

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2015



County of Goochland, Virginia

COUNTY OF GOOCHLAND, VIRGINIA

COMPREHENSIVE **A**NNUAL

FINANCIAL **R**EPORT

YEAR ENDED JUNE 30, 2015

COUNTY OF GOOCHLAND, VIRGINIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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INTRODUCTORY SECTION

BOARD OF SUPERVISORS

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



Rebecca T. Dickson
County Administrator

John Wack
Deputy County Administrator

Dan Schardein
Deputy County Administrator

www.goochlandva.us

November 20, 2015

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

The Commonwealth of Virginia requires that local governments publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. 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, 2015.

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

PBMares, LLP, Certified Public Accountants have issued an unmodified opinion on the County's basic financial statements for the year ended June 30, 2015. 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 that they are legally separate from the County Primary Government and to differentiate their financial position, results of operations and cash flows from those of the Primary Government. The School Board and Economic Development Authority are reported as discretely presented component units.

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 approximately 22,000. 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. A new apartment complex and a medical office building recently opened in West Creek, and are described in more detail below.

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.

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

Water and Sewer Systems

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

The County has approximately 1,369 residential and 261 non-residential water and/or sewer customers as of October 2015. Goochland currently purchases treated water and wastewater treatment services from Henrico County through a series of long-term contracts. Wastewater treatment services are also purchased from the City of Richmond through a long term agreement as related to the Tuckahoe Creek Service District (the "District"). The Virginia Department of Corrections provides both treated water and wastewater treatment services to the Goochland Courthouse area pursuant to long-term contracts. In October 2013, a Memorandum of Agreement was executed between the County, the Department of Corrections, and Powhatan County which will ultimately allow Goochland to receive a capacity of up to 2,000,000 gallons of water per day. The County is just beginning the lengthy process of evaluating increasing sewer capacity in the Courthouse area.

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

- The County received an AAA issuer credit rating from Standard & Poor's Rating Services in its first-ever attempt at such a rating in February 2015, reaffirming strong financial management practices;
- The County's annual adopted budget document (with five years of operating and capital projections) has been further enhanced, and received a second consecutive Distinguished Budget Presentation award from the Government Finance Officers Association in September 2015;
- The County Treasurer's Office, for the first time, received Accreditation with Master Governmental Treasurer certifications through the Weldon Cooper Center for Public Service in 2015;
- A new County website was launched in September 2015, which is much easier to use and navigate for citizens, further enhancing transparency;
- The 2035 Comprehensive Plan, which will help guide the physical development of the County for the next 20 years, was adopted in August 2015;
- A three-year Technology Plan has been established and implemented;

- Transportation Improvements have been outlined in an Arterial Management Plan, as the County seeks State funding for the Route 288/Broad Street interchange, I-64/Ashland Road interchange, and the Patterson Avenue corridor; and
- A countywide Utility Master Plan was finalized in January 2015, identifying the short term and long term needs of the County's water and sewer infrastructure, leading to some new capital projects.

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

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

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. A new mixed used zoning category was created during the past year in the Centerville village to enhance development opportunities and the village concept.
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. Some of their recommendations have been implemented, and others will be evaluated during the upcoming year(s).

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 involved the establishment of 254 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. The initial portion of the apartment complex is adding \$40 million to the County's real estate tax base, while also adding recurring personal property taxes and new utility customers. Additional apartments will be developed in the near future on an adjacent 4.4 acre parcel.

Just across the street from the apartment complex, construction has been completed for the first of three planned medical office buildings. The first building includes Medarva as the primary tenant, with 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 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 latest new major development in West Creek is the establishment of a new Hardywood Park Craft Brewery complex, complete with a 60,000 square foot brewery, packaging and distribution hall, a taproom, an amphitheater, an extensive garden, and equipment to increase production capacity for its award-winning craft beer. In July 2015, the Governor announced this \$28 million project that will be developed over the course of the next five years, supported by State as well as local incentives.

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 completed in January 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 along with the retrofit of three other towers and an expanded Emergency Communications Center building will be part of this project. Towers are under construction, the equipment has been purchased, and construction of the expanded Center has begun. Final completion of the total project is expected in the Summer of 2017.

A new Parks and Recreation Master Plan was presented to the Goochland Board of Supervisors in the early Fall, and adopted in November 2015. This Master Plan is intended to guide and assist with parks and recreation decision making for the next five years, and identifies facilities and amenities that would be developed to meet the leisure and recreational needs of the County's citizens.

The construction of the first phase of Leake's Mill Park has been completed, and work on the second phase continues. Development planned for this site includes the establishment of soccer/multipurpose and other athletic fields, as well as passive areas including trails. 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 recently occurred, and will become evident during the current and forthcoming fiscal years. The Board of Supervisors approved the billing for emergency transports several years ago. This is generating approximately \$600,000 per year in recurring revenue. This revenue allowed 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 in the Hadensville area is well under construction, with the new Company 6 station expected to open in September 2016. No borrowing has been necessary for this project.

Financial Information

County management is responsible for developing and maintaining a financial system to ensure that adequate internal accounting controls are established to provide 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 that 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 that 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, 2015 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 that the Board of Supervisors makes annually, with supplemental appropriations made as required. These appropriations may be greater or less than contemplated in the budget. A supplemental appropriation that exceeds \$500,000 or 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 that 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, 2015.

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,



Rebecca T. Dickson, County Administrator



Government Finance Officers Association

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

Presented to

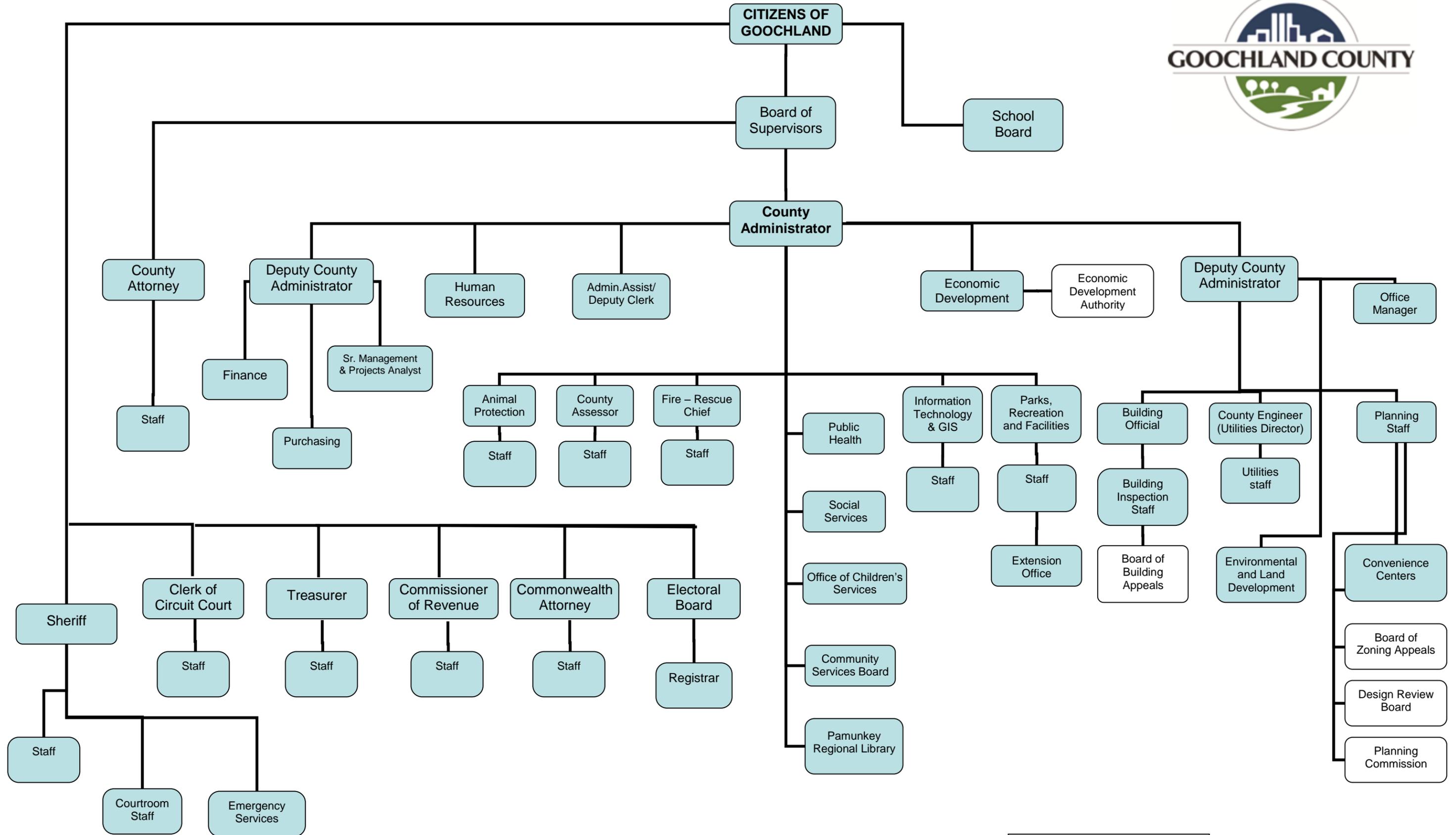
**County of Goochland
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO



Last Revised: June 2015

County of Goochland, Virginia

June 30, 2015

Board of Supervisors

Susan F. Lascolette, Chairperson
Robert H. Minnick, Vice-Chairperson

Manuel Alvarez, Jr.
Ken Peterson

Ned S. Creasey

School Board

John L. Lumpkins, Jr., Chairperson
W. Kevin Hazzard, Vice-Chairperson

Elizabeth A. Hardy
John D. Wright

Michael E. Payne

Social Services Board

Ellen Robinson, Chairperson

Janet Honeycutt
Rebecca Massey

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
Dale W. Agnew
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

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note V. H. to the financial statements, the County restated net position of the Governmental Activities, Business-Type Activities, Utilities Fund, and School Board Component Unit to record the net pension liability and related components in accordance with the implementation of GASB Statement No. 68.

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 14-21 and 78-85, 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 20, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 20, 2015

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, 2015. We encourage readers to read this discussion in conjunction with the transmittal letter in the Introductory Section of this report and the County's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66.3 million (net position). Of this amount, \$43.9 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 \$0.8 million, of which the governmental activities increased by \$2.4 million and business-type activities decreased by \$1.6 million.
- As of the close of fiscal year 2015, the County's governmental funds reported combined ending fund balances of \$42.8 million (Exhibit 3), an increase of \$2.0 million from the previous year. Approximately 93% (\$40.0 million) of the total \$42.8 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 35.9% 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. Unassigned and assigned fund balances in the General Fund remained unchanged from the previous year, with the result a stable General Fund balance of \$33.8 million.
- The County's long-term obligations increased slightly from \$139.6 million to \$139.8 million in fiscal year 2015. Governmental activities debt decreased \$0.6 million, the net of principal payments on existing debt and recognition of a \$1.1 million net pension liability. Business-type activities debt increased \$0.8 million 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 of resources and liabilities and deferred inflows of resources, which provides a measure of the County's financial health, or financial condition. Over time increases or decreases in the net position may serve as an indicator of whether the County's financial condition is improving or declining.

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

Both 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 \$66.3 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 59.2	\$ 57.1	\$ 25.1	\$ 24.5	\$ 84.3	\$ 81.6
Capital assets	36.4	38.0	102.9	104.2	139.3	142.2
Total assets	95.6	95.1	128.0	128.7	223.6	223.8
Deferred outflows of resources	0.9	-	3.7	4.0	4.6	4.0
Current liabilities	4.3	3.9	1.3	1.6	5.6	5.5
Long-term liabilities outstanding	18.0	18.6	121.8	121.0	139.8	139.6
Total liabilities	22.3	22.5	123.1	122.6	145.4	145.1
Deferred inflows of resources	14.7	13.3	1.8	1.6	16.5	14.9
Net position						
Net investment in capital assets	23.1	22.9	(15.1)	(12.8)	8.0	10.1
Restricted	0.1	0.2	14.3	13.8	14.4	14.0
Unrestricted	36.3	36.2	7.6	7.5	43.9	43.7
Total net position	\$ 59.5	\$ 59.3	\$ 6.8	\$ 8.5	\$ 66.3	\$ 67.8

By far, the largest portion of the County's net position (66.2%) 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 (21.8%) represents resources that are subject to external restrictions on how they may be used. The smallest portion of the County's net position (12.0%) 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		
	2015	2014	2015	2014	2015	2014	
Revenues							
Program revenues							
Charges for services	\$ 1.7	\$ 1.6	\$ 4.6	\$ 4.3	\$ 6.3	\$ 5.9	
Operating grants and contributions	3.9	3.7	-	-	3.9	3.7	
Capital grants and contributions	0.1	1.4	1.2	2.4	1.3	3.8	
General revenues							
General property taxes	31.5	30.9	3.7	3.3	35.2	34.2	
Other local taxes	7.2	6.5	-	-	7.2	6.5	
Grants and contributions	3.9	3.9	-	-	3.9	3.9	
Other general revenues	1.0	1.0	0.5	0.5	1.5	1.5	
Total revenues	49.3	49.0	10.0	10.5	59.3	59.5	
Expenses							
General government administration	4.2	4.0	-	-	4.2	4.0	
Judicial administration	1.6	1.6	-	-	1.6	1.6	
Public safety	8.1	8.2	-	-	8.1	8.2	
Public works	0.8	0.8	-	-	0.8	0.8	
Health and welfare	4.3	4.0	-	-	4.3	4.0	
Education	23.8	20.3	-	-	23.8	20.3	
Parks, recreation and facilities management	2.0	2.1	-	-	2.0	2.1	
Community development	1.1	1.3	-	-	1.1	1.3	
Interest and other fiscal charges	0.6	0.7	-	-	0.6	0.7	
Utilities	-	-	12.0	10.8	12.0	10.8	
Total expenses	46.5	43.0	12.0	10.8	58.5	53.8	
Increase (decrease) in net position before transfer	2.8	6.0	(2.0)	(0.3)	0.8	5.7	
Transfers	(0.4)	(0.8)	0.4	0.8	-	-	
Increase (decrease) in net position	2.4	5.2	(1.6)	0.5	0.8	5.7	
Total net position-beginning of year, as restated	57.1	54.1	8.4	8.0	65.5	62.1	
Total net position-end of year	\$ 59.5	\$ 59.3	\$ 6.8	\$ 8.5	\$ 66.3	\$ 67.8	

Ending net position at June 30, 2014 does not match beginning net position as of July 1, 2014. This is due to the implementation of GASB Statement No. 68. Information needed to restate fiscal year 2014 is not available.

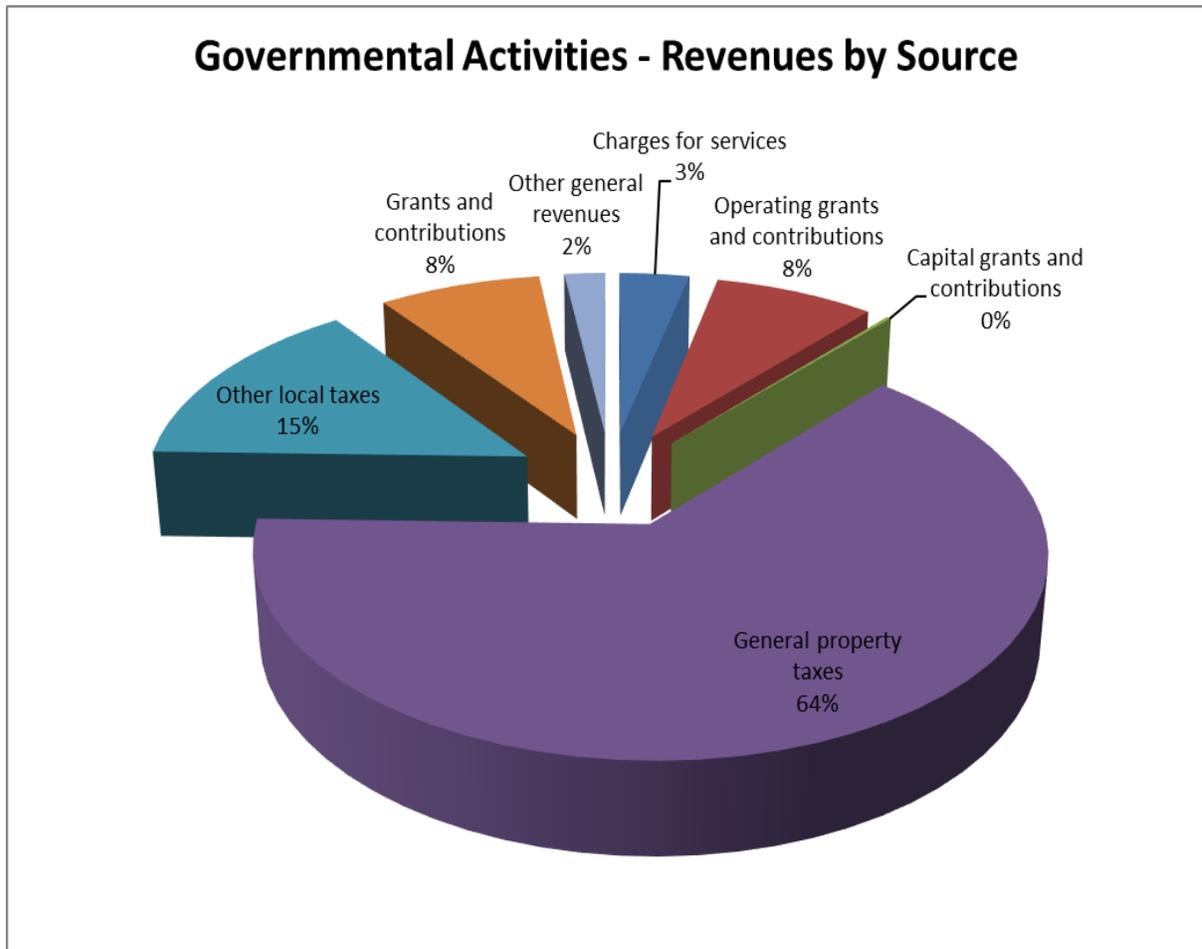
The County's net position increased by \$0.8 million during the current fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities: During the current fiscal year, net position for governmental activities increased \$2.4 million for an ending balance of \$59.5 million. In general, net position changes are the result of the difference between revenues and expenses. Fiscal year 2015 revenues of \$49.3 million increased \$0.3 million from the previous fiscal year, and exceeded expenses and transfers by \$2.4 million.

Key revenue elements include:

- Property taxes increased \$0.6 million from fiscal year 2014, primarily as a result of increased property values and new construction.

- Other local taxes increased \$0.7 million primarily due to increases in local sales tax, bank stock tax, and business license tax.
- These gains were partially offset by a decrease in capital contributions from a one-time donation of fire and rescue equipment in fiscal year 2014.

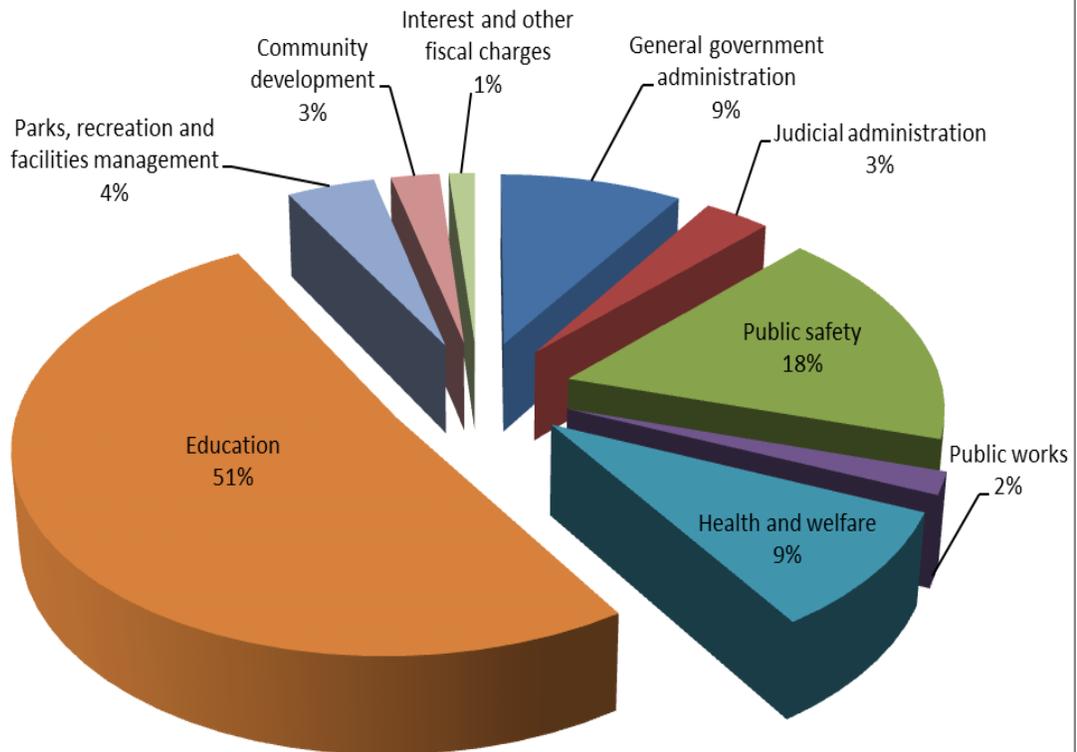


During fiscal year 2015, the governmental activities expenses totaled \$46.5 million, an increase of \$3.5 million over the previous year.

Expenses during fiscal year 2015 were relatively stable in all functional areas with the following exception:

- Education expenses increased \$3.5 million as a result of a \$1.4 million increase in the local contribution to the Schools operating fund.
- The remainder of the increase in Education expense can be attributed to increased capital spending on School facilities including improvements to the technical center and an addition to the high school field house.

Governmental Activities - Functional Expenses



Business-type Activities: During the current fiscal year, net position for business-type activities decreased \$1.6 million for an ending balance of \$6.8 million. As stated earlier, net position changes are the result of the difference between revenues and expenses. Fiscal year 2015 expenses of \$12.0 million increased \$1.2 million from the previous fiscal year, and exceeded revenues and transfers in by \$1.6 million.

The increase in expenses can be attributed to higher contractual and professional services related to unplanned repairs. Revenues decreased by \$500,000 in fiscal year 2015 compared to the previous year primarily because there was large increase in connection fees in 2014 from the opening of an apartment complex.

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 \$42.8 million, an increase of \$2.0 million during the current year. Approximately 93% (\$40.0 million) of the total \$42.8 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 decreased \$80,000 to \$33.7 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 45.7% of total General Fund expenditures, while total fund balance represents approximately 79.5% of that same amount. The stability in the overall fund balance of the General Fund was due to revenue collections higher than anticipated and across-the-board expenditure savings.

The Capital Projects Fund, a major fund, had a \$2.2 million increase in fund balance during the current fiscal year which put the overall fund balance at \$8.8 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 \$5.3 million between the originally adopted fiscal year 2015 budget appropriation for expenditures and transfers out and the final budget. The budget amendments were funded primarily by assigned fund balance. Significant amendments included:

- \$200,000 increase in public safety expenditures for replacement vehicles.
- \$150,000 increase in health and welfare for increased contributions to community agencies and an increase in a grant program.
- \$4.2 million increase in transfers out to the capital projects fund primarily for School improvements and construction of a replacement fire station.

Capital Asset and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental operations at June 30, 2015 amounted to \$36.4 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, 2015 were \$102.9 million (net of accumulated depreciation and amortization).

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

Long-term Debt: At the end of the current fiscal year, the County had long-term obligations (Governmental and Business-type activities) of \$139.8 million. Of this amount, \$13.1 million is comprised of debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, capital leases, compensated absences, net pension liability, capacity rights and landfill obligations. The increase in long-term debt of \$200,000 in fiscal year 2015 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 2015 unemployment rate for the County of 4.7% compared favorably to the state's average unemployment rate of 5.0% and national average rate of 5.5% for the same period.
- The fiscal year 2016 budget increased by approximately 8.4% for all funds (including the component units). The largest drivers of the increase were increases to the business-type activities (utilities) and the capital improvements fund budgets. The General Fund budget increased 1.1% due to decreases in transfers offset by increased education and public safety spending. The general real estate tax rate remained the same at \$0.53 per \$100 of assessed valuation.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2015

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	Economic Development Authority
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 39,707,415	\$ 10,370,915	\$ 50,078,330	\$ 2,341,492	\$ 291,870
Receivables (net of allowance for uncollectibles):					
Taxes receivable, including penalties, net	15,196,041	1,853,923	17,049,964	-	-
Accounts receivable, net	479,928	678,862	1,158,790	29,899	-
Notes receivable	124,505	-	124,505	-	36,934
Prepaid items	152,579	5,080	157,659	264,623	-
Internal balances	2,317,634	(2,317,634)	-	-	-
Due from Primary Government	-	-	-	-	2,771,265
Due from other governmental units	1,227,419	259,801	1,487,220	880,238	-
Inventories	-	-	-	24,218	-
Restricted assets	-	14,279,691	14,279,691	-	-
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	24,831,408	69,876,519	94,707,927	24,530,712	-
Capacity rights	-	29,809,150	29,809,150	-	-
Machinery and equipment	6,039,014	39,431	6,078,445	1,329,825	-
Construction in progress	1,710,487	260,266	1,970,753	-	-
Total assets	95,622,298	127,990,588	223,612,886	29,857,914	3,901,169
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	907,583	35,332	942,915	3,245,830	-
Deferred charge on refunding	-	3,741,098	3,741,098	-	-
Total deferred outflows of resources	907,583	3,776,430	4,684,013	3,245,830	-
LIABILITIES					
Accounts payable	651,353	398,748	1,050,101	231,778	-
Accrued liabilities	72,519	481	73,000	2,840,257	-
Unearned revenue	903,049	98,749	1,001,798	-	-
Customers' deposits	-	40,944	40,944	-	-
Accrued interest payable	301,189	416,795	717,984	-	-
Due to component unit	2,394,265	377,000	2,771,265	-	-
Long-term obligations:					
Due within one year	1,895,048	1,812,277	3,707,325	248,394	170,000
Net pension liability	1,102,932	42,376	1,145,308	22,604,084	-
Due in more than one year	14,952,198	119,948,164	134,900,362	1,339,367	2,426,265
Total liabilities	22,272,553	123,135,534	145,408,087	27,263,880	2,596,265
DEFERRED INFLOWS OF RESOURCES					
Pensions	1,476,258	56,720	1,532,978	3,565,598	-
Deferred revenue-property taxes	13,227,921	1,777,962	15,005,883	-	-
Total deferred inflows of resources	14,704,179	1,834,682	16,538,861	3,565,598	-
NET POSITION					
Net investment in capital assets	23,112,562	(15,130,880)	7,981,682	26,140,874	-
Restricted for:					
Debt covenants	-	14,279,691	14,279,691	-	-
Grant programs	109,498	-	109,498	-	-
Unrestricted (deficit)	36,331,089	7,647,991	43,979,080	(23,866,608)	1,304,904
Total net position	\$ 59,553,149	\$ 6,796,802	\$ 66,349,951	\$ 2,274,266	\$ 1,304,904

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

County of Goochland, Virginia
Statement of Activities

Exhibit 2

Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School Board	EDA
Primary Government									
Governmental activities:									
General government administration	\$ 4,197,626	\$ 77,785	\$ 301,057	\$ -	\$ (3,818,784)	\$ -	\$ (3,818,784)	\$ -	\$ -
Judicial administration	1,527,917	75,504	535,650	-	(916,763)	-	(916,763)	-	-
Public safety	8,105,378	1,309,043	1,138,017	105,238	(5,553,080)	-	(5,553,080)	-	-
Public works	825,229	26,794	5,698	-	(792,737)	-	(792,737)	-	-
Health and welfare	4,342,568	21,182	1,891,747	-	(2,429,639)	-	(2,429,639)	-	-
Education	23,761,695	-	-	-	(23,761,695)	-	(23,761,695)	-	-
Parks, recreation, and facilities management	2,031,018	152,552	-	-	(1,878,466)	-	(1,878,466)	-	-
Community development	1,121,129	28,625	-	-	(1,092,504)	-	(1,092,504)	-	-
Interest on long-term debt	598,042	-	-	-	(598,042)	-	(598,042)	-	-
Total governmental activities	46,510,602	1,691,485	3,872,169	105,238	(40,841,710)	-	(40,841,710)	-	-
Business-type activities									
Utilities	12,008,532	4,610,848	778,312	453,250	-	(6,166,122)	(6,166,122)	-	-
Total Primary Government	\$ 58,519,134	\$ 6,302,333	\$ 4,650,481	\$ 558,488	(40,841,710)	(6,166,122)	(47,007,832)	-	-
Component units									
School Board	\$ 28,843,197	\$ 548,557	\$ 7,939,627	\$ 2,552,203	-	-	-	(17,802,810)	-
Economic Development Authority	12,589	606	-	-	-	-	-	-	(11,983)
Total component units	\$ 28,855,786	\$ 549,163	\$ 7,939,627	\$ 2,552,203	-	-	-	(17,802,810)	(11,983)
General revenues:									
General property taxes					31,564,455	3,650,266	35,214,721	-	-
Other local taxes:									
Local sales and use taxes					2,800,373	-	2,800,373	-	-
Other local taxes					4,407,428	-	4,407,428	-	-
Fines and forfeitures					117,109	-	117,109	-	-
Unrestricted revenues from use of money and property					59,084	524,238	583,322	50,937	802
Payments from Primary Government					-	-	-	20,645,470	-
Grants and contributions not restricted to specific programs					3,919,183	-	3,919,183	-	-
Miscellaneous					811,268	6,847	818,115	101,661	1,486
Transfers					(381,000)	381,000	-	-	-
Total general revenues and transfers					43,297,900	4,562,351	47,860,251	20,798,068	2,288
Change in net position					2,456,190	(1,603,771)	852,419	2,995,258	(9,695)
Net position - beginning of year, as restated					57,096,959	8,400,573	65,497,532	(720,992)	1,314,599
Net position - end of year					\$ 59,553,149	\$ 6,796,802	\$ 66,349,951	\$ 2,274,266	\$ 1,304,904

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

County of Goochland, Virginia
 Balance Sheet - Governmental Funds

Exhibit 3

June 30, 2015

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 30,335,239	\$ 9,084,545	\$ 287,631	\$ 39,707,415
Receivables (net of allowances for uncollectibles):				
Taxes receivable, including penalties	15,196,041	-	-	15,196,041
Accounts receivable	479,928	-	-	479,928
Notes receivable	124,505	-	-	124,505
Prepaid items	152,050	-	529	152,579
Due from other fund	2,317,634	-	-	2,317,634
Due from other governmental units	1,120,808	-	106,611	1,227,419
Total assets	<u>\$ 49,726,205</u>	<u>\$ 9,084,545</u>	<u>\$ 394,771</u>	<u>\$ 59,205,521</u>
LIABILITIES				
Accounts payable	\$ 218,646	\$ 282,385	\$ 150,322	\$ 651,353
Accrued liabilities	51,042	21,477	-	72,519
Unearned revenue	892,680	-	10,369	903,049
Total liabilities	<u>1,162,368</u>	<u>303,862</u>	<u>160,691</u>	<u>1,626,921</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-vehicle license fees	141,446	-	-	141,446
Unavailable revenue-property taxes	14,658,846	-	-	14,658,846
Total deferred inflows of resources	<u>14,800,292</u>	<u>-</u>	<u>-</u>	<u>14,800,292</u>
FUND BALANCES				
Nonspendable	2,594,189	-	529	2,594,718
Restricted	92,580	-	90,808	183,388
Assigned	11,674,825	8,780,683	142,743	20,598,251
Unassigned	19,401,951	-	-	19,401,951
Total fund balances	<u>33,763,545</u>	<u>8,780,683</u>	<u>234,080</u>	<u>42,778,308</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,726,205</u>	<u>\$ 9,084,545</u>	<u>\$ 394,771</u>	<u>\$ 59,205,521</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, 2015**

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 42,778,308
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	\$ 61,158,846
Less - accumulated depreciation and amortization	<u>(24,742,069)</u>
	36,416,777
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the funds.	907,583
Receivables in the funds that do not provide current financial resources and, therefore, are not reported on the Statement of Net Position.	1,572,371
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the funds.	(1,476,258)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds, including unamortized premiums	(13,304,215)
Other postemployment benefits	(743,299)
Net pension liability	(1,102,932)
Compensated absences	(955,736)
Landfill post closure care	(1,843,996)
Due to component unit	(2,394,265)
Interest payable	<u>(301,189)</u>
	<u>(20,645,632)</u>
Net position of governmental activities	<u>\$ 59,553,149</u>

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

Year Ended June 30, 2015

	General	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
REVENUES				
General property taxes	\$ 31,996,585	\$ -	\$ -	\$ 31,996,585
Other local taxes	7,207,801	-	-	7,207,801
Permits, privilege fees, and regulatory licenses	796,842	-	-	796,842
Fines and forfeitures	117,109	-	-	117,109
Revenue from use of money and property	59,084	-	-	59,084
Charges for services	873,461	-	21,182	894,643
Miscellaneous	79,204	732,064	-	811,268
Recovered costs	178,954	-	-	178,954
Intergovernmental revenues:				
Commonwealth	6,152,188	105,238	459,020	6,716,446
Federal	1,122,771	-	57,373	1,180,144
Total revenues	48,583,999	837,302	537,575	49,958,876
EXPENDITURES				
Current:				
General government administration	4,042,612	212,428	-	4,255,040
Judicial administration	1,482,281	-	-	1,482,281
Public safety	7,614,494	1,133,333	58,900	8,806,727
Public works	712,448	-	-	712,448
Health and welfare	3,202,723	-	1,194,155	4,396,878
Education	19,484,017	2,340,632	-	21,824,649
Parks, recreation, and facilities management	2,030,999	158,015	-	2,189,014
Community development	1,441,454	10,830	-	1,452,284
Debt service:				
Principal retirement	1,781,732	-	-	1,781,732
Interest and other fiscal charges	655,086	-	-	655,086
Total expenditures	42,447,846	3,855,238	1,253,055	47,556,139
Excess (deficiency) of revenues over (under) expenditures	6,136,153	(3,017,936)	(715,480)	2,402,737
OTHER FINANCING SOURCES (USES)				
Transfers in	69,000	5,185,000	649,664	5,903,664
Transfers out	(6,284,664)	-	-	(6,284,664)
Total other financing sources (uses), net	(6,215,664)	5,185,000	649,664	(381,000)
Net change in fund balances	(79,511)	2,167,064	(65,816)	2,021,737
Fund balances - beginning of year	33,843,056	6,613,619	299,896	40,756,571
Fund balances - end of year	\$ 33,763,545	\$ 8,780,683	\$ 234,080	\$ 42,778,308

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, 2015

Net change in fund balances - total governmental funds \$ 2,021,737

Amounts reported for governmental activities in the Statement of Activities 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 capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$ 4,365,049	
Depreciation and amortization	(2,296,324)	
Allocation of joint tenancy assets, net, to the School Board Component Unit	<u>(1,161,453)</u>	907,272

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (2,522,970)

Revenues in the funds that do not provide current financial resources are not reported as revenues in the Statement of Activities. (432,130)

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

Principal retired on general obligation long-term debt and capital lease obligations 1,781,732

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:

Deferred outflow of resources - pension contribution	907,583	
Landfill post closure liability	26,016	
Compensated absences	(39,705)	
Net OPEB obligation	(59,758)	
Pension expense	(374,528)	
Interest payable	37,569	
Due to component unit	183,897	
Amortization of bond premium	<u>19,475</u>	<u>700,549</u>

Change in net position of governmental activities \$ 2,456,190

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 30,866,000	\$ 30,456,000	\$ 31,996,585	\$ 1,540,585
Other local taxes	4,401,900	5,986,900	7,207,801	1,220,901
Permits, privilege fees, and regulatory licenses	422,100	452,100	796,842	344,742
Fines and forfeitures	120,000	120,000	117,109	(2,891)
Revenue from use of money and property	26,000	26,000	59,084	33,084
Charges for services	799,900	807,400	873,461	66,061
Miscellaneous	5,000	37,565	79,204	41,639
Recovered costs	145,600	127,350	178,954	51,604
Intergovernmental revenues:				
Commonwealth	6,223,098	6,230,638	6,152,188	(78,450)
Federal	900,116	1,059,983	1,122,771	62,788
Total revenues	43,909,714	45,303,936	48,583,999	3,280,063
EXPENDITURES				
Current:				
General government administration	4,751,135	4,879,438	4,042,612	836,826
Judicial administration	1,569,996	1,654,796	1,482,281	172,515
Public safety	8,234,094	8,441,502	7,614,494	827,008
Public works	821,337	821,337	712,448	108,889
Health and welfare	3,274,795	3,424,014	3,202,723	221,291
Education	19,463,457	19,653,901	19,484,017	169,884
Parks, recreation, and facilities management	1,984,868	2,077,833	2,030,999	46,834
Community development	1,202,556	1,564,556	1,441,454	123,102
Debt service:				
Principal retirement	1,680,000	1,680,000	1,781,732	(101,732)
Interest and other fiscal charges	1,167,021	1,167,021	655,086	511,935
Total expenditures	44,149,259	45,364,398	42,447,846	2,916,552
Excess (deficiency) of revenues over (under) expenditures	(239,545)	(60,462)	6,136,153	6,196,615
OTHER FINANCING SOURCES (USES)				
Transfers in	-	69,000	69,000	-
Transfers out	(2,109,664)	(6,284,664)	(6,284,664)	-
Total other financing uses, net	(2,109,664)	(6,215,664)	(6,215,664)	-
Net change in fund balance	(2,349,209)	(6,276,126)	(79,511)	6,196,615
Fund balance - beginning of year	-	33,843,056	33,843,056	-
Fund balance - end of year	\$ (2,349,209)	\$ 27,566,930	\$ 33,763,545	\$ 6,196,615

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

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

Exhibit 8

June 30, 2015

	Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,370,915
Accounts receivable, net	678,862
Prepaid items	5,080
Due from other governmental units	259,801
Taxes receivable, including penalties, net	1,853,923
Total current assets	13,168,581
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents	7,639,491
Investments	6,640,200
Total restricted assets	14,279,691
Capital assets, net	102,859,950
Total noncurrent assets	117,139,641
Total assets	130,308,222
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	35,332
Deferred charge on refunding	3,741,098
Total deferred outflows of resources	3,776,430
LIABILITIES	
Current liabilities:	
Accounts payable	398,748
Accrued liabilities	481
Customer deposits	40,944
Accrued interest payable	416,795
Due to other fund	2,317,634
Unearned revenues	98,749
Due to component unit	377,000
Bonds payable	1,414,426
Long-term amortization of capacity charges	300,000
Compensated absences	2,851
Contractual agreement payable	95,000
Total current liabilities	5,462,628
Noncurrent liabilities:	
Bonds payable - net of current portion	95,685,030
Long-term amortization of capacity charges - net of current portion	18,476,878
Net pension obligation	42,376
Compensated absences - net of current portion	25,662
Contractual agreement payable - net of current portion	5,760,594
Total noncurrent liabilities	119,990,540
Total liabilities	125,453,168
DEFERRED INFLOWS OF RESOURCES	
Pensions	56,720
Unavailable revenue-property taxes	1,777,962
Total deferred inflows of resources	1,834,682
NET POSITION	
Net investment in capital assets	(15,130,880)
Restricted for debt covenants	14,279,691
Unrestricted	7,647,991
Total net position	\$ 6,796,802

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, 2015

	Utilities
OPERATING REVENUES	
Charges for services:	
Charges for service	\$ 4,597,567
Penalty/reconnection fees	13,281
Miscellaneous	6,847
Total operating revenues	<u>4,617,695</u>
OPERATING EXPENSES	
Personnel services	501,481
Contractual services	716,125
Other charges	3,106,908
Depreciation and amortization	2,739,200
Total operating expenses	<u>7,063,714</u>
Operating loss	<u>(2,446,019)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	778,312
Investment earnings	496,862
Property taxes	3,650,266
Lease revenue	27,376
Other nonoperating expenses	(573,058)
Interest expense	(4,323,760)
Total nonoperating revenues, net	<u>55,998</u>
Loss before capital contributions and transfers	(2,390,021)
Capital contributions	453,250
Payment to Economic Development Authority	(48,000)
Transfers in	450,000
Transfers out	(69,000)
Change in net position	(1,603,771)
Total net position - beginning of year, as restated	8,400,573
Total net position - end of year	<u>\$ 6,796,802</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, 2015

	Utilities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,564,335
Payments to suppliers	(4,512,657)
Payments to employees	(522,720)
Net cash used in operating activities	<u>(471,042)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	450,000
Transfers to other funds	(69,000)
Transfers to component unit	(48,000)
Transfer to agency fund	(74,440)
Lease revenue	27,376
Tax revenue	3,652,751
Net cash provided by noncapital financing activities	<u>3,938,687</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(1,256,289)
Acquisition and construction of capital assets	(273,564)
Payments for capacity charges	(292,565)
Payments on contractual agreement payable	(88,102)
Connection fees	778,312
Interest payments and fiscal agent fees	(2,480,844)
Net cash used in capital and related financing activities	<u>(3,613,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	496,862
Net cash provided by investing activities	<u>496,862</u>
Net increase in cash and cash equivalents	351,455
Cash and cash equivalents - beginning of year	17,658,951
Cash and cash equivalents - end of year	<u>\$ 18,010,406</u>
Cash and cash equivalents, as shown on the statement of net position:	
Cash and cash equivalents - current assets	\$ 10,370,915
Cash and cash equivalents - restricted assets	7,639,491
	<u>\$ 18,010,406</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (2,446,019)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization expense	2,739,200
Pension expense	(20,942)
Changes in assets and liabilities:	
Decrease in accounts receivable	(66,560)
Decrease in prepaid expenses	(25)
Decrease in accrued liabilities	(4,286)
Decrease in compensated absences	3,989
Increase in customer deposits	13,200
Decrease in due to other governmental units	(740,059)
Increase in accounts payable	50,460
Total adjustments	<u>1,974,977</u>
Net cash used in operating activities	<u>\$ (471,042)</u>

Supplemental information on non-cash investing and financing activity:

Accreted interest on capital appreciation of bonds of \$1,842,916 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 \$843,840. The County incurred an obligation in the same amount related to this project.

Capital contributions of \$405,250 represent donations of assets by developers and are non-cash transactions.

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

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

Exhibit 11

June 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 581,696
Total assets	<u>581,696</u>
LIABILITIES	
Amounts held for social services clients	6,114
Performance bonds payable	<u>575,582</u>
Total liabilities	<u>\$ 581,696</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, 2015.

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. By statute, the EDA has the power to cause the issuance of tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. The EDA also provides economic development activities for the County and may acquire property, issue debt in its own name, and enter into lease/purchase arrangements with the County. The County is obligated to see that the EDA's contractual agreement obligations are met. The EDA is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discretely presented component unit for the fiscal year ended June 30, 2015. The EDA does not issue separate financial statements.

B. Basis of presentation – government-wide financial statements

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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

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

C. Basis of presentation – fund financial statements

The fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate statements for each of the County's three fund categories — Governmental (i.e., General, Capital Project and Special Revenue funds), Proprietary (i.e., 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 Office of Children's Services Fund whose revenues are restricted for drug enforcement and health and welfare, respectively.

The government reports the following major enterprise fund:

- Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is based upon determination of operating income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds, which distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's sole Enterprise Fund 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, pensions, landfill, and other postemployment benefits obligations, are recorded only when payment is due. This is the manner in which these funds are normally budgeted. Property taxes, sales taxes, grants, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Property taxes are recognized as receivables and unavailable revenue when billed and revenue is recognized as the taxes are collected. Property taxes not collected within 60 days after year-end, net of allowances for uncollectible amounts, are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables when the underlying exchange occurs and are remitted to the County by the state within two months of the transaction. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. Reimbursement grants are recognized as

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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 \$792,117 at June 30, 2015 and is reported within each fund as follows: General Fund \$781,479, Utilities Fund \$10,638.

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005 which provided for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$2,853,012, which the County received during the year ended June 30, 2015. 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, 2015 of \$14,279,691 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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

6. Compensated absences

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

7. Long-term obligations

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of 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 two items that qualify for reporting in this category: a deferred charge on refunding and a deferred outflow related to pensions, both 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. The deferred outflow related to pensions is the amount of employer contributions made to the pension plan subsequent to the plan's measurement date of June 30, 2014. This deferred outflow will be accounted for in changes to the net pension liability during the subsequent measurement period.

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. The second type of deferred inflow is related to pensions. This amount represents the difference between projected and actual earnings on pension plan investments and will be amortized over a five year period to reduce future pension expense.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

9. Net position/Fund balances

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

Fund balances in governmental funds are classified as follows:

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

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.

F. Pensions

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

G. Use of Estimates

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

II. Reconciliation of government-wide and fund financial statements

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

Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total governmental activities Net Position as shown on the government-wide Statement of Net Position is presented in Exhibit 4. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$36,416,777 are as follows:

Land	\$	3,835,868
Construction in progress		1,710,487
Buildings and improvements		17,709,040
Less: Accumulated depreciation and amortization-building and improvements		(6,181,848)
Machinery and equipment		16,455,763
Less: Accumulated depreciation and amortization-machinery and equipment		(10,416,749)
Buildings - jointly owned assets		21,447,688
Less: Accumulated depreciation and amortization-jointly owned assets		(8,143,472)
Net adjustment to increase fund balance - total governmental funds		
to arrive at net position - governmental activities	\$	<u>36,416,777</u>

III. Stewardship, compliance, and accountability

Budgetary information

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

IV. Detailed notes on all activities and funds

A. Deposits and investments

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

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

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

Credit risk is the risk that 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, 2015 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	\$ 42,301,759
State Non-Arbitrage Pool (SNAP)	640,381
U.S. Government Securities	6,640,200
Total	<u>\$ 49,582,340</u>

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	\$ 42,301,759	\$ 42,301,759	\$ -
State Non-Arbitrage Pool (SNAP)	640,381	640,381	-
U.S. Government Securities	6,640,200	-	6,640,200
Total	<u>\$ 49,582,340</u>	<u>\$ 42,942,140</u>	<u>\$ 6,640,200</u>

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Following is a summary, as of June 30, 2015, of the Primary Government's cash, cash equivalents, and investments by asset type:

Government-Wide Accounts	Balance June 30, 2015
Cash and cash equivalents:	
Governmental Activities	\$ 39,707,415
Business-type Activities	10,370,915
Restricted cash and cash equivalents - business-type activities	7,639,491
Restricted investments - business-type activities	6,640,200
Total cash, cash equivalents and investment	\$ 64,358,021
Asset Type	Balance June 30, 2015
Petty cash	\$ 5,050
Deposit accounts	14,770,631
Investments:	
Local Government Investment Pool	42,301,759
State Non-Arbitrage Pool	640,381
U.S. Government Securities	6,640,200
Total cash, cash equivalents and investment	\$ 64,358,021

B. Receivables

At June 30, 2015, the Primary Government and School Board Component Unit had as follows:

	Primary Government				School Component Unit
	General Fund	Other Nonmajor Funds	Public Utilities	Total Primary Government	
Receivables					
Taxes, net	\$ 15,196,041	\$ -	\$ 1,853,923	\$ 17,049,964	\$ -
Accounts	479,928	-	678,862	1,158,790	29,899
Notes	124,505	-	-	124,505	-
Henrico County	-	-	259,801	259,801	-
Commonwealth of Virginia	943,685	106,611	-	1,050,296	600,826
Federal government	177,123	-	-	177,123	279,412
	\$ 16,921,282	\$ 106,611	\$ 2,792,586	\$ 19,820,479	\$ 910,137

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 \$16,578,254 (governmental funds \$14,800,292 and proprietary fund \$1,777,962) is comprised of the following:

- Unavailable revenue representing uncollected vehicle license fee billing not available for funding of current expenditures totaled \$141,446 at June 30, 2015. Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,658,846 for governmental funds at June 30, 2015. Of the \$14,658,846 reported in the governmental funds, \$1,572,371 does not provide current financial resources and, therefore, is not reported on the Statement of Net Position.
- Unavailable revenue in the proprietary funds totaled \$1,777,962 at June 30, 2015 and was comprised of assessed but uncollected property taxes not intended to fund current period expenses.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Unearned revenues represent amounts that have been received but not earned, and, therefore, revenue recognition has been deferred. Unearned revenue totaling \$1,001,798 (governmental funds \$903,049 and proprietary fund \$98,749) is comprised of the following:

- o Unearned revenue representing property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$892,680 in the General Fund and forfeiture funds received but unearned totaled \$10,369 in the Special Revenue Funds.
- o Unearned revenue representing property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$98,749 in the proprietary fund.

C. Interfund receivables

Details of the Primary Government's interfund receivables and payables as of June 30, 2015 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, 2015 are as follows:

	Due from Primary Government	Due to Component Unit
Primary Government - Governmental Activities	\$ -	\$ 2,394,265
Primary Government - Business-type Activities	-	377,000
Economic Development Authority	2,771,265	-
	\$ 2,771,265	\$ 2,771,265

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, 2015.

Governmental activities:	Balance July 1	Increases	(Deletions)/ Reclassifications	Balance June 30
Capital assets, not being depreciated or amortized:				
Land	\$ 3,835,868	\$ -	\$ -	\$ 3,835,868
Construction in progress	988,803	3,304,841	(2,583,157)	1,710,487
Total capital assets, not being depreciated or amortized	<u>4,824,671</u>	<u>3,304,841</u>	<u>(2,583,157)</u>	<u>5,546,355</u>
Capital assets, being depreciated or amortized:				
Buildings and improvements	17,523,392	121,694	63,954	17,709,040
Machinery and equipment	15,815,176	938,514	(297,927)	16,455,763
Buildings - jointly owned assets	23,320,064	-	(1,872,376)	21,447,688
Total capital assets, being depreciated or amortized	<u>56,658,632</u>	<u>1,060,208</u>	<u>(2,106,349)</u>	<u>55,612,491</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(5,710,863)	(470,985)	-	(6,181,848)
Machinery and equipment	(9,423,591)	(1,287,318)	294,160	(10,416,749)
Buildings - jointly owned assets	(8,316,374)	(538,021)	710,923	(8,143,472)
Total accumulated depreciation/amortization	<u>(23,450,828)</u>	<u>(2,296,324)</u>	<u>1,005,083</u>	<u>(24,742,069)</u>
Total capital assets, being depreciated or amortized, net	<u>33,207,804</u>	<u>(1,236,116)</u>	<u>(1,101,266)</u>	<u>30,870,422</u>
Governmental activities capital assets, net	<u>\$ 38,032,475</u>	<u>\$ 2,068,725</u>	<u>\$ (3,684,423)</u>	<u>\$ 36,416,777</u>

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

Governmental Activities	
General government	\$ 303,243
Judicial administration	100,693
Public Safety	1,052,305
Public Works	111,166
Health and welfare	31,806
Education	538,021
Parks, recreation and facilities management	138,133
Community Development	20,957
	<u>\$ 2,296,324</u>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

A summary of proprietary fund capital assets at June 30, 2015 follows.

	Balance July 1	Increases	(Deletions)/ Reclassifications	Balance June 30
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 2,874,584	\$ -	\$ -	\$ 2,874,584
Construction in progress	387,248	273,564	(400,546)	260,266
Total capital assets, not being depreciated or amortized	3,261,832	273,564	(400,546)	3,134,850
Capital assets, being depreciated or amortized:				
Water and sewer system	84,296,511	1,249,090	308,524	85,854,125
Capacity rights	37,985,116	-	-	37,985,116
Machinery and equipment	116,472	-	-	116,472
Total capital assets, being depreciated	122,398,099	1,249,090	308,524	123,955,713
Less accumulated depreciation/amortization for:				
Water and sewer system	(14,219,187)	(1,776,823)	18,404	(15,977,606)
Capacity rights	(7,226,338)	(949,628)	-	(8,175,966)
Machinery and equipment	(64,292)	(12,749)	-	(77,041)
Total accumulated depreciation/amortization	(21,509,817)	(2,739,200)	18,404	(24,230,613)
Total capital assets, being depreciated or amortized, net	100,888,282	(1,490,110)	326,928	99,725,100
Business-type activities capital assets, net	\$ 104,150,114	\$ (1,216,546)	\$ (73,618)	\$ 102,859,950

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, 2015 is that school related financed assets in the amount of \$13,304,216 (net of accumulated depreciation and amortization) are reported in the Primary Government as buildings - jointly owned assets for financial reporting purposes.

	Balance July 1	Increases	(Deletions)/ Reclassifications	Balance June 30
School Component Unit activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 456,907	\$ -	\$ -	\$ 456,907
Total capital assets, not being depreciated or amortized	456,907	-	-	456,907
Capital assets, being depreciated or amortized:				
Buildings	34,212,579	1,872,376	2,189,047	38,274,002
Machinery and equipment	5,212,157	176,661	268,081	5,656,899
Total capital assets, being depreciated or amortized	39,424,736	2,049,037	2,457,128	43,930,901
Less accumulated depreciation/amortization for:				
Buildings	(12,200,852)	(1,542,438)	-	(13,743,290)
Machinery and equipment	(4,017,110)	(372,039)	62,075	(4,327,074)
Total accumulated depreciation/amortization	(16,217,962)	(1,914,477)	62,075	(18,070,364)
Total capital assets, being depreciated or amortized, net	23,206,774	134,560	2,519,203	25,860,537
School Component Unit capital assets, net	\$ 23,663,681	\$ 134,560	\$ 2,519,203	\$ 26,317,444

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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, 2015 are as follows:

<u>Primary Government</u>	Transfers In	Transfers Out
General Fund	\$ 69,000	\$ 6,284,664
Capital Projects Fund	5,185,000	-
Office of Children's Services	649,664	-
Utilities Fund	450,000	69,000
	<u>\$ 6,353,664</u>	<u>\$ 6,353,664</u>

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, 2015:

<u>Primary Government</u>	Balance July 1, as restated	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Incurred for County:					
Capital lease obligations	\$ 101,732	\$ -	\$ 101,732	\$ -	\$ -
Compensated absences	916,031	711,895	672,190	955,736	95,573
Liability for landfill closure	1,870,012	12,473	38,489	1,843,996	40,000
Net pension liability	1,102,932	-	-	1,102,932	-
Other postemployment benefits	683,541	142,930	83,172	743,299	-
Total incurred by County	<u>4,674,248</u>	<u>867,298</u>	<u>895,583</u>	<u>4,645,963</u>	<u>135,573</u>
Incurred for School Board:					
Principal amount of bonds payable	14,770,000	-	1,680,000	13,090,000	1,740,000
Premium	233,690	-	19,475	214,215	19,475
Total incurred for School Board	<u>15,003,690</u>	<u>-</u>	<u>1,699,475</u>	<u>13,304,215</u>	<u>1,759,475</u>
Total governmental activities	<u>19,677,938</u>	<u>867,298</u>	<u>2,595,058</u>	<u>17,950,178</u>	<u>1,895,048</u>
Business-type activities:					
Public Utilities:					
Water and sewer revenue bonds payable:					
Principal amount of bonds payable	79,307,391	-	1,256,289	78,051,102	1,365,007
Premium	1,350,789	-	49,716	1,301,073	49,419
Total bonds payable	<u>80,658,180</u>	<u>-</u>	<u>1,306,005</u>	<u>79,352,175</u>	<u>1,414,426</u>
Accreted interest revenue bonds	16,039,612	2,421,381	713,712	17,747,281	-
Compensated absences	24,524	24,802	20,813	28,513	2,851
Net pension liability	42,376	-	-	42,376	-
Capacity rights obligations	19,069,443	-	292,565	18,776,878	300,000
Contractual obligations	5,099,856	843,840	88,102	5,855,594	95,000
Total Public Utilities	<u>120,933,991</u>	<u>3,290,023</u>	<u>2,421,197</u>	<u>121,802,817</u>	<u>1,812,277</u>
Total - Primary government	<u>\$ 140,611,929</u>	<u>\$ 4,157,321</u>	<u>\$ 5,016,255</u>	<u>\$ 139,752,995</u>	<u>\$ 3,707,325</u>
School Board Component Unit					
Compensated absences	\$ 399,603	\$ 169,195	\$ 203,599	\$ 365,199	\$ 208,715
Capital lease	212,072	-	35,502	176,570	39,679
Deferred compensation	4,017	-	4,017	-	-
Net pension liability	22,604,084	-	-	22,604,084	-
Other postemployment benefits	949,624	170,616	74,248	1,045,992	-
Total - School Board Component Unit	<u>\$ 24,169,400</u>	<u>\$ 339,811</u>	<u>\$ 317,366</u>	<u>\$ 24,191,845</u>	<u>\$ 248,394</u>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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, 2015 represents the estimated liability for postclosure monitoring (\$1,843,996) over a remaining period of seventeen years. This amount includes the County's liability of \$1,000,000 for corrective action. These amounts are based on what it would cost to perform all postclosure care in 2015. 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.

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, 2015 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, 2015 are comprised of the following issues:

<u>Purpose</u>	<u>Interest Rates (%)</u>	<u>Date Issued</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Governmental activities:				
General obligation bonds:				
Schools:				
VPSPA Series 1999	5.10-5.23	5/13/1999	19,350,000	\$ 6,665,000
VPSPA Series 2006	4.48-5.10	5/11/2006	10,745,000	6,425,000
				<u>\$ 13,090,000</u>
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 4.88%.				\$ 2,735,000
\$2,595,000 Virginia Resources Authority, issued June 7, 2007, maturing annually through October 1, 2027, interest payable at rates ranging from 4.33% to 4.91%.				1,935,000
\$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%.				17,327,366
\$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%.				56,053,736
Total revenue bond obligations				<u>\$ 78,051,102</u>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Business-type activities (continued):

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.	\$ 15,760,480
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>1,986,801</u>
Total accreted interest	<u>\$ 17,747,281</u>
\$21,300,000 Wastewater treatment capacity rights purchased from the City of Richmond in June 2002. Payable at 0% interest over thirty years, through treatment rates paid by the County, which commenced January 2007.	\$ 18,776,878
\$5,855,594 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>5,855,594</u>
Total contractual obligations	<u>\$ 24,632,472</u>

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

Fiscal Year	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
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	2,010,000	229,128
2021-2025	2,675,000	567,434
2026-2027	1,070,000	53,233
Totals	\$ 13,090,000	\$ 2,746,012

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Fiscal Year	Business-type Activities			
	Water and Sewer Revenue Bonds		Capacity Rights Obligation	Contractual Agreement
	Principal	Interest	Principal	Principal
2016	\$ 1,365,007	\$ 2,569,794	\$ 300,000	\$ 95,000
2017	1,472,128	2,777,251	600,000	221,560
2018	1,591,569	3,021,750	600,000	221,560
2019	1,693,689	3,297,182	600,000	221,560
2020	1,787,131	3,600,914	780,000	221,560
2021-2025	8,294,271	20,106,609	4,090,000	1,107,800
2026-2030	14,643,151	19,559,844	4,880,000	1,107,800
2031-2035	12,892,088	20,071,912	5,300,000	1,107,800
2036-2040	21,557,068	11,500,031	1,626,878	1,107,800
2041-2042	12,755,000	515,500	-	443,154
	<u>\$ 78,051,102</u>	<u>\$ 87,020,787</u>	<u>\$ 18,776,878</u>	<u>\$ 5,855,594</u>

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, 2015.

\$ 2,219,265

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

175,000

As part of the above agreement, the County Utilities Fund will rebate \$6,000 of each residential sewer connection fee collected within the developed property to the EDA up to \$425,000, and the EDA will reimburse the developer for costs related to sewer infrastructure over which the County has assumed ownership as those fees are collected. Payments to the EDA began in fiscal year 2015.

377,000

Total due to component unit

\$ 2,771,265

Primary Government	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities	\$ 2,578,162	\$ -	\$ 183,897	\$ 2,394,265	\$ 170,000
Business-type activities	-	425,000	48,000	377,000	-
Due to component unit	\$ 2,578,162	\$ 425,000	\$ 231,897	\$ 2,771,265	\$ 170,000

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Capital Lease – School Board

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

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

Asset Class	Component Unit School Board
Machinery and equipment	\$ 208,931
Total assets, at cost	208,931
Accumulated depreciation	(41,786)
Total assets, net	\$ 167,145

Fiscal Year	Minimum Lease Payments
2016	\$ 46,020
2017	46,020
2018	46,020
2019	46,020
2020	7,927
Total minimum lease payments	192,007
Portion representing interest	(15,437)
Present value of minimum lease payments	\$ 176,570

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

B. Fund Balance Classifications

Specific purpose information for fund balance classifications is as follows:

	Primary Government			Total Governmental Funds	School Component Unit
	General	Capital	Other		
	Fund	Projects Fund	Governmental Funds		
Nonspendable:					
Prepaid items	\$ 152,050	\$ -	\$ 529	\$ 152,579	\$ 264,623
Inventories	-	-	-	-	24,218
Noncurrent notes receivable	2,442,139	-	-	2,442,139	-
Restricted for:					
Forfeiture funds	-	-	90,808	90,808	-
Stewardship funds	15,360	-	-	15,360	-
Revenue maximization	3,330	-	-	3,330	-
Courthouse maintenance	73,890	-	-	73,890	-
Assigned to:					
Comprehensive Services Act	-	-	142,743	142,743	-
Capital improvements	945,887	8,780,683	-	9,726,570	-
Education	170,000	-	-	170,000	243,682
Community development	80,000	-	-	80,000	-
Revenue stabilization	540,000	-	-	540,000	-
FY17 budget	1,000,000	-	-	1,000,000	-
Schools CIP	360,000	-	-	360,000	-
Sheriff vehicle replacement	110,000	-	-	110,000	-
Schools retiree healthcare liability	120,000	-	-	120,000	-
County retiree healthcare liability	180,000	-	-	180,000	-
Citizen survey	35,000	-	-	35,000	-
Fiscal year 2016 budget supplement	2,265,000	-	-	2,265,000	-
Park development	168,000	-	-	168,000	-
Loan to volunteer fire company	85,000	-	-	85,000	-
Broadband plan	50,000	-	-	50,000	-
Economic development and planning	500,000	-	-	500,000	-
New animal shelter	2,000,000	-	-	2,000,000	-
Fire and rescue	930,000	-	-	930,000	-
Upgrade to board meeting room	75,000	-	-	75,000	-
Utilities maintenance projects	800,000	-	-	800,000	-
Utilities future debt service	700,000	-	-	700,000	-
Courthouse security	172,217	-	-	172,217	-
Public safety	111,721	-	-	111,721	-
Social Services	277,000	-	-	277,000	-
Unassigned Fund Balance	19,401,951	-	-	19,401,951	(64,088)
Total fund balances	\$ 33,763,545	\$ 8,780,683	\$ 234,080	\$ 42,778,308	\$ 468,435

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 likely 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:

o **Pamunkey Regional Library**

The Counties of King William, King and Queen, Hanover, and Goochland provide the financial support for the Library and appoint its governing board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints two (2) of the seven (7) members of the Board of Trustees. The County of Hanover provides over 50% of the Library's funding. The County has no equity interest in the Library and made operating contributions of \$399,600 to the Library in fiscal year 2015. Complete financial statements can be obtained from the office of the County Administrator of Goochland County.

o **Central Virginia Waste Authority**

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

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

The Counties of Goochland and Powhatan provide the financial support for the Board and appoint its governing board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. The County, which has no equity interest in the Board, made operating contributions of \$252,730 to the Board in fiscal year 2015. Complete financial statements can be obtained from the Goochland-Powhatan Community Services.

E. Pension plan – Virginia Retirement System

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

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)</p> <ul style="list-style-type: none">• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 2010, or their membership date before July 1, 2010, and they were 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">• Political subdivision employees.*• School division employees (teachers). <p>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014.</p>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
Eligible Members (Continued)	Eligible Members (Continued)	Eligible Members (Continued)
Hybrid Opt-In Election	Hybrid Opt-In Election	<u>*Non-Eligible Members</u>
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.	Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	<ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	
Retirement Contributions	Retirement Contributions	Retirement Contributions
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.	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.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p>	<p>Vesting Same as Plan 1.</p>	<p><u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> <p>Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>
<p>Members are always 100% vested in the contributions that they make.</p>		<p><u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p> <p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Calculating the Benefit See definition under Plan 1.</p> <p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Vesting (Continued) Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <p><u>Defined Contribution Component (Continued)</u></p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70 1/2.</p> <p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> <p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p>Sheriffs and regional jail superintendents: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not applicable.</p>
<p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Not applicable.</p>
<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.</p>
<p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility 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>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> 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>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable. <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 1	Plan 2	Hybrid Retirement Plan
<p>Earliest Reduced Retirement Eligibility 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 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>Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable.</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 Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Not applicable.</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><u>Eligibility:</u> Same as Plan 1.</p>	<p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>
<p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>		

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: 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 is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. • Political Subdivision Employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Plan 1	Plan 2	Hybrid Retirement Plan
Disability Coverage	Disability Coverage	Disability Coverage
Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	Defined Benefit Component Same as Plan 1, with the following exceptions: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service.• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.
		Defined Contribution Component Not applicable.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

County Plan (Agent Plan)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>67</u>
Inactive members:	
Vested inactive members	23
Non-vested inactive members	45
Active elsewhere in VRS	<u>64</u>
Total inactive members	<u>132</u>
Active members	<u>161</u>
Total covered employees	<u><u>360</u></u>

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.23% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the political subdivision were \$942,915 and \$1,098,298 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Actuarial Assumptions – General Employees

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Actuarial Assumptions – Public Safety Employees

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balances at June 30, 2013	\$ 24,666,276	\$ 21,278,610	\$ 3,387,666
Changes for the year:			
Service cost	1,009,510	-	1,009,510
Interest	1,697,680	-	1,697,680
Contributions - employer	-	1,098,298	(1,098,298)
Contributions - employee	-	438,821	(438,821)
Net investment income	-	3,429,951	(3,429,951)
Benefit payments, including refunds of employer contributions	(827,416)	(827,416)	-
Administrative expense	-	(17,703)	17,703
Other changes	-	181	(181)
Net changes	1,879,774	4,122,132	(2,242,358)
Balances at June 30, 2014	\$ 26,546,050	\$ 25,400,742	\$ 1,145,308

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability (Asset)	\$ 4,678,499	\$ 1,145,308	\$ (1,775,961)

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

For the year ended June 30, 2015, the County recognized pension expense of \$388,918. The County also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 1,532,978
Employer contributions subsequent to the measurement date	942,915	-
	<u>\$ 942,915</u>	<u>\$ 1,532,978</u>

\$942,915 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2016	\$ 383,244
2017	383,244
2018	383,244
2019	383,246
	\$ 1,532,978

School Board Professional Plan (Cost-Sharing Plan)

Contributions

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

The School Board Professional’s contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board for the professional plan were \$2,033,788 and \$1,593,375 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the School Board reported a liability of \$22,581,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board’s proportion of the net pension liability was based on the School Board’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board’s proportion was 0.18686% as compared to 0.17673% at June 30, 2013.

For the year ended June 30, 2015, the School Board recognized pension expense related to the professional plan of \$2,038,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 3,351,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,143,000	-
Employer contributions subsequent to the measurement date	2,033,788	-
	\$ 3,176,788	\$ 3,351,000

\$2,033,788 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 586,000
2017	586,000
2018	586,000
2019	586,000
2020	(136,000)
	\$ 2,208,000

Actuarial Assumptions

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Long-Term Expected Rate of Return

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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

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

Discount Rate

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board professional net pension liability	\$ 33,159,000	\$ 22,581,000	\$ 13,873,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

School Board Non-Professional Plan (Agent Plan)

Employees Covered by Benefit Terms

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

Inactive members or their beneficiaries currently receiving benefits	<u>18</u>
Inactive members:	
Vested inactive members	5
Non-vested inactive members	14
Active elsewhere in VRS	<u>13</u>
Total inactive members	<u>32</u>
Active members	<u>24</u>
Total covered employees	<u><u>74</u></u>

Contributions

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

The School Board non-professional’s contractually required contribution rate for the year ended June 30, 2015 was 9.23% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the School Board for the non-professional plan were \$69,042 and \$78,372 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

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

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

The total pension liability for General Employees in the School Board non-professional retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balances at June 30, 2013	\$ 3,354,693	\$ 3,039,379	\$ 315,314
Changes for the year:			
Service cost	85,613	-	85,613
Interest	231,123	-	231,123
Contributions - employer	-	78,372	(78,372)
Contributions - employee	-	51,366	(51,366)
Net investment income	-	481,752	(481,752)
Benefit payments, including refunds of employer contributions	(105,866)	(105,866)	-
Administrative expense	-	(2,549)	2,549
Other changes	-	25	(25)
Net changes	210,870	503,100	(292,230)
Balances at June 30, 2014	\$ 3,565,563	\$ 3,542,479	\$ 23,084

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability (Asset)	\$ 459,985	\$ 23,084	\$ (345,095)

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

For the year ended June 30, 2015, the School Board recognized pension expense related to its non-professional plan of \$740. The School Board also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 214,598
Employer contributions subsequent to the measurement date	69,042	-
	<u>\$ 69,042</u>	<u>\$ 214,598</u>

\$69,042 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

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

Year Ending June 30,	Amount
2016	\$ 53,650
2017	53,650
2018	53,650
2019	53,648
	\$ 214,598

Payables to the Pension Plan

At June 30, 2015, the Goochland County School Board reported a payable of \$268,022 to VRS. This amount was the legally required employer and employee contribution to VRS for the June 2015 reporting period and was paid to VRS on July 6, 2015.

F. Other Postemployment Benefits – County and School Board Sponsored

Plan Description – Primary Government

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

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

Plan Description - Component Unit School Board

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

COUNTY OF GOOCHLAND, VIRGINIA

Notes to Financial Statements

Funding

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

Annual OPEB Cost and Net OPEB Obligation

The County's and School Board's other postemployment benefit (OPEB) costs (expenses) are calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities for funding purposes over a period not to exceed thirty years. For fiscal years 2015, 2014, and 2013, the County's annual pension cost (\$144,281, \$173,022, and \$166,101) equaled its ARC and the School Board's annual pension cost (\$172,493, \$225,477, and \$215,947) 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
Annual required contribution	\$ 144,281	\$ 172,493
Interest on the Net OPEB Obligation (NOO)	23,924	33,237
Adjustment to ARC	(25,275)	(35,114)
Annual OPEB cost (AOC)	142,930	170,616
Contribution for fiscal year ended June 30, 2015	(83,172)	(74,248)
Increase in net OPEB obligation	59,758	96,368
Net OPEB obligation-beginning of year	683,541	949,624
Net OPEB obligation-end of year	<u>\$ 743,299</u>	<u>\$ 1,045,992</u>
Percentage of AOC contributed	58.19%	43.52%
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability	1,859,045	1,983,056
Unfunded actuarial liability (UAAL)	<u>\$ 1,859,045</u>	<u>\$ 1,983,056</u>
Funded ratio	n/a	n/a
Annual covered payroll	\$ 8,888,818	\$ 16,931,113
UAAL as a percentage of covered payroll valuation as of June 30, 2014	20.91%	11.71%

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, 2014, actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 3.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money mark funds), was considered in the selection of the 3.5% rate. The valuation assumes an inflation rate of 2.5% and a 5.2% healthcare cost trend increase for fiscal year 2015.

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

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

The School Board’s professional employees participate in the VRS Retiree Health Insurance Credit Program which is an agent, multiple-employer plan. It provides eligible retirees a tax-free reimbursement for health insurance premiums for single coverage under qualifying health plans, including coverage under a spouse’s plan, not to exceed the amount of the monthly premium or the maximum credit, whichever is less. Premiums for health plans covering specific conditions are ineligible for reimbursement. Employers of teachers and other School Board professional employees are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute to the program. The amount is financed based on employer contribution rates determined by the System’s actuary. Goochland County School Board contributed 1.06% of eligible covered payroll in fiscal year 2015 to this program for a total of \$138,708.

H. Restatement of net position

The following adjustment was made to beginning net position at June 30, 2014:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	School Board
Net position, end of year, as previously reported	\$ 59,301,621	\$ 8,485,279	\$ 22,268,575
To establish beginning balances for pension related items in accordance with GASB No. 68	(2,204,662)	(84,706)	(22,989,567)
Net position, June 30, 2014, as restated	\$ 57,096,959	\$ 8,400,573	\$ (720,992)

I. Pending GASB Statements

At June 30, 2015, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes in OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires a state or local government to disclose information about tax abatement. Statement No. 77 will be effective for fiscal years beginning after December 15, 2015.

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

J. Contingency

Federal and State Assisted Programs

The County has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

K. Subsequent Events

On September 1, 2015, the Board of Supervisors authorized the County Administrator to execute a communications system agreement with Motorola Solutions, Inc. in the amount of \$3.85 million for public safety radio communications equipment and services. This equipment is related to a Federal Communications Commission mandate for the narrow banding of public safety radio frequencies. As part of the more comprehensive E911 project, on October 6, 2015 the Board authorized the County Administrator to execute a contract with Loudin Builders to construct a new Emergency Communications Center/Emergency Operations Center in the amount of \$2,769,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

	As of June 30, 2014
Total Pension Liability	
Service Cost	\$ 1,009,510
Interest	1,697,680
Benefit Payments, including refunds of employee contributions	(827,416)
Net change in total pension liability	1,879,774
Total pension liability, beginning	24,666,276
Total pension liability, ending (a)	<u>\$ 26,546,050</u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 1,098,298
Contributions - employee	438,821
Net investment income	3,429,951
Benefit Payments, including refunds of employee contributions	(827,416)
Administrative expense	(17,703)
Other	181
Net change in plan fiduciary net position	4,122,132
Plan fiduciary net position - beginning	21,278,610
Plan fiduciary net position - ending (b)	<u>\$ 25,400,742</u>
 Net pension liability - ending (a)-(b)	<u>\$ 1,145,308</u>
 Plan fiduciary net position as a percentage of the total pension liability	95.69%
 Covered-employee payroll	\$ 9,358,990
 Net pension liability as a percentage of covered-employee payroll	12.24%

Notes to Schedule:

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

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

LEOS:	NON-LEOS:
a. Update mortality table	a. Update mortality table
b. Adjustments to rates of service retirement for females	b. Decrease in rates of service retirement
c. Increase in rates of withdrawal	c. Decrease in rates of disability retirement
d. Decrease in male and female rates of disability	d. Reduce rates of salary increases by 0.25% per year

(3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

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

	As of June 30, 2014
Total Pension Liability	
Service Cost	\$ 85,613
Interest	231,123
Benefit Payments, including refunds of employee contributions	(105,866)
Net change in total pension liability	210,870
Total pension liability, beginning	3,354,693
Total pension liability, ending (a)	<u>\$ 3,565,563</u>
Plan fiduciary net position	
Contributions - employer	\$ 78,372
Contributions - employee	51,366
Net investment income	481,752
Benefit Payments, including refunds of employee contributions	(105,866)
Administrative expense	(2,549)
Other	25
Net change in plan fiduciary net position	503,100
Plan fiduciary net position - beginning	3,039,379
Plan fiduciary net position - ending (b)	<u>\$ 3,542,479</u>
Net pension liability - ending (a)-(b)	<u>\$ 23,084</u>
Plan fiduciary net position as a percentage of the total pension liability	99.35%
Covered-employee payroll	\$ 748,014
Net pension liability as a percentage of covered-employee payroll	3.09%

Notes to Schedule:

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

- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability

- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

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

	As of June 30, 2014
Employer's Proportion of the Net Pension Liability (asset)	0.18686%
Employer's Proportionate Share of the Net Pension Liability (asset)	\$ 22,581,000
Employer's Covered-Employee Payroll	14,010,731
Employer's Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll	161.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Decrease in rate of withdrawals for 3 through 9 years of service
 - d. Decrease in rates of disability
 - e. Reduce rates of salary increase by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

Schedule of County Contributions - Virginia Retirement System

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

Notes to Schedule:

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

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

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

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 78,372
Contributions in relation to the CRC	<u>78,372</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 748,015
Contributions as a percentage of covered-employee payroll	10.48%

Notes to Schedule:

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

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

Schedule of School Board Professional Contributions - Virginia Retirement System

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 1,593,375
Contributions in relation to the CRC	<u>1,593,375</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 14,010,731
Contributions as a percentage of covered-employee payroll	11.37%

Notes to Schedule:

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

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

Schedule of Other Postemployment Benefits Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % 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 Other Postemployment Benefits

6/30/2014	\$ -	\$ 1,859,045	\$ 1,859,045	- %	\$ 8,888,818	20.91%
6/30/2013	-	2,034,629	2,034,629	- %	7,215,948	28.20%
6/30/2012	-	1,949,191	1,949,191	- %	6,667,340	29.23%

DISCRETELY PRESENTED COMPONENT UNIT

School Board Other Postemployment Benefits

6/30/2014	\$ -	\$ 1,983,056	\$ 1,983,056	- %	\$ 16,931,113	11.71%
6/30/2013	-	2,481,525	2,481,525	- %	14,687,983	16.89%
6/30/2012	-	2,362,907	2,362,907	- %	14,567,688	16.22%

Schedule of Employer Contributions - Other Postemployment Benefits

PRIMARY GOVERNMENT

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 166,101	45.45%
2014	173,022	51.75%
2015	144,281	57.65%

DISCRETELY PRESENTED COMPONENT UNIT

Fiscal Year Ended June 30,	Annual Required Contribution	Contributed
2013	\$ 215,947	42.17%
2014	225,477	52.60%
2015	172,493	43.04%

SUPPLEMENTARY INFORMATION

GENERAL FUND

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 22,085,000	\$ 22,085,000	\$ 23,251,498	\$ 1,166,498
TCSD property tax revenue share	-	(910,000)	(1,097,900)	(187,900)
Real and personal PSC property tax	625,000	625,000	621,984	(3,016)
Personal property tax	7,711,000	8,211,000	8,758,393	547,393
Penalties	275,000	275,000	222,226	(52,774)
Interest	170,000	170,000	240,384	70,384
Total general property taxes	30,866,000	30,456,000	31,996,585	1,540,585
Other local taxes:				
Local sales and use tax	2,225,000	2,225,000	2,800,373	575,373
Consumer utility tax	415,000	415,000	441,456	26,456
Consumption tax	90,000	90,000	99,532	9,532
Business license tax	600,900	600,900	822,798	221,898
Motor vehicle licenses	595,000	595,000	758,275	163,275
Bank stock tax	95,000	1,680,000	1,764,961	84,961
Tax on recordation and wills	381,000	381,000	520,406	139,406
Total other local taxes	4,401,900	5,986,900	7,207,801	1,220,901
Permits, privilege fees, and regulatory licenses:				
Animal licenses	24,000	24,000	27,206	3,206
Land use application fees	2,000	2,000	2,800	800
Transfer fees	600	600	824	224
Zoning and subdivision permits	28,500	28,500	58,729	30,229
Building permits	325,000	355,000	629,498	274,498
Other permits and licenses	42,000	42,000	77,785	35,785
Total permits, privilege fees, and regulatory licenses	422,100	452,100	796,842	344,742
Fines and forfeitures:				
Court fines and forfeitures	120,000	120,000	117,109	(2,891)
Revenue from use of money and property:				
Revenue from use of money	20,000	20,000	34,207	14,207
Revenue from use of property	6,000	6,000	24,877	18,877
Total revenue from use of money and property	26,000	26,000	59,084	33,084
Charges for services:				
Sheriff fees	4,000	4,000	3,449	(551)
Commonwealth's Attorney	1,000	1,000	2,558	1,558
Courthouse security	60,000	60,000	55,963	(4,037)
Other court services	10,000	10,000	16,983	6,983
Sanitation and waste removal	35,000	35,000	26,794	(8,206)
Parks, recreation, and facilities management	120,000	127,500	152,552	25,052
Community development	24,900	24,900	25,001	101
Fire and rescue	545,000	545,000	590,161	45,161
Total charges for services	799,900	807,400	873,461	66,061
Miscellaneous:				
Miscellaneous revenues	5,000	37,565	79,204	41,639

Continued

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Recovered costs:				
Public assistance refunds	\$ -	\$ -	\$ 6,164	\$ 6,164
Other recovered costs	145,600	127,350	172,790	45,440
Total recovered costs	145,600	127,350	178,954	51,604
Total revenues from local sources	36,786,500	38,013,315	41,309,040	3,295,725
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	850,000	850,000	852,678	2,678
Rolling stock tax	90,000	90,000	81,122	(8,878)
Mobile home titling tax	8,000	8,000	10,426	2,426
State recordation tax	85,000	85,000	99,732	14,732
Auto rental tax	2,200	2,200	22,213	20,013
Personal property tax relief funds	2,853,011	2,853,011	2,853,012	1
Total noncategorical aid	3,888,211	3,888,211	3,919,183	30,972
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	254,283	254,283	264,755	10,472
Sheriff	865,832	865,832	883,967	18,135
Commissioner of Revenue	84,883	84,883	86,838	1,955
Treasurer	91,431	91,431	95,280	3,849
Registrar/electoral board	31,000	31,000	36,271	5,271
Clerk of the Circuit Court	234,826	234,826	240,326	5,500
Total shared expenses	1,562,255	1,562,255	1,607,437	45,182
Other categorical aid:				
Public assistance and welfare administration	576,237	576,237	370,983	(205,254)
Fire programs fund	61,938	68,802	68,802	-
DMV agent compensation	30,000	30,000	79,729	49,729
Wireless E911	40,000	40,000	43,319	3,319
Four 4 life funds	24,278	24,954	23,529	(1,425)
Fire training grants	3,000	3,000	-	(3,000)
Victim-witness grant	29,679	29,679	30,569	890
Litter control	7,500	7,500	5,698	(1,802)
Other categorical aid	-	-	2,939	2,939
Total other categorical aid	772,632	780,172	625,568	(154,604)
Total categorical aid	2,334,887	2,342,427	2,233,005	(109,422)
Total revenue from the Commonwealth	6,223,098	6,230,638	6,152,188	(78,450)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	883,212	970,431	1,052,775	82,344
Emergency management performance grant	16,904	16,904	18,104	1,200
Highway safety grant	-	48,906	29,644	(19,262)
Other federal funds	-	23,742	22,248	(1,494)
Total categorical aid	900,116	1,059,983	1,122,771	62,788
Total revenue from the federal government	900,116	1,059,983	1,122,771	62,788
Total revenues	43,909,714	45,303,936	48,583,999	3,280,063

Continued

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
General government administration:				
Legislative:				
Board of Supervisors	\$ 160,590	\$ 160,590	\$ 150,041	\$ 10,549
General and financial administration:				
County Administrator	385,581	385,581	380,589	4,992
County Attorney	386,033	386,033	357,777	28,256
Human resources	107,871	111,871	108,346	3,525
Commissioner of the Revenue	334,417	336,617	325,831	10,786
Assessor	404,965	404,965	393,422	11,543
Other general and financial administration	816,718	780,118	179,368	600,750
Treasurer	444,996	447,696	442,770	4,926
Information systems	934,321	942,179	892,746	49,433
Finance	465,762	533,107	493,720	39,387
Purchasing	103,772	103,772	98,807	4,965
Total general and financial administration	4,384,436	4,431,939	3,673,376	758,563
Board of Elections:				
Registrar	206,109	286,909	219,195	67,714
Total general government administration	4,751,135	4,879,438	4,042,612	836,826
Judicial administration:				
Courts:				
Circuit court	33,400	93,400	37,695	55,705
General District Court	11,000	17,000	15,438	1,562
Magistrates	4,000	4,000	1,547	2,453
Sheriff - court services	517,635	522,235	431,483	90,752
Clerk of the Circuit Court	545,112	557,212	544,626	12,586
Total courts	1,111,147	1,193,847	1,030,789	163,058
Commonwealth's attorney:	458,849	460,949	451,492	9,457
Total judicial administration	1,569,996	1,654,796	1,482,281	172,515
Public safety:				
Law enforcement and traffic control:				
Sheriff	2,959,222	3,134,722	2,989,071	145,651
Sheriff's grants	-	50,400	30,980	19,420
Total law enforcement and traffic control	2,959,222	3,185,122	3,020,051	165,071
Fire and rescue services:				
Fire and rescue	2,251,705	2,291,083	2,021,911	269,172
Emergency planning	120,756	177,286	150,056	27,230
Fire and rescue revenue recovery	545,000	545,000	420,484	124,516
Fire and rescue training center	59,823	59,823	30,465	29,358
Forest fire protection	10,100	10,100	9,982	118
Total fire and rescue services	2,987,384	3,083,292	2,632,898	450,394

Continued

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Correction and detention:				
Confinement and care of prisoners	\$ 584,300	\$ 424,300	\$ 315,905	\$ 108,395
Inspections:				
Building inspections	515,363	545,363	534,613	10,750
Other protection:				
Animal control	268,165	279,165	268,237	10,928
Emergency dispatch services	253,000	253,000	214,131	38,869
E911 System	631,660	636,260	601,734	34,526
Total other protection	1,152,825	1,168,425	1,084,102	84,323
Other public safety:				
Risk management	35,000	35,000	26,925	8,075
Total public safety	8,234,094	8,441,502	7,614,494	827,008
Public Works:				
Sanitation and waste removal:				
Refuse disposal	821,337	821,337	712,448	108,889
Total public works	821,337	821,337	712,448	108,889
Health and welfare:				
Health:				
Supplement of local health department	229,505	229,505	229,505	-
Mental health and mental retardation:				
Chapter X Board	255,980	255,980	255,477	503
Welfare:				
Public assistance and welfare administration	2,117,415	2,204,634	1,986,036	218,598
Tax relief for the elderly and disabled	410,000	410,000	409,621	379
Goochland Free Clinic and Family Services	146,500	146,500	141,849	4,651
Contributions	114,395	174,395	174,395	-
Other welfare contributions	1,000	3,000	5,840	(2,840)
Total welfare	2,789,310	2,938,529	2,717,741	220,788
Total health and welfare	3,274,795	3,424,014	3,202,723	221,291
Parks, recreation, facilities management, and cultural:				
Parks, recreation, and facilities management	1,585,268	1,678,233	1,631,399	46,834
Contribution to regional library	399,600	399,600	399,600	-
Total parks, recreation, facilities management, and cultural	1,984,868	2,077,833	2,030,999	46,834
Community development:				
Planning and community development:				
Planning and zoning	464,508	631,508	628,891	2,617
Community development	226,957	226,957	216,741	10,216
Plan review and code enforcement	248,490	248,490	193,349	55,141
Other planning and community development	7,500	7,500	7,192	308
Extension office	54,951	54,951	34,845	20,106
Economic development	200,150	395,150	360,436	34,714
Total community development	1,202,556	1,564,556	1,441,454	123,102

Continued

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Education:				
School Fund	\$ 19,463,457	\$ 19,653,901	\$ 19,484,017	\$ 169,884
Total education	19,463,457	19,653,901	19,484,017	169,884
Total payments to component units	19,463,457	19,653,901	19,484,017	169,884
Debt service:				
Principal retirement	1,680,000	1,680,000	1,781,732	(101,732)
Interest and other fiscal charges	1,167,021	1,167,021	655,086	511,935
Total debt service	2,847,021	2,847,021	2,436,818	410,203
Total expenditures	44,149,259	45,364,398	42,447,846	2,916,552
Excess (deficiency) of revenues over (under) expenditures	(239,545)	(60,462)	6,136,153	6,196,615
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfer from Utilities Fund	-	69,000	69,000	-
Total other financing sources	-	69,000	69,000	-
Other financing uses:				
Transfer to Capital Projects Fund	(1,010,000)	(5,185,000)	(5,185,000)	-
Transfer to Comprehensive Services	(649,664)	(649,664)	(649,664)	-
Transfer to Utilities Fund	(450,000)	(450,000)	(450,000)	-
Total other financing uses	(2,109,664)	(6,284,664)	(6,284,664)	-
Net change in fund balance	(2,349,209)	(6,276,126)	(79,511)	6,196,615
Fund balance beginning of year	-	33,843,056	33,843,056	-
Fund balance - end of year	\$ (2,349,209)	\$ 27,566,930	\$ 33,763,545	\$ 6,196,615

CAPITAL PROJECTS FUND

Capital Projects Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ 227,000	\$ 310,503	\$ 732,064	\$ 421,561
Commonwealth	105,000	551,532	105,238	(446,294)
Total revenues	332,000	862,035	837,302	(24,733)
EXPENDITURES				
General government administration	655,000	1,087,184	212,428	874,756
Public safety	210,000	14,423,742	1,133,333	13,290,409
Education	1,500,000	3,184,580	2,340,632	843,948
Parks, recreation, and facilities management	300,000	463,648	158,015	305,633
Community development	177,000	528,139	10,830	517,309
Total expenditures	2,842,000	19,687,293	3,855,238	15,832,055
Deficiency of revenues under expenditures	(2,510,000)	(18,825,258)	(3,017,936)	15,807,322
OTHER FINANCING SOURCES				
Transfers in	2,510,000	5,185,000	5,185,000	-
Issuance of general obligation bonds	-	8,800,000	-	(8,800,000)
Total other financing sources	2,510,000	13,985,000	5,185,000	(8,800,000)
Net change in fund balance	-	(4,840,258)	2,167,064	7,007,322
Fund balance beginning of year	-	6,613,619	6,613,619	-
Fund balance - end of year	\$ -	\$ 1,773,361	\$ 8,780,683	\$ 7,007,322

OTHER NONMAJOR GOVERNMENTAL FUNDS

Other Nonmajor Governmental Funds

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 41,033	\$ 41,033	\$ 21,182	\$ (19,851)
Intergovernmental revenues:				
Commonwealth	386,585	536,585	459,020	(77,565)
Federal government	-	147,293	57,373	(89,920)
Total revenues	427,618	724,911	537,575	(187,336)
EXPENDITURES				
Current:				
Public safety	-	147,293	58,900	88,393
Health and welfare	1,077,282	1,287,282	1,194,155	93,127
Total expenditures	1,077,282	1,434,575	1,253,055	181,520
Deficiency of revenues under expenditures	(649,664)	(709,664)	(715,480)	(5,816)
OTHER FINANCING SOURCES				
Transfers in	649,664	649,664	649,664	-
Net change in fund balance	-	(60,000)	(65,816)	(5,816)
Fund balance beginning of year	-	299,896	299,896	-
Fund balance - end of year	\$ -	\$ 239,896	\$ 234,080	\$ (5,816)

AGENCY FUNDS

Agency Funds
 Combining Statement of Net Position

June 30, 2015

	Agency Funds			
	Special Welfare	Towers & Roads	Performance Bonds	Total
ASSETS				
Cash and cash equivalents	\$ 6,114	\$ 260,440	\$ 315,142	\$ 581,696
Total assets	\$ 6,114	\$ 260,440	\$ 315,142	\$ 581,696
LIABILITIES				
Amounts held for social services clients	\$ 6,114	\$ -	\$ -	\$ 6,114
Performance bonds payable	-	260,440	315,142	575,582
Total liabilities	\$ 6,114	\$ 260,440	\$ 315,142	\$ 581,696

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare				
Assets:				
Cash and cash equivalents	\$ 5,083	\$ 25,397	\$ (24,366)	\$ 6,114
Liabilities:				
Amounts held for social services clients	\$ 5,083	\$ 25,397	\$ (24,366)	\$ 6,114
Towers & Roads				
Assets:				
Cash and cash equivalents	\$ 161,000	\$ 99,440	\$ -	\$ 260,440
Liabilities:				
Performance bonds payable	\$ 161,000	\$ 99,440	\$ -	\$ 260,440
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 210,414	\$ 183,116	\$ (78,388)	\$ 315,142
Liabilities:				
Performance bonds payable	\$ 210,414	\$ 183,116	\$ (78,388)	\$ 315,142
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 376,497	\$ 307,953	\$ (102,754)	\$ 581,696
Liabilities:				
Amounts held for social services clients	\$ 5,083	\$ 25,397	\$ (24,366)	\$ 6,114
Performance bonds payable	371,414	282,556	(78,388)	575,582
Total liabilities	\$ 376,497	\$ 307,953	\$ (102,754)	\$ 581,696

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

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

June 30, 2015

	Governmental Funds			
	School Operating	Textbook	Cafeteria	Totals
ASSETS				
Cash and cash equivalents	\$ 2,065,507	\$ 215,109	\$ 60,876	\$ 2,341,492
Accounts receivable	29,886	-	13	29,899
Prepaid items	264,623	-	-	264,623
Due from other governmental units	878,536	-	1,702	880,238
Inventories	-	-	24,218	24,218
Total assets	<u>\$ 3,238,552</u>	<u>\$ 215,109</u>	<u>\$ 86,809</u>	<u>\$ 3,540,470</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable	\$ 229,027	\$ -	\$ 2,751	\$ 231,778
Accrued liabilities	2,808,990	-	31,267	2,840,257
Total liabilities	<u>3,038,017</u>	<u>-</u>	<u>34,018</u>	<u>3,072,035</u>
Fund balances:				
Nonspendable	264,623	-	24,218	288,841
Assigned	-	215,109	28,573	243,682
Unassigned	(64,088)	-	-	(64,088)
Total fund balances	<u>200,535</u>	<u>215,109</u>	<u>52,791</u>	<u>468,435</u>
Total liabilities and fund balances	<u>\$ 3,238,552</u>	<u>\$ 215,109</u>	<u>\$ 86,809</u>	<u>\$ 3,540,470</u>

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

Total fund balances per above	<u>\$ 468,435</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets, cost	44,387,808
Less - accumulated depreciation and amortization	<u>(18,070,364)</u>
	<u>26,317,444</u>
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the fund.	3,245,830
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the fund.	(3,565,598)
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease	(176,570)
Compensated absences	(365,199)
Net pension liability	(22,604,084)
Other postemployment benefits	<u>(1,045,992)</u>
	<u>(24,191,845)</u>
Net position of governmental activities	<u>\$ 2,274,266</u>

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

Year Ended June 30, 2015

	Governmental Funds			
	School Operating	Textbook	Cafeteria	Totals
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 50,937	\$ -	\$ -	\$ 50,937
Charges for services	60,887	-	487,670	548,557
Miscellaneous	101,661	-	-	101,661
Payments from primary government	19,299,709	184,308	-	19,484,017
Revenue from the Commonwealth	6,199,855	46,077	9,240	6,255,172
Revenue from the Federal government	1,279,739	-	404,716	1,684,455
Total revenues	<u>26,992,788</u>	<u>230,385</u>	<u>901,626</u>	<u>28,124,799</u>
EXPENDITURES				
Education	26,780,786	55,941	943,150	27,779,877
Debt service:				
Principal retirement	35,502	-	-	35,502
Interest and other fiscal charges	7,178	-	-	7,178
Total expenditures	<u>26,823,466</u>	<u>55,941</u>	<u>943,150</u>	<u>27,822,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>169,322</u>	<u>174,444</u>	<u>(41,524)</u>	<u>302,242</u>
Net change in fund balances	169,322	174,444	(41,524)	302,242
Fund balances - beginning	31,213	40,665	94,315	166,193
Fund balances - ending	<u>\$ 200,535</u>	<u>\$ 215,109</u>	<u>\$ 52,791</u>	<u>\$ 468,435</u>
Net change in fund balances - total governmental funds - per above				<u>\$ 302,242</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	143,661
Depreciation and amortization expense	(1,203,554)
Net book value of donated assets	2,552,203
Transfer of depreciation and amortization expense related to joint tenancy assets from Primary Government	(710,923)
Transfer of joint tenancy assets from Primary Government	1,872,376
	<u>2,653,763</u>

Deferred outflows of resources - pension contributions 2,102,830

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Capital lease	35,502
Pension expense	(2,037,115)
Other postemployment benefits	(96,368)
Compensated absences	34,404
	<u>(2,063,577)</u>

Change in net position of governmental activities \$ 2,995,258

School Operating Fund - School Board

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 48,930	\$ 53,730	\$ 50,937	\$ (2,793)
Charges for services	19,317	65,727	60,887	(4,840)
Miscellaneous	49,276	103,301	101,661	(1,640)
Payments from primary government	19,277,945	19,468,389	19,299,709	(168,680)
Revenue from the Commonwealth:				
Share of State sales tax	3,117,403	3,117,403	3,150,020	32,617
Basic school aid	2,118,135	2,118,135	2,097,736	(20,399)
Instructional fringe benefits	408,736	408,736	406,082	(2,654)
Special education	362,243	362,243	328,511	(33,732)
Remedial education	126,061	138,216	112,338	(25,878)
VPSA technology grant	180,000	180,000	-	(180,000)
Other state categorical aid	100,209	201,621	105,168	(96,453)
Revenue from the Federal government:				
IDEA Part B Special Education	613,786	636,776	622,100	(14,676)
Title I Part A Basic Education	314,195	333,035	332,938	(97)
Workforce Investment Act: In Youth School	161,298	161,298	150,326	(10,972)
Other federal categorical aid	187,790	180,230	174,375	(5,855)
Total revenues	<u>27,085,324</u>	<u>27,528,840</u>	<u>26,992,788</u>	<u>(536,052)</u>
EXPENDITURES				
Education:				
Instruction	19,070,308	19,471,532	19,224,143	247,389
Administration, attendance, and health	1,455,074	1,534,422	1,474,284	60,138
Pupil transportation	2,285,136	2,236,262	2,064,366	171,896
Operation and maintenance	2,515,698	2,570,138	2,535,828	34,310
Technology	1,599,108	1,650,574	1,482,165	168,409
Health Insurance Reserve	160,000	23,692	-	23,692
Debt service:				
Principal retirement	-	35,283	35,502	(219)
Interest and other fiscal charges	-	6,937	7,178	(241)
Total expenditures	<u>27,085,324</u>	<u>27,528,840</u>	<u>26,823,466</u>	<u>705,374</u>
Excess of revenues over expenditures	-	-	169,322	169,322
Net change in fund balance	-	-	169,322	169,322
Fund balance - beginning	-	31,213	31,213	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 31,213</u>	<u>\$ 200,535</u>	<u>\$ 169,322</u>

Textbook Fund - School Board

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Payments from primary government	\$ 185,512	\$ 185,512	\$ 184,308	\$ (1,204)
Revenue from the Commonwealth	46,378	87,043	46,077	(40,966)
Total revenues	231,890	272,555	230,385	(42,170)
EXPENDITURES				
Education	231,890	272,555	55,941	216,614
Total expenditures	231,890	272,555	55,941	216,614
Excess of revenues over expenditures	-	-	174,444	174,444
Net change in fund balance	-	-	174,444	174,444
Fund balance - beginning	-	40,665	40,665	-
Fund balance - ending	\$ -	\$ 40,665	\$ 215,109	\$ 174,444

Cafeteria Fund - School Board

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Charges for services	\$ 555,301	\$ 555,301	\$ 487,670	\$ (67,631)
Revenue from the Commonwealth	9,817	9,817	9,240	(577)
Revenue from the Federal government	435,609	435,609	404,716	(30,893)
Total revenues	<u>1,000,727</u>	<u>1,000,727</u>	<u>901,626</u>	<u>(99,101)</u>
EXPENDITURES				
Education	<u>994,833</u>	<u>994,833</u>	<u>943,150</u>	<u>51,683</u>
Total expenditures	<u>994,833</u>	<u>994,833</u>	<u>943,150</u>	<u>51,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,894</u>	<u>5,894</u>	<u>(41,524)</u>	<u>(47,418)</u>
Net change in fund balance	5,894	5,894	(41,524)	(47,418)
Fund balance - beginning	-	94,315	94,315	-
Fund balance - ending	<u>\$ 5,894</u>	<u>\$ 100,209</u>	<u>\$ 52,791</u>	<u>\$ (47,418)</u>

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

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

June 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 291,870
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Noncurrent assets:

Due from primary government	2,771,265
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Note receivable	36,934
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Land held for resale	801,100
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Total noncurrent assets	<u>3,609,299</u>
-------------------------	------------------

Total assets	<u>3,901,169</u>
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LIABILITIES

Current liabilities:

Contractual agreement payable-current portion	170,000
---	---------

Total current liabilities	<u>170,000</u>
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Long-term liabilities:

Contractual agreement payable- less current portion	2,426,265
---	-----------

Total liabilities	<u>2,596,265</u>
-------------------	------------------

NET POSITION

Unrestricted	1,304,904
--------------	-----------

Total net position	<u>\$ 1,304,904</u>
--------------------	---------------------

Discretely Presented Component Unit - Economic Development Authority
Schedule of Revenues, Expenditures, and Change in Net Position

Year Ended June 30, 2015

OPERATING REVENUES

Charges for services \$ 606

OPERATING EXPENDITURES

Economic development 12,589
Operating loss (11,983)

NONOPERATING REVENUES

Revenue from use of money 802
Miscellaneous 1,486
Total nonoperating revenues 2,288

Change in net position (9,695)
Total net position beginning 1,314,599
Total net position-ending \$ 1,304,904

STATISTICAL SECTION

COUNTY OF GOOCHLAND, VIRGINIA

Statistical Section (Unaudited)

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

Financial trends information 102-106

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 107-110

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..... 111-112

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..... 113-114

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..... 115-117

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.

County of Goochland, Virginia

Table 1

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 23,112,562
Restricted	-	-	-	-	-	-	-	-	209,922	109,498
Unrestricted	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	36,331,089
Total governmental activities net position	\$ 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	\$ 59,553,149
Business-type activities										
Net investment in capital assets	\$ 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)	\$ (15,130,880)
Restricted	-	-	-	-	-	-	-	13,526,684	13,782,829	14,279,691
Unrestricted	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	7,647,991
Total business-type activities net position	\$ 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	\$ 6,796,802
Primary Government										
Net investment in capital assets	\$ 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	\$ 7,981,682
Restricted	-	-	-	-	-	-	-	13,526,684	13,992,751	14,389,189
Unrestricted	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	43,979,080
Total Primary Government net position	\$ 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	\$ 66,349,951

(2)

Notes:

(1) 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."

(2) At June 30, 2014, net position was restated for the implementation of GASB Statement No. 68, which reduced net position by \$2,289,368.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government administration	\$ 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	\$ 4,197,626
Judicial administration	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	1,527,917
Public safety	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	8,105,378
Public works	3,112,396	1,945,886	2,414,201	2,971,577	1,928,762	1,732,979	796,180	801,403	784,017	825,229
Health and welfare	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	4,342,568
Education	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	23,761,695
Parks, recreation, and facilities management	851,842	897,317	1,091,454	1,176,038	959,783	991,726	2,045,649	2,089,590	2,124,874	2,031,018
Community development	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	1,121,129
Interest and other fiscal charges	1,114,183	1,234,746	1,406,465	1,354,281	1,015,677	1,078,901	949,236	836,779	726,881	598,042
Total governmental activities expenses	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	46,510,602
Business-type activities:										
Public utilities	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	12,008,532
Total Primary Government expenses	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	58,519,134
Program revenues										
Governmental activities:										
Charges for services:										
General government administration	-	-	-	-	18,000	-	-	-	64,513	77,785
Judicial administration	216,131	218,918	164,268	63,485	64,192	13,130	14,964	28,814	75,219	75,504
Public safety	1,115,050	1,341,566	578,857	282,823	32,381	163,368	87,764	317,460	1,251,462	1,309,043
Public works	29,653	33,442	28,983	35,736	25,833	34,529	36,284	34,325	39,768	26,794
Health and welfare	-	-	18,000	-	44,059	59,859	47,247	36,672	30,672	21,182
Education	-	-	154,669	-	-	354,115	765,182	974,569	-	-
Parks, recreation, and facilities management	56,333	63,583	69,294	74,697	77,420	86,923	126,822	127,380	135,617	152,552
Community development	12,318	23,001	200,843	327,729	247,900	-	-	-	27,659	28,625
Operating grants and contributions	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	3,872,169
Capital grants and contributions	-	149,309	171,522	-	155,624	27,181	190,358	37,000	1,366,358	105,238
Total governmental activities revenues	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	5,668,892
Business-type activities:										
Charges for services:										
Public utilities	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	4,610,848
Operating grants and contributions	617,206	757,004	-	-	-	-	-	-	778,312	778,312
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	453,250
Total business-type activities revenues	4,086,763	5,178,823	3,742,903	4,414,555	3,525,801	3,702,702	5,366,704	4,947,570	7,385,687	5,842,410
Total Primary Government program revenues	8,937,290	10,825,842	8,904,485	9,144,807	7,937,547	8,270,667	10,043,323	10,110,528	14,070,032	11,511,302

Table 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) / revenue:										
Governmental activities	\$ (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)	\$ (40,841,710)
Business-type activities	2,293,189	(507,474)	(2,808,174)	(5,965,814)	(6,643,192)	(6,361,869)	(4,832,615)	(5,974,539)	(3,375,677)	(6,166,122)
Total Primary Government net expense	(29,070,428)	(33,088,958)	(37,806,863)	(45,382,472)	(44,755,144)	(45,163,528)	(39,082,892)	(41,970,086)	(39,771,536)	(47,007,832)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	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	31,564,455
Local sales and use taxes	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	2,800,373
Consumer utility taxes	1,107,757	740,236	319,706	418,162	418,249	421,353	422,363	423,108	390,637	441,456
Communications tax ⁽¹⁾	-	-	1,024,954	865,751	896,132	890,874	876,103	875,140	-	-
Other local taxes	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	3,965,972
Unrestricted grants and contributions	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	3,919,183
Unrestricted revenues from use of money and property	802,956	1,488,090	1,029,969	466,093	184,717	161,386	217,982	90,781	154,059	59,084
Fines and forfeitures	-	-	-	-	-	170,670	182,360	130,802	124,052	117,109
Miscellaneous	102,808	118,657	159,142	35,650	451,414	722,591	375,003	796,524	729,424	811,268
Transfers	(245,154)	(322,523)	(424,637)	(432,547)	(468,154)	(483,356)	(466,067)	(546,650)	(790,577)	(381,000)
Total governmental activities expenses	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	43,297,900
Business-type activities:										
Taxes:										
Property taxes	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	3,650,266
Unrestricted revenues from use of money and property	363,067	559,790	514,150	358,289	351,471	358,005	336,694	424,269	520,733	524,238
Miscellaneous	-	-	23,021	2,110	25,235	18,129	369	3,939	2,492	6,847
Transfers	245,154	322,523	424,637	432,547	468,154	483,356	466,067	546,650	790,577	381,000
Total business-type activities	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	4,562,351
Total Primary Government	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	47,860,251
Change in net position										
Governmental activities	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	2,456,190
Business-type activities	4,591,252	2,422,964	683,313	(2,310,605)	(2,803,938)	(2,451,243)	(947,188)	(1,870,892)	1,240,871	(1,603,771)
Total Primary Government	\$ 7,470,654	\$ 8,654,573	\$ 5,837,636	\$ (948,704)	\$ (2,052,532)	\$ (4,347,964)	\$ 2,614,220	\$ 7,866,362	\$ 6,365,922	\$ 852,419

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									
	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015
General fund										
Reserved	\$ -	\$ 115,000	\$ 405,907	\$ 7,390,926	\$ 7,854,283	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	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	2,594,189
Restricted	-	-	-	-	-	114,244	111,334	105,609	108,620	92,580
Committed	-	-	-	-	-	2,693,315	3,914,260	-	-	-
Assigned	-	-	-	-	-	1,349,452	2,358,443	6,066,496	11,756,216	11,674,825
Unassigned	-	-	-	-	-	15,676,774	16,884,189	22,873,972	19,401,025	19,401,951
Total general fund	\$ 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	\$ 33,763,545
All other governmental funds										
Reserved for construction	\$ -	\$ -	\$ 631,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	478,018	599,573	644,646	143,954	166,214	-	-	-	-	-
School capital projects	11,312,659	3,798,236	3,872,321	2,186,492	2,339,629	-	-	-	-	-
Nonspendable for										
Comprehensive services	-	-	-	-	-	-	506	488	-	529
Restricted for drug enforcement	-	-	-	-	-	129,822	125,664	117,233	101,302	90,808
Assigned, reported in:										
Capital projects	-	-	-	-	-	1,953,419	2,488,471	4,700,812	6,613,619	8,780,683
Special revenue fund	-	-	-	-	-	69,577	505	57,642	198,594	142,743
Unassigned	-	-	-	-	-	-	(506)	-	-	-
Total all other government funds	\$ 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	\$ 9,014,763

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	\$ 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	\$ 31,996,585
Other local taxes	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	7,207,801
Permits, privilege fees, and regulatory licenses	1,112,680	1,339,121	941,957	529,926	267,341	256,225	764,566	973,999	594,726	796,842
Fines and forfeitures	92,885	104,804	105,799	45,601	117,107	170,670	182,360	130,802	124,052	117,109
Revenue from use of money and property	802,956	1,468,616	1,010,495	466,093	184,717	161,387	217,982	93,455	154,059	59,084
Charges for services	223,922	236,585	167,458	208,943	242,444	355,699	313,697	545,221	1,030,184	894,643
Miscellaneous	102,808	118,657	159,142	25,450	334,307	542,121	555,473	796,524	729,424	811,268
Recovered costs	128,468	361,250	630,172	265,623	227,446	134,372	144,144	200,640	206,319	178,954
Intergovernmental:										
Commonwealth	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	6,716,446
Federal	1,010,657	1,003,151	950,200	858,893	999,794	994,544	943,199	916,023	1,018,813	1,180,144
Total revenues	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	49,958,876
Expenditures										
General government administration	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	4,255,040
Judicial administration	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	1,482,281
Public safety	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	8,806,727
Public works	1,492,523	1,963,766	2,311,191	2,598,655	2,062,509	1,675,599	839,369	842,089	776,933	712,448
Health and welfare	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	4,396,878
Education	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	21,824,649
Parks, recreation, and facilities management	771,454	826,648	906,674	946,161	880,499	938,631	1,813,179	1,866,550	2,355,179	2,189,014
Community development	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	1,452,284
Capital projects	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	1,875,109	1,888,302	2,448,648	3,092,169	3,059,922	3,326,315	2,888,657	2,905,005	2,036,724	1,781,732
Interest and other fiscal charges	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	655,086
Total expenditures	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	47,556,139
Excess (deficiency) of revenues over (under) expenditures	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	2,402,737
Other financing sources (uses)										
Operating transfers in	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	5,903,664
Operating transfers out	(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)	(6,284,664)
Long-term debt issued	13,735,324	-	2,499,750	-	-	-	462,951	-	-	-
Total other financing sources (uses), net	13,490,170	(322,523)	2,075,113	(432,547)	(468,154)	(483,356)	(3,116)	(553,490)	(790,577)	(381,000)
Net change in fund balances	\$ 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	\$ 2,021,737
Debt service as a percentage of noncapital expenditures	8.69%	8.85%	9.76%	10.11%	9.78%	11.36%	10.15%	9.27%	6.84%	5.64%

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
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	275,403,341	9,286,565	119,954,347	4,458,734,295	0.74	4,458,734,295	100.00%
2015	4,207,913,780	273,133,074	35,772,558	117,609,110	4,634,428,522	0.74	4,634,428,522	100.00%

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		
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	0.74	0.32
2015	0.53	4.00	1.00	0.74	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 2015**		Rank	Fiscal year 2006**	
			Tax Year 2014 Assessed Valuation	% of Total Assessed Valuation		Tax Year 2005 Assessed Valuation	% of Total Assessed Valuation
Capital One Bank	Bank Headquarters	1	\$ 170,856,698	3.83%	1	\$118,040,400	3.67%
West Creek/WC/GC Land	Land Developers	2	103,654,600	2.32%	2	108,467,700	3.37%
Dominion Virginia Power	Public Utility	3	53,149,600	1.19%	3	36,836,390	1.14%
Car Max Business Services	Car Sales Headquarters	4	39,559,600	0.89%			
Riverstone Group LLC	Commercial Real Estate	5	31,533,600	0.71%			
Luck Stone Corporation	Rock Quarries	6	30,255,605	0.68%	8	15,858,100	0.49%
Pruitt, Richard I	Rock Quarries	7	24,609,053	0.55%	9	14,551,500	0.45%
Federal Reserve Bank	Bank Headquarters	8	21,892,100	0.49%	6	22,859,600	0.71%
Gotwald, James T	Individual	9	21,569,999	0.48%	10	14,541,100	0.45%
CSX Transportation	Railroad	10	19,172,013	0.43%			
Freescale Semiconductor Inc	Semiconductor				4	30,260,600	0.94%
Verizon Virginia Inc.	Communications				5	27,515,184	0.86%
Virginia Farm Bureau	Insurance				7	19,484,900	0.61%
			<u>\$ 516,252,868</u>	<u>11.58%</u>		<u>\$408,415,474</u>	<u>12.69%</u>

Source: Commissioner of Revenue

**Commissioner's figures are based on Calendar Year 2014 and Calendar Year 2005 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
2006	\$ 28,886,527	\$ 26,931,952	93.23%	\$ 706,355	\$ 27,638,307	95.68%
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%	1,263,413	31,645,880	99.67%
2009	33,921,962	32,187,530	94.89%	1,591,475	33,779,005	99.58%
2010	31,742,964	29,874,484	94.11%	1,711,804	31,586,288	99.51%
2011	31,180,137	29,377,651	94.22%	1,594,934	30,972,585	99.33%
2012	31,544,172	29,854,001	94.64%	1,426,233	31,280,234	99.16%
2013	35,903,587	34,089,797	94.95%	1,488,117	35,577,914	99.09%
2014	33,104,770	31,802,496	96.07%	897,537	32,700,033	98.78%
2015	34,354,491	33,176,890	96.57%	-	33,176,890	96.57%

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 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	Total Primary Government		
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	7.08%	5,291
2014	15,003,690	101,732	80,658,180	16,039,612	111,803,214	6.90%	5,152
2015	13,304,215	-	79,352,175	17,747,281	110,403,671	6.69%	5,000

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)
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	0.34%	691
2015	13,304,215	0.29%	602

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 (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
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	1,598,816	74,711	45.20	2,315	4.50%
2014	21,703	1,621,453	74,711	45.20	2,387	4.50%
2015	22,082	1,649,769	74,711	45.20	2,392	4.70%

- Notes:
- (1) Population estimates from Weldon Cooper Center for Public Service, University of Virginia. Latest estimate available is 2014. Estimate for 2015 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 2013. Per capita personal income calculated by dividing personal income by the population estimate for each year. Per capita personal income for 2014 and 2015 is assumed same as 2013 (latest total personal income data). Total personal income for 2014 and 2015 are calculated by multiplying population estimate by per capital personal income for each of those years.
 - (2) U. S. Department of Commerce, Census Bureau
 - (3) Based on Virginia 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	2015		2006	
	Employees	Rank	Employees	Rank
Capital One Bank	1,000 and over	1	1,000 and over	1
CarMax Auto Superstores	1,000 and over	2		
Goochland County School Board	250 to 499	3	250 to 499	2
Luck Stone Corporation	250 to 499	4	250 to 499	3
L.E. Myers Company	100 to 249	5		
Virginia Farm Bureau Mutual Insurance	100 to 249	6	250 to 499	6
Performance Food Group	100 to 249	7		
Virginia Correctional Center for Women	100 to 249	8	100 to 249	7
Capital One Services, LLC	100 to 249	9		
County of Goochland	100 to 249	10	250 to 499	4
James River Correctional Center			250 to 499	5
Psychiatric Institute of Richmond			100 to 249	8
Food Lion			100 to 249	9
Lee Highway Paving Company			100 to 249	10

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

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government:										
General government	22	27	35	35	32	29	32	36	36	35
Judicial administration	22	25	15	12	12	15	24	24	24	15
Public safety:										
Sheriff's department	45	33	33	42	41	38	39	41	41	41
Fire and rescue	5	5	6	16	17	16	19	20	22	24
Building inspections	6	7	9	6	6	4	5	6	6	7
Animal control	2	2	2	3	3	3	3	3	3	3
Public works:										
General maintenance	8	13	12	16	12	11	-	-	-	-
Convenience centers	3	9	7	7	8	6	7	6	6	6
Utilities	5	5	7	6	6	6	6	6	6	6
Health and welfare:										
Department of social services	17	18	19	19	20	21	22	22	22	23
Parks, recreation, and facilities management	5	6	5	2	5	7	18	18	19	16
Community development:										
Planning	7	9	10	11	11	9	11	10	10	10
Total Government	147	159	160	175	173	165	186	192	195	186
School Board:										
Central office administrators	15	18	18	18	21	14	13	11	12	13
Principals and Assistant Principals ⁽¹⁾	-	-	-	-	-	8	8	8	8	8
Instructors:										
Elementary school	105	97	102	103	87	97	99	97	102	104
Middle school	35	44	41	43	41	47	50	51	52	51
High school	71	52	63	54	49	56	56	55	55	58
Special education professionals ⁽¹⁾	-	-	-	-	-	13	12	12	14	14
Instructional aides (all schools) ⁽¹⁾	-	-	-	-	-	33	33	33	36	39
Other admin support staff ⁽¹⁾	-	-	-	-	-	23	24	24	23	25
Custodians, bus drivers, cafeteria workers ⁽¹⁾	-	-	-	-	-	78	76	79	75	75
Total School Board	226	211	224	218	197	369	371	370	377	387
Total County	373	370	384	393	370	534	557	562	572	573

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.

County of Goochland, Virginia

Table 14

Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PUBLIC SAFETY										
Sheriff's department:										
Physical arrests	903	765	789	661	637	548	427	492	478	421
Traffic violations	4,847	4,589	4,228	4,606	5,205	6,299	5,784	5,847	6,447	6,720
Civil papers	5,587	5,756	4,890	5,693	4,951	5,227	5,143	4,689	4,259	4,466
Fire and rescue:										
Number of calls answered	3,198	2,658	2,643	3,414	3,146	2,906	3,444	2,718	2,572	2,522
Building inspections:										
New residential and commercial permits	323	239	156	84	73	37	63	145	150	216
Animal control:										
Number of calls answered	2,972	4,015	4,680	5,110	5,020	5,475	5,712	5,548	5,500	534
CULTURE AND RECREATION										
Parks and recreation:										
After-school program participants	128	219	274	227	1,189	1,211	1,279	1,255	1,648	1,683
Youth sports participants	265	205	310	495	1,100	1,975	1,350	1,475	1,300	1,450
COMPONENT UNIT - SCHOOL BOARD										
Education:										
School age population ⁽¹⁾										
Elementary school	981	1,039	1,082	1,207	1,134	1,129	1,039	1,001	1,061	1,036
Middle school	337	321	508	564	583	585	556	580	570	588
High school	930	926	763	770	764	729	734	727	756	768
Free and reduced meals served ⁽²⁾	68,929	104,583	99,088	116,082	128,880	121,302	123,274	119,515	127,674	121,617

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government:										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	7	5	6	9	6	6	4	3	3
Public safety:										
Sheriff's department:										
Patrol units	43	42	52	50	54	53	55	55	55	55
Fire and rescue:										
Vehicles	3	6	6	9	11	14	16	15	34	34
Building inspections:										
Vehicles	3	3	4	4	4	4	4	5	4	5
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
General maintenance:										
Trucks/vehicles ⁽¹⁾	14	16	19	26	18	15	-	-	-	-
Convenience center:										
Vehicles	1	4	4	2	2	2	1	1	2	2
Equipment	2	2	2	3	1	1	1	1	1	1
Sites	1	1	2	2	2	2	2	2	2	2
Health and welfare:										
Department of Social Services:										
Vehicles	6	6	6	7	6	6	6	7	6	6
Parks, recreation, and facilities management:										
Community Centers	1	1	1	1	1	1	2	1	1	1
Vehicles	4	2	3	3	3	4	19	18	16	15
Community development:										
Planning:										
Vehicles	1	1	2	4	3	1	2	3	3	4
Business-type activities: ⁽²⁾										
Utilities:										
Vehicles	-	-	-	-	-	-	4	5	6	6
Education:										
Administration buildings	3	1	1	1	1	1	1	1	1	1
Elementary schools	4	3	3	3	3	3	3	3	3	3
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Vehicles	53	53	53	57	57	54	53	52	51	55
School buses	55	64	64	68	68	66	60	60	59	58

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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 payments:			
Department of Agriculture and Consumer Services:			
Child Nutrition Cluster:			
Commodity Distributions	10.555	17901-45707	\$ 46,562
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	17901-40591	71,638
National School Lunch Program	10.555	17901-40623	284,164
Summer Food Service Program for Children	10.559	60026	2,352
Total Child Nutrition Cluster			<u>404,716</u>
Department of Social Services:			
State Administed Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010112/0010113/0040113	201,833
Total Department of Agriculture			<u>606,549</u>
DEPARTMENT OF JUSTICE			
Direct payments:			
Equitable sharing program	16.922	N/A	10,495
Total Department of Justice			<u>10,495</u>
DEPARTMENT OF LABOR			
Pass-through payments:			
Henrico County Public Schools:			
Workforce Investment Act Youth Activities	17.259	AA-22966-12-55A-51	150,326
Total Department of Labor			<u>150,326</u>
DEPARTMENT OF TRANSPORTATION			
Pass-through payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2015-55034-5773	19,396
Alcohol Open Container Requirements	20.607	154AL-2015-55035-5774	10,248
Total Department of Transportation			<u>29,644</u>
DEPARTMENT OF TREASURY			
Pass-through payments:			
Office of the Attorney General:			
Treasury Equitable Sharing Program	21.000	not provided	48,404
Total Department of Treasury			<u>48,404</u>
DEPARTMENT OF EDUCATION			
Pass-through payments:			
Virginia Department of Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A120107-2014-430710000	607,386
Special Education - Preschool Grants	84.173	H173A120112-2014-625210000	14,714
Total Special Education Cluster (IDEA)			<u>622,100</u>

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Expenditures
DEPARTMENT OF EDUCATION (CONTINUED):			
Pass-through payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A11(12)0046-2014-42901000	\$ 332,938
Title I, Part D: State Agency Program for Neglected and Delinquent Children and Youth	84.013	S010A090046-2012-429350000	75,013
Education for Homeless Children and Youth	84.196	S196A130048-2014-17	2,897
Advanced Placement Program	84.330	not provided	925
Title II, Part A: Improving Teacher Quality State Grant	84.367	S367A11(12)00044-2014-614800000	59,971
Title III, Part A: English Language Acquisition State Grant	84.365	S3635A11(12)0046-2014-605120000	9,616
Career and Technical Education - Basic Grant to States	84.048	V048A120046-2014-610950000	25,953
			<u>507,313</u>
Total Department of Education			<u>1,129,413</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	not provided	1,233
Temporary Assistance to Needy Families (TANF)	93.558	0400112/0400113	124,260
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	247
Low Income Home Energy Assistance	93.568	0600412/0600413	12,995
Community Services Block Grant	93.569	not provided	177,671
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	23,479
Chafee Education and Training Vouchers Program	93.599	9160112	600
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/090113	951
Foster Care - Title IV-E	93.658	1100112/1100113	88,840
Adoption Assistance	93.659	1120112/1120113	83,192
Social Services Block Grant	93.667	1000112/100113	115,920
Chafee Foster Care Independence Program	93.674	9150112/9150113	3,011
Children's Health Insurance Program	93.767	0540112/0540113	6,071
Medical Assistance Program (Title XIX)	93.778	1200112/1200113	221,440
Total Department of Health and Human Services			<u>859,910</u>
DEPARTMENT OF HOMELAND SECURITY			
Direct payments:			
Federal Emergency Management Agency:			
Assistance to Firefighters Grant Program	97.044	N/A	22,248
Pass-through payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	not provided	16,904
Homeland Security Grant Program	97.067	not provided	1,200
Total Department of Homeland Security			<u>40,352</u>
Total Federal Expenditures			<u>\$ 2,875,093</u>

Year Ended June 30, 2015

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 \$46,562 at the time received were consumed during the year ended June 30, 2015. These commodities were included in the determination of federal awards expended during the year ended June 30, 2015.



**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, 2015, 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 20, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 20, 2015



**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, 2015. 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Medicaid Program

As described in the accompanying Schedule of Findings and Questioned Costs, the Department of Social Services did not comply with the requirement regarding CFDA 93.778 Medical Assistance Program (Medicaid) described in finding number 2015-001 for Eligibility. Compliance with the requirement is necessary, in our opinion, for the County to meet the requirements applicable to this program.

Qualified Opinion on the Medicaid Program

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

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Our opinion on the major federal program is qualified with respect to this matter.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness. 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 County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and the Specifications. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 20, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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:

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

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

√ Yes _____ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
93.778	Medical Assistance Program (Medicaid)
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	Commodity Distributions
10.559	Summer School Service Program for Children

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2015-001: Eligibility

Program: Medical Assistance Program (CFDA Number 93.778)

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

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

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

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

Questioned costs: Undeterminable

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

Views of responsible officials: Management concurs with the finding. Due to staff shortages and outages in the State's case management system, the Goochland County Department of Social Services was unable to determine and renew Medicaid eligibility in a timely manner during fiscal year 2015. The Department of Social Services has implemented changes as detailed below to prevent this in the future with the understanding that local staff has no control over the availability of the State's case management system.

COUNTY OF GOOCHLAND, VIRGINIA

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CORRECTIVE ACTION PLAN
Year Ended June 30, 2015

Identifying Number: 2015-001: Eligibility

Finding:

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

Corrective Action Taken or Planned:

Statement: Local departments of Social Services are required by state and federal regulations to determine and renew eligibility for the Medicaid program within certain time standards. These standards ensure that eligibility recipients have access to health care services and that ineligible recipients are identified and unenrolled from the program.

Response 1: Virginia Case Management System

The Virginia Department of Social Services activated a new automated system called the Virginia Case Management System (VaCMS) on October 1, 2013. Since the activation of VaCMS, Goochland Social Services and other local DSS agencies throughout the state of Virginia have experienced significant problems with the functionality and reliability of the system.

We experienced (and continue to experience) several days of system outages, latency and applications not properly flowing through the system.

This is a statewide issue that is affecting localities throughout the state of Virginia.

Response 2: The Joint Legislative Audit and Review Commission (JLARC) released a Commission Draft report in November 2015 on the Medicaid program. In that report, Recommendation 7 states, "The General Assembly may wish to consider including language in the Appropriation Act to direct the Virginia Department of Social Services to make the necessary improvements to the Virginia Case Management System so that eligibility workers have the tools to manage their caseload and minimize the number of late applications."

Recommendation 12 states, "The Departments of Medical Assistance and Social Services should develop a plan for expanding the central processing unit to reduce the backlog of overdue renewals as quickly as is practicable, and to establish a target limit on the number of late renewals each month."

Recommendation 13 states "the General Assembly may wish to consider appropriating necessary general funds to implement the plan presented by the Department of Medical Assistance Services for expanding the central processing unit to reduce the backlog of overdue renewal."

COUNTY OF GOOCHLAND, VIRGINIA

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**CORRECTIVE ACTION PLAN
Year Ended June 30, 2015**

Identifying Number: 2015-001: Eligibility (Continued)

Corrective Action Taken or Planned: (Continued)

Response 3: The Goochland County benefits unit experienced high staff turnover in fiscal year 2015. The retirement of two benefit workers both of whom had over 30 years of public assistance policy experience resulted in the hiring of newer, less experienced workers.

In addition to those retirements occurring, three short term employees departed the agency within a 30 day timeframe. The unit only had 2 full time benefit workers and 2 part time workers to manage all programs including SNAP, Heating and Cooling assistance, Auxiliary grants, Title IV-E and Medicaid.

When fully staffed, the unit has one supervisor, five full time workers, and two part time workers.

Corrective Action:

- The reliability and functionality of the VaCMS system is out of the control of local agencies. When there are systems outages or latency issues, the workers are not able to process applications in a timely manner. If an application is not flowing through the system as it should, workers submit tickets to the Virginia Information Technologies Agency. If we do not receive a response in 1-2 days, the workers elevate the request to the supervisor who then elevates it to the state consultant and/or other leads at the State to remedy the issue.
- Voluntary overtime has been changed to mandatory overtime for all staff in the unit. Mandatory overtime will continue until the backlog is clear.
- The unit will be fully staffed with one supervisor, five full time employees and two part time employees.

References:

Link to JLARC report: <http://jlarc.virginia.gov/medicaid-2015.asp>

COUNTY OF GOOCHLAND, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015**

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.