,000	60,000	196,780	136,780
Total general property taxes	<u>\$ 16,736,400</u>	<u>\$ 16,736,400</u>	<u>\$ 17,556,567</u>	<u>\$ 820,167</u>
Other local taxes:				
Local sales and use taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,616,101	\$ 416,101
Consumers' utility taxes	730,000	730,000	613,145	(116,855)
Consumption tax (Utility license tax)	-	-	94,922	94,922
Motor vehicle licenses	400,000	400,000	391,447	(8,553)
Bank stock taxes	15,000	15,000	38,464	23,464
Taxes on recordation and wills	150,000	150,000	164,674	14,674
Hotel and motel room taxes	160,000	160,000	177,835	17,835
Restaurant food taxes	720,000	720,000	772,865	52,865
Total other local taxes	<u>\$ 5,375,000</u>	<u>\$ 5,375,000</u>	<u>\$ 5,869,453</u>	<u>\$ 494,453</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 6,481	\$ (2,519)
Land use application fees	100	100	1,590	1,490
Transfer fees	500	500	936	436
Building permits	48,000	48,000	42,274	(5,726)
Other permits and licenses	7,500	7,500	17,020	9,520
Total permits, privilege fees, and regulatory licenses	<u>\$ 65,100</u>	<u>\$ 65,100</u>	<u>\$ 68,301</u>	<u>\$ 3,201</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,400,000	\$ 1,400,000	\$ 1,612,103	\$ 212,103
Total fines and forfeitures	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,612,103</u>	<u>\$ 212,103</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 578,516	\$ 578,516	\$ 605,124	\$ 26,608
Revenue from use of property	177,332	177,332	240,058	62,726
Total revenue from use of money and property	<u>\$ 755,848</u>	<u>\$ 755,848</u>	<u>\$ 845,182</u>	<u>\$ 89,334</u>
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,557	\$ 57
Charges for animal control	5,000	5,000	5,626	626
Charges for Commonwealth's Attorney	1,000	1,000	5,723	4,723
Charges for courthouse security	220,000	220,000	241,057	21,057
Charges for law library	6,000	6,000	4,797	(1,203)
Charges for parks and recreation	75,000	79,042	72,870	(6,172)
Total charges for services	<u>\$ 308,500</u>	<u>\$ 312,542</u>	<u>\$ 331,630</u>	<u>\$ 19,088</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 1,900	\$ 43,241	\$ 41,341
Revenue sharing payment	-	-	137,935	137,935
Local grants and contributions	193,600	237,826	344,014	106,188
Total miscellaneous revenue	<u>\$ 193,600</u>	<u>\$ 239,726</u>	<u>\$ 525,190</u>	<u>\$ 285,464</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Social services	\$ 75,000	\$ 75,000	\$ 91,824	\$ 16,824
Police activity funds	-	2,529	94,938	92,409
Amcor	-	-	11,179	11,179
Other recovered costs	721,751	729,277	302,719	(426,558)
Total recovered costs	<u>\$ 796,751</u>	<u>\$ 806,806</u>	<u>\$ 500,660</u>	<u>\$ (306,146)</u>
Total revenue from local sources	<u>\$ 25,631,199</u>	<u>\$ 25,691,422</u>	<u>\$ 27,309,086</u>	<u>\$ 1,617,664</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 50,863	\$ 863
Communication sales and use tax	760,000	760,000	760,421	421
Mobile home titling tax	35,000	35,000	25,243	(9,757)
Grantor's tax	30,000	30,000	42,160	12,160
State recordation tax	22,000	22,000	56,691	34,691
Personal property tax relief funds	1,500,000	1,500,000	1,500,814	814
Total noncategorical aid	<u>\$ 2,397,000</u>	<u>\$ 2,397,000</u>	<u>\$ 2,436,192</u>	<u>\$ 39,192</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 506,679	\$ 506,679	\$ 491,937	\$ (14,742)
Sheriff	1,368,488	1,368,488	1,357,885	(10,603)
Commissioner of revenue	110,999	110,999	109,693	(1,306)
Treasurer	118,333	118,333	117,044	(1,289)
Registrar/electoral board	39,590	39,590	39,307	(283)
Clerk of the Circuit Court	313,109	313,109	321,250	8,141
Total shared expenses	<u>\$ 2,457,198</u>	<u>\$ 2,457,198</u>	<u>\$ 2,437,116</u>	<u>\$ (20,082)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 3,590,969	\$ 3,590,969	\$ 1,299,966	\$ (2,291,003)
Comprehensive Services Act program	-	-	1,309,801	1,309,801
Emergency medical services	25,000	25,000	27,211	2,211
Litter control grant	7,800	7,800	9,734	1,934
Fire program grant	55,000	55,000	61,909	6,909
Wireless E-911 grant	30,000	30,000	43,194	13,194
Governor's opportunity funds	-	-	75,000	75,000
Arts grant	5,000	5,000	5,000	-
Asset forfeiture collections	-	-	15,166	15,166
VJCCA	31,148	31,148	32,147	999
VDOT Fund	20,000	20,000	6,520	(13,480)
Victim witness grant	45,066	46,416	-	(46,416)
Local law enforcement block grant	24,919	24,919	-	(24,919)
Tobacco Indemnification Funds	-	-	80,000	80,000
Emergency management grant	50,000	50,000	1,795	(48,205)
Industrial access funds	2,000,000	2,000,000	557,140	(1,442,860)
Other State grants	13,017	13,017	14,223	1,206
Total other categorical aid	<u>\$ 5,897,919</u>	<u>\$ 5,899,269</u>	<u>\$ 3,538,806</u>	<u>\$ (2,360,463)</u>
Total categorical aid	<u>\$ 8,355,117</u>	<u>\$ 8,356,467</u>	<u>\$ 5,975,922</u>	<u>\$ (2,380,545)</u>
Total revenue from the Commonwealth	<u>\$ 10,752,117</u>	<u>\$ 10,753,467</u>	<u>\$ 8,412,114</u>	<u>\$ (2,341,353)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 66,652	\$ 66,652
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,652</u>	<u>\$ 66,652</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Public assistance and welfare administration	\$ 1,792,971	\$ 1,792,971	\$ 2,095,771	\$ 302,800
Victim witness grant	-	-	34,138	34,138
Justice assistance grant	-	1,677	-	(1,677)
Emergency devices grant	42,566	42,566	-	(42,566)
Violence against women formula grant	-	-	12,459	12,459
State and community highway safety grants	-	-	34,727	34,727
Appalachian Regional Commission local access funds	-	-	470,880	470,880
Total categorical aid	<u>\$ 1,835,537</u>	<u>\$ 1,837,214</u>	<u>\$ 2,647,975</u>	<u>\$ 810,761</u>
Total revenue from the federal government	<u>\$ 1,835,537</u>	<u>\$ 1,837,214</u>	<u>\$ 2,714,627</u>	<u>\$ 877,413</u>
Total General Fund	<u>\$ 38,218,853</u>	<u>\$ 38,282,103</u>	<u>\$ 38,435,827</u>	<u>\$ 153,724</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 50,728	\$ 50,728	\$ 117,708	\$ 66,980
Revenue from the use of property	7,500	7,500	7,500	-
Total revenue from use of money and property	<u>\$ 58,228</u>	<u>\$ 58,228</u>	<u>\$ 125,208</u>	<u>\$ 66,980</u>
Charges for services:				
Charges for courthouse maintenance	\$ 42,000	\$ 42,000	\$ 43,107	\$ 1,107
Charges for jail processing	-	-	3,728	3,728
Total charges for services	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 46,835</u>	<u>\$ 4,835</u>
Miscellaneous revenue:				
Atmos Energy Contribution	\$ -	\$ -	\$ 773	\$ 773
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 773</u>	<u>\$ 773</u>
Total revenue from local sources	<u>\$ 100,228</u>	<u>\$ 100,228</u>	<u>\$ 172,816</u>	<u>\$ 72,588</u>
Total County Capital Improvements Fund	<u>\$ 100,228</u>	<u>\$ 100,228</u>	<u>\$ 172,816</u>	<u>\$ 72,588</u>
Total Primary Government	<u>\$ 38,319,081</u>	<u>\$ 38,382,331</u>	<u>\$ 38,608,643</u>	<u>\$ 226,312</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 6,205	\$ 6,205
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,205</u>	<u>\$ 6,205</u>
Charges for services:				
Cafeteria sales	\$ 712,000	\$ 712,000	\$ 523,251	\$ (188,749)
Payments from other divisions	99,000	99,000	94,086	(4,914)
Transportation of pupils	36,000	36,000	40,180	4,180
Dual course credits	336,000	336,000	220,217	(115,783)
Charges for textbooks	-	-	4,562	4,562
Total charges for services	<u>\$ 1,183,000</u>	<u>\$ 1,183,000</u>	<u>\$ 882,296</u>	<u>\$ (300,704)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 92,830	\$ 92,830
Foundation for excellence	33,499	33,499	84,879	51,380
Total miscellaneous revenue	<u>\$ 33,499</u>	<u>\$ 33,499</u>	<u>\$ 177,709</u>	<u>\$ 144,210</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
JROTC	\$ 55,000	\$ 55,000	\$ 57,107	\$ 2,107
E-rate	162,000	162,000	172,234	10,234
Medicaid reimbursements	200,000	200,000	306,666	106,666
CCEC reimbursements	50,000	50,000	44,849	(5,151)
Sale of supplies	5,000	5,000	1,104	(3,896)
Insurance recoveries	-	-	46,457	46,457
Other recovered costs	20,000	20,000	39,776	19,776
Total recovered costs	<u>\$ 492,000</u>	<u>\$ 492,000</u>	<u>\$ 668,193</u>	<u>\$ 176,193</u>
Total revenue from local sources	<u>\$ 1,708,499</u>	<u>\$ 1,708,499</u>	<u>\$ 1,734,403</u>	<u>\$ 25,904</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 13,831,158	\$ 14,910,858	\$ 14,655,871	\$ (254,987)
Total revenues from local governments	<u>\$ 13,831,158</u>	<u>\$ 14,910,858</u>	<u>\$ 14,655,871</u>	<u>\$ (254,987)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 15,717	\$ 15,717	\$ 19,717	\$ 4,000
Alternative education	117,018	117,018	117,018	-
American history grant	80,000	80,000	104,251	24,251
At risk four-year olds	310,937	310,937	310,855	(82)
At risk payments	432,431	432,431	430,907	(1,524)
Basic school aid	12,485,259	12,485,259	12,420,035	(65,224)
Early reading intervention	71,328	71,328	54,037	(17,291)
English as second language	6,369	6,369	5,096	(1,273)
Gifted and talented	132,966	132,966	132,467	(499)
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	48,094	48,094	47,913	(181)
Homebound education	71,149	71,149	56,086	(15,063)
Other state funds	3,900	3,900	47,777	43,877
Mentor teacher program	3,189	3,189	4,066	877
Primary class size	569,640	569,640	569,781	141
Project graduation	-	-	341,035	341,035
Reading recovery	12,000	12,000	37,605	25,605
Regional program tuition	94,971	94,971	130,321	35,350
Regular foster care	28,000	28,000	47,593	19,593
Remedial education	486,597	486,597	484,772	(1,825)
Remedial summer education	43,133	43,133	24,862	(18,271)
Retirement	1,524,861	1,524,861	1,519,140	(5,721)
School food	37,009	37,009	30,134	(6,875)
Share of state sales tax	4,339,962	4,339,962	4,373,862	33,900
Social security fringe benefits	749,700	749,700	746,887	(2,813)
Special education	879,836	879,836	876,535	(3,301)
Special education - foster children	26,082	26,082	21,114	(4,968)
Standards of Learning algebra readiness	62,042	62,042	59,880	(2,162)
National board certification	12,500	12,500	10,000	(2,500)
Technology resource	445,600	445,600	446,400	800
Textbook payment	272,212	272,212	271,190	(1,022)
Vocational education - adult	2,819	2,819	3,301	482
Vocational occupational preparedness	46,986	46,986	53,064	6,078
Vocational standards of quality payments	506,401	506,401	504,501	(1,900)
Total categorical aid	<u>\$ 23,945,280</u>	<u>\$ 23,945,280</u>	<u>\$ 24,328,774</u>	<u>\$ 383,494</u>
Total revenue from the Commonwealth	<u>\$ 23,945,280</u>	<u>\$ 23,945,280</u>	<u>\$ 24,328,774</u>	<u>\$ 383,494</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 68,000	\$ 68,000	\$ 80,866	\$ 12,866
Title I	1,076,125	1,076,125	998,403	(77,722)
Title VI-B, special education flow-through	907,273	907,273	912,919	5,646
Vocational education	77,244	77,244	79,636	2,392
National school food program	950,000	950,000	933,062	(16,938)
School breakfast program	300,000	300,000	269,459	(30,541)
Improving teacher quality	198,214	198,214	199,869	1,655
Rural and low income schools	77,836	77,836	94,131	16,295
Summer food	43,000	43,000	32,618	(10,382)
Total categorical aid	<u>\$ 3,697,692</u>	<u>\$ 3,697,692</u>	<u>\$ 3,600,963</u>	<u>\$ (96,729)</u>
Total revenue from the federal government	<u>\$ 3,697,692</u>	<u>\$ 3,697,692</u>	<u>\$ 3,600,963</u>	<u>\$ (96,729)</u>
Total School Operating Fund	<u>\$ 43,182,629</u>	<u>\$ 44,262,329</u>	<u>\$ 44,320,011</u>	<u>\$ 57,682</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 273,295	\$ 275,989	\$ 209,978	\$ 66,011
Total legislative	<u>\$ 273,295</u>	<u>\$ 275,989</u>	<u>\$ 209,978</u>	<u>\$ 66,011</u>
General and financial administration:				
County administrator	\$ 458,713	\$ 459,574	\$ 407,473	\$ 52,101
Commissioner of revenue	272,004	277,170	270,647	6,523
Treasurer	344,546	387,141	390,236	(3,095)
Financial administration	245,866	255,587	235,725	19,862
Assessors	100,000	100,000	-	100,000
Mapping	16,200	29,931	29,376	555
Public information office	50,906	51,121	47,766	3,355
Technology	109,201	109,416	106,295	3,121
Total general and financial administration	<u>\$ 1,597,436</u>	<u>\$ 1,669,940</u>	<u>\$ 1,487,518</u>	<u>\$ 182,422</u>
Board of elections:				
Electoral board and officials	\$ 41,602	\$ 41,602	\$ 25,340	\$ 16,262
Registrar	85,290	85,505	82,316	3,189
Total board of elections	<u>\$ 126,892</u>	<u>\$ 127,107</u>	<u>\$ 107,656</u>	<u>\$ 19,451</u>
Total general government administration	<u>\$ 1,997,623</u>	<u>\$ 2,073,036</u>	<u>\$ 1,805,152</u>	<u>\$ 267,884</u>
Judicial administration:				
Courts:				
Circuit court	\$ 57,914	\$ 58,129	\$ 56,867	\$ 1,262
General district court	11,450	11,450	10,700	750
Juvenile and domestic relations court	9,530	9,530	8,624	906
Magistrates	3,130	3,130	1,033	2,097
Clerk of the circuit court	488,125	489,632	454,056	35,576
Commissioner of accounts	5,000	5,000	5,000	-
Law library	10,100	10,100	9,074	1,026
Total courts	<u>\$ 585,249</u>	<u>\$ 586,971</u>	<u>\$ 545,354</u>	<u>\$ 41,617</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 657,548	\$ 660,993	\$ 631,445	\$ 29,548
Total commonwealth's attorney	<u>\$ 657,548</u>	<u>\$ 660,993</u>	<u>\$ 631,445</u>	<u>\$ 29,548</u>
Total judicial administration	<u>\$ 1,242,797</u>	<u>\$ 1,247,964</u>	<u>\$ 1,176,799</u>	<u>\$ 71,165</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,374,449	\$ 4,431,956	\$ 3,732,570	\$ 699,386
Total law enforcement and traffic control	<u>\$ 4,374,449</u>	<u>\$ 4,431,956</u>	<u>\$ 3,732,570</u>	<u>\$ 699,386</u>
Fire and rescue services:				
Fire department	\$ 393,736	\$ 504,635	\$ 227,329	\$ 277,306
Fort Chiswell emergency services	-	13,869	11,293	2,576
Consolidated dispatch	523,104	404,618	364,992	39,626
Ambulance and rescue services	185,001	188,073	133,756	54,317
Total fire and rescue services	<u>\$ 1,101,841</u>	<u>\$ 1,111,195</u>	<u>\$ 737,370</u>	<u>\$ 373,825</u>

County of Wythe, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 1,700,000	\$ 1,700,000	\$ 1,362,628	\$ 337,372
Probation office	3,250	3,265	3,280	(15)
Total correction and detention	<u>\$ 1,703,250</u>	<u>\$ 1,703,265</u>	<u>\$ 1,365,908</u>	<u>\$ 337,357</u>
Inspections:				
Building	\$ 95,631	\$ 95,739	\$ 91,675	\$ 4,064
Total inspections	<u>\$ 95,631</u>	<u>\$ 95,739</u>	<u>\$ 91,675</u>	<u>\$ 4,064</u>
Other protection:				
Animal control	\$ 168,674	\$ 169,105	\$ 126,495	\$ 42,610
Medical examiner	500	500	440	60
E-911 department	16,494	16,694	7,604	9,090
Wireless E-911 grant	35,848	102,863	89,510	13,353
Emergency services	263,637	292,277	50,191	242,086
Total other protection	<u>\$ 485,153</u>	<u>\$ 581,439</u>	<u>\$ 274,240</u>	<u>\$ 307,199</u>
Total public safety	<u>\$ 7,760,324</u>	<u>\$ 7,923,594</u>	<u>\$ 6,201,763</u>	<u>\$ 1,721,831</u>
Public works:				
Engineering:				
Engineering	\$ 135,857	\$ 134,100	\$ 127,832	\$ 6,268
Total engineering	<u>\$ 135,857</u>	<u>\$ 134,100</u>	<u>\$ 127,832</u>	<u>\$ 6,268</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,454,783	\$ 1,454,998	\$ 1,366,332	\$ 88,666
Total sanitation and waste removal	<u>\$ 1,454,783</u>	<u>\$ 1,454,998</u>	<u>\$ 1,366,332</u>	<u>\$ 88,666</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 272,463	\$ 296,646	\$ 258,162	\$ 38,484
County administrative building	1,491,042	1,935,589	180,624	1,754,965
Sixth Street building	2,349	2,349	2,054	295
Building and grounds maintenance	63,689	73,910	47,648	26,262
Library building	3,404	3,404	2,211	1,193
Spiller annex building	676	676	-	676
Other properties	782	782	667	115
Total maintenance of general buildings and grounds	<u>\$ 1,834,405</u>	<u>\$ 2,313,356</u>	<u>\$ 491,366</u>	<u>\$ 1,821,990</u>
Total public works	<u>\$ 3,425,045</u>	<u>\$ 3,902,454</u>	<u>\$ 1,985,530</u>	<u>\$ 1,916,924</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 341,000	\$ 341,000	\$ 341,000	\$ -
Total health	<u>\$ 341,000</u>	<u>\$ 341,000</u>	<u>\$ 341,000</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 133,900	\$ 133,900	\$ 133,900	\$ -
Total mental health and mental retardation	<u>\$ 133,900</u>	<u>\$ 133,900</u>	<u>\$ 133,900</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 7,055,847	\$ 7,055,847	\$ 6,201,389	\$ 854,458
Tax relief for the elderly	-	-	106,728	(106,728)
Family resource center	3,750	3,750	3,750	-
District III coop	26,514	26,514	26,514	-
Total welfare	<u>\$ 7,086,111</u>	<u>\$ 7,086,111</u>	<u>\$ 6,338,381</u>	<u>\$ 747,730</u>
Total health and welfare	<u>\$ 7,561,011</u>	<u>\$ 7,561,011</u>	<u>\$ 6,813,281</u>	<u>\$ 747,730</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community College	\$ 38,662	\$ 38,662	\$ 38,662	\$ -
Contribution to County School Board	13,831,158	14,910,858	14,655,871	254,987
Total education	<u>\$ 13,869,820</u>	<u>\$ 14,949,520</u>	<u>\$ 14,694,533</u>	<u>\$ 254,987</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Commission	\$ 157,815	\$ 162,288	\$ 138,440	\$ 23,848
Rural Retreat Lake campground	85,359	85,359	62,648	22,711
Rural Retreat Lake swimming pool	33,916	33,916	27,725	6,191
Ager Park	26,621	26,621	9,679	16,942
Sheffey Recreation Center	-	12,851	10,265	2,586
Total parks and recreation	<u>\$ 303,711</u>	<u>\$ 321,035</u>	<u>\$ 248,757</u>	<u>\$ 72,278</u>
Library:				
Contribution to regional library	\$ 290,750	\$ 290,750	\$ 290,750	\$ -
Total library	<u>\$ 290,750</u>	<u>\$ 290,750</u>	<u>\$ 290,750</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 594,461</u>	<u>\$ 611,785</u>	<u>\$ 539,507</u>	<u>\$ 72,278</u>
Community development:				
Planning and community development:				
Planning commission	\$ 107,285	\$ 109,580	\$ 84,655	\$ 24,925
Regional water	252,852	253,713	-	253,713
Wythe county joint IDA	50,000	460,000	263,000	197,000
Regional tourism	74,972	74,972	12,212	62,760
Smyth/Wythe airport commission	62,000	62,000	62,000	-
New River/Highlands RC&D	1,000	1,000	1,000	-
Total planning and community development	<u>\$ 548,109</u>	<u>\$ 961,265</u>	<u>\$ 422,867</u>	<u>\$ 538,398</u>
Environmental management:				
Contribution to soil and water district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Total environmental management	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 58,353	\$ 58,353	\$ 56,513	\$ 1,840
Total cooperative extension program	<u>\$ 58,353</u>	<u>\$ 58,353</u>	<u>\$ 56,513</u>	<u>\$ 1,840</u>
Total community development	<u>\$ 612,462</u>	<u>\$ 1,025,618</u>	<u>\$ 485,380</u>	<u>\$ 540,238</u>
Nondepartmental:				
Revenue refunds	\$ 12,000	\$ 231,381	\$ -	\$ 231,381
Total nondepartmental	<u>\$ 12,000</u>	<u>\$ 231,381</u>	<u>\$ -</u>	<u>\$ 231,381</u>
Capital projects: (1)				
Consolidated dispatch center	\$ -	\$ 54,924	\$ -	\$ 54,924
Progress park improvements	1,820,881	1,243,396	13,465	1,229,931
Road construction	2,000,000	2,000,000	127,207	1,872,793
Other capital projects	1,840,000	840,000	164,860	675,140
Total capital projects	<u>\$ 5,660,881</u>	<u>\$ 4,138,320</u>	<u>\$ 305,532</u>	<u>\$ 3,832,788</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 2,338,716	\$ 2,962,309	\$ 2,362,227	\$ 600,082
Interest and other fiscal charges	876,502	1,278,692	1,278,692	-
Total debt service	<u>\$ 3,215,218</u>	<u>\$ 4,241,001</u>	<u>\$ 3,640,919</u>	<u>\$ 600,082</u>
 Total General Fund	 <u>\$ 45,951,642</u>	 <u>\$ 47,905,684</u>	 <u>\$ 37,648,396</u>	 <u>\$ 10,257,288</u>
 Total Primary Government	 <u>\$ 45,951,642</u>	 <u>\$ 47,905,684</u>	 <u>\$ 37,648,396</u>	 <u>\$ 10,257,288</u>
 (1) Budgeted within departmental budgets				
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,141,589	\$ 1,141,589	\$ 1,171,141	\$ (29,552)
Total administration of schools	<u>\$ 1,141,589</u>	<u>\$ 1,141,589</u>	<u>\$ 1,171,141</u>	<u>\$ (29,552)</u>
 Instruction costs:				
Instruction	\$ 30,972,934	\$ 31,032,934	\$ 30,414,425	\$ 618,509
Technology instruction	1,360,717	1,360,717	1,684,736	(324,019)
Total instruction costs	<u>\$ 32,333,651</u>	<u>\$ 32,393,651</u>	<u>\$ 32,099,161</u>	<u>\$ 294,490</u>
 Operating costs:				
Pupil transportation	\$ 2,662,083	\$ 2,662,083	\$ 2,542,757	\$ 119,326
Operation and maintenance of school plant	3,890,720	3,910,420	4,271,348	(360,928)
Total operating costs	<u>\$ 6,552,803</u>	<u>\$ 6,572,503</u>	<u>\$ 6,814,105</u>	<u>\$ (241,602)</u>
 School food services:				
Administration of school food program	\$ 2,042,009	\$ 2,042,009	\$ 1,848,207	\$ 193,802
Total school food services	<u>\$ 2,042,009</u>	<u>\$ 2,042,009</u>	<u>\$ 1,848,207</u>	<u>\$ 193,802</u>
 Total education	 <u>\$ 42,070,052</u>	 <u>\$ 42,149,752</u>	 <u>\$ 41,932,614</u>	 <u>\$ 217,138</u>
 Capital projects:				
School capital projects	\$ 1,112,577	\$ 2,112,577	\$ 1,561,130	\$ 551,447
Total capital projects	<u>\$ 1,112,577</u>	<u>\$ 2,112,577</u>	<u>\$ 1,561,130</u>	<u>\$ 551,447</u>
 Total School Operating Fund	 <u>\$ 43,182,629</u>	 <u>\$ 44,262,329</u>	 <u>\$ 43,493,744</u>	 <u>\$ 768,585</u>

Statistical Information

Table 1

County of Wythe, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water/Sewer Department	Total
2014-15	\$ 1,352,398	\$ 1,092,798	\$ 6,237,978	\$ 2,306,367	\$ 6,604,731	\$ 14,166,892	\$ 553,381	\$ 879,896	\$ 1,164,014	\$ 3,650,586	\$ 38,009,041
2013-14	1,557,004	1,136,607	6,416,496	1,960,842	6,223,639	12,134,257	533,197	533,516	1,256,115	3,403,181	35,154,854
2012-13	1,187,678	1,119,156	6,372,381	2,419,128	6,468,123	14,422,799	610,551	787,448	1,284,699	3,519,922	38,191,885
2011-12	1,512,480	1,086,359	6,180,621	2,289,730	7,058,798	12,836,648	626,033	492,238	1,425,958	3,295,194	36,804,059
2010-11	1,114,168	1,113,061	6,044,161	2,260,019	6,792,651	13,486,880	501,448	340,134	1,491,857	3,039,478	36,183,856
2009-10	1,430,893	1,121,160	5,730,414	2,256,629	6,611,511	9,430,330	525,341	1,005,579	1,402,162	2,570,803	32,084,822
2008-09	1,638,876	1,037,073	5,364,813	2,457,234	6,391,877	10,236,820	585,718	538,549	1,308,787	2,595,395	32,155,142
2007-08	1,102,068	1,130,051	5,241,651	2,212,679	5,936,838	11,084,184	583,244	1,139,697	1,398,504	2,326,133	32,155,049
2006-07	1,173,193	992,656	4,980,926	4,663,802	5,908,253	11,026,573	583,031	3,016,335	1,391,274	1,979,890	35,715,933
2005-06	1,360,376	813,383	4,522,067	2,560,585	5,091,607	9,807,061	570,524	4,407,878	1,185,422	1,853,986	32,172,889

Table 2

County of Wythe, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2014-15	\$ 4,879,094	\$ 7,434,357	\$ 1,611,079	\$ 17,470,264	\$ 5,869,453	\$ 1,054,365	\$ 525,963	\$ 2,502,844	\$ 41,347,419
2013-14	4,568,488	7,498,457	1,909,241	17,303,112	5,448,614	1,393,622	642,961	2,525,329	41,289,824
2012-13	4,743,836	7,955,016	2,282,618	16,817,889	5,483,817	1,342,421	437,423	2,568,029	41,631,049
2011-12	4,244,008	7,596,199	1,289,131	16,761,296	6,101,266	1,439,970	569,158	1,721,897	39,722,925
2010-11	4,740,137	8,417,319	4,017,436	16,413,526	5,875,452	1,165,451	211,242	1,715,976	42,556,539
2009-10	4,238,317	7,546,764	1,470,916	16,239,400	5,784,144	1,001,236	368,416	1,747,887	38,397,080
2008-09	4,670,134	7,341,206	18,525	16,095,756	5,992,791	1,423,635	-	1,805,916	37,347,963
2007-08	5,422,562	8,501,323	56,287	15,190,799	6,455,989	1,542,199	477,152	1,759,298	39,405,609
2006-07	4,336,231	9,338,190	214,941	12,958,011	6,432,895	2,100,588	82,238	1,875,583	37,338,677
2005-06	3,040,194	8,475,098	1,483,543	12,882,908	6,190,995	1,876,830	6,427	1,924,510	35,880,505

Table 3

County of Wythe, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2014-15	\$ 1,805,152	\$ 1,176,799	\$ 6,201,763	\$ 1,985,530	\$ 6,813,281	\$ 41,971,276	\$ 539,507	\$ 485,380	\$ -	\$ 3,640,919	\$ 1,866,662	\$ 66,486,269
2013-14	1,678,577	1,136,912	6,326,660	1,978,276	6,252,476	40,863,572	517,575	377,251	-	2,968,668	8,046,916	70,146,883
2012-13	1,681,639	1,118,560	6,711,245	2,127,453	6,542,255	40,333,239	628,288	588,539	-	6,582,063	5,731,661	72,044,942
2011-12	1,636,064	1,085,673	6,077,487	2,050,075	7,210,950	40,136,400	634,687	3,144,429	-	13,408,608	3,094,561	78,478,934
2010-11	1,703,178	1,113,471	7,821,789	1,998,963	6,905,096	37,673,890	490,075	321,127	-	3,540,547	7,407,413	68,975,549
2009-10	1,504,404	1,120,632	5,683,068	2,055,263	6,714,792	41,660,550	541,329	809,283	162,427	3,307,881	1,565,615	65,125,244
2008-09	1,539,578	1,035,285	5,276,627	2,307,558	6,538,139	40,489,013	580,323	972,300	-	3,284,554	5,615,252	67,638,629
2007-08	1,417,942	1,128,376	5,307,665	2,025,909	6,073,447	39,972,881	575,398	973,616	-	6,898,299	277,555	64,651,088
2006-07	1,512,851	991,921	5,094,918	4,616,524	5,903,223	38,670,937	582,594	2,246,726	82	7,278,191	1,447,785	68,345,752
2005-06	1,381,442	818,211	4,967,687	2,705,898	5,080,497	36,059,821	562,903	4,407,734	-	3,187,705	4,645,650	63,817,548

(1) Includes General and Capital Projects Funds of the Primary Government and Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 4

County of Wythe, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2014-15	\$ 17,556,567	\$ 5,869,453	\$ 68,301	\$ 1,612,103	\$ 976,595	\$ 1,260,761	\$ 703,672	\$ 1,168,853	\$ 39,056,478	\$ 68,272,783
2013-14	17,172,749	5,448,614	101,343	1,403,682	1,256,176	1,424,470	695,482	1,578,479	37,008,850	66,089,845
2012-13	17,063,127	5,483,817	76,747	1,486,658	1,192,266	1,387,282	495,944	1,183,146	37,331,804	65,700,791
2011-12	16,486,825	6,101,266	115,217	1,379,334	1,264,808	1,427,734	620,535	1,019,784	35,874,279	64,289,782
2010-11	16,464,384	5,875,452	81,452	1,347,286	1,032,789	1,368,655	270,860	1,592,502	40,077,460	68,110,840
2009-10	16,207,800	5,784,144	96,092	1,299,841	907,156	1,429,685	410,546	898,874	40,008,871	67,043,009
2008-09	15,725,637	5,992,791	87,501	1,203,414	1,334,434	1,418,220	2,675	1,152,933	40,335,213	67,252,818
2007-08	15,330,577	6,455,989	112,693	1,483,167	1,470,255	1,453,423	479,077	1,062,904	39,295,486	67,143,571
2006-07	13,318,383	6,432,895	185,507	1,329,058	1,451,377	1,389,051	348,783	1,163,702	39,356,996	64,975,752
2005-06	12,947,597	6,190,995	148,733	1,086,467	1,525,668	1,203,806	370,215	348,218	37,295,408	61,117,107

(1) Includes General and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 5

County of Wythe, Virginia
 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 (2)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 17,290,714	\$ 16,637,385	96.22%	\$ 612,697	\$ 17,250,082	99.77%	\$ 1,398,648	8.09%
2013-14	17,066,280	16,429,324	96.27%	479,991	16,909,315	99.08%	1,434,679	8.41%
2012-13	16,630,536	16,264,884	97.80%	514,040	16,778,924	100.89%	1,324,184	7.96%
2011-12	16,469,488	15,896,576	96.52%	380,655	16,277,231	98.83%	1,499,609	9.11%
2010-11	16,445,210	15,900,211	96.69%	312,712	16,212,923	98.59%	1,373,871	8.35%
2009-10	16,032,364	15,492,730	96.63%	513,352	16,006,082	99.84%	1,460,821	9.11%
2008-09	15,632,362	15,152,408	96.93%	363,918	15,516,326	99.26%	1,465,066	9.37%
2007-08	15,389,398	14,878,139	96.68%	269,190	15,147,329	98.43%	1,336,406	8.68%
2006-07	15,261,404	14,444,360	94.65%	298,517	14,742,877	96.60%	1,297,569	8.50%
2005-06	14,288,119	14,034,766	98.23%	304,216	14,338,982	100.36%	1,200,460	8.40%

(1) Exclusive of penalties and interest. Reduced by tax sharing payments.

(2) Delinquent balances include penalites.

Table 6

County of Wythe, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service Companies	Total
2014-15	\$ 2,269,613,917	\$ 482,753,439	\$ 205,805,120	\$ 2,958,172,476
2013-14	2,269,183,693	480,753,909	198,369,106	2,948,306,708
2012-13	2,259,165,524	478,834,582	187,095,907	2,925,096,013
2011-12	2,260,390,881	471,509,420	159,110,024	2,891,010,325
2010-11	2,249,458,695	471,521,559	156,715,339	2,877,695,593
2009-10	2,210,517,580	500,123,110	162,428,985	2,873,069,675
2008-09	2,181,140,120	503,080,112	143,965,550	2,828,185,782
2007-08	2,137,176,630	440,104,314	179,339,116	2,756,620,060
2006-07	1,478,984,752	422,437,107	120,231,024	2,021,652,883
2005-06	1,403,938,970	387,025,032	138,305,024	1,929,269,026

(1) Assessed at 100% of fair market value.

Table 7

County of Wythe, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2014-15	\$ 0.44	\$ 2.27	\$ 1.50	\$ 0.56
2013-14	0.44	2.27	1.50	0.56
2012-13	0.44	2.08	1.50	0.56
2011-12	0.44	2.08	1.50	0.56
2010-11	0.44	2.08	1.50	0.56
2009-10	0.43	2.08	1.50	0.56
2008-09	0.43	2.08	1.50	0.56
2007-08	0.43	2.08	1.50	0.56
2006-07	0.54	2.08	1.50	0.56
2005-06	0.54	2.08	1.50	0.56

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	29,235	\$ 2,958,172,476	\$ 61,787,459	2.09%	\$ 2,113
2013-14	29,235	2,948,306,708	61,811,256	2.10%	2,114
2012-13	29,235	2,925,096,013	55,704,496	1.90%	1,905
2011-12	29,235	2,891,010,325	57,445,157	1.99%	1,965
2010-11	29,235	2,877,695,593	51,005,571	1.77%	1,745
2009-10	29,235	2,873,069,675	45,521,384	1.58%	1,557
2008-09	27,599	2,828,185,782	42,750,112	1.51%	1,549
2007-08	27,599	2,756,620,060	40,072,092	1.45%	1,452
2006-07	27,599	2,021,652,883	40,928,550	2.02%	1,483
2005-06	27,599	1,929,269,026	43,599,986	2.26%	1,580

(1) United States Bureau of the Census

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, and compensated absences.

Table 9

County of Wythe, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 2,362,227	\$ 1,278,692	\$ 3,640,919	\$ 66,486,269	5.476%
2013-14	1,725,738	1,242,930	2,968,668	70,146,883	4.232%
2012-13 (4)	5,165,301	1,416,762	6,582,063	72,044,942	9.136%
2011-12 (4)	11,944,430	1,464,178	13,408,608	78,478,934	17.086%
2010-11	1,990,809	1,549,738	3,540,547	68,975,549	5.133%
2009-10	1,822,011	1,485,870	3,307,881	65,125,244	5.079%
2008-09	1,889,349	1,395,205	3,284,554	67,638,629	4.856%
2007-08(4)	5,443,269	1,455,030	6,898,299	64,651,088	10.670%
2006-07(3)	1,854,614	1,323,577	3,178,191	68,345,752	4.650%
2005-06	1,777,483	1,410,222	3,187,705	63,817,548	4.995%

(1) Includes General fund of the Primary Government and the Discretely Presented Component Unit - School Board.

(2) Includes capital project expenditures.

(3) Excludes temporary loans.

(4) Includes early redemption of the County's bonds.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2015-001]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wythe, 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*.

County of Wythe, Virginia's Response to Findings

County of Wythe, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Wythe, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Turner, Co. Associates

Blacksburg, Virginia
November 30, 2015

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
the Board of Supervisors of the
County of Wythe, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Wythe, 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 the County of Wythe, Virginia's major federal programs for the year ended June 30, 2015. County of Wythe, 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 the County of Wythe, 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 the County of Wythe, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Wythe, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the County of Wythe, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Wythe, 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 the County of Wythe, 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, Fauser, Co. Associates

Blacksburg, Virginia
November 30, 2015

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 553,210
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
<i>State Department of Agriculture:</i>			
Food Distribution-Summer Food Service Program for Children (Note C)	10.559	Not available	32,618
Food Distribution (Note C)	10.555	Not available	\$ 122,860
<i>Department of Education:</i>			
National School Lunch Program	10.555	40623	933,062
School Breakfast Program	10.553	40591	269,459
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/0040110/0040111	369,307
<i>Department of Education:</i>			
Schools and Roads - Grants to States	10.665	43841	80,866
Total Department of Agriculture			<u>\$ 2,238,522</u>
Appalachian Regional Commission			
Pass Through Payments:			
<i>Virginia Department of Transportation:</i>			
Appalachian Development Highway System	23.003	UPC 101685	\$ 470,880
Total Appalachian Regional Commission			<u>\$ 470,880</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950110/0950111	\$ 11,056
Temporary Assistance for Needy Families	93.558	0400111	318,939
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110/0500111	583
Low-Income Home Energy Assistance	93.568	0600410/0600411	37,122
Chafee Education and Training Vouchers Program	93.599	9160110	2,076
Adoption and Legal Guardianship Incentive Program	93.603	Not available	1,675
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900110/0900111	2,268
Social Services Block Grant	93.667	1000110/1000111	271,538
Chafee Foster Care Independence Program	93.674	9150110/9150111	13,282
Children's Health Insurance Program	93.767	0540110/0540111	11,937
Medical Assistance Program	93.778	1200110/1200111	416,806
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	53,350
Foster Care - Title IV-E	93.658	1100110/1100111	320,287
Adoption Assistance	93.659	1120110/1120111	265,545
Total Department of Health and Human Services			<u>\$ 1,726,464</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50326	\$ 34,727
Total Department of Transportation			<u>\$ 34,727</u>
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Violence Against Women - Formula Grants	16.588	09WFAX0037	\$ 12,459
Crime Victim Assistance	16.575	05VAGX0031	34,138
Total Department of Justice			<u>\$ 46,597</u>

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF EDUCATION:</i>			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	61095	\$ 79,636
Improving Teacher Quality State Grants	84.367	61480	199,869
Rural Education	84.358	43481	94,131
Title I Grants to Local Educational Agencies	84.010	42901	998,403
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	73071	884,452
Special Education-Preschool Grants	84.173	62521	28,467
Total Department of Education			\$ 2,284,958
Total Expenditure of Federal Awards			\$ 6,802,148

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WYTHE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Wythe, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the County of Wythe, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wythe, Virginia.

Note B -- Summary of Significant Accounting Policies

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

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

Note C -- Food Donation

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

Note D -- Relationship to the 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 (excludes payment in lieu of tax)

\$ 2,647,975

Water and Sewer Fund Loans/Grants

553,210

Component Unit School Board:

School Operating Fund

\$ 3,600,963

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 6,802,148

County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
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:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
23.003	Appalachian Development Highway System
84.027/84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

2015-001

Criteria: Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.

Condition: The County's financial statements required material adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles. It is noted that the number of entries required has decreased significantly from prior fiscal years.

Cause of Condition: The County failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.

Effect of Condition: There is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation: The County's closing process improved significantly over prior years as current staff continues to gain an understanding of the year-end closing process and related reconciliations and adjustments that are necessary. Staff should review the current year adjusting entries and consider same during the next fiscal year close.

Management's Response: The County has reduced its reliance on external consultants and current staff have a good understanding of the County's books and accounting processes. It is anticipated that the number of audit adjustments will continue to decrease in future periods.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings

There were no federal findings reported in the prior fiscal year.