

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2014



County of Goochland, Virginia

COUNTY OF GOOCHLAND, VIRGINIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION



BOARD OF SUPERVISORS
COUNTY OF GOOCHLAND
OFFICE OF THE COUNTY ADMINISTRATOR

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

November 26, 2014

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

The Commonwealth of Virginia requires local governments publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Goochland (the County) as of and for the fiscal year ended June 30, 2014.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

PBMares, LLP, Certified Public Accountants have issued an unmodified opinion on the County's basic financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* (Single Audit) designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of basic financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

Organization of Government

The County was established in 1727 by an act of the Virginia General Assembly, and is organized under the County Administrator Form of Government (as defined under Virginia Law). Under this form of government, the Board of Supervisors appoints a County Administrator to serve as the Chief Administrative Officer of the County. The Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads, and directs business and administrative

procedures. The County's financial management and reporting is addressed through a combination of services provided by the Department of Finance, Schools Administration, Treasurer's Office, and Commissioner of the Revenue.

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

The Reporting Entity

The accompanying basic financial statements comply with GAAP as promulgated by the Governmental Accounting Standards Board (the GASB), in that the basic financial statements include all the organizations, activities, functions, and component units for which the County (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the County's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the County.

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

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

Economic Condition and Outlook

Goochland County is located in the eastern Piedmont region of Central Virginia between Richmond and Charlottesville. The County is 290 square miles in land area and has an estimated population of 21,400. There are no independent cities or incorporated towns within the County.

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

West Creek Business Park ("West Creek") is the largest development, encompassing over 3,500 acres in the eastern portion of the County. Capital One Bank Services ("Capital One"), the County's largest employer, is a tenant of West Creek. The Capital One 316-acre campus has eight office buildings as well as a multipurpose building. The Capital One campus has a cafeteria and a town center which houses a fitness center and other amenities. Other tenants in West Creek include the corporate headquarters of the Virginia Farm Bureau, the corporate headquarters of Performance Food Group, the corporate headquarters of CarMax and a major satellite office facility for the Federal Reserve Bank of Richmond, Hallmark Youth Care and Manakin Trade Center, a multitenant 80,000 square foot office complex. In April 2012, HCA Virginia Health System opened a 12,000 square foot hospital emergency center. As noted in more detail below, construction is underway for a new apartment complex and a medical office building in West Creek.

State Route 288, the Richmond area's western bypass is a four lane limited access road (interstate quality) running through the County. Along with Interstate 64, these are the "economic development highways" for the County.

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

Water and Sewer Systems

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

The County has approximately 1,140 residential and 236 non-residential water and/or sewer customers as of October 2014. Goochland currently purchases treated water and wastewater treatment services from Henrico County through a series of long-term contracts. Wastewater treatment services are also purchased from the City of Richmond through a long term agreement as related to the Tuckahoe Creek Service District (the "District"). The Virginia Department of Corrections provides both treated water and wastewater treatment services to the Goochland Courthouse area pursuant to long-term contracts. In October 2013, a Memorandum of Agreement was executed between the County, the Department of Corrections, and Powhatan County which will ultimately allow Goochland to receive a capacity of up to 2,000,000 gallons of water per day.

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

Major Initiatives

The County made progress in a number of areas during the past year, with efforts expected to be ongoing into the near future:

- A countywide Strategic Plan was adopted by the Board of Supervisors in September 2014 with input from staff, citizens, and focus groups;
- A separate School Board Strategic Plan for 2014 through 2020 was approved in December 2013;
- Education funding remains a top priority, as demonstrated by the establishment of a Marine JROTC program and a new facility and expansion of Career and Technical Education (CTE) programs;

- A three-year Technology Plan has been established and implemented;
- The process of updating the County's Comprehensive Plan to help guide the physical development of the County for the next 20 years is underway and scheduled for completion by late Spring 2015;
- Traffic studies are being conducted in multiple areas, including the Route 288/Broad Street interchange and the Patterson Avenue corridor;
- A Fire and EMS strategic plan has led to established response times in the western and eastern portions of the County, and outlines desired staffing levels into the future; and
- The County expects to receive its first-ever credit rating from Standard and Poor's in January 2015.

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

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

Implementation of the County's Economic Development Strategic Plan remains an important initiative. This Plan was approved by the Board of Supervisors in October 2011, and is being implemented in a deliberate, systemic way. The Plan's objectives include:

1. Evaluating the assets of the Tuckahoe Creek Service District (including the West Creek Area, Centerville Area, and Northeast Corner of the County) and determining the best course of action to stimulate further investment in the area by additional companies and organizations. Design standards are also being evaluated.
2. Identifying other sections of the County that are likely candidates for economic development and defining a plan to implement investment in those locations (e.g. I-64 corridor, Courthouse Village).
3. Assessing the existing tourism venues/activities and recommending further actions to enhance tourism in the County.

Consistent with this plan, the Goochland County Administration developed a standalone Economic Development website. The County's Director of Economic Development has been focused on business retention, expansion, and attraction, cultivating strong working relationships with landowners within the Tuckahoe Creek Service District (TCSD) and with site selectors, brokers, and the Virginia Economic Development Partnership. The Board of Supervisors formed a Rural Economic Development Committee to help future agricultural businesses in the County, and recommendations from that committee will be implemented during the upcoming year(s).

The first phase of development of the West Creek Medical Center in Goochland County has been completed. HCA Virginia built a freestanding emergency room (ER) to enhance the region's health care delivery system. The New ER opened in April 2012 and added \$4.3 million to the County's real estate tax base. Medical office buildings and hopefully a hospital are planned for the future.

In August 2013, a rezoning application was approved by the Board of Supervisors which will allow for the development of up to 124 age-restricted single family homes on Pouncey Tract Road, near the commercial project noted above and near the recently established water and sewer infrastructure. This will add to the County's tax base with limited impact on the public schools.

In December 2013, a 73.7-acre parcel was added to the TCSD and a related performance agreement was approved by the Board of Supervisors. As an accompanying action, the parcel was rezoned for the development of a 115-lot subdivision. The performance agreement called for the developer to extend existing sewer infrastructure, and build an oversized 16-inch waterline to help foster future development, expanding the County's tax base in the short and long term.

In April 2012, the Board of Supervisors approved Goochland County's first multi-family development in the West Creek area of the TCSD. This project involves the establishment of 336 apartment units, as well as a new four-lane road connecting to Broad Street and the extension of water infrastructure at no cost to the County. Once completed, the apartments will add over \$30 million to the real estate tax base, while also adding recurring personal property taxes, new utility customers, and one-time revenues such as building permit and connection fees. The first buildings of apartments are now occupied.

Just across the street from the apartment complex mentioned above, construction is underway for the first of three planned medical office buildings. The first building will include Medarva as the primary tenant, and will provide approximately 70,000 square feet of office space.

Some significant improvements to the Capital One campus in West Creek were completed in 2013. The construction of a 2,000 vehicle parking structure, a 2-story 100,000 square foot office building, and another 4-story 200,000 square foot office building added approximately \$43 million to the County's real estate tax base.

The County and its Public Utilities staff continued to review long range rate-setting plans that would support existing infrastructure commitments, as well as potential expansion of the customer and tax base in future years through strategic development. The County is actively pursuing private development along with potential public financial incentives. To facilitate better decision-making in the future, a countywide Utility Master Plan was initiated in September 2013 with expected completion in early 2015.

In response to a Federal Communications Commission (FCC) mandate, the County has begun replacing its Public Safety radio system. Working with its communications consultant, the County has reviewed all of its radio communications needs and established a system design, including public safety agencies, schools and County departments. The project will replace vehicle and handheld radios as well as the base transmitting and receiving equipment. Further, the construction of four new communication towers and an expanded Emergency Communications Center building will be part of this project. Design work on the

expanded Center has been completed and specifications for the required equipment are being finalized. Two of the new towers are now under construction, while the other towers should be built in 2015.

A Parks and Recreation Master Plan was presented to the Goochland Board of Supervisors and adopted in April 2011. This Master Plan is intended to guide and assist with parks and recreation decision making for the next five years, and identifies facilities and amenities that would be developed to meet the leisure and recreational needs of the County's citizens. A new survey related to the Master Plan is being conducted in late 2014.

The construction of the first phase of Leake's Mill Park has been completed, and work on the second phase has been initiated. Development planned for this site includes the establishment of soccer/multipurpose and other athletic fields, as well as passive areas including trails, bridge crossings, and observation decks. In addition to a \$250,000 donation from the Community Foundation, the County also received revenue sharing funds from the Virginia Department of Transportation (VDOT) in the amount of \$250,000 to construct the road entrance to the park. Local funding is also being provided to support this project.

Significant developments to address the County's most pressing Fire-Rescue needs have also recently occurred, and will become evident during the current and forthcoming fiscal years. The Board of Supervisors has approved the billing for emergency transports, which is expected to generate over \$600,000 per year in recurring revenue. This revenue is allowing for the addition of four full-time Firefighter/EMS positions and more part-time positions to help with coverage issues. Some operating expenses and the replacement of needed EMS equipment have been addressed as well.

The first County-owned fire station will be constructed in the Hadensville area in the near future. Design work on a replacement Company 6 station has been completed, and construction is expected to begin in early 2015. A large portion of the project costs are being (cash) funded with a shift to twice-per-year billing of personal property taxes in June 2013.

Financial Information

County management is responsible for developing and maintaining a financial system to ensure adequate internal accounting controls are established. This provides reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and to ensure the reliability of financial records necessary for the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the County is also responsible for ensuring adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

The audit for the fiscal year ended June 30, 2014 has been completed, and the County received an unmodified opinion.

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

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the function level. The budget is implemented through appropriations the Board of Supervisors makes annually, with supplemental appropriations made as required. These appropriations may be greater or less than contemplated in the budget. A supplemental appropriation that exceeds \$500,000 or 1% of the budget, whichever is less, requires a public hearing before approval.

The County maintains budgetary controls to ensure compliance with the annual budget. Control is maintained at the sub-function level through the monitoring of payrolls and with the encumbrance of purchase orders. The payroll system requires every position and related fringe benefits are to be authorized by the Board of Supervisors and approved by the County Administrator. Purchase orders which would result in the overrun of function level appropriations are not approved until the Board makes an additional appropriation. All appropriations lapse at year-end, with the exception of federal and state grants, capital improvements, and outstanding encumbrances (which are addressed by resolution).

Similar budgetary controls exist for the Component Unit School Board.

Retirement Plan

A substantial number of County employees participate in the Virginia Retirement System (VRS). The VRS is an agent, multiple employer public employee retirement system that acts as a common investment and administrative agent for the political subdivisions in the Commonwealth of Virginia. The VRS determines the contribution rate for localities every two years.

Regional Cooperative Efforts

The County is a member of the Central Virginia Waste Management Authority (the Authority) that handles all of the County's solid waste needs. The Authority is composed of 13 local jurisdictions in the Richmond/ Tri-Cities area. The County is a member of the Pamunkey Regional Library along with the Counties of Hanover, King William, and King & Queen. The Goochland-Powhatan Community Services Board is also a regional effort in providing mental health, mental retardation, and substance abuse services. Goochland participates in the Henrico Regional Jail, as needed, for adult offenders. The James River Juvenile Detention Commission was created by Goochland, Henrico, and Powhatan Counties for the housing of the County's juvenile offenders.

Cash Management

The County's Treasurer is responsible for investing County and School Board funds. The County's and School Board's cash reserves were invested with Wells Fargo, Wells Fargo Securities, US Bank, the Virginia State Non-Arbitrage Fund, and the Local Government Investment Pool as of June 30, 2014.

Independent Audit

Section 15.2-2511, Code of Virginia of 1950, as amended requires an annual audit of the books, financial records, and transactions of all departments and agencies of the County by an independent auditor. The Board of Supervisors engaged the firm of PBMares LLP, to complete this audit. This requirement has been complied with and the auditors' report is an integral part of this report.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink that reads "Rebecca T. Dickson". The signature is written in a cursive, flowing style.

Rebecca T. Dickson, County Administrator



Government Finance Officers Association

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Achievement
for Excellence
in Financial
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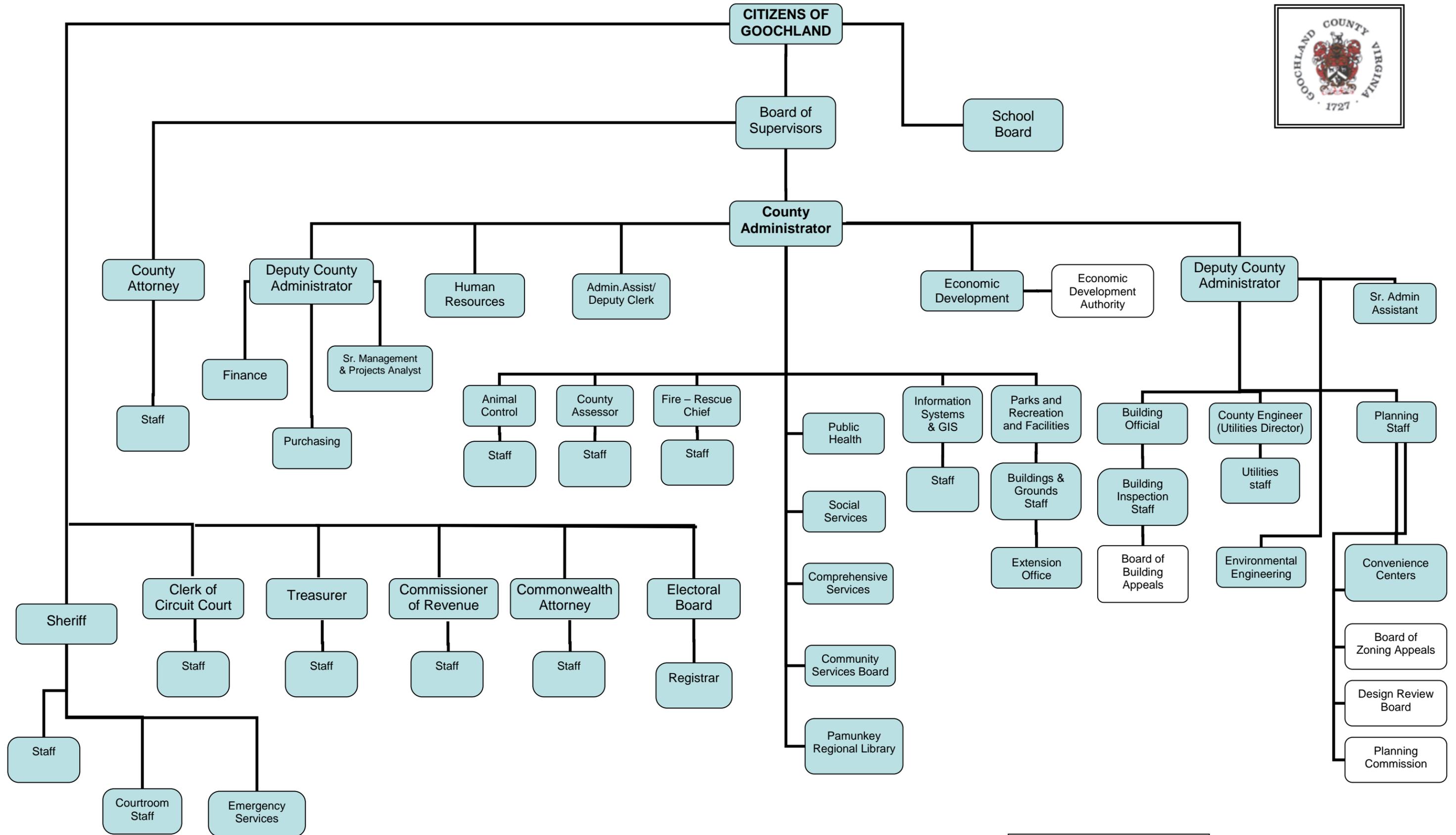
**County of Goochland
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO



Last Revised: May 2012

County of Goochland, Virginia

June 30, 2014

Board of Supervisors

Manuel Alvarez, Jr., Chairperson
Susan F. Lascolette, Vice-Chairperson

Ned S. Creasey
Ken Peterson

Robert H. Minnick

School Board

Michael E. Payne, Chairperson
John L. Lumpkins, Jr., Vice-Chairperson

Elizabeth A. Hardy
John D. Wright

W. Kevin Hazzard

Social Services Board

Billie Reid, Chairperson

M. Ellen Robinson
Janet Lynne Honeycutt

Glenda Leabough
Barbara Slone

Other Officials

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

Rebecca T. Dickson
Norman Sales
John B. Wack
Timothy K. Sanner
Lee G. Turner
Claiborne H. Stokes, Jr.
Edward K. Carpenter
Edward DeJ. Berry
James L. Agnew
James F. Lane
Diane Bennett
Kimberly Jefferson
Jean S. Bryant
Pamela Johnson

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Goochland, Virginia (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V. H. to the financial statements, the County restated net position of the Business-Type Activities to write-off bond issue costs in accordance with GASB Statement No. 65.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 17-23 and 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as other supplementary information, supporting schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

YBMares, LLP

Harrisonburg, Virginia
November 19, 2014

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County of Goochland, Virginia

Management's Discussion and Analysis

As management of the County of Goochland, Virginia (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2014. We encourage readers to read this discussion in conjunction with the transmittal letter in the Introductory Section of this report and the County's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$67.8 million (net position). Of this amount, \$43.7 million (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased for the fiscal year by \$5.7 million, of which the governmental activities increased by \$5.2 million and business-type activities increased by \$0.5 million.
- As of the close of fiscal year 2014, the County's governmental funds reported combined ending fund balances of \$40.8 million (Exhibit 3), an increase of \$4.3 million from the previous year. Approximately 93% (\$38.0 million) of the total \$40.8 million is available for spending at the County's discretion (sum of assigned and unassigned fund balances).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19.4 million, and was 37.1% of the sum of the FY15 adopted General Fund budget and the non-local portion of the School Operating Fund budget, well above the 20% required by policy. While unassigned fund balance in the General Fund decreased \$3.5 million from the previous year, assigned fund balance increased by \$5.7 million with the result an overall increase in the General Fund balance of \$2.2 million, from \$31.6 million to \$33.8 million.
- The County's long-term obligations decreased from \$136.0 million to \$135.5 million in fiscal year 2014, a decrease of \$1.9 million in governmental activities debt due to principal payments on existing debt and an increase of \$1.4 million in business-type activities debt due to increased contractual obligations and accreted interest on revenue bonds.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position (Exhibit 1) presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources including governmental activities, business-type activities, and component unit activities. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, which provides a measure of the County's

financial health, or financial condition. Over time increases or decreases in the net position may serve as an indicator of whether the County's financial condition is improving or declining.

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting, the governmental fund financial statements are prepared using the current financial resources and modified accrual basis of accounting. The focus of the current financial resources and modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than the government-wide financial statements, reconciliations between the two methods is provided within the basic financial statements. The County has two major governmental funds: the General Fund and the Capital Projects Fund.

Proprietary Funds

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

Fiduciary Funds

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

funds used to provide accountability of client monies for which the County is custodian.

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$67.8 million at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Goochland, Virginia Summary of Net Position (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 57.1	\$ 52.3	\$ 24.5	\$ 21.8	\$ 81.6	\$ 74.1
Capital assets	38.0	39.0	104.2	104.5	142.2	143.5
Total assets	95.1	91.3	128.7	126.3	223.8	217.6
Total deferred outflows of resources	-	-	4.0	-	4.0	-
Current liabilities	3.9	16.7	1.6	2.7	5.5	19.4
Long-term liabilities outstanding	18.6	20.5	121.0	115.6	139.6	136.1
Total liabilities	22.5	37.2	122.6	118.3	145.1	155.5
Total deferred outflows of resources	13.3	-	1.6	-	14.9	-
Net position						
Net investment in capital assets	22.9	21.8	(12.8)	(11.0)	10.1	10.8
Restricted	0.2	-	13.8	13.5	14.0	13.5
Unrestricted	36.2	32.3	7.5	5.5	43.7	37.8
Total net position	\$ 59.3	\$ 54.1	\$ 8.5	\$ 8.0	\$ 67.8	\$ 62.1

By far, the largest portion of the County's net position (64.5%) is unrestricted and may be used to meet the County's ongoing obligations to its citizens and creditors. An additional portion of the County's net position (20.6%) represents resources that are subject to external restrictions on how they may be used. The smallest portion of the County's net position (14.9%) reflects its investment in capital assets (land, buildings, equipment, water and sewer systems), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide services to citizens, and therefore these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

County of Goochland, Virginia						
Summary of Statement of Activities						
(\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues						
Charges for services	\$ 1.6	\$ 1.5	\$ 4.3	\$ 4.0	\$ 5.9	\$ 5.5
Operating grants and contributions	3.7	3.6	-	-	3.7	3.6
Capital grants and contributions	1.4	-	2.4	1.0	3.8	1.0
General revenues						
General property taxes	30.9	33.2	3.3	3.1	34.2	36.3
Other local taxes	6.5	9.0	-	-	6.5	9.0
Grants and contributions	3.9	3.1	-	-	3.9	3.1
Other general revenues	1.0	1.0	0.5	0.4	1.5	1.4
Total revenues	<u>49.0</u>	<u>51.4</u>	<u>10.5</u>	<u>8.5</u>	<u>59.5</u>	<u>59.9</u>
Expenses						
General government	4.0	3.8	-	-	4.0	3.8
Judicial administration	1.6	1.6	-	-	1.6	1.6
Public safety	8.2	7.7	-	-	8.2	7.7
Public works	0.8	0.8	-	-	0.8	0.8
Health and welfare	4.0	3.9	-	-	4.0	3.9
Education	20.3	19.4	-	-	20.3	19.4
Parks, recreation and facilities	2.1	2.1	-	-	2.1	2.1
Community development	1.3	1.0	-	-	1.3	1.0
Interest and other fiscal charges	0.7	0.8	-	-	0.7	0.8
Utilities	-	-	10.8	11.8	10.8	11.8
Total expenses	<u>43.0</u>	<u>41.1</u>	<u>10.8</u>	<u>11.8</u>	<u>53.8</u>	<u>52.9</u>
Increase (decrease) in net position before transfers	6.0	10.3	(0.3)	(3.3)	5.7	7.0
Transfers	(0.8)	(0.6)	0.8	0.6	-	-
Increase (decrease) in net position	5.2	9.7	0.5	(2.7)	5.7	7.0
Total net position-beginning of year, as restated	54.1	44.4	8.0	10.7	62.1	55.1
Total net position-end of year	<u>\$ 59.3</u>	<u>\$ 54.1</u>	<u>\$ 8.5</u>	<u>\$ 8.0</u>	<u>\$ 67.8</u>	<u>\$ 62.1</u>

The County's net position increased by \$5.7 million during the current fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

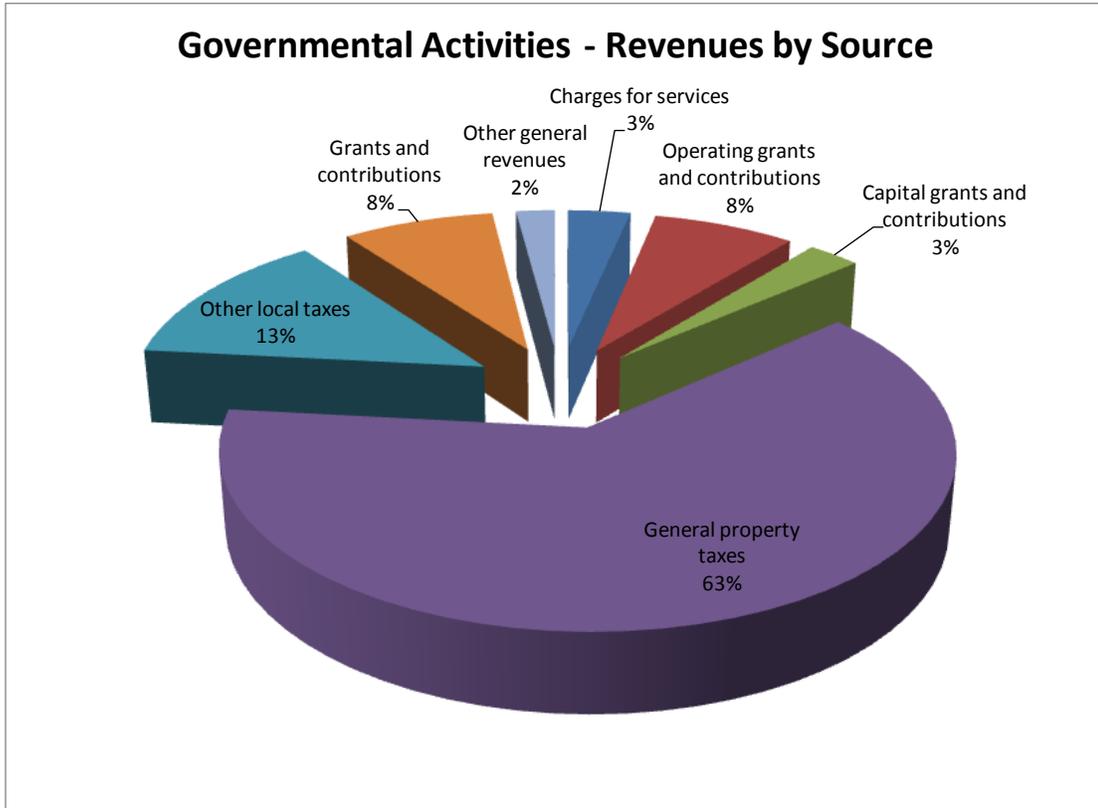
Governmental Activities: During the current fiscal year, net position for governmental activities increased \$5.2 million for an ending balance of \$59.3 million. In general, net position changes are the result of the difference between revenues and expenses. Fiscal year 2014 revenues of \$49.0 million decreased \$2.4 million from the previous fiscal year, but exceeded expenses and transfers by \$5.2 million.

Key revenue elements include:

- Property taxes declined \$2.3 million from fiscal year 2013, when a one-time gain of \$2.6 million occurred due to the shift to twice per year personal property tax collection.
- Other local taxes declined by \$2.5 million due to a reclassification of communications sales tax from other local taxes to grants and contributions and a decline in fluctuating bank stock

taxes of \$2.0 million.

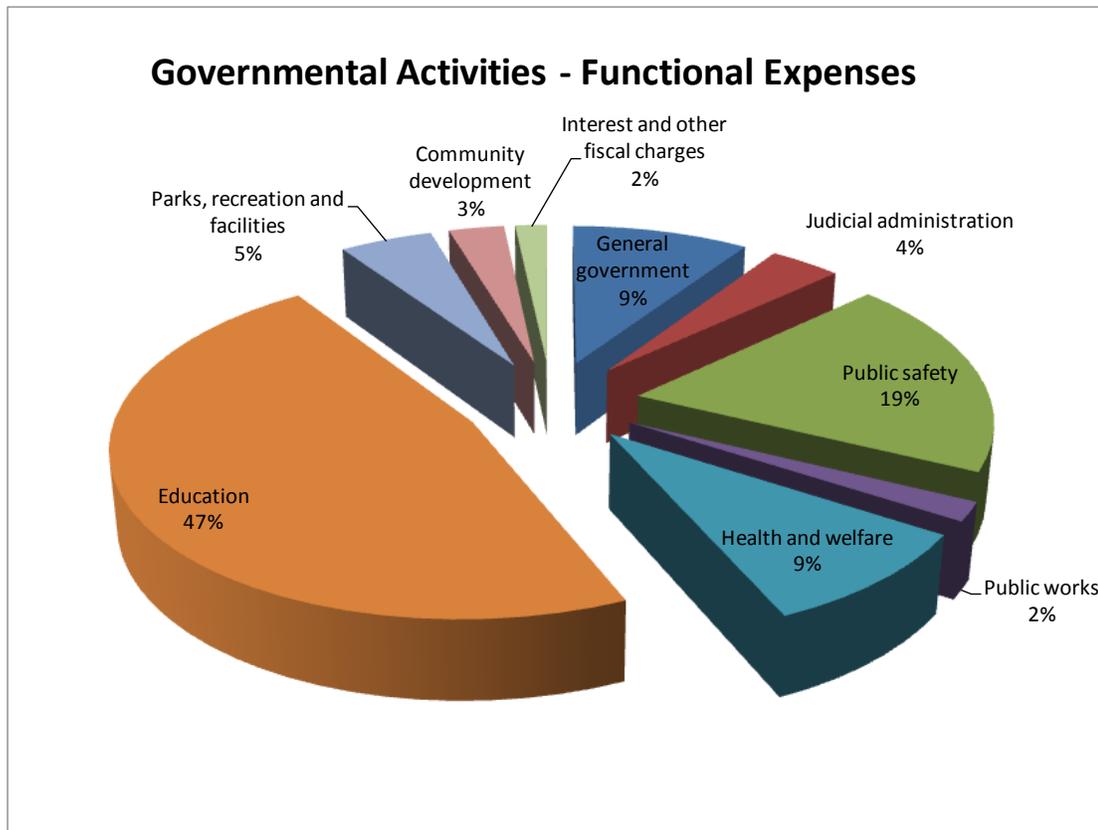
- These declines were partially offset by an increase in capital contributions and an increase in grants and contributions due to the reclassification described above.



During fiscal year 2014, the governmental activities expenses totaled \$43.0 million, an increase of \$1.9 million over the previous year.

Expenses during fiscal year 2014 were relatively stable with the following exceptions:

- Public safety expenses increased \$0.5 million primarily as a result of increased spending of revenue recovery funds for improved rescue services.
- Education expenses increased \$0.9 million as a result of an increased contribution to the Schools operating fund and increased School capital expenditures.



Business-type Activities: An increase in net position for business-type activities of \$0.5 million resulted primarily from increased connection fees and capital contributions accompanied by a decrease in interest expense as a result of refinancing that occurred in fiscal year 2013.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$40.8 million, an increase of \$4.3 million during the current year. Approximately 93% (\$38.0 million) of the total \$40.8 million is available for spending at the County's discretion (sum of assigned and unassigned fund balances).

The General Fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19.4 million, while total fund balance increased \$2.2 million to \$33.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balances to total General Fund expenditures. Unassigned fund balance represents approximately 47.8% of total General Fund expenditures, while total fund balance represents approximately 83.4% of that same amount. The increase in the overall fund balance of the General Fund was due to revenue collections higher than anticipated and across-the-board expenditure savings.

The Capital Projects Fund, a major fund, had a \$1.9 million increase in fund balance during the current fiscal year which put the overall fund balance at \$6.6 million. This increase was due to the receipt of resources for capital projects prior to capital construction.

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

General Fund Budgetary Highlights: General fund budget amendments resulted in an increase of \$3.7 million between the originally adopted fiscal year 2014 budget appropriation for expenditures and transfers out and the final budget. The budget amendments were funded by various revenue sources or unassigned fund balance. Significant amendments included:

- \$400,000 increase in education expenditures for additional buses, special education and for the start of a School Textbook Fund.
- \$230,000 increase in community development primarily for a payment to the Economic Development Authority for road improvements to Midway Industrial Park.
- \$2.6 million increase in transfers out to the capital projects fund primarily for School improvements and the emergency communications upgrade project.

Capital Asset and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental operations at June 30, 2014 amounted to \$38.0 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements and machinery and equipment. Capital assets of the Business-type activities at June 30, 2014 were \$104.2 million (net of accumulated depreciation and amortization).

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

Long-term Debt: At the end of the current fiscal year, the County had long-term obligations (Governmental and Business-type activities) of \$135.5 million. Of this amount, \$14.8 million is comprised of debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, capital leases, compensated absences, capacity rights and landfill obligations. The decrease in long-term debt of \$500,000 in fiscal year 2014 was explained previously in the financial highlights section of this discussion.

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

Economic Factors and Next Year's Budgets and Rates

- The June 2014 unemployment rate for the County of 4.5% compared favorably to the state's average unemployment rate of 5.4% and national average rate of 6.3% for the same period.
- The fiscal year 2015 budget decreased by approximately 3.0% for all funds (including the component units) while the General Fund budget increased 7%. The general real estate tax rate remained the same at \$0.53 per \$100 of assessed valuation.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2014

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	Economic Development Authority
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 37,075,595	\$ 10,516,321	\$ 47,591,916	\$ 864,421	\$ 317,201
Receivables (net of allowance for uncollectibles):					
Taxes receivable, including penalties, net	15,675,674	1,678,168	17,353,842	-	-
Accounts receivable, net	532,064	872,103	1,404,167	14,818	-
Notes receivable	148,455	-	148,455	-	-
Prepaid items	111,635	5,055	116,690	880,680	-
Internal balances	2,317,634	(2,317,634)	-	-	-
Due from Primary Government	-	-	-	-	2,578,162
Due from other governmental units	1,206,688	-	1,206,688	1,114,653	-
Inventories	-	-	-	36,265	-
Restricted assets	-	13,782,829	13,782,829	4,314	-
Land held for resale	-	-	-	-	801,100
Capital assets (net of accumulated depreciation and amortization):					
Land and land improvements	3,835,868	2,874,584	6,710,452	456,907	-
Buildings and system	26,816,219	70,077,324	96,893,543	22,011,727	-
Capacity rights	-	30,758,778	30,758,778	-	-
Machinery and equipment	6,391,585	52,180	6,443,765	1,195,047	-
Construction in progress	988,803	387,248	1,376,051	-	-
Total assets	95,100,220	128,686,956	223,787,176	26,578,832	3,696,463
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	3,928,583	3,928,583	-	-
Total deferred outflows of resources	-	3,928,583	3,928,583	-	-
LIABILITIES					
Accounts payable	404,063	348,288	752,351	243,923	3,703
Accrued liabilities	176,406	4,767	181,173	2,458,537	-
Unearned revenue	448,660	93,807	542,467	42,481	-
Customers' deposits	-	27,744	27,744	-	-
Accrued interest payable	338,758	419,317	758,075	-	-
Liabilities payable from restricted assets	-	-	-	4,017	-
Due to component unit	2,578,162	-	2,578,162	-	-
Due to other governmental units	-	740,059	740,059	-	-
Long-term obligations:					
Due within one year	1,932,810	1,665,900	3,598,710	208,923	170,000
Due in more than one year	16,642,196	119,225,715	135,867,911	1,352,376	2,208,161
Total liabilities	22,521,055	122,525,597	145,046,652	4,310,257	2,381,864
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	13,277,544	1,604,663	14,882,207	-	-
Total deferred inflows of resources	13,277,544	1,604,663	14,882,207	-	-
NET POSITION					
Net investment in capital assets	22,927,053	(12,788,394)	10,138,659	23,451,609	-
Restricted for:					
Debt covenants	-	13,782,829	13,782,829	-	-
Grant programs	209,922	-	209,922	-	-
Deferred compensation	-	-	-	4,314	-
Unrestricted (deficit)	36,164,646	7,490,844	43,655,490	(1,187,348)	1,314,599
Total net position	\$ 59,301,621	\$ 8,485,279	\$ 67,786,900	\$ 22,268,575	\$ 1,314,599

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

County of Goochland, Virginia
Statement of Activities

Exhibit 2

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	EDA
Primary Government									
Governmental activities:									
General government administration	\$ 4,036,684	\$ 64,513	\$ 286,614	\$ 3,000	\$ (3,682,557)	\$ -	\$ (3,682,557)	\$ -	\$ -
Judicial administration	1,631,514	75,219	527,254	-	(1,029,041)	-	(1,029,041)	-	-
Public safety	8,223,726	1,251,462	1,117,056	1,363,358	(4,491,850)	-	(4,491,850)	-	-
Public works	784,017	39,768	6,754	-	(737,495)	-	(737,495)	-	-
Health and welfare	4,031,891	30,672	1,734,334	-	(2,266,885)	-	(2,266,885)	-	-
Education	20,255,232	-	-	-	(20,255,232)	-	(20,255,232)	-	-
Parks, recreation, and facilities management	2,124,874	135,617	-	-	(1,989,257)	-	(1,989,257)	-	-
Community development	1,265,385	27,659	21,065	-	(1,216,661)	-	(1,216,661)	-	-
Interest on long-term debt	726,881	-	-	-	(726,881)	-	(726,881)	-	-
Total governmental activities	43,080,204	1,624,910	3,693,077	1,366,358	(36,395,859)	-	(36,395,859)	-	-
Business-type activities									
Utilities	10,761,364	4,272,246	-	2,335,129	-	(4,153,989)	(4,153,989)	-	-
Total Primary Government	\$ 53,841,568	\$ 5,897,156	\$ 3,693,077	\$ 3,701,487	(36,395,859)	(4,153,989)	(40,549,848)	-	-
Component units									
School Board	\$ 28,079,284	\$ 517,832	\$ 8,401,152	\$ 71,216	-	-	-	(19,089,084)	-
Economic Development Authority	218,963	758	-	-	-	-	-	-	(218,205)
Total component units	\$ 28,298,247	\$ 518,590	\$ 8,401,152	\$ 71,216	-	-	-	(19,089,084)	(218,205)
General revenues:									
General property taxes					30,880,310	3,302,746	34,183,056	-	-
Other local taxes:									
Local sales and use taxes					2,495,443	-	2,495,443	-	-
Other local taxes					3,983,592	-	3,983,592	-	-
Fines and forfeitures					124,052	-	124,052	-	-
Unrestricted revenues from use of money and property					154,059	520,733	674,792	55,448	213
Payments from Primary Government					-	-	-	19,451,269	154,587
Grants and contributions not restricted to specific programs					3,944,607	-	3,944,607	-	-
Miscellaneous					729,424	2,492	731,916	84,838	1,006
Transfers					(790,577)	790,577	-	-	-
Total general revenues and transfers					41,520,910	4,616,548	46,137,458	19,591,555	155,806
Change in net position					5,125,051	462,559	5,587,610	502,471	(62,399)
Net position beginning of year, as restated					54,176,570	8,022,720	62,199,290	21,766,104	1,376,998
Net position - end of year					\$ 59,301,621	\$ 8,485,279	\$ 67,786,900	\$ 22,268,575	\$ 1,314,599

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

County of Goochland, Virginia
Balance Sheet - Governmental Funds

Exhibit 3

June 30, 2014

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 29,984,018	\$ 6,814,872	\$ 276,705	\$ 37,075,595
Receivables (net of allowances for uncollectibles):				
Taxes receivable, including penalties	15,675,674	-	-	15,675,674
Accounts receivable	521,443	10,621	-	532,064
Notes receivable	148,455	-	-	148,455
Prepaid items	111,106	-	529	111,635
Due from other fund	2,317,634	-	-	2,317,634
Due from other governmental units	1,090,210	-	116,478	1,206,688
Total assets	<u>\$ 49,848,540</u>	<u>\$ 6,825,493</u>	<u>\$ 393,712</u>	<u>\$ 57,067,745</u>
LIABILITIES				
Accounts payable	\$ 166,395	\$ 199,899	\$ 37,769	\$ 404,063
Accrued liabilities	163,454	11,975	977	176,406
Unearned revenue	393,590	-	55,070	448,660
Total liabilities	<u>723,439</u>	<u>211,874</u>	<u>93,816</u>	<u>1,029,129</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-vehicle license fees	157,972	-	-	157,972
Unavailable revenue-property taxes	15,124,073	-	-	15,124,073
Total deferred inflows of resources	<u>15,282,045</u>	<u>-</u>	<u>-</u>	<u>15,282,045</u>
FUND BALANCES				
Nonspendable	2,577,195	-	-	2,577,195
Restricted	108,620	-	101,302	209,922
Assigned	11,756,216	6,613,619	198,594	18,568,429
Unassigned	19,401,025	-	-	19,401,025
Total fund balances	<u>33,843,056</u>	<u>6,613,619</u>	<u>299,896</u>	<u>40,756,571</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,848,540</u>	<u>\$ 6,825,493</u>	<u>\$ 393,712</u>	<u>\$ 57,067,745</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**June 30, 2014**

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 40,756,571
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	61,483,304
Less - accumulated depreciation and amortization	<u>(23,450,829)</u>
	<u>38,032,475</u>
Other long-term assets (i.e. taxes levied, long-term receivables) are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds	<u>2,004,501</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital leases	(101,732)
General obligation bonds	(15,003,690)
Other postemployment benefits	(683,541)
Compensated absences	(916,031)
Landfill post closure care	(1,870,012)
Due to component unit	(2,578,162)
Interest payable	<u>(338,758)</u>
	<u>(21,491,926)</u>
Net position of governmental activities	<u>\$ 59,301,621</u>

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

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

Year Ended June 30, 2014

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
REVENUES				
General property taxes	\$ 31,119,082	\$ -	\$ -	\$ 31,119,082
Other local taxes	6,479,035	-	-	6,479,035
Permits, privilege fees, and regulatory licenses	594,726	-	-	594,726
Fines and forfeitures	124,052	-	-	124,052
Revenue from use of money and property	154,059	-	-	154,059
Charges for services	999,512	-	30,672	1,030,184
Miscellaneous	109,909	619,515	-	729,424
Recovered costs	196,498	9,821	-	206,319
Intergovernmental revenues:				
Commonwealth	6,199,951	-	418,920	6,618,871
Federal	1,007,855	-	10,958	1,018,813
Total revenues	46,984,679	629,336	460,550	48,074,565
EXPENDITURES				
Current:				
General government administration	3,953,968	159,247	-	4,113,215
Judicial administration	1,507,389	-	-	1,507,389
Public safety	6,995,081	425,046	15,930	7,436,057
Public works	776,933	-	-	776,933
Health and welfare	2,999,949	-	969,751	3,969,700
Education	18,079,022	535,735	-	18,614,757
Parks, recreation, and facilities management	2,042,002	313,177	-	2,355,179
Community development	1,397,112	38,324	-	1,435,436
Debt service:				
Principal retirement	2,036,724	-	-	2,036,724
Interest and other fiscal charges	789,572	-	-	789,572
Total expenditures	40,577,752	1,471,529	985,681	43,034,962
Excess (deficiency) of revenues over (under) expenditures	6,406,927	(842,193)	(525,131)	5,039,603
OTHER FINANCING SOURCES (USES)				
Transfers in	69,423	2,755,000	649,664	3,474,087
Transfers out	(4,264,664)	-	-	(4,264,664)
Total other financing sources (uses), net	(4,195,241)	2,755,000	649,664	(790,577)
Net change in fund balances	2,211,686	1,912,807	124,533	4,249,026
Fund balances beginning of year	31,631,370	4,700,812	175,363	36,507,545
Fund balances - end of year	\$ 33,843,056	\$ 6,613,619	\$ 299,896	\$ 40,756,571

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

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

Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$ 4,249,026
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which the depreciation and amortization exceeded capital outlays in the current period. Details supporting this adjustment as follows:	
Capital outlay	1,687,168
Depreciation and amortization	(2,614,513)
Allocation of joint tenancy assets, net, to the School Board Component Unit	(1,372,245)
	<u>(2,299,590)</u>
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position	<u>1,310,142</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(238,772)</u>
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal recorded as public works expenditures	18,029
Principal retired on general obligation long-term debt and capital lease obligations	2,036,724
	<u>2,054,753</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in landfill post closure liability	24,451
Change in compensated absences	(139,658)
Change in net OPEB obligations	(82,302)
Change in interest payable	43,216
Change in due to component unit	184,310
Amortization of bond premium	19,475
	<u>49,492</u>
Change in net position of governmental activities	<u>\$ 5,125,051</u>

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

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 28,414,884	\$ 28,404,484	\$ 31,119,082	\$ 2,714,598
Other local taxes	4,165,000	4,165,000	6,479,035	2,314,035
Permits, privilege fees, and regulatory licenses	337,100	337,100	594,726	257,626
Fines and forfeitures	130,000	130,000	124,052	(5,948)
Revenue from use of money and property	45,000	83,412	154,059	70,647
Charges for services	756,900	799,885	999,512	199,627
Miscellaneous	5,000	108,125	109,909	1,784
Recovered costs	170,000	205,000	196,498	(8,502)
Intergovernmental revenues:				
Commonwealth	6,110,636	6,190,183	6,199,951	9,768
Federal	767,724	844,564	1,007,855	163,291
Total revenues	40,902,244	41,267,753	46,984,679	5,716,926
EXPENDITURES				
Current:				
General government administration	3,966,068	4,140,068	3,953,968	186,100
Judicial administration	1,553,638	1,647,802	1,507,389	140,413
Public safety	7,637,924	7,715,436	6,995,081	720,355
Public works	803,853	803,853	776,933	26,920
Health and welfare	2,991,156	3,000,756	2,999,949	807
Education	18,116,626	18,519,465	18,079,022	440,443
Parks, recreation, and facilities management	1,948,013	2,043,013	2,042,002	1,011
Community development	1,270,746	1,500,614	1,397,112	103,502
Debt service:				
Principal retirement	2,340,000	2,340,000	2,036,724	303,276
Interest and other fiscal charges	892,971	892,971	789,572	103,399
Total expenditures	41,520,995	42,603,978	40,577,752	2,026,226
Excess (deficiency) of revenues over (under) expenditures	(618,751)	(1,336,225)	6,406,927	7,743,152
OTHER FINANCING SOURCES (USES)				
Transfers in	69,000	69,000	69,423	423
Transfers out	(1,714,664)	(4,264,664)	(4,264,664)	-
Total other financing uses, net	(1,645,664)	(4,195,664)	(4,195,241)	423
Net change in fund balance	(2,264,415)	(5,531,889)	2,211,686	7,743,575
Fund balance beginning of year	-	-	31,631,370	31,631,370
Fund balance - end of year	\$ (2,264,415)	\$ (5,531,889)	\$ 33,843,056	\$ 39,374,945

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

Exhibit 8

June 30, 2014

	<u>Utilities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,516,321
Accounts receivable, net	872,103
Prepaid items	5,055
Taxes receivable, including penalties, net	1,678,168
Total current assets	<u>13,071,647</u>
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	7,142,629
Investments	6,640,200
Total restricted assets	<u>13,782,829</u>
Capital assets, net	104,150,114
Total noncurrent assets	<u>117,932,943</u>
Total assets	<u>131,004,590</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,928,583
Total deferred outflows of resources	<u>3,928,583</u>
LIABILITIES	
Current liabilities:	
Accounts payable	348,288
Accrued liabilities	4,767
Customer deposits	27,744
Accrued interest payable	419,317
Due to other fund	2,317,634
Due to other governmental units	740,059
Unearned revenues	93,807
Compensated absences	2,452
Bonds payable	1,305,708
Long-term amortization of capacity charges	270,670
Contractual agreement payable	87,070
Total current liabilities	<u>5,617,516</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	95,392,084
Long-term amortization of capacity charges - net of current portion	18,798,773
Compensated absences - net of current portion	22,072
Contractual agreement payable - net of current portion	5,012,786
Total noncurrent liabilities	<u>119,225,715</u>
Total liabilities	<u>124,843,231</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	1,604,663
Total deferred inflows of resources	<u>1,604,663</u>
NET POSITION	
Net investment in capital assets	(12,788,394)
Restricted for debt covenants	13,782,829
Unrestricted	7,490,844
Total net position	<u>\$ 8,485,279</u>

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

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

Year Ended June 30, 2014

	Utilities
OPERATING REVENUES	
Charges for services:	
Charges for service	\$ 4,262,646
Penalty/reconnection fees	9,600
Miscellaneous	2,492
Total operating revenues	<u>4,274,738</u>
OPERATING EXPENSES	
Personnel services	507,823
Contractual services	481,672
Other charges	2,796,601
Depreciation and amortization	2,681,156
Total operating expenses	<u>6,467,252</u>
Operating loss	<u>(2,192,514)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	1,400,601
Investment earnings	496,928
Property taxes	3,302,746
Lease revenue	23,805
Interest expense	(4,294,112)
Total nonoperating revenues, net	<u>929,968</u>
Loss before capital contributions and transfers	(1,262,546)
Capital contributions	934,528
Transfers in	860,000
Transfers out	<u>(69,423)</u>
Change in net position	462,559
Total net position beginning of year, as restated	<u>8,022,720</u>
Total net position - end of year	<u><u>\$ 8,485,279</u></u>

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

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

Exhibit 10

Year Ended June 30, 2014

	<u>Utilities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,417,167
Payments to suppliers	(2,894,913)
Payments to employees	(510,029)
Net cash provided by operating activities	<u>1,012,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	860,000
Transfers to other funds	(69,423)
Lease revenue	23,805
Tax revenue	3,342,666
Net cash provided by noncapital financing activities	<u>4,157,048</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(1,134,765)
Acquisition and construction of capital assets	(503,115)
Payments for capacity charges	(290,443)
Payments on contractual agreement payable	(46,512)
Connection fees	1,400,601
Interest payments and fiscal agent fees	(2,332,209)
Net cash used in capital and related financing activities	<u>(2,906,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	496,928
Net cash provided by investing activities	<u>496,928</u>
Net increase in cash and cash equivalents	2,759,758
Cash and cash equivalents - beginning of year	14,899,192
Cash and cash equivalents - end of year	<u>\$ 17,658,950</u>
Cash and cash equivalents, as shown on the statement of net position:	
Cash and cash equivalents - current assets	\$ 10,516,321
Cash and cash equivalents - restricted assets	7,142,629
	<u>\$ 17,658,950</u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating loss	<u>\$ (2,192,514)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization expense	2,681,156
Changes in assets and liabilities:	
Decrease in accounts receivable	139,358
Increase in prepaid expenses	(360)
Decrease in accrued liabilities	(462)
Decrease in compensated absences	(1,744)
Increase in customer deposits	3,071
Increase in due to other governmental units	280,733
Increase in accounts payable	102,987
Total adjustments	<u>3,204,739</u>
Net cash provided by operating activities	<u>\$ 1,012,225</u>
Supplemental information on non-cash investing and financing activity:	

Accreted interest on capital appreciation of bonds of \$2,381,725 represents non-cash transactions which resulted in an increase in outstanding debt during the year.

During the year, the City of Richmond placed in service a portion of its Nutrient Reduction Project. A portion of this infrastructure belongs to the County. The County's portion of this infrastructure totaled \$900,405. The County incurred an obligation in the same amount related to this project.

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

County of Goochland, Virginia
Statement of Net Position - Agency Funds

Exhibit 11

June 30, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 376,497
Total assets	<u>376,497</u>
LIABILITIES	
Amounts held for social services clients	5,083
Performance bonds payable	<u>371,414</u>
Total liabilities	<u>\$ 376,497</u>

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

I. Summary of significant accounting policies

A. Reporting entity

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

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

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

Discretely Presented Component Units

School Board: The Goochland County Public School Board (School Board) members are elected by the citizens of Goochland County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County as the County has the ability to approve its budget and any amendments, and the primary funding source for the School System is the County General Fund. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discretely presented component of the County financial statements as of and for the fiscal year ended June 30, 2014.

Economic Development Authority: The Goochland County Economic Development Authority (EDA) was established by the Goochland County Board of Supervisors in accordance with § 15.2-4900 of the Code of Virginia. The members of the EDA are appointed by the Goochland County Board of Supervisors. The Treasurer of the EDA maintains suitable records of all financial transactions of the Authority. The EDA administers the issuance of industrial development revenue bonds and provides economic development activities for the County. The Authority may also acquire property, issue debt in its own name, and enter into lease/purchase arrangements with the County. The EDA is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discretely presented component unit for the fiscal year ended June 30, 2014. The EDA does not issue separate financial statements.

B. Basis of presentation – government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The Statement of Net Position is designed to display the financial position of the Primary Government (governmental and business-type activities) and its discretely presented component units. In addition to reporting current assets and liabilities, the Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the County (such as buildings and long-term liabilities for various employee

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

benefits). The Net Position of the County may be presented in three categories — (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The County generally first uses restricted resources for expenses incurred for which both restricted and unrestricted Net Position is available.

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

C. Basis of presentation – fund financial statements

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

The government reports the following major governmental funds:

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

Additionally the government reports the following nonmajor governmental funds:

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

The government reports the following major enterprise fund:

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Additional fund types reported:

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

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

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

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Reimbursement grants are recognized as revenue when measurable, all eligibility criteria have been met, the related amounts become available, and if received within one year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers non-grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds, unless otherwise classified as restricted, are deposited into the County's pooled bank account; defined as the operating account.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments in exchange traded assets are reported at fair value as determined by management based on quotations obtained from readily available sources. The repurchase agreement, a restricted investment held by a third-party, is valued at cost as it is not transferable.

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

2. Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data. The allowance for uncollectible property taxes amounted to \$717,018 at June 30, 2014 is reported within each fund as follows: General Fund \$712,851, Utilities Fund \$4,167.

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

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

Property taxes, net of allowance for uncollectible amounts, not collected within 60 days after year end are reflected as unavailable revenues in the governmental fund financial statements. Taxes are budgeted and billed to fund operations occurring within the year they are required to be paid. Accordingly, payments

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

received by June 30 with a December 5 due date are intended to fund the operations of the next fiscal year and are recorded as unavailable revenues at June 30.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005 which provided for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$2,853,012, which the County received during the year ended June 30, 2014. The Commonwealth requires localities to record the revenue from PPTRA as noncategorical State aid, not as property taxes.

3. Prepaid items and inventories

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

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

4. Restricted assets

In accordance with applicable bond covenants, business-type activities report restricted cash, cash equivalents, and investments at June 30, 2014 of \$13,782,829 maintained as reserves required by water and sewer revenue bond covenants.

5. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed or purchased. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed and is amortized over the estimated useful life of the related asset.

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

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

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Notes to Financial Statements

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

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

6. Compensated absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Total accumulated vacation leave is reported as an expense as incurred in the Statement of Activities and a long-term obligation in the Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For County proprietary funds, the cost of vacation and sick leave is recorded as a liability when incurred.

7. Long-term obligations

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of financial position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt.

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 represents an acquisition of financial 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 and vehicle license fees receivable is reported in the governmental funds Balance Sheet. The unavailable revenue from property taxes is comprised of amounts prepaid on the second half installments, the second half installment, and all uncollected property taxes due prior to June 30. The unavailable revenue from vehicle license fees is comprised of all uncollected vehicle license fees reduced by amounts collected within 60 days after year end. Under the accrual basis, the second half installment of property taxes are reported as deferred inflows of resources on the Statement of Net Position.

9. Net position / Fund balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents assets, net of

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Notes to Financial Statements

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

Fund balances in governmental funds are classified as follows:

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

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the County Board of Supervisors. Decreases to fund balance first reduce unassigned fund balance. In the event that unassigned fund balance becomes zero, the assigned or committed fund balances are used in that order.

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

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

II. Reconciliation of government-wide and fund financial statements

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

Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total governmental activities Net Position as shown on the government-wide Statement of Net Position is presented in Exhibit 4. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$38,032,475 are as follows:

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Notes to Financial Statements

Land	\$ 3,835,868
Construction in progress	988,803
Buildings and improvements	17,523,392
Less: Accumulated depreciation and amortization-building and improvements	(5,710,863)
Machinery and equipment	15,815,176
Less: Accumulated depreciation and amortization-machinery and equipment	(9,423,591)
Buildings - jointly owned assets	23,320,065
Less: Accumulated depreciation and amortization-jointly owned assets	(8,316,375)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 38,032,475

B. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in Net Position of governmental activities as shown on the government-wide Statement of Activities is presented in Exhibit 6. An element of that reconciliation states that “The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.” The details of this \$1,310,142 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 1,363,358
Transfer of capital assets acquired in the capital projects fund of the primary government but recorded as assets in the School Board component unit	(53,216)
Net adjustment to increase total governmental funds to arrive at changes in net position of governmental activities	\$ 1,310,142

III. Stewardship, compliance, and accountability

Budgetary information

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

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

IV. Detailed notes on all activities and funds

A. Deposits and investments

All cash of the Primary Government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts

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insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Financial institutions may choose between two collateralization methodologies, and depending upon that choice, will pledge collateral that ranges from 50% to 130% of excess deposits. Accordingly, all deposits in banks and savings and loans are considered to be insured. During the fiscal year, the EDA did not comply with the Virginia Security for Public Deposits Act by maintaining all bank accounts with a qualified public depository.

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

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

Credit risk is the risk that the County funds will not recover their investments due to the ability of the counterparty to fulfill its obligation. The County's rated debt investments as of June 30, 2014 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are required to be rated no lower than *Standard and Poor's* A-1 and *Moody's* Investor Service P-1.

	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 42,267,551
State Non-Arbitrage Pool (SNAP)	640,827
U.S. Government Securities	6,640,200
Total	\$ 49,548,578

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

	Fair Value	Less Than 1 year	Greater Than 10 years
Cash equivalent type:			
Local Government Investment Pool	\$ 42,267,551	42,267,551	-
State Non-Arbitrage Pool (SNAP)	640,827	640,827	-
U.S. Government Securities	6,640,200	-	6,640,200
Total	\$ 49,548,578	42,908,378	6,640,200

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

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Notes to Financial Statements

Following is a summary, as of June 30, 2014, of the Primary Government's cash, cash equivalents, and investments by asset type:

Government-Wide Accounts	Balance June 30, 2014
Cash and cash equivalents:	
Governmental Activities	\$ 37,075,595
Business-type Activities	10,516,321
Restricted cash and cash equivalents - business-type activities	7,142,829
Restricted investments - business-type activities	6,640,000
Total cash, cash equivalents and investment	\$ 61,374,745
Asset Type	Balance June 30, 2014
Petty cash	\$ 5,250
Deposit accounts	11,820,917
Investments:	
Local Government Investment Pool	42,267,551
State Non-Arbitrage Pool	640,827
U.S. Government Securities	6,640,200
Total cash, cash equivalents and investment	\$ 61,374,745

B. Receivables

At June 30, 2014, the Primary Government and School Board Component Unit had as follows:

	Primary Government					School Component Unit
	General Fund	Capital projects Fund	Other Nonmajor Funds	Public Utilities	Total Primary Government	
Receivables						
Taxes	\$ 15,675,674	-	-	1,678,168	17,353,842	-
Accounts	521,443	10,621	-	872,103	1,404,167	14,818
Notes	148,455	-	-	-	148,455	-
Commonwealth of Virginia	973,857	-	116,478	-	1,090,335	843,089
Federal government	116,353	-	-	-	116,353	271,564
	\$ 17,435,782	10,621	116,478	2,550,271	20,113,152	1,129,471

Unavailable revenues represent amounts in connection with receivables and revenues that are not considered available to liquidate liabilities of the current period. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$16,886,708 (governmental funds \$15,282,045 and proprietary fund \$1,604,663) is comprised of the following:

- Unavailable revenue representing uncollected vehicle license fee billing not available for funding of current expenditures totaled \$157,972 at June 30, 2014. Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$15,124,073 for governmental funds at June 30, 2014.
- Unavailable revenue in the proprietary funds totaled \$1,604,663 at June 30, 2014 and was comprised of assessed but uncollected property taxes not intended to fund current period expenses.

Unearned revenues represent amounts that have been received but not earned, and, therefore, revenue recognition has been deferred. Unearned revenue totaling \$542,467 (governmental funds \$448,660 and proprietary fund \$93,807) is comprised of the following:

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- Unearned revenue representing property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$393,590 in the General Fund and forfeiture funds received but unearned totaled \$55,070 in the Special Revenue Funds.
- Unearned revenue representing property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$93,807 in the proprietary fund.

C. Interfund receivables

Details of the Primary Government's interfund receivables and payables as of June 30, 2014 are as follows:

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

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

D. Due to component unit

Details of the Primary Government's Due to Component Units as of June 30, 2014 are as follows:

	Due from Primary Government	Due to Component Unit
Governmental Activities - General Fund	\$ -	2,578,162
Economic Development Authority	2,578,162	-
	\$ 2,578,162	2,578,162

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

E. Capital assets

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

	Balance			Balance June 30
	July 1	Increases	Deletions/Transfers	
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,832,868	-	3,000	3,835,868
Construction in progress	780,971	985,433	(777,601)	988,803
Total capital assets, not being depreciated or amortized	4,613,839	985,433	(774,601)	4,824,671
Capital assets, being depreciated or amortized:				
Buildings and improvements	16,617,923	176,868	728,601	17,523,392
Machinery and equipment	14,358,297	1,888,225	(431,346)	15,815,176
Buildings - jointly owned assets	25,452,930	-	(2,132,866)	23,320,064
Total capital assets, being depreciated or amortized	56,429,150	2,065,093	(1,835,611)	56,658,632
Less accumulated depreciation/amortization for:				
Buildings and improvements	(5,252,946)	(457,917)	-	(5,710,863)
Machinery and equipment	(8,278,354)	(1,569,367)	424,130	(9,423,591)
Buildings - jointly owned assets	(8,489,766)	(587,229)	760,621	(8,316,374)
Total accumulated depreciation/amortization	(22,021,066)	(2,614,513)	1,184,751	(23,450,828)
Total capital assets, being depreciated or amortized, net	34,408,084	(549,420)	(650,860)	33,207,804
Governmental activities capital assets, net	\$ 39,021,923	436,013	(1,425,461)	38,032,475

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

Governmental Activities	
General government	\$ 283,385
Judicial administration	100,363
Public Safety	1,361,257
Public Works	114,491
Health and welfare	35,781
Education	587,229
Parks, recreation and facilities management	113,022
Community Development	18,985
	\$ 2,614,513

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Notes to Financial Statements

A summary of proprietary fund capital assets at June 30, 2014 follows.

	Balance			Balance
	July 1	Increases	Deletions/Transfers	June 30
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 2,874,584	-	-	2,874,584
Construction in progress	41,817	345,431	-	387,248
Total capital assets, not being depreciated or amortized	2,916,401	345,431	-	3,261,832
Capital assets, being depreciated or amortized:				
Water and sewer system	82,339,122	1,957,389	-	84,296,511
Capacity rights	37,985,116	-	-	37,985,116
Machinery and equipment	81,243	35,229	-	116,472
Total capital assets, being depreciated or amortized	120,405,481	1,992,618	-	122,398,099
Less accumulated depreciation/amortization for:				
Water and sewer system	(12,498,421)	(1,720,766)	-	(14,219,187)
Capacity rights	(6,276,710)	(949,628)	-	(7,226,338)
Machinery and equipment	(53,530)	(10,762)	-	(64,292)
Total accumulated depreciation/amortization	(18,828,661)	(2,681,156)	-	(21,509,817)
Total capital assets, being depreciated or amortized, net	101,576,820	(688,538)	-	100,888,282
Business-type activities capital assets, net	\$ 104,493,221	(343,107)	-	104,150,114

Legislation enacted during the fiscal year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with their school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permitted the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County for the year ended June 30, 2014 is that school related financed assets in the amount of \$15,003,690 (net of accumulated depreciation and amortization) are reported in the Primary Government as buildings - jointly owned assets for financial reporting purposes.

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School Component Unit activities:	Balance July 1	Increases	Deletions/Transfers	Balance June 30
Capital assets, not being depreciated or amortized:				
Land	\$ 459,907	-	(3,000)	456,907
Construction in progress	39,937	29,424	(69,361)	-
Total capital assets, not being depreciated or amortized	<u>499,844</u>	<u>29,424</u>	<u>(72,361)</u>	<u>456,907</u>
Capital assets, being depreciated or amortized:				
Buildings	32,079,713	2,132,866	-	34,212,579
Machinery and equipment	4,947,673	426,356	(161,872)	5,212,157
Total capital assets, being depreciated or amortized	<u>37,027,386</u>	<u>2,559,222</u>	<u>(161,872)</u>	<u>39,424,736</u>
Less accumulated depreciation/amortization for:				
Buildings	(10,700,114)	(1,500,738)	-	(12,200,852)
Machinery and equipment	(3,938,868)	(365,691)	287,449	(4,017,110)
Total accumulated depreciation/amortization	<u>(14,638,982)</u>	<u>(1,866,429)</u>	<u>287,449</u>	<u>(16,217,962)</u>
Total capital assets, being depreciated or amortized, net	<u>22,388,404</u>	<u>692,793</u>	<u>125,577</u>	<u>23,206,774</u>
School Component Unit capital assets, net	<u>\$ 22,888,248</u>	<u>722,217</u>	<u>53,216</u>	<u>23,663,681</u>

F. Interfund transfers

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2014 are as follows:

<u>Primary Government</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 69,423	4,264,664
Capital Projects Fund	2,755,000	-
Comprehensive Services	649,664	-
Utilities Fund	860,000	69,423
	<u>\$ 4,334,087</u>	<u>4,334,087</u>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

G. Long-term obligations

The following is a summary of changes in the government-wide noncurrent liabilities and the School Component Unit for the year ended June 30, 2014:

<u>Primary Government</u>	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Incurred for County:					
Capital lease obligations	\$ 216,485	-	114,753	101,732	101,732
Compensated absences	776,373	662,595	522,937	916,031	91,603
Liability for landfill closure	1,894,463	12,012	36,463	1,870,012	40,000
Other postemployment benefits	601,239	171,833	89,531	683,541	-
Total incurred by County	3,488,560	846,440	763,684	3,571,316	233,335
Incurred for School Board:					
Principal amount of bonds payable	16,710,000	-	1,940,000	14,770,000	1,680,000
Premium	253,165	-	19,475	233,690	19,475
Total incurred by School Board	16,963,165	-	1,959,475	15,003,690	1,699,475
Total governmental activities	20,451,725	846,440	2,723,159	18,575,006	1,932,810
Business-type activities:					
Public Utilities:					
Water and sewer revenue bonds payable:					
Principal amount of bonds payable	80,442,156	-	1,134,765	79,307,391	1,256,289
Premium	1,400,208	-	49,419	1,350,789	49,419
Total bonds payable	81,842,364	-	1,184,184	80,658,180	1,305,708
Accreted interest revenue bonds	14,213,122	2,381,725	555,235	16,039,612	-
Compensated absences	26,268	16,528	18,272	24,524	2,452
Capacity rights obligations	19,359,886	-	290,443	19,069,443	270,670
Contractual obligations	4,245,963	900,405	46,512	5,099,856	87,070
Total Public Utilities	119,687,603	3,298,658	2,094,646	120,891,615	1,665,900
Total - Primary government	\$ 140,139,328	4,145,098	4,817,805	139,466,621	3,598,710
School Board Component Unit					
Compensated absences	\$ 368,852	194,283	163,532	399,603	165,940
Capital lease	37,095	212,072	37,095	212,072	38,966
Deferred compensation	29,542	-	25,525	4,017	4,017
Other postemployment benefits	844,421	223,808	118,605	949,624	-
Total - School Board Component Unit	\$ 1,279,910	630,163	344,757	1,565,316	208,923

Liability for landfill closure

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions subsequent to closure of the County's landfill site. The County closed its landfill and is liable for postclosure monitoring over a period of 30 years. The amount reported as landfill post closure liability at June 30, 2014 represents the estimated liability for postclosure monitoring (\$1,870,012) over a remaining period of eighteen years. This amount includes the County's liability of \$1,000,000 for corrective action. These amounts are based on what it would cost to perform all postclosure care in 2014. The total current cost of landfill postclosure care is an estimate subject to change due to inflation, deflation, technology, or changes in applicable laws or regulations.

General obligation bonds

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

Revenue Bonds

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

COUNTY OF GOOCHLAND, VIRGINIA
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In prior years, the County defeased certain outstanding revenue bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. At June 30, 2014 the County had revenue bonds that were outstanding but considered defeased totaling \$7,485,456.

County General Obligation Bonds and Revenue Bonds

Outstanding general obligation bonds and revenue bonds as of June 30, 2014 are comprised of the following issues:

Purpose	Interest Rates (%)	Date Issued	Original Issue	Principal Outstanding
Governmental activities:				
General obligation bonds:				
Schools:				
VPSA Series 1999	4.10-5.23	5/13/1999	19,350,000	\$ 7,805,000
VPSA Series 2006	4.10-5.10	5/11/2006	10,745,000	6,965,000
				\$ 14,770,000
 Business-type activities:				
\$3,390,000 Virginia Resources Authority, issued August 31, 2006, maturing annually through April 1, 2030, interest payable at rates ranging from 4.1% to 4.5%.				\$ 2,865,000
\$2,595,000 Virginia Resources Authority, issued June 7, 2007, maturing annually through October 1, 2027, interest payable at rates ranging from 4.1% to 4.8%.				2,045,000
\$62,747,167 Virginia Resources Authority, issued July 31, 2002, partially defeased on November 6, 2012, maturing annually through October 1, 2027, interest payable at rates ranging from 4.28% to 5.35%.				18,343,655
\$56,053,736 Virginia Resources Authority, issued November 6, 2012, maturing annually from October 1, 2028, through October 1, 2031, interest payable at rates ranging from 3.55% to 4.01%.				<u>56,053,736</u>
Total revenue bond obligations				<u>\$ 79,307,391</u>
Accreted interest on \$19,253,420 of capital appreciation bonds issued as part of the \$62,747,167 Virginia Resources Authority issue dated July 31, 2002, and remaining after the November 1, 2012, refunding and partial defeasance.				\$ 14,832,351
Accreted interest on \$19,303,736 of capital appreciation bonds issued as part of the \$56,053,736 Virginia Resources Authority issue dated November 6, 2012.				<u>1,207,261</u>
Total accreted interest				<u>\$ 16,039,612</u>
\$21,300,000 Wastewater treatment capacity rights purchased from the City of Richmond in June 2002. Payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced January 2007.				\$ 19,069,443
\$5,099,856 Contractual agreement with the City of Richmond related to the County's share of Nutrient Reduction Program infrastructure completed during fiscal year 2012, payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced during fiscal year 2013.				<u>5,099,856</u>
Total contractual obligations				<u>\$ 24,169,299</u>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

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

Fiscal Year	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2015	\$ 1,680,000	697,842
2016	1,740,000	612,770
2017	1,795,000	522,627
2018	1,865,000	429,297
2019	1,935,000	331,523
2020-2024	4,150,000	732,363
2025-2026	1,605,000	117,433
Totals	\$ 14,770,000	3,443,855

Fiscal Year	Business-type Activities			
	Water and Sewer Revenue Bonds		Capacity Rights Obligation	Contractual Agreement
	Principal	Interest	Principal	Principal
2015	\$ 1,256,289	2,388,603	270,670	87,070
2016	1,365,007	2,569,794	500,000	149,069
2017	1,472,218	2,777,251	600,000	149,069
2018	1,591,569	3,021,750	600,000	149,069
2019	1,693,689	3,297,182	600,000	149,069
2020-2024	8,336,298	19,093,136	3,900,000	745,345
2025-2029	12,518,676	21,203,207	4,850,000	745,345
2030-2034	14,434,581	18,769,213	5,000,000	745,345
2035-2039	17,889,064	15,143,655	2,748,773	745,345
2040-2042	18,750,000	1,145,600	-	1,435,130
	\$ 79,307,391	89,409,391	19,069,443	5,099,856

Capital Leases – Governmental Activities

The County has lease agreements for financing the acquisition of Mobile Data Terminal systems. These lease agreements qualified as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The capital assets acquired through capital leases, the future minimum lease payments, and the present value of the minimum lease payments are as follows:

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Asset Class	Primary Government- Governmental Activities
Machinery and equipment	\$ 393,095
Total assets, at cost	393,095
Accumulated depreciation	(163,790)
Total assets, net	\$ 229,305

Fiscal Year	Minimum Lease Payments
2015	\$ 102,834
Total minimum lease payments	102,834
Portion representing interest	(1,102)
Present value of minimum lease payments	\$ 101,732

Contractual Agreement (EDA)

The County entered into a three party agreement with the EDA and Capital One Bank (Capital One) in 2001. The County will pay a portion of the increase in real property taxes generated by a site owned by Capital One to the EDA, an aggregate amount of \$4,300,000. The carrying amount of the obligation represents the original contractual amount less payments made through June 30, 2014.

\$ 2,378,162

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

200,000

Total due to component unit

\$ 2,578,162

Primary Government	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Incurred for County:					
Due to component unit	\$ 2,762,472	-	184,310	2,578,162	170,000
				2,578,162	

Deferred Compensation Plan – School Board

The School Board adopted a deferred compensation plan effective July 1, 1999. To be eligible, the individual must be a former employee of the County School Board age 55 or over, who has retired and is eligible to receive retirement benefits under VRS. In addition, the employee cannot be eligible for disability retirement benefits under VRS. The School Board is obligated to request an appropriation each year for an amount which is necessary to maintain the plan in a sound actuarial basis to the fullest degree and in a manner consistent with the constitution and laws of the Commonwealth of Virginia. Employees are not permitted to make contributions to the plan. As of July 1, 2009, the plan had been suspended indefinitely to new participants. The School Board made no contributions during the year ended June 30, 2014. For the year ended June 30, 2014, the amount of benefits paid to participants was \$25,525. The deferred compensation liability meets the requirements for inclusion as a liability of the School Board's Operating Fund.

COUNTY OF GOOCHLAND, VIRGINIA
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Capital Lease – School Board

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

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

Asset Class	Component Unit School Board
Machinery and equipment	\$ 212,072
Total assets, at cost	212,072
Accumulated depreciation	-
Total assets, net	\$ 212,072

Fiscal Year	Minimum Lease Payments
2015	\$ 46,020
2016	46,020
2017	46,020
2018	46,020
2019	49,855
Total minimum lease payments	233,935
Portion representing interest	(21,863)
Present value of minimum lease payments	\$ 212,072

V. Other information

A. Risk Management

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

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

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

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

The County and School Board also contract with the Virginia Association of Counties Group Self Insurance Risk Pool for its workers' compensation coverage. These insurance pools have similar

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

provisions as the Virginia Association of Counties Group Self Insurance Risk Pool for assumptions of a loss deficit by the members.

B. Fund Balance Classifications

Specific purpose information for fund balance classifications is as follows:

	Primary Government			Total Governmental Funds	School Component Unit
	General Fund	Capital Projects Fund	Other Governmental Funds		
Nonspendable:					
Prepaid items	\$ 111,106	-	-	111,106	880,680
Inventories	-	-	-	-	36,265
Noncurrent notes receivable	2,466,089	-	-	2,466,089	-
Restricted for:					
Forfeiture funds	-	-	101,302	101,302	-
Stewardship funds	11,820	-	-	11,820	-
Revenue maximization	27,900	-	-	27,900	-
Courthouse maintenance	68,900	-	-	68,900	-
School deferred compensation	-	-	-	-	4,314
Assigned to:					
Comprehensive Services Act	-	-	198,594	198,594	-
Capital improvements	1,000,000	6,613,619	-	7,613,619	-
Education	-	-	-	-	127,079
Fire station	1,800,000	-	-	1,800,000	-
Revenue stabilization	540,000	-	-	540,000	-
FY16 budget	800,000	-	-	800,000	-
Schools CIP	412,000	-	-	412,000	-
Sheriff vehicle replacement	130,000	-	-	130,000	-
Schools retiree healthcare liability	120,000	-	-	120,000	-
County retiree healthcare liability	150,000	-	-	150,000	-
Future years' VRS cost increases	525,000	-	-	525,000	-
Fiscal year 2015 budget supplement	2,725,000	-	-	2,725,000	-
Park development	300,000	-	-	300,000	-
Finance credit rating	60,000	-	-	60,000	-
Registrar voting equipment	80,000	-	-	80,000	-
Community development	75,000	-	-	75,000	-
Economic development and planning	445,000	-	-	445,000	-
Courthouse security	171,566	-	-	171,566	-
Fire and rescue	785,000	-	-	785,000	-
Utilities master plan	50,000	-	-	50,000	-
Utilities maintenance projects	750,000	-	-	750,000	-
Utilities future debt service	600,000	-	-	600,000	-
Encumbrances	47,650	-	-	47,650	-
Social Services	190,000	-	-	190,000	-
Unassigned Fund Balance	19,401,025	-	-	19,401,025	(882,145)
Total fund balances	\$ 33,843,056	6,613,619	299,896	40,756,571	166,193

C. Commitments and contingent liabilities

Federal programs in which the County and the discretely presented School Board component unit participate are 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 matters of noncompliance may be disclosed by the audit, the grantors may also subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, future disallowance of current grant program expenditures, if any, would be immaterial.

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

D. Jointly governed organizations

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

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

○ **Pamunkey Regional Library**

The Counties of King William, King and Queen, Hanover, and Goochland provide the financial support for the Library and appoint its governing board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints two (2) of the seven (7) members of the Board of Trustees. The County of Hanover provides over 50% of the Library's funding. The County has no equity interest in the Library and made operating contributions of \$393,400 to the Library in fiscal year 2014. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

○ **Central Virginia Waste Authority**

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

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

The Counties of Goochland and Powhatan provide the financial support for the Board and appoint its governing board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. The County, which has no equity interest in the Board, made operating contributions of \$252,730 to the Board in fiscal year 2014. Complete financial statements can be obtained from the Goochland-Powhatan Community Services.

E. Pension plan – Virginia Retirement System

Plan Description

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

The County and School Board contribute to the Virginia Retirement System (VRS), an agent and cost sharing multiple-employer pension plan. All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunded VRS service as service credit in their plan.

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

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

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>About VRS Plan 1</p> <p>VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About VRS Plan 2</p> <p>VRS Plan 2 is a defined plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010 or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS 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. • 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.

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>Eligible Members Employees are in the VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</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"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS 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 VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS 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"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

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

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
		Vesting (Continued)
		<u>Defined Contributions Component (Continued)</u>
		<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.
		Distribution is not required by law until age 70 1/2.
Calculating the Benefit	Calculating the Benefit	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.	See definition under VRS Plan 1.	<u>Defined Benefit Component</u>
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.		See definition under VRS Plan 1.
		<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.
Average Final Compensation	Average Final Compensation	Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>Service Retirement Multiplier</p> <p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier</p> <p>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>Service Retirement Multiplier</p> <p>The retirement multiplier is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age</p> <p>Age 65.</p>	<p>Normal Retirement Age</p> <p>Normal Social Security retirement age.</p>	<p>Normal Retirement Age</p> <p><u>Defined Benefit Component:</u> Same as VRS Plan 2.</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</p> <p>Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p>Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility</p> <p><u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</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>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>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as VRS Plan 2.</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 on calendar year following the unreduced retirement eligibility date.</p>	<p><u>Eligibility:</u> Same as VRS Plan 1.</p>	<p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
		<p><u>Eligibility:</u> Same as VRS Plan 1 and VRS Plan 2.</p>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</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 (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1 and VRS Plan 2.</p>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
<p>Disability Coverage</p> <p>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>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</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</p> <p>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>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</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</p> <p>Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP and VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service</p> <p>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</p> <p>Same as VRS Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component:</u> Same as VRS Plan 1.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Plan Description (Continued)

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

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and Goochland County Schools are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and Goochland County Schools (non-professional employees) contribution rates for the fiscal year ended 2014 were 12.63% and 10.19% of the annual covered payroll, respectively. These rates do not include the 5.00% member contribution paid by the employees.

For the three fiscal years ended June 30, 2014, 2013, and 2012, total contributions made to the VRS State-wide teacher cost-sharing pool for professional employees by the School System were \$1,593,372, \$1,988,328, and \$1,370,420, respectively, and represented 11.66%, 11.66%, and 6.33%, of covered payroll, respectively. The contributions for fiscal year 2012 and 2013 included up to 5.00% of the employee share paid by the employer.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the County's annual pension cost of \$1,097,841 for VRS was equal to the required and actual contributions. Three-year trend information for the County is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$1,097,841	100%	-
6/30/2013	990,554	100%	-
6/30/2012	747,374	100%	-

For fiscal year ended June 30, 2014, the School Board's annual pension cost for the nonprofessional employees was \$78,371 and was equal to the required and actual contribution. Three-year trend information for the Component Unit - School Board non-professional employees is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$78,371	100%	-
6/30/2013	75,523	100%	-
6/30/2012	59,307	100%	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

from 3.75% to 5.60% per year for local general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the County and the Goochland County Public Schools' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and the Goochland County Public Schools' unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County plan was 82.02% funded. The actuarial accrued liability for benefits was \$24,666,276 and the actuarial value of assets was \$20,231,304, resulting in an unfunded actuarial liability (UAAL) of \$4,434,972. The covered payroll (annual payroll of active employees covered by the plan) was \$7,793,025 and the ratio of the UAAL to covered payroll was 56.91%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board (Nonprofessional Employees) plan was 86.14% funded. The actuarial accrued liability for benefits was \$3,354,693 and the actuarial value of assets was \$2,889,785, resulting in an unfunded actuarial liability (UAAL) of \$464,908. The covered payroll was \$741,821 and the ratio of the UAAL to covered payroll was 62.67%.

The schedule of pension 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.

F. Other Postemployment Benefits – County and School Board Sponsored

Plan Description – Primary Government

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

Retirees receive a stipend from the County for their healthcare premiums based on years of service in excess of 15 years. Retirees are responsible for their healthcare premiums, less any stipends. Dental insurance also continues after retirement at the retiree rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the County's contribution. Twenty-three retirees, nine covered spouses, and 118 active members participated in the plan as of June 30, 2012, the effective date

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

of the biennial OPEB valuation. There have been no significant changes in the number covered or the type of coverage since that date.

Plan Description - Component Unit School Board

The School Board provides continuous medical insurance coverage for full-time employees who retire directly from the School Board and are eligible to receive an early or regular retirement benefit from the School Board. The School Board does not provide stipends for retirees toward healthcare premiums (except indirectly through the VRS Retiree Health Insurance Credit Program as described in Note V. - G.). Retirees are responsible for their healthcare premiums. Dental insurance also continues after retirement at the active employee rate. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan after the death of the member paying the same rate as the retiree up until they reach age 65. Twenty-four retirees, six covered spouses, and 396 active employees participated in the plan as of June 30, 2012, the effective date of the biennial OPEB valuation. There have been no other significant changes in the number covered or the type of coverage since that date.

Funding

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

Annual OPEB Cost and Net OPEB Obligation

The County's and School Board's other postemployment benefit (OPEB) costs (expenses) are calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities for funding purposes over a period not to exceed thirty years. For fiscal years 2014, 2013, and 2012, the County's annual pension cost (\$173,022, \$166,101, and \$214,354) equaled its ARC and the School Board's annual pension cost (\$225,477, \$215,947, and \$240,019) equaled its ARC. The following table shows the components of County's and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's and School Board's net OPEB obligation to the Plan:

	Primary Government	Component Unit School Board
ARC Normal Cost	\$ 173,022	\$ 225,477
Amortization	-	-
Annual required contribution	173,022	225,477
Interest on the New OPEB Obligation (NOO)	21,043	29,555
Adjustment to ARC	(22,232)	(31,224)
Annual OPEB cost (AOC)	171,833	223,808
Contribution for fiscal year ended June 30, 2014	(89,531)	(118,605)
Increase in net OPEB obligation	82,302	105,203
Net OPEB obligation-beginning of year	601,239	844,421
Net OPEB obligation-end of year	<u>\$ 683,541</u>	<u>\$ 949,624</u>
Percentage of AOC contributed	52.10%	52.99%
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability	2,034,629	2,481,525
Unfunded actuarial liability (UAAL)	<u>\$ 2,034,629</u>	<u>\$ 2,481,525</u>
Funded ratio	n/a	n/a
Annual covered payroll	\$ 7,215,948	\$ 14,687,983
UAAL as a percentage of covered payroll	28.20%	16.89%
Valuation as of June 30, 2012		

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Premiums are based on a blend of the insurer's pooled rate and the entity's medical/surgical claims experience. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2012, actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 3.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money mark funds), was considered in the selection of the 3.5% rate. The valuation assumes a 8% and 7.5% healthcare cost trend increase for fiscal year 2013 and 2014, respectively.

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

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

The School Board participates in the VRS Retiree Health Insurance Credit Program which is an agent, multiple-employer plan. It provides eligible retirees a tax-free reimbursement for health insurance premiums for single coverage under qualifying health plans, including coverage under a spouse's plan, not to exceed the amount of the monthly premium or the maximum credit, whichever is less. Premiums for health plans covering specific conditions are ineligible for reimbursement. Employers of teachers and other School Board professional employees are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute to the program. The amount is financed based on employer contribution rates determined by the System's actuary. Goochland County School Board contributed 1.11% of eligible covered payroll in 2014 to this program for a total of \$151,685.

H. Restatement of net position

The following adjustment was made to beginning net position at July 1, 2013:

	Business-type Activities
Net position, beginning of year, as previously reported	\$ 8,996,740
To expense unamortized debt issuance costs in accordance with GASB No. 65	(974,020)
Net position, beginning of year, as restated	\$ 8,022,720

I. Pending GASB Statements

At June 30, 2014, the GASB had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by

COUNTY OF GOOCHLAND, VIRGINIA
Notes to Financial Statements

the state and local government employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, established accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*, will address an issue regarding application of the transition provisions of *Statement No. 68, Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contribution, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows or resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

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

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
Schedule of Pension and Other Postemployment Benefits Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

PRIMARY GOVERNMENT

County Retirement Plan

6/30/2013	\$ 20,231,304	\$ 24,666,276	\$ 4,434,972	82.02%	\$ 7,793,025	56.91%
6/30/2012	18,751,972	24,248,167	5,496,195	77.33%	7,507,832	73.21%
6/30/2011	18,300,976	23,721,356	5,420,380	77.15%	7,492,320	72.35%

County Other Postemployment Benefits

6/30/2013	\$ -	\$ 2,034,629	\$ 2,034,629	- %	\$ 7,215,948	28.20%
6/30/2012	-	1,949,191	1,949,191	- %	6,667,340	29.23%
6/30/2011	-	1,968,993	1,968,993	- %	6,752,625	29.16%

DISCRETELY PRESENTED COMPONENT UNIT

School Board Non-Professional Retirement Plan

6/30/2013	\$ 2,889,785	\$ 3,354,693	\$ 464,908	86.14%	\$ 741,821	62.67%
6/30/2012	2,762,378	3,383,361	620,983	81.65%	743,270	83.55%
6/30/2011	2,789,202	3,298,570	509,368	84.56%	829,744	61.39%

School Board Other Postemployment Benefits

6/30/2013	\$ -	\$ 2,481,525	\$ 2,481,525	- %	\$ 14,687,983	16.89%
6/30/2012	-	2,362,907	2,362,907	- %	14,567,688	16.22%
6/30/2011	-	2,326,224	2,326,224	- %	14,310,545	16.26%

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SUPPLEMENTARY INFORMATION

GENERAL FUND

County of Goochland, Virginia
General Fund

Exhibit 13

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 20,880,000	\$ 20,887,000	\$ 22,196,154	\$ 1,309,154
TCSO property tax revenue share	(875,000)	(900,000)	(938,204)	(38,204)
Real and personal PSC property tax	610,000	610,000	635,563	25,563
Personal property tax	7,389,884	7,394,984	8,719,386	1,324,402
Penalties	250,000	252,500	291,410	38,910
Interest	160,000	160,000	214,773	54,773
Total general property taxes	28,414,884	28,404,484	31,119,082	2,714,598
Other local taxes:				
Local sales and use tax	2,210,000	2,210,000	2,495,443	285,443
Consumer utility tax	410,000	410,000	390,637	(19,363)
Consumption tax	90,000	90,000	97,808	7,808
Business license tax	485,000	485,000	669,108	184,108
Motor vehicle licenses	580,000	580,000	796,099	216,099
Bank stock tax	75,000	75,000	1,603,482	1,528,482
Tax on recordation and wills	315,000	315,000	426,458	111,458
Total other local taxes	4,165,000	4,165,000	6,479,035	2,314,035
Permits, privilege fees, and regulatory licenses:				
Animal licenses	23,000	23,000	28,088	5,088
Land use application fees	1,000	1,000	2,725	1,725
Transfer fees	600	600	774	174
Zoning and subdivision permits	27,500	27,500	63,717	36,217
Building permits	250,000	250,000	434,909	184,909
Other permits and licenses	35,000	35,000	64,513	29,513
Total permits, privilege fees, and regulatory licenses	337,100	337,100	594,726	257,626
Fines and forfeitures:				
Court fines and forfeitures	130,000	130,000	124,052	(5,948)
Revenue from use of money and property:				
Revenue from use of money	40,000	40,000	28,688	(11,312)
Revenue from use of property	5,000	43,412	125,371	81,959
Total revenue from use of money and property	45,000	83,412	154,059	70,647
Charges for services:				
Sheriff fees	4,000	4,000	3,727	(273)
Commonwealth's Attorney	1,000	1,000	2,063	1,063
Courthouse security	60,000	60,000	53,494	(6,506)
Other court services	7,000	7,000	19,662	12,662
Sanitation and waste removal	35,000	35,000	39,768	4,768
Parks, recreation, and facilities management	80,000	115,000	135,617	20,617
Community development	24,900	24,900	24,160	(740)
Fire and rescue	545,000	552,985	721,021	168,036
Total charges for services	756,900	799,885	999,512	199,627
Miscellaneous:				
Miscellaneous revenues	5,000	108,125	109,909	1,784

Continued

County of Goochland, Virginia
General Fund

Exhibit 13

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Recovered costs:				
Public assistance refunds	\$ -	\$ -	\$ 3,647	\$ 3,647
Other recovered costs	170,000	205,000	192,851	(12,149)
Total recovered costs	170,000	205,000	196,498	(8,502)
Total revenues from local sources	34,023,884	34,233,006	39,776,873	5,543,867
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	850,000	850,000	860,194	10,194
Rolling stock tax	62,000	62,000	86,203	24,203
Mobile home titling tax	11,000	11,000	7,051	(3,949)
State recordation tax	110,000	110,000	130,594	20,594
Auto rental tax	2,200	2,200	7,553	5,353
Personal property tax relief funds	2,853,011	2,853,011	2,853,012	1
Total noncategorical aid	3,888,211	3,888,211	3,944,607	56,396
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	249,689	249,689	260,918	11,229
Sheriff	853,258	853,258	876,258	23,000
Commissioner of Revenue	83,336	83,336	85,652	2,316
Treasurer	89,791	89,791	94,992	5,201
Registrar/electoral board	31,000	31,000	36,440	5,440
Clerk of the Circuit Court	230,726	230,726	236,657	5,931
Total shared expenses	1,537,800	1,537,800	1,590,917	53,117
Other categorical aid:				
Public assistance and welfare administration	473,114	473,114	370,856	(102,258)
Fire programs fund	58,054	65,223	65,222	(1)
DMV agent compensation	25,000	25,000	50,329	25,329
Wireless E911	39,000	39,000	42,110	3,110
Four 4 life funds	24,278	23,810	24,486	676
Fire training grants	3,000	58,790	55,790	(3,000)
Victim-witness grant	29,679	29,679	29,679	-
Litter control	7,500	7,500	6,754	(746)
Other categorical aid	25,000	42,056	19,201	(22,855)
Total other categorical aid	684,625	764,172	664,427	(99,745)
Total categorical aid	2,222,425	2,301,972	2,255,344	(46,628)
Total revenue from the Commonwealth	6,110,636	6,190,183	6,199,951	9,768
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	750,820	750,820	933,600	182,780
Emergency management performance grant	16,904	16,904	16,904	-
Highway safety grant	-	47,123	36,286	(10,837)
Other federal funds	-	29,717	21,065	(8,652)
Total categorical aid	767,724	844,564	1,007,855	163,291
Total revenue from the federal government	767,724	844,564	1,007,855	163,291
Total revenues	40,902,244	41,267,753	46,984,679	5,716,926

Continued

County of Goochland, Virginia
General Fund

Exhibit 13

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
General government administration:				
Legislative:				
Board of Supervisors	\$ 171,774	\$ 171,774	\$ 170,356	\$ 1,418
General and financial administration:				
County Administrator	374,633	399,633	386,287	13,346
County Attorney	393,188	423,188	411,805	11,383
Human resources	114,148	114,148	98,913	15,235
Commissioner of the Revenue	331,064	336,064	330,058	6,006
Assessor	365,770	365,770	328,624	37,146
Other general and financial administration	217,500	221,500	198,218	23,282
Treasurer	421,402	431,402	417,536	13,866
Information systems	863,480	913,480	913,423	57
Finance	416,009	466,009	419,282	46,727
Purchasing	99,394	99,394	96,083	3,311
Total general and financial administration	3,596,588	3,770,588	3,600,229	170,359
Board of Elections:				
Registrar	197,706	197,706	183,383	14,323
Total general government administration	3,966,068	4,140,068	3,953,968	186,100
Judicial administration:				
Courts:				
Circuit court	33,050	102,158	41,756	60,402
General District Court	11,000	14,000	13,227	773
Magistrates	4,000	4,000	1,178	2,822
Sheriff - court services	518,586	518,586	456,699	61,887
Clerk of the Circuit Court	525,911	547,967	544,675	3,292
Total courts	1,092,547	1,186,711	1,057,535	129,176
Commonwealth's attorney:	461,091	461,091	449,854	11,237
Total judicial administration	1,553,638	1,647,802	1,507,389	140,413
Public safety:				
Law enforcement and traffic control:				
Sheriff	2,756,120	2,891,120	2,727,997	163,123
Sheriff's grants	-	48,840	29,740	19,100
Total law enforcement and traffic control	2,756,120	2,939,960	2,757,737	182,223
Fire and rescue services:				
Fire and rescue	1,910,121	1,956,518	1,891,613	64,905
Emergency planning	119,140	181,631	154,664	26,967
Fire and rescue revenue recovery	545,000	545,000	270,400	274,600
Fire and rescue training center	23,900	23,900	11,091	12,809
Forest fire protection	9,950	10,050	9,982	68
Total fire and rescue services	2,608,111	2,717,099	2,337,750	379,349
Correction and detention:				
Confinement and care of prisoners	667,300	382,200	275,070	107,130
Inspections:				
Building inspections	455,180	455,180	445,947	9,233
Other protection:				
Animal control	240,813	285,813	273,433	12,380
Emergency dispatch services	253,000	277,784	258,307	19,477
E911 System	621,900	621,900	616,322	5,578
Total other protection	1,115,713	1,185,497	1,148,062	37,435

Continued

County of Goochland, Virginia
General Fund

Exhibit 13

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other public safety:				
Risk management	\$ 35,500	\$ 35,500	\$ 30,515	\$ 4,985
Total public safety	7,637,924	7,715,436	6,995,081	720,355
Public Works:				
Sanitation and waste removal:				
Refuse disposal	803,853	803,853	776,933	26,920
Total public works	803,853	803,853	776,933	26,920
Health and welfare:				
Health:				
Supplement of local health department	219,265	219,265	219,265	-
Mental health and mental retardation:				
Chapter X Board	255,980	255,980	255,290	690
Welfare:				
Public assistance and welfare administration	1,852,691	1,852,691	1,855,629	(2,938)
Tax relief for the elderly and disabled	410,000	410,000	407,957	2,043
Goochland Free Clinic and Family Services	143,500	143,500	143,528	(28)
Contributions	108,720	113,820	113,722	98
Other welfare contributions	1,000	5,500	4,558	942
Total welfare	2,515,911	2,525,511	2,525,394	117
Total health and welfare	2,991,156	3,000,756	2,999,949	807
Parks, recreation, facilities management, and cultural:				
Parks, recreation, and facilities management	1,554,613	1,649,613	1,648,602	1,011
Contribution to regional library	393,400	393,400	393,400	-
Total parks, recreation, and cultural	1,948,013	2,043,013	2,042,002	1,011
Community development:				
Planning and community development:				
Planning and zoning	426,897	463,897	462,822	1,075
Community development	225,040	231,783	217,561	14,222
Plan review and code enforcement	164,764	164,764	157,279	7,485
Other planning and community development	-	28,000	20,931	7,069
Extension office	52,260	52,260	49,323	2,937
Economic development	401,785	401,785	334,609	67,176
Total community development	1,270,746	1,342,489	1,242,525	99,964
Payments to component units:				
Community Development:				
Economic Development Authority	-	158,125	154,587	3,538
Total community development	-	158,125	154,587	3,538

Continued

County of Goochland, Virginia
General Fund

Exhibit 13

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Education:				
School Fund	\$ 18,116,626	\$ 18,519,465	\$ 18,079,022	\$ 440,443
Total education	18,116,626	18,519,465	18,079,022	440,443
Total payments to component units	18,116,626	18,677,590	18,233,609	443,981
Debt service:				
Principal retirement	2,340,000	2,340,000	2,036,724	303,276
Interest and other fiscal charges	892,971	892,971	789,572	103,399
Total debt service	3,232,971	3,232,971	2,826,296	406,675
Total expenditures	41,520,995	42,603,978	40,577,752	2,026,226
Excess (deficiency) of revenues over (under) expenditures	(618,751)	(1,336,225)	6,406,927	7,743,152
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfer from Utilities Fund	69,000	69,000	69,423	423
Total other financing sources	69,000	69,000	69,423	423
Other financing uses:				
Transfer to Capital Projects Fund	(555,000)	(2,755,000)	(2,755,000)	-
Transfer to Comprehensive Services	(649,664)	(649,664)	(649,664)	-
Transfer to Utilities Fund	(510,000)	(860,000)	(860,000)	-
Total other financing uses	(1,714,664)	(4,264,664)	(4,264,664)	-
Net change in fund balance	(2,264,415)	(5,531,889)	2,211,686	7,743,575
Fund balance beginning of year	-	-	31,631,370	31,631,370
Fund balance - end of year	\$ (2,264,415)	\$ (5,531,889)	\$ 33,843,056	\$ 39,374,945

CAPITAL PROJECTS FUND

Capital Projects Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ 79,000	\$ 124,000	\$ 619,515	\$ 495,515
Recovered costs	-	-	9,821	9,821
Commonwealth	-	218,000	-	(218,000)
Total revenues	79,000	342,000	629,336	287,336
EXPENDITURES				
General government administration	75,000	438,779	159,247	279,532
Public safety	7,000,000	11,984,754	425,046	11,559,708
Education	-	1,775,000	535,735	1,239,265
Parks, recreation, and facilities management	504,000	758,989	313,177	445,812
Community development	55,000	389,462	38,324	351,138
Total expenditures	7,634,000	15,346,984	1,471,529	13,875,455
Deficiency of revenues under expenditures	(7,555,000)	(15,004,984)	(842,193)	14,162,791
OTHER FINANCING SOURCES				
Transfers in	3,055,000	5,255,000	2,755,000	(2,500,000)
Issuance of general obligation bonds	4,500,000	8,800,000	-	(8,800,000)
Total other financing sources	7,555,000	14,055,000	2,755,000	(11,300,000)
Net change in fund balance	-	(949,984)	1,912,807	2,862,791
Fund balance beginning of year	-	-	4,700,812	4,700,812
Fund balance - end of year	\$ -	\$ (949,984)	\$ 6,613,619	\$ 7,563,603

OTHER NONMAJOR GOVERNMENTAL FUNDS

Other Nonmajor Governmental Funds

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 41,033	\$ 41,033	\$ 30,672	\$ (10,361)
Intergovernmental revenues:				
Commonwealth	386,585	386,585	418,920	32,335
Federal government	-	48,403	10,958	(37,445)
Total revenues	427,618	476,021	460,550	(15,471)
EXPENDITURES				
Current:				
Public safety	-	48,403	15,930	32,473
Health and welfare	1,077,282	1,077,282	969,751	107,531
Total expenditures	1,077,282	1,125,685	985,681	140,004
Deficiency of revenues under expenditures	(649,664)	(649,664)	(525,131)	124,533
OTHER FINANCING SOURCES				
Transfers in	649,664	649,664	649,664	-
Net change in fund balance	-	-	124,533	124,533
Fund balance beginning of year	-	-	175,363	175,363
Fund balance - end of year	\$ -	\$ -	\$ 299,896	\$ 299,896

AGENCY FUNDS

County of Goochland, Virginia
Agency Funds
Combining Statement of Net Position

Exhibit 16

June 30, 2014

	Agency Funds			Total
	Special Welfare	Towers & Roads	Performance Bonds	
ASSETS				
Cash and cash equivalents	\$ 5,083	\$ 161,000	\$ 210,414	\$ 376,497
Total assets	\$ 5,083	\$ 161,000	\$ 210,414	\$ 376,497
LIABILITIES				
Amounts held for social services clients	\$ 5,083	\$ -	\$ -	\$ 5,083
Performance bonds payable	-	161,000	210,414	371,414
Total liabilities	\$ 5,083	\$ 161,000	\$ 210,414	\$ 376,497

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets:				
Cash and cash equivalents	\$ 7,104	\$ 34,591	\$ (36,612)	\$ 5,083
Due from other governmental units	477	-	(477)	-
Total assets	<u>\$ 7,581</u>	<u>\$ 34,591</u>	<u>\$ (37,089)</u>	<u>\$ 5,083</u>
Liabilities:				
Amounts held for social services clients	\$ 5,174	\$ 34,591	\$ (34,682)	\$ 5,083
Due to County of Goochland, VA	2,407	-	(2,407)	-
Total liabilities	<u>\$ 7,581</u>	<u>\$ 34,591</u>	<u>\$ (37,089)</u>	<u>\$ 5,083</u>
Towers & Roads				
Assets:				
Cash and cash equivalents	\$ 161,000	\$ -	\$ -	\$ 161,000
Liabilities:				
Performance bonds payable	\$ 161,000	\$ -	\$ -	\$ 161,000
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 524,846	\$ 409,920	\$ (724,352)	\$ 210,414
Liabilities:				
Performance bonds payable	\$ 524,846	\$ 409,920	\$ (724,352)	\$ 210,414
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 692,950	\$ 444,511	\$ (760,964)	\$ 376,497
Due from other governmental units	477	-	(477)	-
Total assets	<u>\$ 693,427</u>	<u>\$ 444,511</u>	<u>\$ (761,441)</u>	<u>\$ 376,497</u>
Liabilities:				
Amounts held for social services clients	\$ 5,174	\$ 34,591	\$ (34,682)	\$ 5,083
Due to County of Goochland, VA	2,407	-	(2,407)	-
Performance bonds payable	685,846	409,920	(724,352)	371,414
Total liabilities	<u>\$ 693,427</u>	<u>\$ 444,511</u>	<u>\$ (761,441)</u>	<u>\$ 376,497</u>

**DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL
BOARD**

Discretely Presented Component Unit - School Board
Combining Balance Sheet

June 30, 2014

	Governmental Funds			
	School Operating	Textbook	Cafeteria	Totals
ASSETS				
Cash and cash equivalents	\$ 718,220	\$ 41,133	\$ 105,068	\$ 864,421
Accounts receivable	14,818	-	-	14,818
Prepaid items	880,680	-	-	880,680
Due from other governmental units	1,105,263	-	9,390	1,114,653
Inventories	-	-	36,265	36,265
Restricted assets:				
Investments	4,314	-	-	4,314
Total assets	<u>\$ 2,723,295</u>	<u>\$ 41,133</u>	<u>\$ 150,723</u>	<u>\$ 2,915,151</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable	\$ 243,455	\$ 468	\$ -	\$ 243,923
Accrued liabilities	2,402,129	-	56,408	2,458,537
Unearned revenue	42,481	-	-	42,481
Liabilities payable from restricted assets	4,017	-	-	4,017
Total liabilities	<u>2,692,082</u>	<u>468</u>	<u>56,408</u>	<u>2,748,958</u>
Fund balances:				
Nonspendable	880,680	-	36,265	916,945
Restricted	4,314	-	-	4,314
Assigned	28,364	40,665	58,050	127,079
Unassigned	(882,145)	-	-	(882,145)
Total fund balances	<u>31,213</u>	<u>40,665</u>	<u>94,315</u>	<u>166,193</u>
Total liabilities and fund balances	<u>\$ 2,723,295</u>	<u>\$ 41,133</u>	<u>\$ 150,723</u>	<u>\$ 2,915,151</u>

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

Total fund balances per above	<u>\$ 166,193</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	39,881,643
Less - accumulated depreciation and amortization	<u>(16,217,962)</u>
	<u>23,663,681</u>
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease	(212,072)
Compensated absences	(399,603)
Other postemployment benefits	<u>(949,624)</u>
	<u>(1,561,299)</u>
Net position of governmental activities	<u>\$ 22,268,575</u>

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

Year Ended June 30, 2014

	Governmental Funds			
	School Operating	Textbook	Cafeteria	Totals
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 55,448	\$ -	\$ -	\$ 55,448
Charges for services	23,282	-	494,550	517,832
Miscellaneous	84,838	-	-	84,838
Payments from primary government	17,907,866	171,156	-	18,079,022
Revenue from the Commonwealth	6,771,730	42,789	9,069	6,823,588
Revenue from the Federal government	1,154,115	-	423,449	1,577,564
Total revenues	<u>25,997,279</u>	<u>213,945</u>	<u>927,068</u>	<u>27,138,292</u>
EXPENDITURES				
Education	25,957,958	173,280	929,764	27,061,002
Debt service:				
Principal retirement	37,095	-	-	37,095
Interest and other fiscal charges	2,226	-	-	2,226
Total expenditures	<u>25,997,279</u>	<u>173,280</u>	<u>929,764</u>	<u>27,100,323</u>
Excess (deficiency) of revenues over (under) expenditures	-	40,665	(2,696)	37,969
Net change in fund balances	-	40,665	(2,696)	37,969
Fund balances beginning	31,213	-	97,011	128,224
Fund balances - ending	<u>\$ 31,213</u>	<u>\$ 40,665</u>	<u>\$ 94,315</u>	<u>\$ 166,193</u>
Net change in fund balances - total governmental funds - per above				<u>\$ 37,969</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation, amortization, and transfers of joint tenancy assets exceeded capital outlays in the current period.				
Capital outlay				455,780
Depreciation and amortization expense				(1,105,808)
Net book value of donated assets				53,216
Transfer of depreciation and amortization expense related to joint tenancy assets from Primary Government				(760,621)
Transfer of joint tenancy assets from Primary Government				<u>2,132,866</u>
				<u>775,433</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds				
Change in capital lease				(174,977)
Change in other postemployment benefits				(105,203)
Change in compensated absences				(30,751)
				<u>(310,931)</u>
Change in net position of governmental activities				<u>\$ 502,471</u>

School Operating Fund - School Board

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 44,500	\$ 44,500	\$ 55,448	\$ 10,948
Charges for services	20,602	20,602	23,282	2,680
Miscellaneous	52,510	75,498	84,838	9,340
Payments from primary government	17,950,733	18,348,310	17,907,866	(440,444)
Revenue from the Commonwealth:				
Share of State sales tax	3,108,933	3,015,480	3,006,803	(8,677)
Basic school aid	1,891,657	1,990,080	1,985,865	(4,215)
Instructional fringe benefits	403,435	414,447	414,447	-
Special education	343,387	386,944	368,686	(18,258)
Remedial education	105,290	147,734	166,854	19,120
Strategic compensation grant	-	450,000	430,604	(19,396)
VPSA technology grant	180,000	244,758	244,758	-
Other state categorical aid	140,614	207,997	153,713	(54,284)
Revenue from the Federal government:				
IDEA Part B Special Education	552,151	575,541	546,751	(28,790)
Title I Part A Basic Education	240,075	342,024	237,098	(104,926)
Workforce Investment Act: In Youth School	180,177	188,350	154,574	(33,776)
Other federal categorical aid	195,000	250,155	215,692	(34,463)
Total revenues	25,409,064	26,702,420	25,997,279	(705,141)
EXPENDITURES				
Education:				
Instruction	18,035,541	18,878,834	18,411,620	467,214
Administration, attendance, and health	1,350,644	1,388,423	1,355,785	32,638
Pupil transportation	2,174,891	2,348,570	2,170,275	178,295
Operation and maintenance	2,417,998	2,467,684	2,457,254	10,430
Technology	1,429,990	1,579,588	1,563,024	16,564
Debt service:				
Principal retirement	-	37,095	37,095	-
Interest and other fiscal charges	-	2,226	2,226	-
Total expenditures	25,409,064	26,702,420	25,997,279	705,141
Net change in fund balance	-	-	-	-
Fund balance - beginning	31,213	31,213	31,213	-
Fund balance - ending	\$ 31,213	\$ 31,213	\$ 31,213	\$ -

Textbook Fund - School Board

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Payments from primary government	\$ 165,893	\$ 171,156	\$ 171,156	\$ -
Revenue from the Commonwealth	41,473	42,789	42,789	-
Total revenues	207,366	213,945	213,945	-
EXPENDITURES				
Education	207,366	213,945	173,280	40,665
Total expenditures	207,366	213,945	173,280	40,665
Excess of revenues over expenditures	-	-	40,665	40,665
Net change in fund balance	-	-	40,665	40,665
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 40,665	\$ 40,665

Cafeteria Fund - School Board

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 10	\$ 10	\$ -	\$ (10)
Charges for services	560,536	560,536	494,550	(65,986)
Revenue from the Commonwealth	10,154	10,154	9,069	(1,085)
Revenue from the Federal government	350,240	405,240	423,449	18,209
Total revenues	920,940	975,940	927,068	(48,872)
EXPENDITURES				
Education	930,940	985,940	929,764	56,176
Total expenditures	930,940	985,940	929,764	56,176
Deficiency of revenues under expenditures	(10,000)	(10,000)	(2,696)	7,304
Net change in fund balance	(10,000)	(10,000)	(2,696)	7,304
Fund balance - beginning	97,011	97,011	97,011	-
Fund balance - ending	\$ 87,011	\$ 87,011	\$ 94,315	\$ 7,304

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

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

June 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 317,201
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Noncurrent assets:

Due from primary government	2,578,162
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Land held for resale	801,100
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Total noncurrent assets	<u>3,379,262</u>
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Total assets	<u>3,696,463</u>
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LIABILITIES

Current liabilities:

Accounts payable	3,703
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Contractual agreement payable-current portion	170,000
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Total current liabilities	<u>173,703</u>
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Long-term liabilities:

Contractual agreement payable- less current portion	2,208,161
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Total liabilities	<u>2,381,864</u>
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NET POSITION

Unrestricted	1,314,599
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Total net position	<u>\$ 1,314,599</u>
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**Discretely Presented Component Unit - Economic Development Authority
Schedule of Revenues, Expenditures, and Change in Net Position**

Year Ended June 30, 2014

OPERATING REVENUES

Charges for services \$ 758

OPERATING EXPENDITURES

Economic development 218,963

Operating loss (218,205)

NONOPERATING REVENUES

Revenue from use of money 213

Miscellaneous 1,006

Total nonoperating revenues 1,219

Loss before payments from primary government (216,986)

Payment from primary government 154,587

Change in net position (62,399)

Total net position beginning 1,376,998

Total net position-ending \$ 1,314,599

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STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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

Financial trends information	101-105
Financial trends information is intended to help the reader understand and assess how the County's financial position has changed over time.	
Revenue capacity information	106-109
Revenue capacity information is intended to help the reader understand and assess the County's ability to generate its most significant local revenue source, the property tax.	
Debt capacity information	110-111
Debt capacity information is intended to help the reader understand and assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and economic information	112-113
Demographic and economic information is intended to help the reader understand the socioeconomic environment within which the County's financial activities take place.	
Operating information	114-116
Operating information is intended to provide information about the County's services and capital asset resources to help the reader understand how the information in the financial report relates to the services the County provides and the activities it performs.	

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**Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 13,121,243	\$ 2,585,599	\$ 15,099,612	\$ 16,930,704	\$ 18,841,162	\$ 23,380,680	\$ 19,953,566	\$ 20,135,687	\$ 21,842,273	\$ 22,927,053
Restricted	-	-	-	-	-	-	-	-	-	\$ 209,922
Unrestricted	18,816,572	32,231,618	25,949,214	28,851,763	23,182,061	19,393,949	20,924,342	24,303,629	32,334,297	36,164,646
Total governmental activities net position	\$ 31,937,815	\$ 34,817,217	\$ 41,048,826	\$ 45,782,467	\$ 42,023,223	\$ 42,774,629	\$ 40,877,908	\$ 44,439,316	\$ 54,176,570	\$ 59,301,621
Business-type activities										
Net investment in capital assets	\$ 11,124,077	\$ 8,122,553	\$ 11,692,461	\$ 18,898,718	\$ 11,551,649	\$ 9,808,497	\$ 7,691,315	\$ 5,886,806	\$ (11,052,343)	\$ (12,788,394)
Restricted	-	-	-	-	-	-	-	-	13,526,684	13,782,829
Unrestricted	4,115,997	11,708,773	10,561,829	4,459,567	5,518,352	4,457,566	4,123,505	4,980,826	6,522,399	7,490,844
Total business-type activities net position	\$ 15,240,074	\$ 19,831,326	\$ 22,254,290	\$ 23,358,285	\$ 17,070,001	\$ 14,266,063	\$ 11,814,820	\$ 10,867,632	\$ 8,996,740	\$ 8,485,279
Primary Government										
Net investment in capital assets	\$ 24,245,320	\$ 10,708,152	\$ 26,792,073	\$ 35,829,422	\$ 30,392,811	\$ 33,189,177	\$ 27,644,881	\$ 26,022,493	\$ 10,789,930	\$ 10,138,659
Restricted	-	-	-	-	-	-	-	-	13,526,684	13,992,751
Unrestricted	22,932,569	43,940,391	36,511,043	33,311,330	28,700,413	23,851,515	25,047,847	29,284,455	38,856,696	43,655,490
Total Primary Government net position	\$ 47,177,889	\$ 54,648,543	\$ 63,303,116	\$ 69,140,752	\$ 59,093,224	\$ 57,040,692	\$ 52,692,728	\$ 55,306,948	\$ 63,173,310	\$ 67,786,900

Note: This table reports financial information based on the full accrual basis of accounting. The County implemented GASB Stmt. No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government administration	\$ 1,463,110	\$ 2,691,976	\$ 4,034,139	\$ 3,543,975	\$ 3,703,204	\$ 3,788,584	\$ 3,364,513	\$ 3,775,282	\$ 3,783,527	\$ 4,036,684
Judicial administration	1,200,094	1,310,096	1,324,493	1,450,165	1,607,973	1,568,521	1,513,768	1,456,810	1,561,657	1,631,514
Public safety	4,590,417	5,296,234	5,509,715	5,253,389	6,002,676	7,211,154	7,513,474	7,130,848	7,658,681	8,223,726
Public works	1,345,773	3,112,396	1,945,886	2,414,201	2,971,577	1,928,762	1,732,979	796,180	801,403	784,017
Health and welfare	3,105,199	3,087,235	3,345,836	3,273,716	3,894,233	3,997,944	4,112,538	3,880,617	3,938,769	4,031,891
Education	16,173,533	17,608,067	18,782,446	20,406,154	22,230,249	20,890,262	22,136,778	17,700,882	19,467,678	20,255,232
Parks, recreation, and facilities management	764,196	851,842	897,317	1,091,454	1,176,038	959,783	991,726	2,045,649	2,089,590	2,124,874
Community development	538,121	1,142,115	1,153,925	1,320,752	1,206,680	1,163,011	924,947	1,191,392	1,020,421	1,265,385
Interest and other fiscal charges	1,292,586	1,114,183	1,234,746	1,406,465	1,354,281	1,015,677	1,078,901	949,236	836,779	726,881
Total governmental activities expenses	30,473,029	36,214,144	38,228,503	40,160,271	44,146,911	42,523,698	43,369,624	38,926,896	41,158,505	43,080,204
Business-type activities:										
Public utilities	1,211,777	1,793,574	5,686,297	6,551,077	10,380,369	10,168,993	10,064,571	10,199,319	10,922,109	10,761,364
Total Primary Government expenses	31,684,806	38,007,718	43,914,800	46,711,348	54,527,280	52,692,691	53,434,195	49,126,215	52,080,614	53,841,568
Program revenues										
Governmental activities:										
Charges for services:										
General government	-	-	-	-	-	18,000	-	-	-	64,513
Judicial administration	222,385	216,131	218,918	164,268	63,485	64,192	13,130	14,964	28,814	75,219
Public safety	1,449,783	1,115,050	1,341,566	578,857	282,823	32,381	163,368	87,764	317,460	1,251,462
Public works	24,336	29,653	33,442	28,983	35,736	25,833	34,529	36,284	34,325	39,768
Health and welfare	5,000	-	-	18,000	-	44,059	59,859	47,247	36,672	30,672
Education	-	-	-	154,669	-	-	354,115	765,182	974,569	-
Parks, recreation, and facilities management	43,616	56,333	63,583	69,294	74,697	77,420	86,923	126,822	127,380	135,617
Community development	4,565	12,318	23,001	200,843	327,729	247,900	-	-	-	27,659
Operating grants and contributions	3,254,811	3,421,042	3,817,200	3,775,146	3,945,782	3,746,337	3,828,860	3,407,998	3,606,738	3,693,077
Capital grants and contributions	-	-	149,309	171,522	-	155,624	27,181	190,358	37,000	1,366,358
Total governmental activities revenues	5,004,496	4,850,527	5,647,019	5,161,582	4,730,252	4,411,746	4,567,965	4,676,619	5,162,958	6,684,345
Business-type activities:										
Charges for services:										
Public utilities	603,211	889,966	1,601,136	2,479,214	3,940,435	3,205,803	3,350,912	3,576,014	4,014,710	4,272,246
Operating grants and contributions	793,521	617,206	757,004	-	-	-	-	-	-	-
Capital grants and contributions	-	2,579,591	2,820,683	1,263,689	474,120	319,998	351,790	1,790,690	932,860	2,335,129
Total business-type activities revenues	1,396,732	4,086,763	5,178,823	3,742,903	4,414,555	3,525,801	3,702,702	5,366,704	4,947,570	6,607,375
Total Primary Government program revenues	6,401,228	8,937,290	10,825,842	8,904,485	9,144,807	7,937,547	8,270,667	10,043,323	10,110,528	13,291,720

Table 2

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) / revenue:										
Governmental activities	\$(25,468,533)	\$(31,363,617)	\$(32,581,484)	\$(34,998,689)	\$(39,416,658)	\$(38,111,952)	\$(38,801,659)	\$(34,250,277)	\$(35,995,547)	\$(36,395,859)
Business-type activities	184,955	2,293,189	(507,474)	(2,808,174)	(5,965,814)	(6,643,192)	(6,361,869)	(4,832,615)	(5,974,539)	(4,153,989)
Total Primary Government net expense	(25,283,578)	(29,070,428)	(33,088,958)	(37,806,863)	(45,382,472)	(44,755,144)	(45,163,528)	(39,082,892)	(41,970,086)	(40,549,848)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	21,363,398	24,560,288	28,552,925	30,341,072	32,246,409	30,839,772	28,577,269	29,314,852	33,172,749	30,880,310
Local sales and use taxes	1,761,650	2,015,699	2,205,379	2,359,158	2,359,776	1,901,294	1,866,228	2,255,251	2,277,542	2,495,443
Consumer utility taxes	1,175,825	1,107,757	740,236	319,706	418,162	418,249	421,353	422,363	423,108	390,637
Communications tax ⁽¹⁾	-	-	-	1,024,954	865,751	896,132	890,874	876,103	875,140	-
Other local taxes	1,931,200	2,308,998	2,731,308	2,213,072	1,763,898	1,647,718	1,622,389	1,698,638	5,453,754	3,592,955
Unrestricted grants and contributions	3,281,318	3,589,667	3,299,021	3,130,576	3,055,367	2,992,216	2,955,534	2,935,200	3,059,051	3,944,607
Unrestricted revenues from use of money and property	378,748	802,956	1,488,090	1,029,969	466,093	184,717	161,386	217,982	90,781	154,059
Fines and forfeitures	-	-	-	-	-	-	170,670	182,360	130,802	124,052
Miscellaneous	101,996	102,808	118,657	159,142	35,650	451,414	722,591	375,003	796,524	729,424
Transfers	(221,737)	(245,154)	(322,523)	(424,637)	(432,547)	(468,154)	(483,356)	(466,067)	(546,650)	(790,577)
Total governmental activities expenses	29,772,398	34,243,019	38,813,093	40,153,012	40,778,559	38,863,358	36,904,938	37,811,685	45,732,801	41,520,910
Business-type activities:										
Taxes:										
Property taxes	1,204,909	1,689,842	2,048,125	2,529,679	2,862,263	2,994,394	3,051,136	3,082,297	3,128,789	3,302,746
Unrestricted revenues from use of money and property	662,164	363,067	559,790	514,150	358,289	351,471	358,005	336,694	424,269	520,733
Miscellaneous	929,577	-	-	23,021	2,110	25,235	18,129	369	3,939	2,492
Transfers	221,737	245,154	322,523	424,637	432,547	468,154	483,356	466,067	546,650	790,577
Total business-type activities	3,018,387	2,298,063	2,930,438	3,491,487	3,655,209	3,839,254	3,910,626	3,885,427	4,103,647	4,616,548
Total Primary Government	32,790,785	36,541,082	41,743,531	43,644,499	44,433,768	42,702,612	40,815,564	41,697,112	49,836,448	46,137,458
Change in net position										
Governmental activities	4,303,865	2,879,402	6,231,609	5,154,323	1,361,901	751,406	(1,896,721)	3,561,408	9,737,254	5,125,051
Business-type activities	3,203,342	4,591,252	2,422,964	683,313	(2,310,605)	(2,803,938)	(2,451,243)	(947,188)	(1,870,892)	462,559
Total Primary Government	\$ 7,507,207	\$ 7,470,654	\$ 8,654,573	\$ 5,837,636	\$ (948,704)	\$ (2,052,532)	\$ (4,347,964)	\$ 2,614,220	\$ 7,866,362	\$ 5,587,610

Note: (1) Beginning in FY2014, communication tax was reclassified as unrestricted grants and contributions.

County of Goochland, Virginia

Table 3

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014
General fund										
Reserved	\$ -	\$ -	\$ 115,000	\$ 405,907	\$ 7,390,926	\$ 7,854,283	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	15,939,797	20,067,007	23,160,450	25,228,969	18,298,631	12,522,344	-	-	-	-
Nonspendable	-	-	-	-	-	-	3,338,836	2,986,987	2,585,293	2,577,195
Restricted	-	-	-	-	-	-	114,244	111,334	105,609	108,620
Committed	-	-	-	-	-	-	2,693,315	3,914,260	-	-
Assigned	-	-	-	-	-	-	1,349,452	2,358,443	6,066,496	11,756,216
Unassigned	-	-	-	-	-	-	15,676,774	16,884,189	22,873,972	19,401,025
Total general fund	\$ 15,939,797	\$ 20,067,007	\$ 23,275,450	\$ 25,634,876	\$ 25,689,557	\$ 20,376,627	\$ 23,172,621	\$ 26,255,213	\$ 31,631,370	\$ 33,843,056
All other governmental funds										
Reserved for construction	\$ -	\$ -	\$ -	\$ 631,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	439,140	478,018	599,573	644,646	143,954	166,214	-	-	-	-
School capital projects	1,915,093	11,312,659	3,798,236	3,872,321	2,186,492	2,339,629	-	-	-	-
Nonspendable for										
Comprehensive services	-	-	-	-	-	-	-	506	488	-
Restricted for drug enforcement	-	-	-	-	-	-	129,822	125,664	117,233	101,302
Assigned, reported in:										
Capital projects	-	-	-	-	-	-	1,953,419	2,488,471	4,700,812	6,613,619
Special revenue fund	-	-	-	-	-	-	69,577	505	57,642	198,594
Unassigned	-	-	-	-	-	-	-	(506)	-	-
Total all other government funds	\$ 2,354,233	\$ 11,790,677	\$ 4,397,809	\$ 5,148,862	\$ 2,330,446	\$ 2,505,843	\$ 2,152,818	\$ 2,614,640	\$ 4,876,175	\$ 6,913,515

Note: (1) The presentation of fund balance changed in 2011 as a result of the implementation of GASB #54. Prior to 2011, fund balances are reported only as 'Reserved' and 'Unreserved'. Effective 2011, fund balances are reported as described in Note I-E of the notes to the financial statements.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 21,647,378	\$ 24,622,323	\$ 28,734,527	\$ 30,001,893	\$ 31,816,302	\$ 29,728,457	\$ 29,635,464	\$ 29,123,912	\$ 32,914,846	\$ 31,119,082
Other local taxes	4,868,675	5,432,454	5,676,923	5,916,890	5,407,587	4,863,393	4,800,844	5,252,355	9,029,544	6,479,035
Permits, privilege fees, and regulatory licenses	1,447,488	1,112,680	1,339,121	941,957	529,926	267,341	256,225	764,566	973,999	594,726
Fines and forfeitures	112,912	92,885	104,804	105,799	45,601	117,107	170,670	182,360	130,802	124,052
Revenue from use of money and property	378,748	802,956	1,468,616	1,010,495	466,093	184,717	161,387	217,982	93,455	154,059
Charges for services	189,285	223,922	236,585	167,458	208,943	242,444	355,699	313,697	545,221	1,030,184
Miscellaneous	101,996	102,808	118,657	159,142	25,450	334,307	542,121	555,473	796,524	729,424
Recovered costs	1,075,564	128,468	361,250	630,172	265,623	227,446	134,372	144,144	200,640	206,319
Intergovernmental:										
Commonwealth	5,557,415	6,000,052	6,262,379	6,127,044	6,142,256	5,894,383	5,817,031	5,590,356	5,749,766	6,618,871
Federal	978,714	1,010,657	1,003,151	950,200	858,893	999,794	994,544	943,199	916,023	1,018,813
Total revenues	36,358,175	39,529,205	45,306,013	46,011,050	45,766,674	42,859,389	42,868,357	43,088,044	51,350,820	48,074,565
Expenditures										
General government administration	2,379,425	2,704,445	3,986,281	3,495,023	3,610,265	3,537,879	3,188,558	3,537,551	3,717,286	4,113,215
Judicial administration	1,152,844	1,239,011	1,291,273	1,330,735	1,487,461	1,470,118	1,400,109	1,391,446	1,488,895	1,507,389
Public safety	4,405,548	5,044,892	4,938,236	5,586,668	5,969,814	6,430,553	6,348,125	6,185,483	6,687,191	7,436,057
Public works	1,427,121	1,492,523	1,963,766	2,311,191	2,598,655	2,062,509	1,675,599	839,369	842,089	776,933
Health and welfare	3,084,270	3,056,395	3,329,775	3,264,094	3,897,632	3,995,451	4,128,044	3,875,096	3,961,330	3,969,700
Education	14,125,046	14,992,911	16,513,476	18,591,193	20,136,653	18,598,005	16,382,429	15,860,009	17,539,786	18,614,757
Parks, recreation, and facilities management	689,358	771,454	826,648	906,674	946,161	880,499	938,631	1,813,179	1,866,550	2,355,179
Community development	598,668	1,141,602	1,254,571	1,365,326	1,506,566	1,321,710	906,998	1,105,405	1,220,688	1,435,436
Capital projects	4,528,492	6,116,242	11,776,510	3,805,931	3,056,652	5,081,761	592,450	1,025,164	2,024,139	-
Debt service:										
Principal	1,881,654	1,875,109	1,888,302	2,448,648	3,092,169	3,059,922	3,326,315	2,888,657	2,905,005	2,036,724
Interest and other fiscal charges	1,322,661	1,021,135	1,399,077	1,449,219	1,425,488	1,090,361	1,154,774	1,019,155	906,679	789,572
Total expenditures	35,595,087	39,455,719	49,167,915	44,554,702	47,727,516	47,528,768	40,042,032	39,540,514	43,159,638	43,034,962
Excess (deficiency) of revenues over (under) expenditures	763,088	73,486	(3,861,902)	1,456,348	(1,960,842)	(4,669,379)	2,826,325	3,547,530	8,191,182	5,039,603
Other financing sources (uses)										
Operating transfers in	4,860,921	2,138,968	4,479,479	2,095,325	2,417,859	5,821,252	5,398,246	1,261,307	4,397,117	3,474,087
Operating transfers out	(5,082,658)	(2,384,122)	(4,802,002)	(2,519,962)	(2,850,406)	(6,289,406)	(5,881,602)	(1,727,374)	(4,950,607)	(4,264,664)
Long-term debt issued	-	13,735,324	-	2,499,750	-	-	-	462,951	-	-
Total other financing sources (uses), net	(221,737)	13,490,170	(322,523)	2,075,113	(432,547)	(468,154)	(483,356)	(3,116)	(553,490)	(790,577)
Net change in fund balances	\$ 541,351	\$ 13,563,656	\$ (4,184,425)	\$ 3,531,461	\$ (2,393,389)	\$ (5,137,533)	\$ 2,342,969	\$ 3,544,414	\$ 7,637,692	\$ 4,249,026
Debt service as a percentage of noncapital expenditures	10.31%	8.69%	8.85%	9.76%	10.11%	9.78%	11.36%	10.15%	9.27%	6.84%

County of Goochland, Virginia

Table 5

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate ⁽¹⁾	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$ 2,969,670,934	\$ 159,683,190	\$ 6,335,942	\$ 81,659,312	\$ 3,217,349,378	\$ 0.81	\$ 3,217,349,378	100.00%
2006	3,144,760,755	198,021,574	6,714,224	101,943,105	3,451,439,658	0.81	3,451,439,658	100.00%
2007	4,064,303,836	216,235,986	9,074,031	87,951,775	4,377,565,628	0.75	4,377,565,628	100.00%
2008	5,176,505,515	235,141,920	10,629,142	107,045,905	5,529,322,482	0.68	5,529,322,482	100.00%
2009	4,538,569,000	253,241,328	10,991,246	101,958,404	4,904,759,978	0.71	5,082,384,099	96.51%
2010	4,716,357,200	223,269,562	10,707,945	115,927,483	5,066,262,190	0.68	4,700,768,490	107.78%
2011	4,350,863,500	256,886,512	11,302,821	118,435,658	4,737,488,491	0.72	4,737,488,491	100.00%
2012	4,200,112,700	262,588,986	9,708,425	118,768,766	4,591,178,877	0.73	4,591,178,877	100.00%
2013	4,066,751,908	258,095,897	9,074,954	120,057,618	4,453,980,377	0.73	4,453,980,377	100.00%
2014	4,054,090,042	316,976,141	9,286,565	119,954,347	4,500,307,095	0.77	4,500,307,095	100.00%

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

Source: Commissioner of Revenue

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

Fiscal Year	Direct Rates			Total Direct Tax Rate ⁽²⁾	Tuckahoe Creek Service District Ad Valorem
	Real Estate	Personal Property	Machinery and Tools		
2005	\$ 0.70/0.59	\$ 4.00	\$ 3.75	\$ 0.81	\$ 0.50/0.30
2006	0.59/0.64	4.00	3.75	0.81	0.30/0.31
2007	0.64/0.53	4.00	3.75	0.75	0.31/0.23
2008	0.53	4.00	3.75	0.68	0.23
2009	0.53	4.00	3.75	0.71	0.23
2010	0.53	4.00	3.75	0.68	0.23/0.27
2011	0.53	4.00	3.75	0.72	0.27/0.31
2012	0.53	4.00	3.75	0.73	0.31/0.32
2013	0.53	4.00	3.75	0.73	0.32
2014	0.53	4.00	1.00	0.77	0.32

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

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

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

Taxpayer	Business Type	Rank	Fiscal Year 2014**		Rank	Fiscal year 2005**	
			Tax Year 2013 Assessed Valuation	% of Total Assessed Valuation		Tax Year 2004 Assessed Valuation	% of Total Assessed Valuation
Capital One Bank	Bank Headquarters	1	\$154,074,308	3.42%	1	\$118,026,100	3.67%
West Creek/WC/GC Land	Land Developers	2	119,100,700	2.65%	2	85,003,700	2.64%
Dominion Virginia Power	Public Utility	3	53,754,553	1.19%	5	29,125,553	0.91%
Car Max Business Services	Car Sales Headquarters	4	39,094,800	0.87%			
Luck Stone Corporation	Rock Quarries	5	27,762,338	0.62%	4	29,384,075	0.91%
Pruitt, Richard I	Rock Quarries	6	21,892,100	0.49%			
Federal Reserve Bank	Bank Headquarters	7	21,462,995	0.48%	3	30,168,500	0.94%
Gotwald, James T	Individual	8	18,898,616	0.42%	9	10,105,000	0.31%
CSX Transportation	Railroad	9	18,257,675	0.41%			
Tuckahoe, LLC	Land Developers	10	16,576,300	0.37%			
Markel Properties	Land Holding				8	18,593,500	0.58%
Hermitage Country Club	Country Club				10	10,041,400	0.31%
Verizon Virginia Inc.	Communications				6	22,520,880	0.70%
Virginia Farm Bureau	Insurance				7	19,058,800	0.59%
			<u>\$490,874,385</u>	<u>10.91%</u>		<u>\$372,027,508</u>	<u>11.56%</u>

Source: Commissioner of Revenue

**Commissioner's figures are based on Calendar Year 2013 and Calendar Year 2004 without abatements or supplements.

**Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 25,213,859	\$ 24,080,550	95.51%	\$ 405,658	\$ 24,486,208	97.11%
2006	28,886,527	26,931,952	93.23%	701,222	27,633,174	95.66%
2007	30,303,638	29,747,213	98.16%	556,425	30,303,638	100.00%
2008	31,751,540	30,382,467	95.69%	1,251,207	31,633,674	99.63%
2009	33,921,962	32,187,530	94.89%	1,562,836	33,750,366	99.49%
2010	31,742,964	29,874,484	94.11%	1,644,415	31,518,899	99.29%
2011	31,180,137	29,377,651	94.22%	1,492,406	30,870,057	99.01%
2012	31,544,172	29,854,001	94.64%	1,304,699	31,158,700	98.78%
2013	35,903,587	34,089,797	94.95%	1,259,694	35,349,491	98.46%
2014	33,104,770	31,802,496	96.07%	-	31,802,496	96.07%

Source: County Treasurer's office

**Ratios of Outstanding Debt by Type ⁽¹⁾ (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Total Debt as a Percent of Personal Income (2)	Total Debt Per Capita (2)
	General Obligation Bonds	Capital Leases	Revenue Bonds	Accreted Interest on Revenue Bonds			
2005	\$ 21,345,000	\$ 215,109	\$ 66,302,167	\$ 4,373,246	\$ 92,235,522	8.70%	\$ 4,748
2006	30,430,000	2,600,836	66,232,167	6,033,655	105,296,658	9.07%	5,277
2007	28,860,000	2,282,534	69,007,167	7,767,443	107,917,144	8.54%	5,313
2008	26,760,000	4,433,886	68,582,167	9,598,659	109,374,712	8.17%	5,232
2009	24,715,000	3,801,378	67,997,167	11,524,570	108,038,115	8.49%	5,082
2010	22,615,000	2,841,455	67,397,167	13,551,008	106,404,630	8.16%	4,900
2011	20,460,000	1,846,977	66,492,167	15,683,222	104,482,366	7.37%	4,803
2012	18,585,000	1,263,304	65,337,167	17,926,838	103,112,309	7.11%	4,871
2013	16,963,165	216,485	81,842,364	14,213,122	113,235,136	7.72%	5,291
2014	15,003,690	101,732	80,658,180	16,039,612	111,803,214	7.49%	5,135

Notes: (1) Details regarding the County's outstanding debt can be found in Note IV-G to the financial statements.
(2) See Table 11 for population and personal income data

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

Fiscal Year	Gross Bonded Debt (1)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (3)
2005	\$ 21,345,000	0.66%	\$ 1,099
2006	30,430,000	0.88%	1,525
2007	28,860,000	0.66%	1,421
2008	26,760,000	0.48%	1,280
2009	24,715,000	0.50%	1,162
2010	22,615,000	0.48%	1,041
2011	20,460,000	0.43%	941
2012	18,585,000	0.40%	878
2013	16,963,165	0.38%	793
2014	15,003,690	0.33%	689

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

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

Fiscal Year	Population (1)	Total Personal Income (000's) (1)	Per Capita Personal Income		Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
				(1)			
2005	19,427	\$ 1,060,695	\$	54,599	40.50	2,169	3.20%
2006	19,952	1,161,305		58,205	40.50	2,263	2.40%
2007	20,311	1,263,617		62,213	40.50	2,299	2.50%
2008	20,905	1,338,804		64,042	41.40	2,367	3.30%
2009	21,261	1,272,294		59,842	40.00	2,430	6.70%
2010	21,717	1,303,806		60,036	45.20	2,459	6.20%
2011	21,753	1,417,622		65,169	45.20	2,409	5.40%
2012	21,169	1,450,321		68,512	45.20	2,359	5.32%
2013	21,400	1,466,147		68,512	45.20	2,315	4.50%
2014	21,775	1,491,805		68,512	45.20	2,387	4.50%

- Notes:
- (1) Population estimates from Weldon Cooper Center for Public Service, University of Virginia. Latest estimate available is 2013. Estimate for 2014 calculated using expected growth rate of 1.75%. Total personal income from U.S. Department of Commerce, Bureau of Economic Analysis. Latest data available is 2012. Per capita personal income calculated by dividing personal income by the population estimate for each year. Per capita personal income for 2013 and 2014 is assumed same as 2012 (latest total personal income data). Total personal income for 2013 and 2014 are calculated by multiplying population estimate by per capita personal income for each of those years.
 - (2) U. S. Department of Commerce, Census Bureau
 - (3) Based on Virginia Dept of Education "Superintendent's Annual Report" (end-of-year Average Daily Membership). Current year numbers are preliminary and based on the "Spring Student Record Collection".
 - (4) Virginia Employment Commission

County of Goochland, Virginia
Principal Employers (Unaudited)
Current Year and Nine Years Prior

Table 12

Employer	2014		2005	
	Employees	Rank	Employees	Rank
Capital One Bank	1,000 and over	1	1,000 and over	1
CarMax Auto Superstores	500 to 999	2		
Goochland County School Board	250 to 499	3	250 to 499	2
Luck Stone Corporation	250 to 499	4	250 to 499	3
Virginia Farm Bureau Mutual Insurance	100 to 249	5	250 to 499	5
Virginia Correctional Center for Women	100 to 249	6	100 to 249	7
Performance Food Group	100 to 249	7	100 to 249	10
County of Goochland	100 to 249	8	250 to 499	6
L.E. Myers Company	100 to 249	9		
Psychiatric Institute of Richmond	100 to 249	10	100 to 249	8
James River Correctional Center			250 to 499	4
Lee Highway Paving Company			100 to 249	9

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

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Government:										
General government	16	22	27	35	35	32	29	32	36	36
Judicial administration	21	22	25	15	12	12	15	24	24	24
Public safety:										
Sheriff's department	33	45	33	33	42	41	38	39	41	41
Fire and rescue	4	5	5	6	16	17	16	19	20	22
Building inspections	6	6	7	9	6	6	4	5	6	6
Animal control	3	2	2	2	3	3	3	3	3	3
Public works:										
General maintenance	7	8	13	12	16	12	11	-	-	-
Landfill	3	3	9	7	7	8	6	7	6	6
Engineering	7	5	5	7	6	6	6	6	6	6
Health and welfare:										
Department of social services	17	17	18	19	19	20	21	22	22	22
Parks, recreation, and facilities management	5	5	6	5	2	5	7	18	18	19
Community development:										
Planning	6	7	9	10	11	11	9	11	10	10
Total Government	128	147	159	160	175	173	165	186	192	195
School Board:										
Central office administrators	15	15	18	18	18	21	14	13	11	12
Principals and Assistant Principals ⁽¹⁾	-	-	-	-	-	-	8	8	8	8
Instructors:										
Elementary school	98	105	97	102	103	87	97	99	97	102
Middle school	34	35	44	41	43	41	47	50	51	52
High school	67	71	52	63	54	49	56	56	55	55
Special education professionals ⁽¹⁾	-	-	-	-	-	-	13	12	12	14
Instructional aides (all schools) ⁽¹⁾	-	-	-	-	-	-	33	33	33	36
Other admin support staff ⁽¹⁾	-	-	-	-	-	-	23	24	24	23
Custodians, bus drivers, cafeteria workers ⁽¹⁾	-	-	-	-	-	-	78	76	79	75
Total School Board	215	226	211	224	218	197	369	371	370	377
Total County	343	373	370	384	393	370	534	557	562	572

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

Note: (1) New category for fiscal year 2011. Previously, only positions reported in IPAL were shown on this table and not all School Board employees.

**Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PUBLIC SAFETY										
Sheriff's department:										
Physical arrests	703	903	765	789	661	637	548	427	492	478
Traffic violations	5,003	4,847	4,589	4,228	4,606	5,205	6,299	5,784	5,847	6,447
Civil papers	5,559	5,587	5,756	4,890	5,693	4,951	5,227	5,143	4,689	4,259
Fire and rescue:										
Number of calls answered	3,551	3,198	2,658	2,643	3,414	3,146	2,906	3,444	2,718	2,572
Building inspections:										
Permits issued	393	323	239	156	84	73	37	63	145	150
Animal control:										
Number of calls answered	3,623	2,972	4,015	4,680	5,110	5,020	5,475	5,712	5,548	5,500
CULTURE AND RECREATION										
Parks and recreation:										
After-school program participants	156	128	219	274	227	1,189	1,211	1,279	1,255	1,648
Youth sports participants	232	265	205	310	495	1,100	1,975	1,350	1,475	1,300
COMPONENT UNIT - SCHOOL BOARD										
Education:										
School age population ⁽¹⁾										
Elementary school	955	981	1,039	1,082	1,207	1,134	1,129	1,039	1,001	1,061
Middle school	350	337	321	508	564	583	585	556	580	570
High school	851	930	926	763	770	764	729	734	727	756
Free and reduced meals served ⁽²⁾	63,008	68,929	104,583	99,088	116,082	128,880	121,302	123,274	119,515	127,674

Source: Individual county departments

Notes: (1) Based on Virginia Dept of Education "Spring Student Record Collection"

(2) Based on Virginia Dept of Education SNP Report and, effective 2007, breakfast is included.

**Capital Asset Statistics by Function (Unaudited)
Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	6	8	7	5	6	9	6	6	4	3
Public safety:										
Sheriff's department:										
Patrol units	37	43	42	52	50	54	53	55	55	55
Fire and rescue:										
Vehicles	3	3	6	6	9	11	14	16	15	34
Building inspections:										
Vehicles	5	3	3	4	4	4	4	4	5	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
General maintenance:										
Trucks/vehicles ⁽¹⁾	13	14	16	19	26	18	15	-	-	-
Convenience center:										
Vehicles	1	1	4	4	2	2	2	1	1	2
Equipment	2	2	2	2	3	1	1	1	1	1
Sites	1	1	1	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	7	6	6	6	7	6	6	6	7	6
Parks, recreation, and facilities management:										
Community Centers	1	1	1	1	1	1	1	2	1	1
Vehicles	3	4	2	3	3	3	4	19	18	16
Community development:										
Planning:										
Vehicles	1	1	1	2	4	3	1	2	3	3
Business-type activities: ⁽²⁾										
Utilities:										
Vehicles	-	-	-	-	-	-	-	4	5	6
Education:										
Administration buildings	3	3	1	1	1	1	1	1	1	1
Elementary schools	4	4	3	3	3	3	3	3	3	3
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Vehicles	56	53	53	53	57	57	54	53	52	51
School buses	54	55	64	64	68	68	66	60	60	59

Source: Human Resources/Risk Management, School administration

Notes: (1) Combined with Parks and Recreation vehicles beginning in FY2012.

(2) Information not available prior to FY2012.

COMPLIANCE SECTION

County of Goochland, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Department of Agriculture pass-through programs:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food distribution	10.555	17901-45707	\$ 62,496
Virginia Department of Education:			
National school lunch program	10.555	17901-40623	359,702
School breakfast program	10.553	17901-40591	1,251
Total Virginia Department of Education			360,953
Total Child Nutrition Cluster			423,449
Department of Social Services:			
State Administrative Matching Grants for Supplemental			
Nutrition Assistance Program	10.561	0010112/0010113/0040113	212,495
Total Department of Agriculture			635,944
Department of Justice programs:			
Equitable sharing program	16.922	N/A	13,023
Total Department of Justice			13,023
Department of Labor pass-through programs:			
Henrico County Public Schools:			
Workforce Investment Act Youth Activities	17.529	AA-22966-12-55A-51	154,573
Total Department of Labor			154,573
Department of Transportation pass-through payments:			
National Highway Traffic Safety Administration:			
State and Community Highway Safety	20.600	SC-2014-54059-5307	26,731
Alcohol Open Container Requirements	20.607	154AL-2014-54056-5304	9,555
Total Department of Transportation			36,286
Environmental Protection Agency pass through programs:			
Department of Conservation and Recreation:			
Chesapeake Bay Program	66.466	SWM-2012-P15	21,065
Total Environmental Protection Agency			21,065
Department of Education pass-through programs:			
Virginia Department of Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A120107-2012-430710000	546,750
Special Education - Preschool Grants	84.173	H173A120112-2012-625210000	11,492
Total Special Education Cluster (IDEA)			558,242

County of Goochland, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
Department of Education pass-through programs (continued):			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A110046-2010/2011/2012-42901000	\$ 237,098
Title I, Part D: State Agency Program for Neglected and Delinquent Children and Youth	84.013	S010A090046-2012-429350000	105,220
Advanced Placement Program	84.330	not provided	1,395
Title II, Part A: Improving Teacher Quality State Grant	84.367	S367A11(12)00044-2011/2012-614800000	60,077
Title III, Part A: English Language Acquisition State Grant	84.365	S3635A11(12)0046-2011/2012-605120000	9,103
Career and Technical Education - Basic Grant to States	84.048	V048A120046-2012-610950000	28,405
			<u>441,298</u>
Total Department of Education			<u>999,540</u>
Department of Health and Human Services pass-through programs:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556		1,894
Temporary Assistance to Needy Families (TANF)	93.558	0400112/0400113	133,492
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	1,336
Low Income Home Energy Assistance	93.568	0600412/0600413	13,070
Community Services Block Grant	93.569	not provided	88,526
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	24,905
Chafee Education and Training Vouchers Program	93.599	9160112	8,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/090113	1,058
Foster Care - Title IV-E	93.658	1100112/1100113	93,022
Adoption Assistance	93.659	1120112/1120113	57,430
Social Services Block Grant	93.667	1000112/100113	115,208
Chafee Foster Care Independence Program	93.674	9150112/9150113	3,494
Children's Health Insurance Program	93.767	0540112/0540113	6,059
Medical Assistance Program (Title XIX)	93.778	1200112/1200113	184,572
Total Department of Health and Human Services:			<u>732,065</u>
Department of Homeland Security pass-through programs:			
Department of Emergency Assistance:			
Emergency Management Performance Grant	97.042	not provided	16,904
Total Department of Homeland Security			<u>16,904</u>
Total Federal Expenditures			<u>\$ 2,609,399</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

County of Goochland, Virginia

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

1. Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the *County of Goochland, Virginia* and component units of the *Goochland County Public School Board and the Goochland County Economic Development Authority* and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule of Expenditures of Federal Awards. Federal financial assistance does not include direct federal cash assistance to individuals.

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

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

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for the County of Goochland, Virginia and its component units were determined using a risk-based approach in accordance with OMB Circular A-133.

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

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

2. Non-Cash Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County of Goochland, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$62,496 at the time received were consumed during the year ended June 30, 2014. These commodities were included in the determination of federal awards expended during the year ended June 30, 2014.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Goochland, Virginia (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 19, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-01.

Purpose of this Report

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

YBMares, LLP

Harrisonburg, Virginia
November 19, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Goochland, Virginia's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures 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'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.

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 we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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.

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.

PBMares, LLP

Harrisonburg, Virginia
November 19, 2014

COUNTY OF GOOCHLAND, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal awards

Internal control over major programs:

Material weaknesses identified?	_____	Yes	_____	√	No
Significant deficiencies identified?	_____	Yes	_____	√	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____	Yes	_____	√	No
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Identification of major programs:

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

Special Education Cluster:

84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants

Child Nutrition Cluster:

10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.555	Food Distribution

COUNTY OF GOOCHLAND, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Identification of major programs: (Continued)

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

Auditee qualified as low-risk auditee? _____ Yes √ No

II. FINANCIAL STATEMENT FINDINGS

A. Compliance Finding

2014-01: Bank Account Not Recognized as Public Funds by Qualified Public Depository

In conjunction with our audit in accordance with the *Specifications for Audits of Counties, Cities, and Towns*, issued by the APA for the Commonwealth of Virginia, we performed procedures to ensure that all bank accounts held by the County, including the Component Units, are identified as public deposits. Per Section 2.2-4407 of the *Code of Virginia*, all public deposits are required to be held in a qualified public depository in accordance with the Virginia Security for Public Deposits Act. Treasurers must ensure the qualified depository identifies the account(s) as public deposits. Public deposits include all moneys of the Commonwealth, local governments, or constitutional officers of local governments, including any canteen and inmate trust funds held by the Sheriff.

In performing procedures to ascertain all accounts of the County, including the Component Units, are included in qualified public depositories, and have properly been identified by the depository as "public funds", we noted one bank account of the Component Unit – Economic Development Authority had not been identified as such. We recommend action be taken to have the account in compliance with these requirements.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF GOOCHLAND, VIRGINIA

**CORRECTIVE ACTION PLAN
Year Ended June 30, 2014**

Identifying Number: 2014-01: Bank Account Not Recognized as Public Funds by Qualified Public Depository

Finding:

In conjunction with our audit in accordance with the *Specifications for Audits of Counties, Cities, and Towns*, issued by the APA for the Commonwealth of Virginia, we performed procedures to ensure all bank accounts held by the County, including the Component Units, are identified as public deposits. Per Section 2.2-4407 of the *Code of Virginia*, all public deposits are required to be held in a qualified public depository in accordance with the Virginia Security for Public Deposits Act. Treasurers must ensure the qualified depository identifies the account(s) as public deposits. Public deposits include all moneys of the Commonwealth, local governments, or constitutional officers of local governments, including any canteen and inmate trust funds held by the sheriff.

However, in performing procedures to ascertain all accounts of the County, including the Component Units, are included in qualified public depositories, and have properly been identified by the depository as “public funds”, we noted one bank account of the Component Unit – Economic Development Authority had not been identified as such. We recommend action be taken to correct this noncompliance by whatever means deemed necessary.

Corrective Action Taken or Planned:

The issue has been resolved. The bank was contacted and the account is now identified as a public deposit.

COUNTY OF GOOCHLAND, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

Identifying Number: 2013-01: Deficiency in Internal Control over Food Services

Finding:

At each school cafeteria location, we noted only one person is responsible for counting the cash receipts for the day, with no secondary attestation, prior to cash leaving the school. After inquiry with management, it was noted this was not the case in the previous year, when cash was prepared for deposit. It was determined by the cafeteria management that under a change in policy implemented by the Treasurer, a secondary level of review was being performed in the Treasurer's Office, and a secondary school level review was redundant. Furthermore, at the elementary schools, the cafeteria manager often performs all functions relating to cash collections and reconciliation, with no secondary support or review. Therefore, we believe there appears to be inadequate controls in place to prevent a cashier or manager from the theft of cash. Additionally, the Supervisor of School Nutrition Food Services has the ultimate responsibility for all aspects of the accounting and reconciliation process related to Food Services. Each school has a second employee trained to back up the cafeteria manager in her absence; however, currently there is little internal oversight.

Corrective Action Taken or Planned:

As soon as the current auditors pointed out the need for secondary review at the school level, cafeteria management immediately returned to their previous practice and performed secondary reviews since July 2013. This secondary school review and additional Treasurer's office review also compensates for the elementary school cafeteria managers' frequent lack of segregation of duties due to their small staff. Additionally, although the state Office of School Nutrition Programs routinely reviews the work of the Supervisor of School Nutrition and has given her high marks for her record keeping, compliance to state and federal laws, and overall professionalism, School Board Management agrees that additional internal oversight is needed and are determining how best to perform periodic internal reviews of reports before they are submitted to the state. Until the Nutrition program has enough resources to add at least a clerical position to backup the Supervisor of School Nutrition as is done in most school divisions, the School Board Director of Finance is expanding her observation, inquiries and documentation of the Supervisor of School Nutrition processes so that there will be adequate written procedures in place for someone else to do the financial aspects of the job in the absence of the Supervisor of School Nutrition. The Supervisor of School Nutrition has already cross-trained a cafeteria manager to handle other aspects of the division-wide food service program.

Identifying Number: 2013-02: Allowable Costs

Finding:

Although the County established a policy requiring the completion of time certifications for personnel costs charged to the Title I, Part A program, the certifications were not completed properly. It was identified that each employee selected for testing compliance related to the grant, had not completed the time certification for the current period under audit. In observing the student records and other support relating to the grant, we observed additional documentation identifying the personnel with the grant; however, as a requirement for compliance under the grant, the time certifications were not completed, as noted.

COUNTY OF GOOCHLAND, VIRGINIA

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014

Corrective Action Taken or Planned:

The School's Director of Federal Grants will require employees compensated with federal grant funds to complete and sign the required time certification forms on the last working day of each biannual reporting period (December 31 and June 30). Management is also working on a federal grants checklist to aid grant program managers in complying with all federal program requirements in a timely fashion.

Identifying Number: 2013-03: Private School Communication for Title I, Part A

Finding:

Although the County has established a policy requiring timely and meaningful consultation with private school official through the issuance of an annual letter explaining the educational services available, no record of that communication was maintained. It was identified that turnover had occurred in the position responsible for the completion of this communication and no records were available to demonstrate that the communication had occurred.

Corrective Action Taken or Planned:

The School's Assistant Superintendent of Business Operations will insure that the annual private school communication letter is sent out each year in a timely and meaningful manner and that a record of this communication is maintained.