

COUNTY OF
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2015

Board of Supervisors

William A. Robertson, Jr., Chairperson
Jerry J. Skalsky, Vice-Chairperson

Alan R. Carmichael

William F. Gandel

Melvin C. Jones, Sr.

County School Board

Roger Franklin, Jr., Chairperson,
Robert E. Cox, Jr., Vice-Chairperson

Jerry F. Warren

Kevin S. Foster

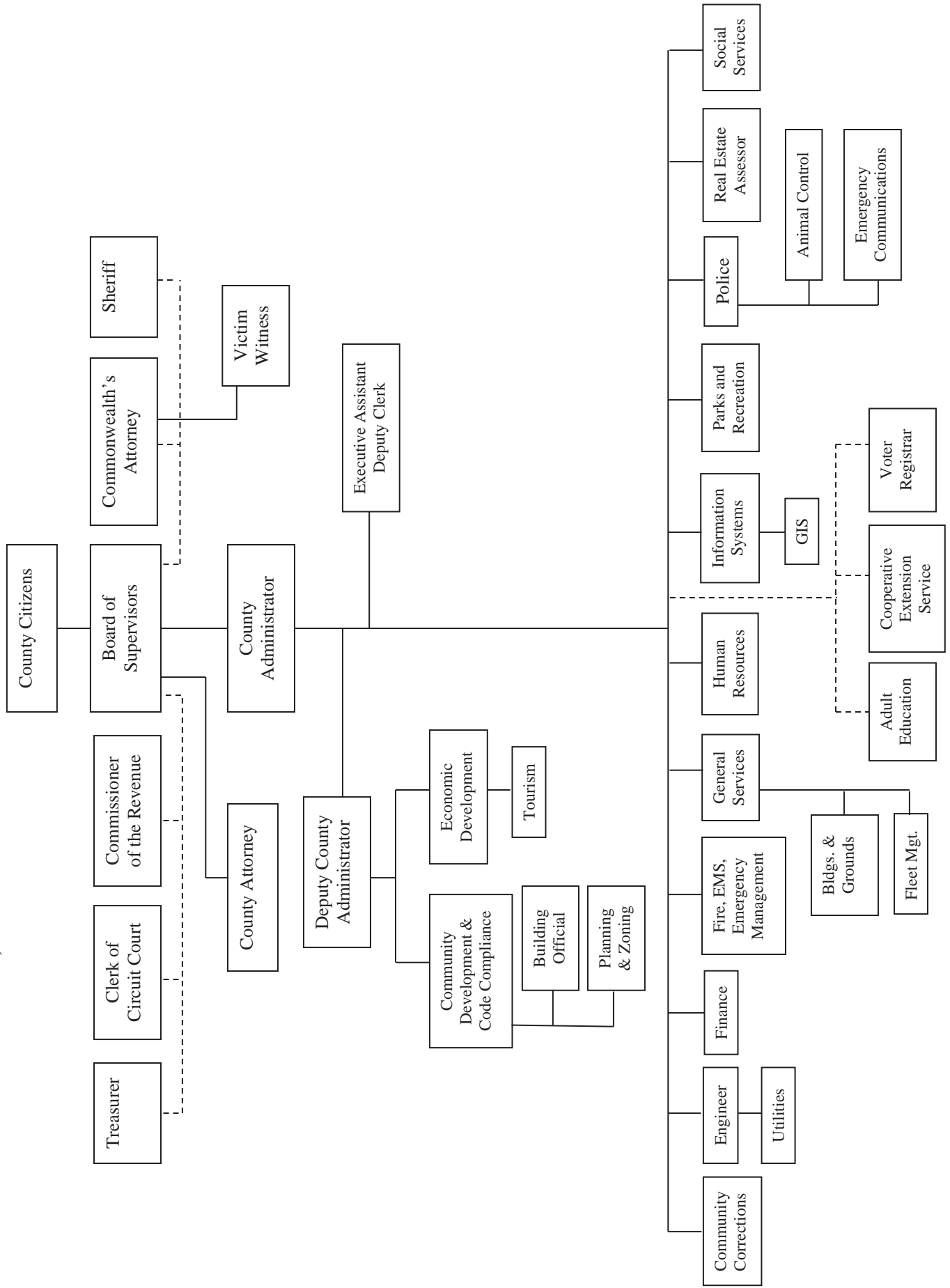
Lewis E. Stevenson

Other Officials

Chief Judge of the Circuit Court.....W. Allan Sharrett
Judge of the Circuit CourtNathan C. Lee
Clerk of the Circuit Court.....C. Bishop Knott, Jr.
Chief Judge of the General District CourtStephen D. Bloom
Judge of the General District Court..... C. Ridley Bain
Judge of the General District Court.....Bruce A. Clark
Judge of the General District Court.....H. Lee Townsend
Chief Judge of the Juvenile and Domestic Relations Court..... Carson E. Saunders, Jr.
Judge of the Juvenile and Domestic Relations CourtJacqueline Waymack
Clerk of the Combined Court Denise Covington
Commonwealth's Attorney Jay C. Paul
Commissioner of the Revenue..... Darlene M. Rowsey
TreasurerJean N. Barker
Sheriff H.E. Allin, III
County AdministratorPercy C. Ashcraft
Superintendent of Schools (Acting) Renee Williams
Director of Social Services..... Shel Bolyard-Douglas

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PRINCE GEORGE COUNTY, VA



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COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft
County Administrator



BOARD OF SUPERVISORS

William A. Robertson, Jr.
Jerry J. Skalsky
William F. Gandel
Henry D. Parker, Jr.
Alan R. Carmichael

December 28, 2015

The Honorable Members of the Board of Supervisors
County of Prince George, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Prince George County (the "County") for the fiscal year ended June 30, 2015. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates, Inc. (RFCA) to perform the audit and prepare the accompanying financial statements.

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<http://www.princegeorgeva.org>

The Reporting Entity and its Services

The County of Prince George's Comprehensive Annual Financial Report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include police protection, social services, recreation and cultural activities, and community development. Additionally, the County operates a water and wastewater utility system. Fire protection services are largely provided by volunteers who receive financial and administrative support from the County. Emergency medical services are provided through a combination of full-time paid and volunteer personnel.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Riverside Regional Jail, the Appomattox Regional Library System, Appomattox River Water Authority, South Central Wastewater Authority, Crater Juvenile Detention Center and Rowanty Vocational Technical School are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Prince George County is located 25 miles southeast of Richmond, the capital city of Virginia, and 75 miles northeast of the Greater Hampton Roads area. The County's 276 square mile area has a population of 35,725 people (2010 Census Bureau Estimate). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle except the Clerk of Circuit Court who is elected every eight years.

Major industries located in Prince George County include: warehousing and distribution centers, hotels and tourism, manufacturing, packaging, and logistics automation. Prince George's strategic location on or near several east coast transportation arteries also contributes to the proliferation of distribution centers located in the County. Interstates 95 and 295 run through Prince George, as well as Route 460, a primary arterial from the Virginia Beach area.

Based on available economic data, the local economy has remained steady. The local unemployment rate was 5.2% for September 2015, as compared to 6.2% for September 2014. The state and national unemployment rates for September 2015 were 4.1% and 4.9%, respectively.

Major Initiatives in Fiscal Year 2015

Following the vision and strategic initiatives of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2014 is as follows:

Crosspointe Centre Parkway

Governor Timothy M. Kaine announced in November 2007 that Rolls-Royce, a world-leading provider of power systems and services for use on land, at sea and in the air, will build a state-of-the-art aeroengine facility in Prince George County. Initially, the company will invest \$100 million to establish an assembly and test facility for its civil aerospace operations. Over time, the company has options to invest up to \$500 million to support future advanced manufacturing as opportunities arise for its defense and civil aerospace businesses. The projects will create 500 new jobs. Virginia successfully competed against Georgia, Indiana, Mississippi, North Carolina, Ohio, South Carolina and Texas, as well as locations around the world, for the projects.

The initial 60-acre site has been timbered and has been graded in order to be "building pad ready". The land was transferred to Rolls Royce, through the Industrial Development Authority, on December 19, 2008. Rappahannock Construction Company (RCCI) was awarded the design-build contract for the two roads. The road construction started July 2009 and was complete in December 2014. Rolls Royce has completed construction of the first building which is now operational. The second Rolls-Royce building (Advanced Airfoil Machining Facility) was complete in November 2013. The Commonwealth Center for Advanced Manufacturing (CCAM) is became operational on September 10, 2012. Four (4) additional shovel ready pad sites on forty acres have been completed on the campus in anticipation of supply chain development.

The County has received two \$3 million Governor's Opportunity Fund grants and two \$5 million Transportation Opportunity Funding grants. A final \$2,638,600.09 of Virginia Economic Development Partnership grant funds is available on a reimbursement basis for the remaining 45-acre shovel ready pad sites (including the proposed Apprentice Academy building).

Carson Volunteer Fire Department

The County appropriated \$2,283,500 towards the construction of a new fire station. The demolition of the old Carson Elementary School took place in FY13 and the planning and design of the new building was complete in FY14. Construction began in March of 2015, with \$422,790 spent in the fiscal year. The project is expected to be complete by the spring of FY16. The building will house the Carson Fire Department and Community Center.

Sections of the Report

Fiscal year 2015 was the twelfth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

Sections of the Report: (Continued)

Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to compliance with these regulations is located in the *Compliance* section of this report.

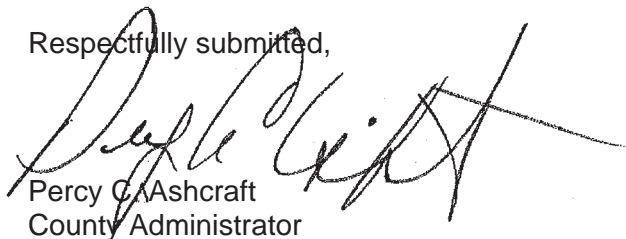
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the eleventh year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,



Percy C. Ashcraft
County Administrator

Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Prince George, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-12, 91-94, and 95-102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince George, Virginia's basic financial statements. The introductory section, other supplementary information, 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Matters (Continued)

Other Information (Continued)

The introductory and statistical sections 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 December 28, 2015, on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Prince George, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 28, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2015. Please review it in conjunction with the transmittal letter in the beginning of this report and the County's financial statements, which begin after this analysis.

FINANCIAL HIGHLIGHTS

Government Wide Financial Statements (Full Accrual Basis)

The assets of the County exceeded its liabilities at June 30, 2015 by \$67,714,325 (net position). Of this amount, \$23,470,707 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities were \$45,951,392 on June 30, 2015, compared to \$52,664,571 total net position on June 30, 2014. Total net position represent the amount by which the County's assets exceeded its liabilities. The governmental net position decreased \$6,713,179.

The total net position from Business-type activities (Water and Sewer Fund) were \$21,762,933 on June 30, 2015, compared to \$22,415,634 total net position on June 30, 2014. Net position decreased \$652,701 during FY 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report contains a variety of schedules and tables designed to provide a comprehensive look at the use of the County's financial resources throughout the 2015 fiscal year and at the status of those financial resources at June 30, 2015, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the County. Government-wide financial statements, a component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.
- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.
- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements, and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

The *statement of activities* presents information identifying how 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*. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the County is divided into the following categories:

- **Governmental activities** – Most of the County’s basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.
- **Business-type activities** – The County’s water and sewer services are reported here. These services are supported by charges for services based on use.
- **Component Units** – The County includes one separate legal entity in its report – the Prince George County School Board. While legally separate, the County is financially accountable for and provides operating and capital funding to the School Board.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County’s most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

Fiduciary Funds – The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

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. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Required Supplementary Information – In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

Other Supplementary Information – This report also presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include two basic statements: the statement of net position and the statement of activities. Both of these statements include all assets and liabilities for all County funds (except fiduciary funds) using the full accrual basis of accounting. The accrual basis of accounting is the method used by private-sector businesses.

The Statement of Net Position

The following table reflects the condensed statement of net position:

County of Prince George, Virginia
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 34,139,898	\$ 26,920,864	\$ 7,605,800	\$ 6,999,987	\$ 41,745,698	\$ 33,920,851
Capital assets	77,575,725	80,481,530	16,303,280	16,861,310	93,879,005	97,342,840
Total assets	<u>\$ 111,715,623</u>	<u>\$ 107,402,394</u>	<u>\$ 23,909,080</u>	<u>\$ 23,861,297</u>	<u>\$ 135,624,703</u>	<u>\$ 131,263,691</u>
Deferred outflows of resources	\$ 1,870,491	\$ -	\$ 93,782	\$ -	\$ 1,964,273	\$ -
Long-term liabilities						
outstanding	\$ 57,383,224	\$ 46,896,599	\$ 1,444,631	\$ 1,020,499	\$ 58,827,855	\$ 47,917,098
Current liabilities	7,453,878	7,378,966	750,171	425,164	8,204,049	7,804,130
Total liabilities	<u>\$ 64,837,102</u>	<u>\$ 54,275,565</u>	<u>\$ 2,194,802</u>	<u>\$ 1,445,663</u>	<u>\$ 67,031,904</u>	<u>\$ 55,721,228</u>
Deferred inflows of resources	\$ 2,797,620	\$ 462,258	\$ 45,127	\$ -	\$ 2,842,747	\$ 462,258
Net position:						
Net investment in capital assets	\$ 28,505,492	\$ 31,487,810	\$ 15,339,288	\$ 15,778,830	\$ 43,844,780	\$ 47,266,640
Restricted Cash	398,838	338,206	-	-	398,838	338,206
Unrestricted	<u>17,047,062</u>	<u>20,838,555</u>	<u>6,423,645</u>	<u>6,636,804</u>	<u>23,470,707</u>	<u>27,475,359</u>
Total net position	<u>\$ 45,951,392</u>	<u>\$ 52,664,571</u>	<u>\$ 21,762,933</u>	<u>\$ 22,415,634</u>	<u>\$ 67,714,325</u>	<u>\$ 75,080,205</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net position (assets in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2015 the County's governmental assets exceeded liabilities and deferred inflows of resources by \$45,951,392 while business assets exceeded its liabilities by \$21,762,933. The largest portion of the County's net position, 65% and 60% in 2015 and 2014, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net position, 35% and 40% in 2015 and 2014, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position decreased in governmental activities in FY15 by \$3,791,493 and decreased in business-type activities by \$213,159.

The Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for the fiscal years covering July 1, 2013 through June 30, 2015 follows:

**County of Prince George, Virginia
Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,719,253	\$ 2,131,121	\$ 4,602,908	\$ 4,640,279	\$ 6,322,161	\$ 6,771,400
Operating grants and contributions	6,327,951	6,114,788	-	-	6,327,951	6,114,788
Capital grants and contributions	-	2,691,550	-	-	-	2,691,550
General revenues:						
General property taxes	31,796,896	30,689,457	-	-	31,796,896	30,689,457
Other local taxes	7,455,217	6,868,406	-	-	7,455,217	6,868,406
Use of money and property	200,428	197,888	80,465	60,330	280,893	258,218
C/VA non-categorical aid	5,240,754	5,097,195	56,952	-	5,297,706	5,097,195
Other general revenues	373,723	315,552	-	-	373,723	315,552
Total revenues	\$ 53,114,222	\$ 54,105,957	\$ 4,740,325	\$ 4,700,609	\$ 57,854,547	\$ 58,806,566
Expenses:						
General government administration	\$ 5,226,913	\$ 4,895,544	\$ -	\$ -	\$ 5,226,913	\$ 4,895,544
Judicial administration	2,361,018	2,279,571	-	-	2,361,018	2,279,571
Public safety	14,683,153	15,169,146	-	-	14,683,153	15,169,146
Public works	1,976,333	1,918,871	-	-	1,976,333	1,918,871
Health and welfare	3,893,335	3,825,004	-	-	3,893,335	3,825,004
Education	13,944,549	17,189,503	-	-	13,944,549	17,189,503
Parks, recreation, and cultural	2,169,979	1,840,982	-	-	2,169,979	1,840,982
Community development	1,246,531	1,715,143	-	-	1,246,531	1,715,143
Interest and other fiscal charges	1,585,509	1,848,132	-	-	1,585,509	1,848,132
Water and sewer	-	-	5,049,902	4,551,777	5,049,902	4,551,777
Total expenses	\$ 47,087,320	\$ 50,681,895	\$ 5,049,902	\$ 4,551,777	\$ 52,137,222	\$ 55,233,672
Increase in net position before transfers	\$ 6,026,902	\$ 3,424,062	\$ (309,577)	\$ 148,832	\$ 5,717,325	\$ 3,572,894
Transfers	(158,000)	(157,100)	158,000	157,100	-	-
Increase in net position	\$ 5,868,902	\$ 3,266,962	\$ (151,577)	\$ 305,932	\$ 5,717,325	\$ 3,572,894
Net position, beginning (as restated)	40,082,490	49,397,609	21,914,510	22,109,702	61,997,000	71,507,311
Net position, ending	\$ 45,951,392	\$ 52,664,571	\$ 21,762,933	\$ 22,415,634	\$ 67,714,325	\$ 75,080,205

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues decreased from \$54,105,957 to \$53,163,023 or \$942,934 in FY 15 over FY 14. Charges for services are the primary reasons for the decrease in revenue.

Governmental activities expenses decreased from \$50,681,895 to \$46,868,315 or 7.52%. Education expenditures decreased \$3,233,405, other decreases were seen in Public Safety.

Business-type activities

The Water and Sewer Fund revenues increased \$39,716. An increase of 0.84% over FY14.

Total expenses for the Water Fund increased from \$4,551,777 in FY14 to \$5,049,902 in FY15. A major repair caused the 10.94% increase over FY14.

As a result of the above, net position in the Water and Sewer Fund decreased \$195,192.

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 spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,273,654. Of this amount \$7,086,250 is assigned for capital projects and \$1,057,316 is assigned to various special revenue funds.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$20,731,250 of which \$20,095,407 represents unassigned fund balance of the General Fund. This amount represents 22.51% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 12.5% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2015.

The net increase to unassigned fund balance for the General Fund for 2015 was \$5,302,161. Significant reasons for this increase in fund balance are as follows:

State and Federal revenue for the school division was \$3,793,569 greater than FY14 resulting in a lesser transfer from the general fund for school expenditures in the amount of \$2,646,822.

The first full fiscal year of stormwater fees were collected for an increase in revenue of \$430,199.

The receipt of a SAFER grant for Fire and EMS personnel increased federal revenue receipts by \$399,154.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)

Capital projects fund. The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$7,485,088, which was an increase of \$2,039,267 over FY 14. The County is in the process of building a new fire station and spent \$422,790 toward the project in FY 15 and spent \$1,022,290 on new fire apparatus. More details of specific project revenues and expenditures can be found on Exhibit 14.

Debt service fund. The Debt Service Fund received transfers from the General Fund sufficient to meet its requirements thus it has no fund balance. During the year the transfer totaled \$6,683,895 and principal retirements of indebtedness totaled \$4,875,241 while interest expense totaled \$1,829,463.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$21,762,933. Details of the Water and Sewer operations were previously discussed in the letter.

General Fund Budgetary Highlights

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. Fiscal year 2015 was no exception. General fund adopted budget totaled \$40,647,523, amended budget totaled \$45,590,716, an increase of \$4,943,193 and expenditures totaled \$39,087,649. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY 15. The following is a summary of the most significant changes in the adopted and amended budgets for FY15:

- The County issued debt to fund stormwater projects in the amount of \$2,100,000.
- An increase to the local transfer to the school board of \$536,505 due to the allowance of carry forwards for one-time capital projects, including the renovation of a school buildings and roof repairs.
- An increase to the comprehensive services act budget in the amount of \$345,000.
- An increase in federal funding to the social services offered by the County in the amount of \$206,000.
- Law enforcement grants are not appropriated as part of the adopted budget. They are appropriated as the grants are received resulting in an increase of \$185,959.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred “on behalf” of component units (the School Board). In this report, capital assets such as school buildings that have related debt are reported with the primary government on the Statement of Net Position. The portion of these capital assets free of related debt are reported as buildings and improvements under the component unit School Board (see Note 5 in the Notes to Financial Statements).

The following table summarizes the County’s capital assets, net of depreciation, as of June 30, 2015. The County’s total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$129,761,056.

County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-type Activities
For the Year Ended June 30, 2015

	Governmental Activities 2015	Business-type Activities 2015
Land	\$ 3,995,396	\$ 244,744
Buildings and improvements	69,561,836	-
Utility plant	-	30,182,708
Equipment	22,123,068	812,164
Construction in progress	23,545,163	-
Total	<u>\$ 119,225,463</u>	<u>\$ 31,239,616</u>
Less accumulated depreciation	<u>41,649,738</u>	<u>14,936,336</u>
Net capital assets	<u><u>\$ 77,575,725</u></u>	<u><u>\$ 16,303,280</u></u>

More information on the County’s capital assets can be found in note 5 to the financial statements.

At the end of fiscal year 2015, the County had total outstanding debt of \$49,800,526 (excluding compensated absences, bond premiums, length of service award program and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$49,821,255 and \$52,045,149 outstanding at June 30, 2014 and 2013, respectively. Of the \$49,800,526 of outstanding debt at June 30, 2015, \$25,671,810 is for general government purposes and \$23,164,724 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$963,992.

For more information regarding Prince George County’s long-term obligations, see Note 7 in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Based on available economic data, the local economy has remained stable. The local unemployment rate was 5.2 % for September 2015, as compared to 6.2% for September 2014. The state and national unemployment rates for September 2015 were 4.1% and 4.9%, respectively.

The FY 16 General Fund operating budget totaled \$50,984,881, which was a \$3,104,175 increase over the FY 15 adopted budget. Revenues and expenditures were balanced with the use of fund balance to cover the cost of one-time expenditures and capital projects.

It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County, and to make Prince George “the best place to live, learn, work and raise a family”.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875, telephone (804) 722-8710.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 28,736,481	\$ 4,929,329	\$ 33,665,810	\$ 7,061,261
Restricted cash	398,838	-	398,838	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,372,137	-	4,372,137	-
Accounts receivable	503,767	432,988	936,755	115,642
Internal balances	(2,243,483)	2,243,483	-	-
Due from Component Unit	1,031,663	-	1,031,663	-
Due from other governmental units	1,340,495	-	1,340,495	2,037,939
Total current assets	\$ 34,139,898	\$ 7,605,800	\$ 41,745,698	\$ 9,214,842
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 3,995,396	\$ 244,744	\$ 4,240,140	\$ 1,154,404
Construction in progress	23,545,163	-	23,545,163	-
Buildings	21,394,805	-	21,394,805	29,137,125
Machinery and equipment	5,475,637	506,190	5,981,827	3,020,029
Jointly owned assets	23,164,724	-	23,164,724	-
Utility plant in service	-	15,552,346	15,552,346	-
Total capital assets	\$ 77,575,725	\$ 16,303,280	\$ 93,879,005	\$ 33,311,558
Total assets	\$ 111,715,623	\$ 23,909,080	\$ 135,624,703	\$ 42,526,400
DEFERRED OUTFLOWS OF RESOURCES				
Post measurement date employer pension contributions	\$ 1,818,241	\$ 93,782	\$ 1,912,023	\$ 4,765,592
Items related to measurement of net pension liability	-	-	-	1,297,000
Post measurement date employer LOSAP contributions	52,250	-	52,250	-
Total deferred outflows of resources	\$ 1,870,491	\$ 93,782	\$ 1,964,273	\$ 6,062,592
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,004,287	\$ 606,345	\$ 1,610,632	\$ 751,142
Accrued liabilities	-	-	-	6,339,446
Due to Primary Government	-	-	-	1,031,663
Accrued interest payable	544,414	13,693	558,107	-
Long-term liabilities:				
Due within one year	5,905,177	130,133	6,035,310	38,853
Due in more than one year	57,383,224	1,444,631	58,827,855	59,761,102
Total liabilities	\$ 64,837,102	\$ 2,194,802	\$ 67,031,904	\$ 67,922,206
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 251,786	\$ -	\$ 251,786	\$ -
Items related to measurement of net pension liability	2,545,834	45,127	2,590,961	8,563,000
Total deferred inflows of resources	\$ 2,797,620	\$ 45,127	\$ 2,842,747	\$ 8,563,000
NET POSITION				
Net Investment in capital assets	\$ 28,505,492	\$ 15,339,288	\$ 43,844,780	\$ 33,311,558
Restricted cash - proffers	398,838	-	398,838	-
Unrestricted (deficit)	17,047,062	6,423,645	23,470,707	(61,207,772)
Total net position	\$ 45,951,392	\$ 21,762,933	\$ 67,714,325	\$ (27,896,214)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,226,913	\$ 315,724	\$ 563,230	\$ -
Judicial administration	2,361,018	478,272	652,812	-
Public safety	14,683,153	647,770	2,827,477	-
Public works	1,976,333	119,175	-	-
Health and welfare	3,893,335	-	2,275,105	-
Education	13,944,549	-	-	-
Parks, recreation, and cultural	2,169,979	122,734	-	-
Community development	1,246,531	35,578	9,327	-
Interest on long-term debt	1,585,509	-	-	-
Total governmental activities	<u>\$ 47,087,320</u>	<u>\$ 1,719,253</u>	<u>\$ 6,327,951</u>	<u>\$ -</u>
Business-type activities:				
Public Utilities	\$ 5,049,902	\$ 4,602,908	\$ -	\$ -
Total business-type activities	<u>\$ 5,049,902</u>	<u>\$ 4,602,908</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 52,137,222</u>	<u>\$ 6,322,161</u>	<u>\$ 6,327,951</u>	<u>\$ -</u>
COMPONENT UNIT:				
School Board	\$ 62,026,729	\$ 1,329,231	\$ 48,010,661	\$ -
Total component unit	<u>\$ 62,026,729</u>	<u>\$ 1,329,231</u>	<u>\$ 48,010,661</u>	<u>\$ -</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Meals taxes				
Lodging taxes				
Bank stock tax				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board, unrestricted				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year, as restated				
Net position - end of year				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (4,347,959)	\$ -	\$ (4,347,959)	\$ -
(1,229,934)	-	(1,229,934)	-
(11,207,906)	-	(11,207,906)	-
(1,857,158)	-	(1,857,158)	-
(1,618,230)	-	(1,618,230)	-
(13,944,549)	-	(13,944,549)	-
(2,047,245)	-	(2,047,245)	-
(1,201,626)	-	(1,201,626)	-
(1,585,509)	-	(1,585,509)	-
<u>\$ (39,040,116)</u>	<u>\$ -</u>	<u>\$ (39,040,116)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (446,994)</u>	<u>\$ (446,994)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (446,994)</u>	<u>\$ (446,994)</u>	<u>\$ -</u>
<u>\$ (39,040,116)</u>	<u>\$ (446,994)</u>	<u>\$ (39,487,110)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,686,837)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,686,837)</u>
\$ 31,796,896	\$ -	\$ 31,796,896	\$ -
2,405,299	-	2,405,299	-
797,796	-	797,796	-
1,422,092	-	1,422,092	-
938,297	-	938,297	-
321,579	-	321,579	-
998,751	-	998,751	-
459,382	-	459,382	-
112,021	-	112,021	-
200,428	80,465	280,893	-
373,723	56,952	430,675	575
-	-	-	13,278,393
5,240,754	-	5,240,754	-
(158,000)	158,000	-	-
<u>\$ 44,909,018</u>	<u>\$ 295,417</u>	<u>\$ 45,204,435</u>	<u>\$ 13,278,968</u>
<u>\$ 5,868,902</u>	<u>\$ (151,577)</u>	<u>\$ 5,717,325</u>	<u>\$ 592,131</u>
<u>40,082,490</u>	<u>21,914,510</u>	<u>61,997,000</u>	<u>(28,488,345)</u>
<u>\$ 45,951,392</u>	<u>\$ 21,762,933</u>	<u>\$ 67,714,325</u>	<u>\$ (27,896,214)</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 At June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 20,731,215	\$ 7,151,225	\$ 854,041	\$ 28,736,481
Restricted cash	-	398,838	-	398,838
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,372,137	-	-	4,372,137
Accounts receivable	293,031	-	210,736	503,767
Due from component unit	1,031,663	-	-	1,031,663
Due from other governmental units	1,340,495	-	-	1,340,495
Total assets	<u>\$ 27,768,541</u>	<u>\$ 7,550,063</u>	<u>\$ 1,064,777</u>	<u>\$ 36,383,381</u>
LIABILITIES				
Accounts payable	\$ 931,851	\$ 64,975	\$ 7,461	\$ 1,004,287
Due to other funds	2,243,483	-	-	2,243,483
Total liabilities	<u>\$ 3,175,334</u>	<u>\$ 64,975</u>	<u>\$ 7,461</u>	<u>\$ 3,247,770</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	\$ 3,861,957	-	-	\$ 3,861,957
FUND BALANCES				
Restricted:				
Proffers	\$ -	\$ 398,838	\$ -	\$ 398,838
Total restricted	<u>\$ -</u>	<u>\$ 398,838</u>	<u>\$ -</u>	<u>\$ 398,838</u>
Committed:				
Subsequent years expenditures	\$ 635,843	-	-	\$ 635,843
Total committed	<u>\$ 635,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 635,843</u>
Assigned:				
Public safety	\$ -	-	278,643	\$ 278,643
Economic development	-	-	601,944	601,944
Capital projects	-	7,086,250	-	7,086,250
Asset forfeiture	-	-	90,682	90,682
Tourism	-	-	86,047	86,047
Total assigned	<u>\$ -</u>	<u>\$ 7,086,250</u>	<u>\$ 1,057,316</u>	<u>\$ 8,143,566</u>
Unassigned	\$ 20,095,407	-	-	\$ 20,095,407
Total fund balance	<u>\$ 20,731,250</u>	<u>\$ 7,485,088</u>	<u>\$ 1,057,316</u>	<u>\$ 29,273,654</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 27,768,541</u>	<u>\$ 7,550,063</u>	<u>\$ 1,064,777</u>	<u>\$ 36,383,381</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 At June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 29,273,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	77,575,725
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(544,414)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. Unavailable revenue-property taxes	3,610,171
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	1,818,241
LOSAP contributions subsequent to the measurement date will be a reduction to the net LOSAP liability in the next fiscal year and, therefore, are not reported in the funds.	52,250
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:	
Deferred inflows of resources	(2,545,834)
Compensated absences	(1,574,192)
County general obligation bonds	(25,671,810)
School Board general obligation bonds	(23,164,724)
Net OPEB obligation	(1,498,817)
Net pension liability	(10,787,903)
Net LOSAP liability	(357,256)
School Board premium on bonds payable	<u>(233,699)</u>
Net position of governmental activities	<u>\$ 45,951,392</u>

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

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

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 30,767,843	\$ -	\$ -	\$ -	\$ 30,767,843
Other local taxes	6,170,662	-	-	1,284,555	7,455,217
Permits, privilege fees, and regulatory licenses	290,882	-	-	-	290,882
Fines and forfeitures	351,183	-	-	-	351,183
Revenue from the use of money and property	189,287	11,141	-	-	200,428
Charges for services	1,041,610	-	-	35,578	1,077,188
Miscellaneous	301,349	60,632	-	11,742	373,723
Recovered costs	174,522	-	-	125,012	299,535
Intergovernmental:					
Commonwealth	9,359,716	-	-	661,209	10,020,925
Federal	1,526,970	-	20,809	-	1,547,779
Total revenues	<u>\$ 50,174,024</u>	<u>\$ 71,773</u>	<u>\$ 20,809</u>	<u>\$ 2,118,096</u>	<u>\$ 52,384,703</u>
EXPENDITURES					
Current:					
General government administration	\$ 5,058,857	\$ 161,777	\$ -	\$ -	\$ 5,220,634
Judicial administration	2,331,562	-	-	-	2,331,562
Public safety	12,931,333	1,662,899	-	922,616	15,516,848
Public works	2,042,877	-	-	-	2,042,877
Health and welfare	3,968,473	25,610	-	-	3,994,083
Education	11,622,198	-	-	-	11,622,198
Parks, recreation, and cultural	1,434,754	166,916	-	-	1,601,670
Community development	127,396	58,372	-	1,034,622	1,220,391
Debt service:					
Principal retirement	-	-	4,875,241	-	4,875,241
Interest and other fiscal charges	-	-	1,829,463	-	1,829,463
Total expenditures	<u>\$ 39,517,450</u>	<u>\$ 2,075,574</u>	<u>\$ 6,704,704</u>	<u>\$ 1,957,238</u>	<u>\$ 50,254,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,656,574</u>	<u>\$ (2,003,801)</u>	<u>\$ (6,683,895)</u>	<u>\$ 160,858</u>	<u>\$ 2,129,736</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,100,000	\$ 1,170,068	\$ 6,683,895	\$ 498,458	\$ 10,452,421
Issuance of debt	-	4,973,000	-	-	4,973,000
Transfers (out)	(7,744,625)	(2,100,000)	-	(765,796)	(10,610,421)
Total other financing sources (uses)	<u>\$ (5,644,625)</u>	<u>\$ 4,043,068</u>	<u>\$ 6,683,895</u>	<u>\$ (267,338)</u>	<u>\$ 4,815,000</u>
Net change in fund balances	\$ 5,011,949	\$ 2,039,267	\$ -	\$ (106,480)	\$ 6,944,736
Fund balances - beginning	15,719,301	5,445,821	-	1,163,796	22,328,918
Fund balances - ending	<u>\$ 20,731,250</u>	<u>\$ 7,485,088</u>	<u>\$ -</u>	<u>\$ 1,057,316</u>	<u>\$ 29,273,654</u>

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

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

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

Net change in fund balances - total governmental funds	\$	6,944,736
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Depreciation expense	(3,689,960)
Capital asset additions	2,442,349

Transfer of joint tenancy assets from Primary Government to the Component Unit.	(1,658,195)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

This amount represents the change in unavailable property taxes	1,029,053
Items related to the measurement of net pension liability	(2,545,834)

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

Details supporting these changes are as follows:

Issuance of debt	(4,973,000)
Amortization of premium on bonds payable	21,246
Retirement of County general obligation bonds	1,996,390
Retirement of School Board general obligation bonds	2,763,851
Retirement of School Board literary fund loans	115,000

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.

Details supporting these changes are as follows:

Change in accrued interest payable	222,709
Change in net OPEB obligation	(200,534)
Change in net pension liability	3,256,359
Change in net LOSAP liability	54,962
Change in compensated absences	93,678
Change in deferred outflows of resources	(3,908)

Change in net position of governmental activities	\$	<u><u>5,868,902</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 At June 30, 2015

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,929,329
Accounts receivable, net of allowance for uncollectibles	432,988
Total current assets	<u>\$ 5,362,317</u>
Noncurrent assets:	
Due from other funds	\$ 2,243,483
Capital assets (net of accumulated depreciation):	
Land	\$ 244,744
Utility plant in service	15,552,346
Machinery and equipment	506,190
Total capital assets	<u>\$ 16,303,280</u>
Total noncurrent assets	<u>\$ 18,546,763</u>
 Total assets	 <u>\$ 23,909,080</u>
DEFERRED OUTFLOWS OF RESOURCES	
Post measurement date employer pension contributions	\$ <u>93,782</u>
 Total assets and deferred outflows of resources	 <u>\$ 24,002,862</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 606,345
Accrued interest payable	13,693
Compensated absences - current portion	7,190
Bonds payable - current portion	122,943
Total current liabilities	<u>\$ 750,171</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 64,709
Net pension liability	538,873
Bonds payable - net of current portion	841,049
Total noncurrent liabilities	<u>\$ 1,444,631</u>
Total liabilities	<u>\$ 2,194,802</u>
DEFERRED INFLOWS OF RESOURCES	
Net difference of actual and expected pension liability earnings	\$ <u>45,127</u>
NET POSITION	
Net investment in capital assets	\$ 15,339,288
Unrestricted	6,423,645
Total net position	<u>\$ 21,762,933</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 24,002,862</u>

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

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

	Enterprise Funds Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,532,945
Sewer revenues	2,795,989
Penalty/reconnection charges	73,841
Miscellaneous	56,952
Total operating revenues	<u>\$ 4,459,727</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 720,105
Wastewater treatment, pumping and disposal	1,965,914
Administrative and operation	1,271,711
Other supplies and expenses	163,197
Depreciation	668,160
Total operating expenses	<u>\$ 4,789,087</u>
Operating income (loss)	<u>\$ (329,360)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection/capacity fees	\$ 200,133
Interest income	25,116
Rental income	55,349
South Central Wastewater Authority	(224,024)
Interest expense	(36,791)
Total nonoperating revenues (expenses)	<u>\$ 19,783</u>
Income (loss) before transfers	\$ (309,577)
Transfers in	<u>158,000</u>
Change in net position	\$ (151,577)
Net position - beginning, as restated	<u>21,914,510</u>
Net position - ending	<u><u>\$ 21,762,933</u></u>

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

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

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,249,434
Payments for operating activities	(2,411,436)
Payments to employees	(1,273,504)
Net cash provided by (used for) operating activities	<u>\$ 564,494</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loan to other funds	\$ 268,087
Transfers from other funds	<u>158,000</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 426,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (110,130)
Connection/capacity charges	200,133
Principal payments on bonds	(118,488)
South Central Wastewater Authority	(224,024)
Interest expense	<u>(38,474)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (290,983)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 25,116
Rental income	<u>55,349</u>
Net cash provided by (used for) investing activities	<u>\$ 80,465</u>
Net increase in cash and cash equivalents	\$ 780,063
Cash and cash equivalents - beginning	<u>4,149,266</u>
Cash and cash equivalents - ending	<u>\$ 4,929,329</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(329,360)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 668,160
Change in accounts receivable	(93,836)
Change in deferred outflows of resources	(2,763)
Change in accounts payable	437,780
Change in customer deposits	(116,457)
Change in compensated absences	9,114
Change in net pension liability	(53,271)
Change in deferred inflows of resources	<u>45,127</u>
Total adjustments	<u>\$ 893,854</u>
Net cash provided by (used for) operating activities	<u>\$ 564,494</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2015

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 117,954	\$ 68,985
Accounts receivable	-	305,904
Guaranteed investment contracts	<u>1,428,894</u>	<u>-</u>
 Total assets	 <u>\$ 1,546,848</u>	 <u>\$ 374,889</u>
LIABILITIES		
Amounts held for others	<u>\$ -</u>	<u>\$ 374,889</u>
NET POSITION		
Held in trust for benefits	<u>\$ 1,546,848</u>	<u>\$ -</u>
 Total net position	 <u>\$ 1,546,848</u>	 <u>\$ -</u>
 Total liabilities and net position	 <u>\$ 1,546,848</u>	 <u>\$ 374,889</u>

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

Statement of Changes in Fiduciary Net Position
 Pension Trust Fund
 Year Ended June 30, 2015

Additions:

Employer contributions	\$ 104,500
Interest income	<u>64,907</u>
Total additions	<u>\$ 169,407</u>

Deductions:

Members' benefits	\$ <u>127,658</u>
Total deductions	<u>\$ 127,658</u>

Change in net position	\$ 41,749
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Net position - beginning of year	<u>1,505,099</u>
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Net position - end of year	<u><u>\$ 1,546,848</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Prince George, Virginia (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, recreation, cultural events, education, and social services.

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The County's internal activities include water and sewer billings and activities of the County garage. It is the County's policy not to eliminate these internal activities in the government-wide Statement of Activities.

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

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

A. Financial Reporting Entity

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Individual Component Unit Disclosures

Blended Component Unit - The County has no blended component units at June 30, 2015.

Discretely Presented Component Unit - The School Board members are elected by the citizens of Prince George 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. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

C. Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from the County's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases wastewater treatment services from the Authority at prescribed rates and capacity levels. The County's expenditures for wastewater treatment services for the year ended June 30, 2015 were \$437,841. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint two members to the fourteen member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the Authority. The County's expenditures for confinement services for the year ended June 30, 2015 were \$1,897,880. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report: (Continued)

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases water from the Authority at prescribed rates and capacity levels. The County's expenses for water purchased for the year ended June 30, 2015 were \$287,204. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

Appomattox Regional Library

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by a 9 member board composed of three appointees each from Hopewell, Dinwiddie, and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the County remitted \$560,020 to the Library for fiscal 2015. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

Jointly Governed Organizations

The County participates with eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The County provided funding of \$99,305 to District 19 CSB during fiscal 2015. The County provided funding of \$243,990 to Crater Youth Care Commission during fiscal 2015. The County provided funding of \$30,479 to Virginia Gateway Region during fiscal 2015.

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

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

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus since they do not record equity balances, only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

Generally the effect of interfund activity has been eliminated from the County's government-wide financial statements. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

1. Governmental Funds

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

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

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds are considered nonmajor governmental funds and consist of the Economic Development Fund, Community Corrections Fund, Asset Forfeiture Fund and Tourism Fund.

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

Debt Service Fund – The Debt Service Fund Accounts for and reports resources that are restricted, committed or assigned to expenditure for principal and interest or to report financial resources being accumulated for future debt service. The Debt Service fund is considered a major governmental fund.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Water and Sewer Fund, which is considered a major fund.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust and Agency Funds. These funds utilize the accrual basis of accounting as described in the Proprietary Funds. Fiduciary funds are not included in the government-wide financial statements. Trust Funds include the Pension Trust Fund. Agency funds include the Special Welfare Fund, Fringe Benefits Fund and the Performance Bond Fund.

4. Component Unit

The Prince George County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Prince George and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Adult Basic Education and School Cafeteria Funds are considered to be nonmajor funds.

E. Cash and Cash Equivalents:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments for the government, as well as for its component unit, are reported at fair value.

G. 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 and, in certain cases, specific account analysis. The allowance amounted to approximately \$349,881 at June 30, 2015 is comprised of property taxes in the amount of \$271,769 and utility accounts of \$78,112.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	July 1	January 1
Due Date	June 5/December 5	June 5
Lien Date	July 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2015.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and Equipment	5-20
Utility Plant	30-50
Buses	10

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Compensated Absences

County employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary statements.

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For the County's Water and Sewer Fund, the cost of vacation and sick leave is recorded as a liability when earned.

J. Use of Estimates

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

K. Fund Equity

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Fund Equity: (Continued)

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

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this 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 County's Board of Supervisors has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2015.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

L. Long-term Obligations

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

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

M. Restricted Cash

The County has restricted assets which consist of proffers in the amount of \$398,838 at June 30, 2015.

N. Net Position

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

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

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

Q. Pensions

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and Fund level for other Governmental Funds. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30 for all County units with the exception of Capital Projects.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any department level for the General Fund and Fund level for the other Governmental Funds nor in any School Board category at June 30, 2015.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The County's investments at June 30, 2015 were held by the County or in the County's name by the County's custodial banks. The County does not have a formal policy related to credit risk of investments.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

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

Interest Rate Risk

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

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pools (Local Government Investment Pool and SNAP) are the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Rating	
	AAAm	AAf
Virginia Investment Pool	\$ -	\$ 2,000,035
SNAP	6,243,688	-
Total	\$ 6,243,688	\$ 2,000,035

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2015, the County has amounts due from other governments as follows:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 359,323	-
Social Services	44,332	-
Comprehensive services	386,475	-
Constitutional officer reimbursements	119,431	-
Communication tax	246,016	-
Other funds	19,076	143,338
State sales tax	-	993,897
Federal Government:		
School grants	-	900,704
Safer grants	82,578	-
Social Services	83,264	-
Total due from other governments	\$ 1,340,495	\$ 2,037,939

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

Primary Government:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,995,396	\$ -	\$ -	\$ 3,995,396
Construction in progress	<u>23,486,546</u>	<u>1,773,601</u>	<u>1,714,984</u>	<u>23,545,163</u>
Total capital assets not being depreciated	<u>\$ 27,481,942</u>	<u>\$ 1,773,601</u>	<u>\$ 1,714,984</u>	<u>\$ 27,540,559</u>
Capital assets being depreciated:				
Buildings	\$ 32,153,580	\$ 1,158,998	\$ -	\$ 33,312,578
Machinery and equipment	21,660,365	595,939	133,236	22,123,068
Jointly owned assets	<u>38,478,947</u>	<u>628,796</u>	<u>2,858,485</u>	<u>36,249,258</u>
Total capital assets being depreciated	<u>\$ 92,292,892</u>	<u>\$ 2,383,733</u>	<u>\$ 2,991,721</u>	<u>\$ 91,684,904</u>
Accumulated depreciation:				
Buildings	\$ 11,036,418	\$ 881,355	\$ -	\$ 11,917,773
Machinery and equipment	15,265,014	1,515,653	133,236	16,647,431
Jointly owned assets	<u>12,991,872</u>	<u>1,292,952</u>	<u>1,200,290</u>	<u>13,084,534</u>
Total accumulated depreciation	<u>\$ 39,293,304</u>	<u>\$ 3,689,960</u>	<u>\$ 1,333,526</u>	<u>\$ 41,649,738</u>
Total capital assets being depreciated, net	<u>\$ 52,999,588</u>	<u>\$ (1,306,227)</u>	<u>\$ 1,658,195</u>	<u>\$ 50,035,166</u>
Governmental activities capital, assets, net	<u>\$ 80,481,530</u>	<u>\$ 467,374</u>	<u>\$ 3,373,179</u>	<u>\$ 77,575,725</u>

The following is a summary of capital project activity for the fiscal year ending June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Crosspointe	\$ 20,125,920	\$ 16,215	\$ -	\$ 20,142,135
Carson construction project	192,002	422,790	-	614,792
Disputanta Fire Station	177,939	164,802	342,741	-
PGHS tennis courts	555,986	-	555,986	-
New Scott fields	329,962	107,553	-	437,515
Financial system replacement	1,314,090	100,177	-	1,414,267
Human services building	790,647	25,610	816,257	-
Central Wellness Center	-	10,532	-	10,532
Exit 45 improvements	-	35,865	-	35,865
Fire trucks	-	890,057	-	890,057
	<u>\$ 23,486,546</u>	<u>\$ 1,773,601</u>	<u>\$ 1,714,984</u>	<u>\$ 23,545,163</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 244,744	\$ -	\$ -	\$ 244,744
Construction in progress	<u>17,064</u>	<u>-</u>	<u>17,064</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 261,808</u>	<u>\$ -</u>	<u>\$ 17,064</u>	<u>\$ 244,744</u>
Capital assets being depreciated:				
Utility plant in service	\$ 30,182,708	\$ -	\$ -	\$ 30,182,708
Machinery and equipment	<u>684,970</u>	<u>127,194</u>	<u>-</u>	<u>812,164</u>
Total capital assets being depreciated	<u>\$ 30,867,678</u>	<u>\$ 127,194</u>	<u>\$ -</u>	<u>\$ 30,994,872</u>
Accumulated depreciation:				
Utility plant in service	\$ 13,975,889	\$ 654,473	\$ -	\$ 14,630,362
Machinery and equipment	<u>292,287</u>	<u>13,687</u>	<u>-</u>	<u>305,974</u>
Total accumulated depreciation	<u>\$ 14,268,176</u>	<u>\$ 668,160</u>	<u>\$ -</u>	<u>\$ 14,936,336</u>
Total capital assets being depreciated, net	<u>\$ 16,599,502</u>	<u>\$ (540,966)</u>	<u>\$ -</u>	<u>\$ 16,058,536</u>
Business-type activities capital assets, net	<u>\$ 16,861,310</u>	<u>\$ (540,966)</u>	<u>\$ 17,064</u>	<u>\$ 16,303,280</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 1,154,404	\$ -	\$ -	\$ 1,154,404
Total capital assets not being depreciated	\$ 1,154,404	\$ -	\$ -	\$ 1,154,404
Capital assets being depreciated:				
Buildings	\$ 42,736,669	\$ 2,858,485	\$ -	\$ 45,595,154
Machinery and equipment	9,142,741	789,756	14,630	9,917,867
Total capital assets being depreciated	\$ 51,879,410	\$ 3,648,241	\$ 14,630	\$ 55,513,021
Accumulated depreciation:				
Buildings	\$ 14,401,498	\$ 2,056,531	\$ -	\$ 16,458,029
Machinery and equipment	6,214,100	698,368	14,630	6,897,838
Total accumulated depreciation	\$ 20,615,598	\$ 2,754,899	\$ 14,630	\$ 23,355,867
Total capital assets being depreciated, net	\$ 31,263,812	\$ 893,342	\$ -	\$ 32,157,154
School Board capital assets, net	\$ 32,418,216	\$ 893,342	\$ -	\$ 33,311,558

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 363,582
Judicial administration	194,442
Public safety	1,465,480
Public works	29,069
Health and welfare	78,825
Education	1,292,952
Parks, recreation and cultural	232,856
Community development	32,754
Total Governmental activities	\$ 3,689,960
Business-type activities	\$ 668,160
Component Unit School Board	\$ 1,554,609 *
* Transfer of jointly owned assets	1,200,290
Total accumulated depreciation increase	\$ 2,754,899

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 6—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 2,100,000	\$ 7,744,625
Proprietary Fund	158,000	-
Capital Projects Fund	1,170,068	2,100,000
Debt Service Fund	6,683,895	-
Nonmajor Funds	498,458	765,796
Total	<u>\$ 10,610,421</u>	<u>\$ 10,610,421</u>

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

The following is a summary of due to/from other funds/Component Units at June 30, 2015:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ -	\$ 2,243,483
Water and Sewer Fund	2,243,483	-
Total	<u>\$ 2,243,483</u>	<u>\$ 2,243,483</u>
Entity-Wide		
Component Unit School Board	\$ -	\$ 1,031,663
General Fund	1,031,663	-
Total	<u>\$ 1,031,663</u>	<u>\$ 1,031,663</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

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

	Balance at July 1, 2014 as restated	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,667,870	\$ 73,109	\$ 166,787	\$ 1,574,192	\$ 157,419
Net OPEB obligation	1,298,283	324,601	124,067	1,498,817	-
Net pension liability	14,044,262	4,773,860	8,030,219	10,787,903	-
Net LOSAP liability	412,218	104,075	159,037	357,256	-
General obligation bonds	<u>22,695,200</u>	<u>4,973,000</u>	<u>1,996,390</u>	<u>25,671,810</u>	<u>2,840,278</u>
Total incurred by County	<u>\$ 40,117,833</u>	<u>\$ 10,248,645</u>	<u>\$ 10,476,500</u>	<u>\$ 39,889,978</u>	<u>\$ 2,997,697</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 115,000	-	\$ 115,000	-	-
General Obligation Bonds	25,928,575	-	2,763,851	23,164,724	2,886,234
Premium on Bonds	<u>254,945</u>	<u>-</u>	<u>21,246</u>	<u>233,699</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 26,298,520</u>	<u>\$ -</u>	<u>\$ 2,900,097</u>	<u>\$ 23,398,423</u>	<u>\$ 2,907,480</u>
Total Governmental Obligations	<u>\$ 66,416,353</u>	<u>\$ 10,248,645</u>	<u>\$ 13,376,597</u>	<u>\$ 63,288,401</u>	<u>\$ 5,905,177</u>

The general fund revenues are used to liquidate compensated absences and other long-term obligation amounts to include net pension obligations and net other postemployment benefit obligation.

	Balance at July 1, 2014 as restated	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Enterprise Fund Obligations:					
Compensated absences	\$ 62,785	\$ 15,392	\$ 6,278	\$ 71,899	\$ 7,190
Net pension liability	592,144	501,241	554,512	538,873	-
General obligation bonds	<u>1,082,480</u>	<u>-</u>	<u>118,488</u>	<u>963,992</u>	<u>122,943</u>
Total Enterprise Fund Obligations	<u>\$ 1,737,409</u>	<u>\$ 516,633</u>	<u>\$ 679,278</u>	<u>\$ 1,574,764</u>	<u>\$ 130,133</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize general obligation long-term obligations are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 2,840,278	\$ 654,887
2017	2,920,497	587,455
2018	2,983,117	521,411
2019	3,042,937	473,156
2020	2,215,757	413,140
2021	1,483,576	369,530
2022	1,527,396	329,153
2023	1,565,216	287,406
2024	1,073,036	244,487
2025	696,000	215,302
2026	441,000	195,181
2027	455,000	184,181
2028	474,000	172,425
2029	489,000	160,050
2030	325,000	147,263
2031	340,000	133,450
2032	350,000	119,000
2033	365,000	104,125
2034	380,000	88,612
2035	400,000	72,463
2036	415,000	55,463
2037	435,000	37,825
2038	455,000	19,337
Total	\$ <u>25,671,810</u>	\$ <u>5,585,302</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize school and enterprise long-term obligations are as follows:

Year Ending June 30,	School		Enterprise Obligations	
	General Obligation Bonds Principal	Interest	General Obligation Bonds Principal	Interest
2016	\$ 2,886,234	\$ 1,027,042	\$ 122,943	\$ 33,935
2017	3,000,257	883,123	127,565	29,225
2018	3,116,037	732,920	132,362	24,339
2019	1,784,497	614,339	137,339	19,268
2020	1,845,512	527,622	142,503	14,007
2021	1,918,090	434,226	147,861	8,548
2022	899,769	365,002	153,419	2,884
2023	933,786	320,932	-	-
2024	967,282	276,359	-	-
2025	932,666	235,807	-	-
2026	965,594	194,740	-	-
2027	495,000	164,456	-	-
2028	515,000	144,038	-	-
2029	535,000	122,794	-	-
2030	555,000	100,725	-	-
2031	580,000	77,138	-	-
2032	605,000	52,488	-	-
2033	630,000	26,775	-	-
Total	\$ <u>23,164,724</u>	\$ <u>6,300,526</u>	\$ <u>963,992</u>	\$ <u>132,206</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the County:

The following is a summary of general obligations incurred by the County:

General Obligation Bonds:

\$1,218,000 General Obligation Note 2014C series issued December 12, 2014 due in varying annual installments through August 1, 2024, interest payable semiannually, at 2.01%	\$ 1,218,000
\$2,130,000 General Obligation Note 2014D series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semiannually, at 1.365%	2,130,000
\$1,625,000 General Obligation Note 2014E series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semiannually, at 1.47%	1,625,000
\$386,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.15%	357,810
\$2,257,000 General Obligation Note 2014B series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.4%	2,153,000
\$5,233,000 General Obligation Refunding Note, Series 2012 A issued May 10, 2012 due in varying installments through February 1, 2019, interest payable semiannually at 1.70%	3,053,000
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments though February 1, 2038, interest payable semiannually at 4.25%	6,825,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at average rate of 5.5%, subsidized by the Federal Government at .35%	594,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at 3.271%	586,000
\$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments though February 11, 2024, interest payable semiannually at 2.25%	6,806,000
\$1,819,400 General Obligation Public Safety Facilities Note Series 2006B issued June 27, 2006 due in varying annual installments through August 1, 2016, interest payable semi-annually at 3.98%	<u>324,000</u>
Total General Obligation Bonds	\$ 25,671,810
Net OPEB obligation	1,498,817
Net pension liability	10,787,903
Net LOSAP liability	357,256
Compensated absences	<u>1,574,192</u>
Total incurred by the County	\$ <u>39,889,978</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the School Board:

The following is a summary of long-term obligations incurred by the School Board:

Premium on bond	\$ <u>233,699</u>
<u>General Obligation Bonds:</u>	
\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018. Interest payable semiannually at coupon rates varying from 4.35% to 5.35%	\$ 715,661
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017. Interest payable semiannually at coupon rates varying from 4.35% to 5.35%	3,270,000
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	3,472,535
\$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	2,294,576
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	4,731,762
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in various semi-annual installments through February 1, 2033, interest at 4.25%	8,165,000
\$556,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.15%	<u>515,190</u>
Total General Obligation Bonds	\$ <u>23,164,724</u>
Total Incurred by School Board	\$ <u>23,398,423</u>
Total Governmental Long-term Obligations	\$ <u><u>63,288,401</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Incurred by Enterprise Fund:

The following is a summary of long-term obligations incurred by the Enterprise Fund:

General Obligation Bonds:

\$1,800,000 General Obligation Notes Series 2006, issued December 15, 2006, due in varying annual installments through August 15, 2021 with interest payable semiannually at 3.76%

	\$	<u>963,992</u>
Net pension liability	\$	<u>538,873</u>
Compensated Absences	\$	<u>71,899</u>
Total Incurred by Enterprise Fund	\$	<u><u>1,574,764</u></u>

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014 as restated	Increases	Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Compensated absences	\$ 423,287	\$ 7,567	\$ 42,328	\$ 388,526	\$ 38,853
Net pension liability	60,887,099	5,926,838	12,720,561	54,093,376	-
Net OPEB obligation	4,690,008	1,153,238	525,193	5,318,053	-
Total	<u>\$ 66,000,394</u>	<u>\$ 7,087,643</u>	<u>\$ 13,288,082</u>	<u>\$ 59,799,955</u>	<u>\$ 38,853</u>

NOTE 8—DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2015:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 3,610,171
Prepaid property taxes due in December 2015, but paid in advance by the taxpayers.	<u>251,786</u>	<u>251,786</u>
Total deferred / unavailable	<u>\$ 251,786</u>	<u>\$ 3,861,957</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by our audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

At June 30, 2015, the County had the following construction contracts outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2015</u>
New Scott Fields - Buren	Perkinson Construction	\$ 1,463
Carson Fire Department	Evans Construction	<u>19,413</u>
Total		<u>\$ 20,876</u>

NOTE 10—LITIGATION:

At June 30, 2015, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 11—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Risk Pool (VaCorp) insurance program for its property, automobile, liability, public officials and worker's compensation coverage. The pool is a nonprofit, tax exempt association.

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

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN:

Plan Description

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	117	107
Inactive members:		
Vested inactive members	35	15
Non-vested inactive members	50	51
Inactive members active elsewhere in VRS	80	17
Total inactive members	165	83
Active members	216	180
Total covered employees	498	370

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 15.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,912,023 and \$1,913,168 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 11.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$442,480 and \$471,667 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were 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

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

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 51,253,691	\$ 36,617,285	\$ 14,636,406
Changes for the year:			
Service cost	\$ 1,467,866	\$ -	\$ 1,467,866
Interest	3,513,756	-	3,513,756
Contributions - employer	-	1,913,168	(1,913,168)
Contributions - employee	-	593,887	(593,887)
Net investment income	-	5,814,591	(5,814,591)
Benefit payments, including refunds of employee contributions	(2,114,367)	(2,114,367)	-
Administrative expenses	-	(30,700)	30,700
Other changes	-	306	(306)
Net changes	\$ 2,867,255	\$ 6,176,885	\$ (3,309,630)
Balances at June 30, 2014	\$ 54,120,946	\$ 42,794,170	\$ 11,326,776

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 16,649,376	\$ 13,028,277	\$ 3,621,099
Changes for the year:			
Service cost	\$ 409,306	\$ -	\$ 409,306
Interest	1,135,508	-	1,135,508
Contributions - employer	-	471,667	(471,667)
Contributions - employee	-	205,593	(205,593)
Net investment income	-	2,031,194	(2,031,194)
Benefit payments, including refunds of employee contributions	(855,679)	(855,679)	-
Administrative expenses	-	(11,024)	11,024
Other changes	-	107	(107)
Net changes	\$ 689,135	\$ 1,841,858	\$ (1,152,723)
Balances at June 30, 2014	\$ 17,338,511	\$ 14,870,135	\$ 2,468,376

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Prince George			
Net Pension Liability (Asset)	\$ 18,546,688	\$ 11,326,776	\$ 5,335,196
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 4,381,929	\$ 2,468,376	\$ 846,334

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,194,499 and \$219,618, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,590,961	\$ -	\$ 900,674
Employer contributions subsequent to the measurement date	1,912,023	-	442,480	-
Total	\$ 1,912,023	\$ 2,590,961	\$ 442,480	\$ 900,674

\$1,912,023 and \$442,480 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the 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 ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (647,740)	\$ (225,168)
2017	(647,740)	(225,168)
2018	(647,740)	(225,168)
2019	(647,741)	(225,170)
Thereafter	-	-

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$4,323,112 and \$3,647,000 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 division reported a liability of \$51,625,000 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 division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.4272% as compared to 0.41570% at June 30, 2013.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of \$4,371,000. 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.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,297,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	7,662,000
Employer contributions subsequent to the measurement date	<u>4,323,112</u>	<u>-</u>
Total	<u>\$ 5,620,112</u>	<u>\$ 7,662,000</u>

\$4,323,112 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (1,628,000)
2017	(1,628,000)
2018	(1,628,000)
2019	(1,628,000)
Thereafter	147,000

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 75,807,000	\$ 51,625,000	\$ 31,716,000

Pension Plan Fiduciary Net Position

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67:

This disclosure applies to the Pension Plan itself and includes specific additional pension disclosures required by GASB 67 Financial Reporting for Pension Plans not already included in Note 12.

A. Plan Description and Provisions

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan which was open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

As of January 1, 2015, the date of the most recent actuarial valuation, the program membership consisted of the following:

Eligible Members	87
Retirees and beneficiaries	36

B. Funding Policy

This plan is available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a five year period. Benefits accrue at the rate of \$15 per month for every two years of active service. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.25% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the fiscal year ended June 30, 2015 totaled \$144,755. The program’s funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At January 1, 2015, the plan had a fiduciary net position of \$1,593,493 available to pay benefits. Unfunded past service costs total \$357,256 and will be fully amortized in ten years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2015	\$ 144,755	100%
June 30, 2014	144,598	100%
June 30, 2013	130,478	100%
June 30, 2012	134,037	100%
June 30, 2011	138,122	100%
June 30, 2010	129,905	100%
June 30, 2009	126,134	100%

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67: (CONTINUED)

C. Investments:

As of January 1, 2015, Investments held by the County consist of the following guaranteed investment contracts:

Empire National Bank	\$	155,187
American Equity Annuity		451,612
First Security Benefit Annuity		852,412
Genworth Financial Annuity		134,732
Total	\$	<u>1,593,943</u>

D. Funded Status and Funding Progress:

As of January 1, 2015, the most recent actuarial valuation date, the County's plan was 81.7% funded. The actuarial accrued liability for benefits was \$1,951,199 and the actuarial value of assets was \$1,593,943, resulting in an unfunded actuarial accrued liability (UAAL) of \$357,256. The plan is being amortized over a ten year period and the amortization period is still open. The UAAL is being amortized as a level dollar on a closed amortization period basis.

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

E. Net Pension Liability of the LOSAP

The components of the net pension liability of the LOSAP at January 1, 2015, were as follows:

Total pension liability	\$	1,951,199
Plan fiduciary net position		<u>(1,593,943)</u>
County's net pension liability	\$	<u>357,256</u>

NOTE 14—LANDFILL POSTCLOSURE CARE COSTS:

The County closed its landfill prior to the date mandated by state and federal laws and regulations and the Department of Environmental Quality in the Commonwealth of Virginia has indicated the County is no longer liable for post closure care monitoring and maintenance.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 15—SURETY BONDS:

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
C. Bishop Knott, Jr., Clerk of the Circuit Court	\$ 400,000
Jean N. Barker, Treasurer	500,000
Darlene M. Rowsey, Commissioner of the Revenue	3,000
H.E. Allin, Sheriff	30,000
Selective Insurance Company:	
All County employees and School Board employees-blanket bond	500,000

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

County and School Board:

A. Plan Description

The County and School Board Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the County and School Board. Retired employees, who were enrolled in the group health insurance plan for the 24 months prior to retirement date and who retire under the VRS plan are eligible to elect post-retirement coverage in the plan. The plan has no separate financial report.

B. Funding Policy

The County and School Board establish employer contribution rates for plan participants as part of the budgetary process each year. They also determine how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. For participating retirees the County and School Board contribute zero per month towards the monthly premium and the retiree contributes all remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are allowed 36 months of COBRA.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC and for FY 15 totaled \$325,674 for the County and \$1,157,113 for the School Board. The estimated pay as you go cost for OPEB benefits is \$324,601 for the County and \$1,153,238 for the School Board. The County and School Board are required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty-seven years.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

County and School Board: (Continued)

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

During 2015, the County's and School Board's contributions of \$124,067 and \$525,193, respectively, did not equal the required contribution of \$324,601 and \$1,153,238, respectively. The following table shows the components of the County's and School Board's OPEB cost for the year, the amount actually contributed to the plan and the net OPEB obligation:

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 325,674	\$ 1,157,113
Interest on net OPEB obligation	51,931	187,600
Adjustment to annual required contribution	<u>(53,004)</u>	<u>(191,475)</u>
Annual OPEB cost (expense)	\$ 324,601	\$ 1,153,238
Contributions made	124,067	525,193
Contribution percentage made	38%	46%
Increase (decrease) in net OPEB obligation	\$ 200,534	\$ 628,045
Net OPEB obligation - beginning of year	1,298,283	4,690,008
Net OPEB obligation - end of year	<u>\$ 1,498,817</u>	<u>\$ 5,318,053</u>

For the past three fiscal years the County's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2015 and the two preceding years are as follows:

Three Year Trend Information - County			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (1)</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 324,601	38%	\$ 1,498,817
June 30, 2014	324,813	29%	1,298,283
June 30, 2013	377,472	19%	1,065,720

(1) Employer portion only

For the past three fiscal years the School Board's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2015 and the two preceding years are as follows:

Three Year Trend Information - School Board - Non-Professional			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (1)</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
School Board:			
June 30, 2015	\$ 1,153,238	46%	\$ 5,318,053
June 30, 2014	1,153,850	35%	4,690,008
June 30, 2013	1,533,425	27%	3,934,908

(1) Employer portion only

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

County and School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the date of the most actuarial valuation, is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 3,187,751	\$ 12,377,886
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	3,187,751	12,377,886
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (active plan members)	10,245,236	27,673,578
UAAL as a percentage of covered payroll	31%	45%

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The remaining amortization period at July 1, 2013 (actuarial valuation date) for the UAAL is 30 years. The UAAL is being amortized as a level percentage of projected payroll on a closed amortization period basis.

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

County and School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	2.5%
Inflation rate	4.0%
Health care trend rate	7.0%

The General Fund revenues are used to pay all net pension obligations as well as any net other postemployment benefit obligation amounts.

NOTE 17—ADOPTION OF ACCOUNTING PRINCIPLES:

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

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

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>School Board</u>
Net Position as reported at June 30, 2014	\$ 52,664,571	\$ 22,415,634	\$ 28,280,087
Implementation of GASB Statement No. 68:			
Net pension liability activity	(12,222,113)	(501,124)	(56,768,432)
Net LOSAP liability activity	(359,968)	-	-
Net Position as restated at June 30, 2014	<u>\$ 40,082,490</u>	<u>\$ 21,914,510</u>	<u>\$ (28,488,345)</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 18—UPCOMING PRONOUNCEMENTS:

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2015 (Continued)

NOTE 18—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

Required Supplementary Information

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 29,334,139	\$ 29,578,257	\$ 30,767,843	\$ 1,189,586
Other local taxes	5,761,500	5,761,500	6,170,662	409,162
Permits, privilege fees, and regulatory licenses	431,250	431,250	290,882	(140,368)
Fines and forfeitures	677,800	690,072	351,183	(338,889)
Revenue from the use of money and property	294,400	294,400	189,287	(105,113)
Charges for services	1,166,800	1,167,111	1,041,610	(125,501)
Miscellaneous	-	159,587	301,349	141,762
Recovered costs	206,071	206,346	174,522	(31,824)
Intergovernmental:				
Commonwealth	8,815,307	9,317,438	9,359,716	42,278
Federal	1,193,439	1,409,439	1,526,970	117,531
Total revenues	<u>\$ 47,880,706</u>	<u>\$ 49,015,400</u>	<u>\$ 50,174,024</u>	<u>\$ 1,158,624</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 125,985	\$ 125,985	\$ 114,652	\$ 11,333
General and financial administration:				
County administrator	\$ 486,937	\$ 501,437	\$ 474,959	\$ 26,478
Human resources	302,080	314,680	298,038	16,642
Legal services	233,828	239,828	239,657	171
Commissioner of revenue	436,138	446,138	445,337	801
Treasurer	539,563	567,483	567,221	262
Assessor	478,337	478,337	439,086	39,251
Finance	627,295	672,295	624,269	48,026
Information Technology	571,395	663,295	648,068	15,227
County garage	432,334	432,334	397,060	35,274
Other general and financial administration	108,730	710,261	575,639	134,622
Total general and financial administration	<u>\$ 4,216,637</u>	<u>\$ 5,026,088</u>	<u>\$ 4,709,334</u>	<u>\$ 316,754</u>
Board of elections:				
Registrar	\$ 259,751	\$ 259,751	\$ 234,871	\$ 24,880
Total general government administration	<u>\$ 4,602,373</u>	<u>\$ 5,411,824</u>	<u>\$ 5,058,857</u>	<u>\$ 352,967</u>
Judicial administration:				
Courts:				
Circuit court	\$ 141,900	\$ 141,900	\$ 119,143	\$ 22,757
General district court	34,630	44,130	44,005	125
Magistrate	475	475	-	475
Sheriff	936,898	983,613	967,049	16,564
Law library	-	22,923	8,957	13,966

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 62,602	\$ 62,672	\$ 62,668	\$ 4
Clerk of Circuit Court	509,644	510,444	510,439	5
Total courts	\$ 1,686,149	\$ 1,766,157	\$ 1,712,261	\$ 53,896
Commonwealth's attorney:				
Commonwealth's attorney	\$ 580,607	\$ 655,607	\$ 619,301	\$ 36,306
Total judicial administration	\$ 2,266,756	\$ 2,421,764	\$ 2,331,562	\$ 90,202
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,116,199	\$ 5,221,149	\$ 5,101,623	\$ 119,526
Law enforcement grants	-	185,959	91,303	94,656
Total law enforcement and traffic control	\$ 5,116,199	\$ 5,407,108	\$ 5,192,926	\$ 214,182
Fire and rescue services:				
Volunteer fire departments	\$ 197,230	\$ 398,679	\$ 299,526	\$ 99,153
Volunteer emergency crew	22,800	24,100	24,052	48
LOSAP volunteers	104,500	104,500	104,500	-
SAFER Grant	359,074	359,074	359,074	-
Fire and rescue service	1,819,086	2,411,427	2,311,849	99,578
Total fire and rescue services	\$ 2,502,690	\$ 3,297,780	\$ 3,099,001	\$ 198,779
Correction and detention:				
Confinement and care of prisoners	\$ 2,218,206	\$ 2,218,206	\$ 2,155,973	\$ 62,233
Juvenile services - VJCCCA	75,814	75,814	74,231	1,583
Court services	850	850	835	15
Total correction and detention	\$ 2,294,870	\$ 2,294,870	\$ 2,231,039	\$ 63,831
Inspections:				
Building	\$ 1,075,604	\$ 1,076,755	\$ 1,049,775	\$ 26,980
Other protection:				
Animal control	\$ 436,410	\$ 461,410	\$ 440,739	\$ 20,671
Emergency services	1,011,045	983,777	917,853	65,924
Total other protection	\$ 1,447,455	\$ 1,445,187	\$ 1,358,592	\$ 86,595
Total public safety	\$ 12,436,818	\$ 13,521,700	\$ 12,931,333	\$ 590,367

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 88,865	\$ 77,286	\$ 68,300	\$ 8,986
Total sanitation and waste removal	\$ 88,865	\$ 77,286	\$ 68,300	\$ 8,986
Maintenance of general buildings and grounds:				
General properties	\$ 1,969,152	\$ 2,040,596	\$ 1,969,595	\$ 71,001
Engineering	7,000	7,000	4,982	2,018
Total maintenance of general buildings and grounds	\$ 1,976,152	\$ 2,047,596	\$ 1,974,577	\$ 73,019
Total public works	\$ 2,065,017	\$ 2,124,882	\$ 2,042,877	\$ 82,005
Health and welfare:				
Health:				
Supplement of local health department	\$ 222,377	\$ 222,377	\$ 222,377	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 99,305	\$ 99,305	\$ 99,305	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,058,832	\$ 2,310,064	\$ 2,168,451	\$ 141,613
Comprehensive services	957,855	1,302,855	1,268,641	34,214
Tax Relief for the Elderly & Disabled	450,000	450,000	209,699	240,301
Total welfare	\$ 3,466,687	\$ 4,062,919	\$ 3,646,791	\$ 416,128
Total health and welfare	\$ 3,788,369	\$ 4,384,601	\$ 3,968,473	\$ 416,128
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 14,003,080	\$ 14,539,585	\$ 11,620,198	\$ 2,919,387
Contribution to local colleges	2,000	2,000	2,000	-
Total education	\$ 14,005,080	\$ 14,541,585	\$ 11,622,198	\$ 2,919,387
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 848,378	\$ 873,378	\$ 873,060	\$ 318
Farmer's market	500	1,700	1,674	26

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 543,713	\$ 560,113	\$ 560,020	\$ 93
Total parks, recreation, and cultural	\$ 1,392,591	\$ 1,435,191	\$ 1,434,754	\$ 437
Community development:				
Environmental management:				
Contribution to soil and water conservation district	\$ 14,250	\$ 14,250	\$ 14,250	\$ -
Stormwater upgrades	-	2,100,000	52,830	2,047,170
Resource conservation and development council	2,850	2,850	2,850	-
Total environmental management	\$ 17,100	\$ 2,117,100	\$ 69,930	\$ 2,047,170
Cooperative extension program:				
Extension office	\$ 73,419	\$ 73,419	\$ 57,466	\$ 15,953
Total community development	\$ 90,519	\$ 2,190,519	\$ 127,396	\$ 2,063,123
Total expenditures	\$ 40,647,523	\$ 46,032,066	\$ 39,517,450	\$ 6,514,616
Excess (deficiency) of revenues over (under) expenditures	\$ 7,233,183	\$ 2,983,334	\$ 10,656,574	\$ 7,673,240
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,100,000	\$ 2,100,000	\$ -
Transfers (out)	(7,233,183)	(8,081,303)	(7,744,625)	336,678
Total other financing sources (uses)	\$ (7,233,183)	\$ (5,981,303)	\$ (5,644,625)	\$ 336,678
Net change in fund balances	\$ -	\$ (2,997,969)	\$ 5,011,949	\$ 8,009,918
Fund balances - beginning	-	2,997,969	15,719,301	12,721,332
Fund balances - ending	\$ -	\$ -	\$ 20,731,250	\$ 20,731,250

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 1,467,866
Interest	3,513,756
Benefit payments, including refunds of employee contributions	<u>(2,114,367)</u>
Net change in total pension liability	\$ 2,867,255
Total pension liability - beginning	51,253,691
Total pension liability - ending (a)	<u>\$ 54,120,946</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,913,168
Contributions - employee	593,887
Net investment income	5,814,591
Benefit payments, including refunds of employee contributions	<u>(2,114,367)</u>
Administrative expense	(30,700)
Other	<u>306</u>
Net change in plan fiduciary net position	\$ 6,176,885
Plan fiduciary net position - beginning	36,617,285
Plan fiduciary net position - ending (b)	<u>\$ 42,794,170</u>
 County's net pension liability - ending (a) - (b)	\$ 11,326,776
 Plan fiduciary net position as a percentage of the total pension liability	79.07%
 Covered-employee payroll	\$ 11,851,839
 County's net pension liability as a percentage of covered-employee payroll	95.57%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 409,306
Interest	1,135,508
Benefit payments, including refunds of employee contributions	(855,679)
Net change in total pension liability	<u>\$ 689,135</u>
Total pension liability - beginning	16,649,376
Total pension liability - ending (a)	<u><u>\$ 17,338,511</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 471,667
Contributions - employee	205,593
Net investment income	2,031,194
Benefit payments, including refunds of employee contributions	(855,679)
Administrative expense	(11,024)
Other	107
Net change in plan fiduciary net position	<u>\$ 1,841,858</u>
Plan fiduciary net position - beginning	13,028,277
Plan fiduciary net position - ending (b)	<u><u>\$ 14,870,135</u></u>
School subdivision's net pension liability - ending (a) - (b)	\$ 2,468,376
Plan fiduciary net position as a percentage of the total pension liability	85.76%
Covered-employee payroll	\$ 3,428,585
School subdivision's net pension liability as a percentage of covered-employee payroll	71.99%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.4272%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 51,625,000
Employer's Covered-Employee Payroll	26,967,312
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	191.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

* The amounts presented have a measurement date of the previous fiscal year end.

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

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
County:					
2015	\$ 1,912,013	\$ 1,912,013	\$ -	\$ 12,155,198	15.73%
School Board - Non-Professionals:					
2015	\$ 442,480	\$ 442,480	\$ -	\$ 3,628,337	12.20%
School Board - Professionals:					
2015	\$ 4,323,112	\$ 4,323,112	\$ -	\$ 26,635,819	16.23%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

Schedule of OPEB Funding Progress
Last Three Fiscal Years

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012	\$ -	\$ 3,150,454	\$ 3,150,454	0.00%	\$ 10,619,626	29.70%
7/1/2013	-	3,187,751	3,187,751	0.00%	10,245,236	31.10%
School Board						
7/1/2012	\$ -	\$ 13,550,047	\$ 13,550,047	0.00%	\$ 31,074,008	43.60%
7/1/2013	-	12,377,886	12,377,886	0.00%	27,673,578	44.70%

Schedule of Changes in Net Pension Liability and Related Ratios
 Pension Trust Fund
 Year Ended June 30, 2015

Total pension liability:	
Service costs	\$ 247,871
Benefit payments	<u>(131,848)</u>
Net change in total pension liability	\$ 116,023
Total pension liability - beginning	<u>1,835,176</u>
Total pension liability - ending	\$ <u><u>1,951,199</u></u>
Plan fiduciary net position:	
Employer contributions	\$ 104,500
Net investment income	64,907
Benefit payments	<u>(131,848)</u>
Net change in plan fiduciary net position	\$ 37,559
Plan fiduciary net position - beginning	<u>1,556,384</u>
Plan fiduciary net position - ending	\$ <u><u>1,593,943</u></u>
Net pension liability	\$ <u><u>357,256</u></u>
Plan fiduciary net position as a percentage of the total pension liability	\$ <u><u>82%</u></u>

Schedule of Employer Contributions (GASB 67)
 Year Ended June 30, 2015

Actuarially determined contribution	\$ 144,755
Contributions in relation to the actuarially determined contribution	<u>104,500</u>
Contribution deficiency (excess)	<u>\$ (40,255)</u>

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar on a closed amortization period
Remaining amortization period	10 years
Inflation	n/a
Investment rate of return	5.25%

Other Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ 13,901	\$ 23,901	\$ 11,141	\$ (12,760)
Miscellaneous	-	-	60,632	60,632
Total revenues	\$ 13,901	\$ 23,901	\$ 71,773	\$ 47,872
EXPENDITURES				
Current:				
General government administration				
Financial system replacement	\$ 121,120	\$ 121,120	\$ 100,177	\$ 20,943
Broadband implementation	32,060	32,060	-	32,060
Courthouse HVAC	1,200,000	1,200,000	-	1,200,000
Miscellaneous outlays / projects	297,830	338,425	61,600	276,825
Total general government administration	\$ 1,651,010	\$ 1,691,605	\$ 161,777	\$ 1,529,828
Public safety				
Police vehicles	\$ 11,347	\$ 203,343	\$ 47,967	\$ 155,376
Fire / EMS apparatus	246,016	2,086,016	1,022,290	1,063,726
Fire departments - outlays / projects	172,061	168,486	164,802	3,684
Carson VFD construction	2,017,810	2,017,810	422,790	1,595,020
New animal shelter	51,256	5,050	5,050	-
Total public safety	\$ 2,498,490	\$ 4,480,705	\$ 1,662,899	\$ 2,817,806
Health and Welfare				
Human Services Building Renovation	\$ 42,423	\$ 46,510	\$ 25,610	\$ 20,900
Parks, recreation, and cultural:				
Central Wellness Center	\$ 106,797	\$ 216,000	\$ 50,529	\$ 165,471
Park and playground development	6,575	-	-	-
Riverside Park Access Road	25,260	25,260	-	25,260
Courthouse library	33,513	14,790	8,834	5,956
Scott Park fields	408,620	417,208	107,553	309,655
PGHS tennis courts	514	-	-	-
Total parks, recreation and cultural	\$ 581,279	\$ 673,258	\$ 166,916	\$ 506,342
Education:				
School bus replacement	\$ 7,007	\$ 12,272	\$ -	\$ 12,272
Community development:				
Crosspointe center development	\$ 4,185,139	\$ 2,383,160	\$ 16,214	\$ 2,366,946
Exit 45 upgrades	200,000	210,796	35,865	174,931
Building permit software	15,312	15,312	6,293	9,019
Total community development	\$ 4,400,451	\$ 2,609,268	\$ 58,372	\$ 2,550,896
Total expenditures	\$ 9,180,660	\$ 9,513,618	\$ 2,075,574	\$ 7,438,044
Excess (deficiency) of revenues over (under) expenditures	\$ (9,166,759)	\$ (9,489,717)	\$ (2,003,801)	\$ 7,485,916
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ 200,381	\$ 1,170,068	\$ 1,170,068	\$ -
Issuance of debt	-	5,002,000	4,973,000	(29,000)
Transfers (out)	-	(2,100,000)	(2,100,000)	-
Total other financing sources (uses)	\$ 200,381	\$ 4,072,068	\$ 4,043,068	\$ (29,000)
Net change in fund balances	\$ (8,966,378)	\$ (5,417,649)	\$ 2,039,267	\$ 7,456,916
Fund balances - beginning	8,966,378	5,417,649	5,445,821	28,172
Fund balances - ending	\$ -	\$ -	\$ 7,485,088	\$ 7,485,088

County Debt Service Fund
 Schedule of Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal subsidy	\$ -	\$ -	\$ 20,809	\$ 20,809
Total revenues	\$ -	\$ -	\$ 20,809	\$ 20,809
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 2,878,851	\$ 2,878,851	\$ 2,878,851	\$ -
Interest and other fiscal charges	1,177,971	1,177,971	1,161,679	16,292
Total debt service school obligations	\$ 4,056,822	\$ 4,056,822	\$ 4,040,530	\$ 16,292
Debt Service - County Obligations:				
Principal retirement	\$ 2,122,390	\$ 2,122,390	\$ 1,996,390	\$ 126,000
Interest and other fiscal charges	622,729	622,729	667,784	(45,055)
Total debt service county obligations	\$ 2,745,119	\$ 2,745,119	\$ 2,664,174	\$ 80,945
Total expenditures:				
Principal retirement	\$ 5,001,241	\$ 5,001,241	\$ 4,875,241	\$ 126,000
Interest and other fiscal charges	1,800,700	1,800,700	1,829,463	(28,763)
Total debt service expenditures	\$ 6,801,941	\$ 6,801,941	\$ 6,704,704	\$ 97,237
Excess (deficiency) of revenues over (under) expenditures	\$ (6,801,941)	\$ (6,801,941)	\$ (6,683,895)	\$ 118,046
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,801,941	\$ 6,801,941	\$ 6,683,895	\$ (118,046)
Total other financing sources (uses)	\$ 6,801,941	\$ 6,801,941	\$ 6,683,895	\$ (118,046)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2015

	<u>Community Corrections Fund</u>	<u>Economic Development Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 281,329	\$ 417,846	\$ 90,682	\$ 64,184	\$ 854,041
Receivables (net of allowance for uncollectibles):					
Accounts receivable	<u>300</u>	<u>185,000</u>	<u>-</u>	<u>25,436</u>	<u>210,736</u>
Total assets	<u>\$ 281,629</u>	<u>\$ 602,846</u>	<u>\$ 90,682</u>	<u>\$ 89,620</u>	<u>\$ 1,064,777</u>
LIABILITIES					
Liabilities:					
Accounts payable	<u>\$ 2,986</u>	<u>\$ 902</u>	<u>\$ -</u>	<u>\$ 3,573</u>	<u>\$ 7,461</u>
Total liabilities	<u>\$ 2,986</u>	<u>\$ 902</u>	<u>\$ -</u>	<u>\$ 3,573</u>	<u>\$ 7,461</u>
FUND BALANCES					
Assigned:					
Special revenue	<u>\$ 278,643</u>	<u>\$ 601,944</u>	<u>\$ 90,682</u>	<u>\$ 86,047</u>	<u>\$ 1,057,316</u>
Total fund balances	<u>\$ 278,643</u>	<u>\$ 601,944</u>	<u>\$ 90,682</u>	<u>\$ 86,047</u>	<u>\$ 1,057,316</u>
Total liabilities and fund balances	<u>\$ 281,629</u>	<u>\$ 602,846</u>	<u>\$ 90,682</u>	<u>\$ 89,620</u>	<u>\$ 1,064,777</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

	<u>Community Corrections Fund</u>	<u>Economic Development Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Other local taxes	\$ -	\$ 998,751	\$ -	\$ 285,804	\$ 1,284,555
Charges for services	35,578	-	-	-	35,578
Miscellaneous	11,334	-	408	-	11,742
Recovered costs	125,012	-	-	-	125,012
Intergovernmental:					
Commonwealth	652,158	-	9,051	-	661,209
Total revenues	<u>\$ 824,082</u>	<u>\$ 998,751</u>	<u>\$ 9,459</u>	<u>\$ 285,804</u>	<u>\$ 2,118,096</u>
EXPENDITURES					
Current:					
Public safety	\$ 893,583	\$ -	\$ 29,033	\$ -	\$ 922,616
Community Development	-	884,513	-	150,109	1,034,622
Total expenditures	<u>\$ 893,583</u>	<u>\$ 884,513</u>	<u>\$ 29,033</u>	<u>\$ 150,109</u>	<u>\$ 1,957,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (69,501)</u>	<u>\$ 114,238</u>	<u>\$ (19,574)</u>	<u>\$ 135,695</u>	<u>\$ 160,858</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 83,340	\$ 415,118	\$ -	\$ -	\$ 498,458
Transfers (out)	-	(607,796)	-	(158,000)	(765,796)
Total other financing sources (uses)	<u>\$ 83,340</u>	<u>\$ (192,678)</u>	<u>\$ -</u>	<u>\$ (158,000)</u>	<u>\$ (267,338)</u>
Net change in fund balances	\$ 13,839	\$ (78,440)	\$ (19,574)	\$ (22,305)	\$ (106,480)
Fund balances - beginning	264,804	680,384	110,256	108,352	1,163,796
Fund balances - ending	<u><u>\$ 278,643</u></u>	<u><u>\$ 601,944</u></u>	<u><u>\$ 90,682</u></u>	<u><u>\$ 86,047</u></u>	<u><u>\$ 1,057,316</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 830,000	\$ 830,000	\$ 998,751	\$ 168,751
Charges for services	23,000	21,616	35,578	13,962	-	-	-	-
Miscellaneous	15,450	15,450	11,334	(4,116)	-	-	-	-
Recovered costs	125,012	125,012	125,012	-	-	-	-	-
Intergovernmental:								
Commonwealth	650,773	652,158	652,158	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 814,235	\$ 814,236	\$ 824,082	\$ 9,846	\$ 830,000	\$ 830,000	\$ 998,751	\$ 168,751
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	904,198	938,446	893,583	44,863	-	-	-	-
Total public safety	\$ 904,198	\$ 938,446	\$ 893,583	\$ 44,863	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	838,486	871,808	884,513	(12,705)
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 838,486	\$ 871,808	\$ 884,513	\$ (12,705)
Total expenditures	\$ 904,198	\$ 938,446	\$ 893,583	\$ 44,863	\$ 838,486	\$ 871,808	\$ 884,513	\$ (12,705)
Excess (deficiency) of revenues over (under) expenditures	\$ (89,963)	\$ (124,210)	\$ (69,501)	\$ 54,709	\$ (8,486)	\$ (41,808)	\$ 114,238	\$ 156,046
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 83,340	\$ 83,340	\$ 83,340	\$ -	\$ 171,000	\$ 415,118	\$ 415,118	\$ -
Transfers (out)	-	-	-	-	(397,000)	(607,796)	(607,796)	-
Total other financing sources (uses)	\$ 83,340	\$ 83,340	\$ 83,340	\$ -	\$ (226,000)	\$ (192,678)	\$ (192,678)	\$ -
Net change in fund balances	\$ (6,623)	\$ (40,870)	\$ 13,839	\$ 54,709	\$ (234,486)	\$ (234,486)	\$ (78,440)	\$ 156,046
Fund balances - beginning	6,623	40,870	264,804	223,934	234,486	234,486	680,384	445,898
Fund balances - ending	\$ -	\$ -	\$ 278,643	\$ 278,643	\$ -	\$ -	\$ 601,944	\$ 601,944

Asset Forfeiture Fund				Tourism Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000	\$ 285,804	\$ (89,196)
-	-	-	-	-	-	-	-
-	-	408	408	-	-	-	-
-	-	-	-	-	-	-	-
-	9,051	9,051	-	-	-	-	-
-	18	-	(18)	-	-	-	-
\$ -	\$ 9,069	\$ 9,459	\$ 390	\$ 375,000	\$ 375,000	\$ 285,804	\$ (89,196)
\$ -	\$ 113,108	\$ 29,033	\$ 84,075	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 113,108	\$ 29,033	\$ 84,075	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 247,595	\$ 247,595	\$ 150,109	\$ 97,486
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 247,595	\$ 247,595	\$ 150,109	\$ 97,486
\$ -	\$ 113,108	\$ 29,033	\$ 84,075	\$ 247,595	\$ 247,595	\$ 150,109	\$ 97,486
\$ -	\$ (104,039)	\$ (19,574)	\$ 84,465	\$ 127,405	\$ 127,405	\$ 135,695	\$ 8,290
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(158,000)	(158,000)	(158,000)	-
\$ -	\$ -	\$ -	\$ -	\$ (158,000)	\$ (158,000)	\$ (158,000)	\$ -
\$ -	\$ (104,039)	\$ (19,574)	\$ 84,465	\$ (30,595)	\$ (30,595)	\$ (22,305)	\$ 8,290
-	104,039	110,256	6,217	30,595	30,595	108,352	77,757
\$ -	\$ -	\$ 90,682	\$ 90,682	\$ -	\$ -	\$ 86,047	\$ 86,047

Combining Statement of Fiduciary Net Position
 Agency Funds
 At June 30, 2015

	<u>Agency Funds</u>			
	<u>Special Welfare Fund</u>	<u>Fringe Benefits Fund</u>	<u>Performance Bond Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 14,397	\$ -	\$ 54,588	\$ 68,985
Accounts receivable	<u>-</u>	<u>305,904</u>	<u>-</u>	<u>305,904</u>
Total assets	<u>\$ 14,397</u>	<u>\$ 305,904</u>	<u>\$ 54,588</u>	<u>\$ 374,889</u>
LIABILITIES				
Amounts held for others	<u>\$ 14,397</u>	<u>\$ 305,904</u>	<u>\$ 54,588</u>	<u>\$ 374,889</u>
Total liabilities	<u>\$ 14,397</u>	<u>\$ 305,904</u>	<u>\$ 54,588</u>	<u>\$ 374,889</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 7,816	\$ 18,840	\$ 12,259	\$ 14,397
Liabilities:				
Amounts held for others	\$ 7,816	\$ 18,840	\$ 12,259	\$ 14,397
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 7,026,020	\$ 7,026,020	\$ -
Accounts receivable	267,909	305,904	267,909	305,904
Total assets	\$ 267,909	\$ 7,331,924	\$ 7,293,929	\$ 305,904
Liabilities:				
Amounts held for others	\$ 267,909	\$ 7,331,924	\$ 7,293,929	\$ 305,904
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ 138,046	\$ 21,293	\$ 104,751	\$ 54,588
Total assets	\$ 138,046	\$ 21,293	\$ 104,751	\$ 54,588
Liabilities:				
Amounts held for others	\$ 138,046	\$ 21,293	\$ 104,751	\$ 54,588
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 145,862	\$ 7,066,153	\$ 7,143,030	\$ 68,985
Accounts receivable	267,909	305,904	267,909	305,904
Total assets	\$ 413,771	\$ 7,372,057	\$ 7,410,939	\$ 374,889
Liabilities:				
Amounts held for others	\$ 413,771	\$ 7,372,057	\$ 7,410,939	\$ 374,889
Total liabilities	\$ 413,771	\$ 7,372,057	\$ 7,410,939	\$ 374,889

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Discretely Presented Component Unit – School Board

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Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 At June 30, 2015

	<u>Major Fund</u>	<u>NonMajor Funds</u>		
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,889,681	\$ 950,889	\$ 220,691	\$ 7,061,261
Receivables (net of allowance for uncollectibles):				
Accounts receivable	107,717	-	7,925	115,642
Due from other governmental units	1,950,280	66,060	21,599	2,037,939
Total assets	<u>\$ 7,947,678</u>	<u>\$ 1,016,949</u>	<u>\$ 250,215</u>	<u>\$ 9,214,842</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 736,084	\$ 11,350	\$ 3,708	\$ 751,142
Due to Primary Government	1,031,663	-	-	1,031,663
Accrued liabilities	6,179,731	159,715	-	6,339,446
Total liabilities	<u>\$ 7,947,478</u>	<u>\$ 171,065</u>	<u>\$ 3,708</u>	<u>\$ 8,122,251</u>
Fund balances:				
Committed:				
Education	\$ 1,096,203	\$ -	\$ -	\$ 1,096,203
Assigned:				
Special Revenue	200	845,884	246,507	1,092,591
Unassigned	(1,096,203)	-	-	(1,096,203)
Total fund balances	<u>\$ 200</u>	<u>\$ 845,884</u>	<u>\$ 246,507</u>	<u>\$ 1,092,591</u>
Total liabilities and fund balances	<u>\$ 7,947,678</u>	<u>\$ 1,016,949</u>	<u>\$ 250,215</u>	<u>\$ 9,214,842</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above	\$ 1,092,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,311,558
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Items related to measurement of the net pension liability.	(8,563,000)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are reported in the funds.	4,765,592
Changes in proportion and differences between employer contributions and proportionate share of contributions.	1,297,000
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(59,799,955)</u>
Net position of governmental activities	<u>\$ (27,896,214)</u>

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

	Major Fund		Nonmajor Funds	
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Total Governmental Funds
REVENUES				
Charges for services	\$ 119,807	\$ 1,116,433	\$ 92,991	\$ 1,329,231
Miscellaneous	575	-	-	575
Recovered costs	232,982	-	-	232,982
Intergovernmental:				
County contribution to school board	11,620,198	-	-	11,620,198
Commonwealth	39,002,699	36,975	206,252	39,245,926
Federal	6,960,343	1,538,222	266,170	8,764,735
Total revenues	<u>\$ 57,936,604</u>	<u>\$ 2,691,630</u>	<u>\$ 565,413</u>	<u>\$ 61,193,647</u>
EXPENDITURES				
Current:				
Education	\$ 57,936,604	\$ 2,576,697	\$ 562,921	\$ 61,076,222
Total expenditures	<u>\$ 57,936,604</u>	<u>\$ 2,576,697</u>	<u>\$ 562,921</u>	<u>\$ 61,076,222</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 114,933	\$ 2,492	\$ 117,425
Net change in fund balances	\$ -	\$ 114,933	\$ 2,492	\$ 117,425
Fund balances - beginning	200	730,951	244,015	975,166
Fund balances - ending	<u>\$ 200</u>	<u>\$ 845,884</u>	<u>\$ 246,507</u>	<u>\$ 1,092,591</u>

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

Net change in fund balances - total governmental funds - per above \$ 117,425

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

Current year asset additions	789,755
Depreciation expense	(1,554,609)
County contribution for land acquisition	628,797

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Items related to the measurement of the net pension liability (8,563,000)

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.

Details supporting these changes are as follows:

Change in compensated absences	34,761
Change in net OPEB obligation	(628,045)
Change in net pension liability	6,793,723
Change in deferred outflows of resources	1,943,925

Transfer of joint tenancy assets from Component Unit to the Primary Government. 1,029,399

Change in net position of governmental activities \$ 592,131

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 111,000	\$ 111,000	\$ 119,807	\$ 8,807
Miscellaneous	-	-	575	575
Recovered costs	290,000	290,000	232,982	(57,018)
Intergovernmental:				
County contribution to School Board	14,003,080	14,674,414	11,620,198	(3,054,216)
Commonwealth	38,742,436	38,742,436	39,002,699	260,263
Federal	5,950,201	5,950,201	6,960,343	1,010,142
Total revenues	<u>\$ 59,096,717</u>	<u>\$ 59,768,051</u>	<u>\$ 57,936,604</u>	<u>\$ (1,831,447)</u>
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 42,847,420	\$ 42,847,420	\$ 41,478,603	\$ 1,368,817
Instruction - Title 1	639,020	639,020	625,591	13,429
Administrative, attendance & health services	2,820,138	2,820,138	2,742,070	78,068
Pupil transportation	4,308,448	4,308,448	4,081,584	226,864
Operation and maintenance	5,311,924	5,311,924	5,521,801	(209,877)
Facilities	450,000	450,000	543,430	(93,430)
Technology	2,688,722	2,688,722	2,940,307	(251,585)
Contingencies	31,045	702,379	3,218	699,161
Total education	<u>\$ 59,096,717</u>	<u>\$ 59,768,051</u>	<u>\$ 57,936,604</u>	<u>\$ 1,831,447</u>
Total expenditures	<u>\$ 59,096,717</u>	<u>\$ 59,768,051</u>	<u>\$ 57,936,604</u>	<u>\$ 1,831,447</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	200	200
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2015

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,334,300	\$ 1,334,300	\$ 1,116,433	\$ (217,867)
Intergovernmental:				
Commonwealth	47,000	47,000	36,975	(10,025)
Federal	1,540,000	1,540,000	1,538,222	(1,778)
Total revenues	<u>\$ 2,921,300</u>	<u>\$ 2,921,300</u>	<u>\$ 2,691,630</u>	<u>\$ (229,670)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	-
School food services	2,921,300	2,921,300	2,576,697	344,603
Total expenditures	<u>\$ 2,921,300</u>	<u>\$ 2,921,300</u>	<u>\$ 2,576,697</u>	<u>\$ 344,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,933</u>	<u>\$ 114,933</u>
Net change in fund balances	\$ -	\$ -	\$ 114,933	\$ 114,933
Fund balances - beginning	-	-	730,951	730,951
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,884</u>	<u>\$ 845,884</u>

Adult Basic Education Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 207,606	\$ 273,107	\$ 92,991	\$ (180,116)
387,051	206,291	206,252	(39)
348,663	309,613	266,170	(43,443)
<u>\$ 943,320</u>	<u>\$ 789,011</u>	<u>\$ 565,413</u>	<u>\$ (223,598)</u>
\$ 943,320	\$ 789,011	\$ 562,921	\$ 226,090
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 943,320</u>	<u>\$ 789,011</u>	<u>\$ 562,921</u>	<u>\$ 226,090</u>
\$ -	\$ -	\$ 2,492	\$ 2,492
\$ -	\$ -	\$ 2,492	\$ 2,492
<u>-</u>	<u>-</u>	<u>244,015</u>	<u>244,015</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 246,507</u></u>	<u><u>\$ 246,507</u></u>

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

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Governmental Activities	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net investment in capital assets	\$ 6,898,198	\$ 9,834,937	\$ 29,592,060	\$ 13,316,464
Restricted	-	-	-	-
Unrestricted	<u>20,550,928</u>	<u>21,926,560</u>	<u>24,936,425</u>	<u>28,028,342</u>
Total Governmental Activities Net Position	<u>\$ 27,449,126</u>	<u>\$ 31,761,497</u>	<u>\$ 54,528,485</u>	<u>\$ 41,344,806</u>
Business-Type Activities				
Net investment in capital assets	\$ 16,190,499	\$ 15,399,163	\$ 15,953,939	\$ 15,914,863
Unrestricted	<u>1,393,528</u>	<u>2,411,666</u>	<u>4,228,623</u>	<u>4,461,519</u>
Total Business-Type Activities Net Position	<u>\$ 17,584,027</u>	<u>\$ 17,810,829</u>	<u>\$ 20,182,562</u>	<u>\$ 20,376,382</u>
Primary Government				
Net investment in capital assets	\$ 23,088,697	\$ 25,234,100	\$ 45,545,999	\$ 29,231,327
Restricted	-	-	-	-
Unrestricted	<u>21,944,456</u>	<u>24,338,226</u>	<u>29,165,048</u>	<u>32,489,861</u>
Total Primary Government Activities Net Position	<u>\$ 45,033,153</u>	<u>\$ 49,572,326</u>	<u>\$ 74,711,047</u>	<u>\$ 61,721,188</u>

Table 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 20,600,365	\$ 29,428,539	\$ 28,371,837	\$ 32,649,611	\$ 31,487,810	\$ 28,505,492
-	704,609	730,241	284,061	338,206	398,838
<u>27,377,636</u>	<u>17,034,238</u>	<u>18,940,361</u>	<u>16,463,937</u>	<u>20,426,337</u>	<u>17,047,062</u>
<u>\$ 47,978,001</u>	<u>\$ 47,167,386</u>	<u>\$ 48,042,439</u>	<u>\$ 49,397,609</u>	<u>\$ 52,252,353</u>	<u>\$ 45,951,392</u>
\$ 15,801,892	\$ 16,652,732	\$ 16,208,880	\$ 15,885,286	\$ 15,778,830	\$ 15,339,288
4,966,361	5,654,321	5,512,962	6,224,416	6,636,804	6,423,645
<u>20,768,253</u>	<u>22,307,053</u>	<u>21,721,842</u>	<u>22,109,702</u>	<u>22,415,634</u>	<u>21,762,933</u>
\$ 36,402,257	\$ 46,081,271	\$ 44,580,717	\$ 48,534,897	\$ 47,266,640	\$ 43,844,780
-	704,609	730,241	284,061	338,206	398,838
<u>32,343,997</u>	<u>22,688,559</u>	<u>24,453,323</u>	<u>22,688,353</u>	<u>27,063,141</u>	<u>23,470,707</u>
<u>\$ 68,746,254</u>	<u>\$ 69,474,439</u>	<u>\$ 69,764,281</u>	<u>\$ 71,507,311</u>	<u>\$ 74,667,987</u>	<u>\$ 67,714,325</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	2006	2007	2008	2009	2010	2011
Expenses						
Governmental Activities						
General Government Administration	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221	\$ 4,578,412
Judicial Administration	1,664,985	1,914,889	2,018,229	2,268,022	2,241,269	2,118,018
Public Safety	9,282,848	10,024,872	11,333,146	12,941,920	12,554,537	12,527,189
Public Works	2,009,006	1,738,472	1,934,442	2,955,347	1,789,189	1,813,526
Health and Welfare	2,784,708	2,991,083	3,148,144	3,604,839	3,436,317	3,468,253
Education	15,458,698	13,963,513	16,531,372	27,698,650	14,895,354	24,520,498
Parks, Recreation, and Cultural	823,136	1,019,420	1,041,353	986,137	1,212,554	1,248,896
Community Development	1,573,969	1,909,449	1,860,965	7,577,851	980,382	772,579
Interest on Long-Term Debt	2,617,150	2,633,447	2,619,296	4,234,390	3,701,436	3,577,996
Total Governmental Activities Expenses	\$ 39,860,674	\$ 40,140,204	\$ 45,011,600	\$ 67,179,482	\$ 45,277,259	\$ 54,625,367
Business-Type Activities						
Public Utilities	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765
Total Business-Type Activities Expenses	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765
Total Primary Government Expenses	\$ 43,278,354	\$ 44,133,301	\$ 48,951,946	\$ 71,100,286	\$ 49,355,781	\$ 58,568,132
Program Revenues						
Governmental Activities						
Charges for Services						
General Government Administration	\$ 126,652	\$ 142,375	\$ -	\$ 312	\$ 4,455	\$ 186,865
Judicial Administration	378,717	423,874	475,295	477,248	572,973	677,370
Public Safety	1,207,031	1,156,680	1,386,124	869,831	894,482	764,177
Public Works	203,998	201,579	390,298	407,362	396,658	227,707
Parks, Recreation, and Cultural	113,637	92,558	112,023	119,881	130,764	136,609
Community Development	4,605	4,320	5,031	3,784	1,392	41,718
Operating Grants and Contributions	5,062,436	5,476,358	5,718,613	5,788,348	5,134,599	5,013,445
Capital Grants and Contributions	1,948,596	405,998	21,779,285	6,010,436	3,687,143	5,000,000
Total Governmental Activities Program Revenues	\$ 9,045,672	\$ 7,903,742	\$ 29,866,669	\$ 13,677,202	\$ 10,822,466	\$ 12,047,891
Business-Type Activities						
Charges for Services						
Public Utilities	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219
Total Business-Type Activities Program Revenues	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219
Total Primary Government Program Revenues	\$ 13,018,670	\$ 11,984,460	\$ 34,477,478	\$ 17,762,421	\$ 15,047,258	\$ 17,022,110
Net (Expense)/ Revenue						
Governmental Activities	\$ (30,815,002)	\$ (32,236,462)	\$ (15,144,931)	\$ (53,502,280)	\$ (34,454,793)	\$ (42,577,475)
Business-Type Activities	555,318	87,621	670,463	164,415	146,270	1,031,454
Total Primary Government Net Expense	\$ (30,259,684)	\$ (32,148,841)	\$ (14,474,468)	\$ (53,337,865)	\$ (34,308,523)	\$ (41,546,021)
General Revenues and Other Changes in Net Position						
Governmental Activities						
General Property Taxes	\$ 22,488,889	\$ 23,645,616	\$ 26,287,215	\$ 27,104,556	\$ 28,233,803	\$ 28,041,192
Other Local Taxes	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138	8,120,610
Unrestricted Revenues from Use of Money and Property	974,010	1,958,759	1,647,038	1,145,446	512,337	268,838
Miscellaneous	151,132	459,721	266,954	128,819	146,753	1,098,511
Grants and contributions not restricted to specific programs	3,914,301	3,869,796	3,921,031	3,863,597	3,789,308	3,813,016
County Contribution to School Board, unrestricted	-	-	-	-	-	-
Transfers	9,175	(11,280)	(1,605,550)	(157,450)	(157,350)	424,693
Total Governmental Activities	\$ 33,712,803	\$ 36,548,833	\$ 37,911,919	\$ 40,903,327	\$ 41,087,989	\$ 41,766,860
Business-Type Activities						
Unrestricted Revenues from Use of Money and Property	\$ 59,529	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196	\$ 51,735
Miscellaneous	26,350	39,252	34,735	30,935	34,055	30,918
Transfers	(9,175)	11,280	1,605,550	157,450	157,350	424,693
Total Business-Type Activities	\$ 76,704	\$ 139,180	\$ 1,701,270	\$ 234,992	\$ 245,601	\$ 507,346
Total Primary Government	\$ 33,789,507	\$ 36,688,013	\$ 39,613,189	\$ 41,138,319	\$ 41,333,590	\$ 42,274,206
Change in Net Position						
Governmental Activities	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196	\$ (810,615)
Business-Type Activities	632,022	226,801	2,371,733	399,407	391,871	1,538,800
Total Primary Government Change in Net Position	\$ 3,529,823	\$ 4,539,172	\$ 25,138,721	\$ (12,199,546)	\$ 7,025,067	\$ 728,185

Table 2
Page 1 of 2

	2012	2013	2014	2015
\$	4,887,534	\$ 4,927,971	\$ 4,895,544	\$ 5,226,913
	2,189,341	2,105,719	2,279,571	2,361,018
	13,139,882	13,620,239	15,209,669	14,683,153
	2,008,209	1,985,467	1,918,871	1,976,333
	3,797,482	3,508,587	3,825,004	3,893,335
	15,792,643	15,976,873	17,189,503	13,944,549
	1,839,838	1,803,237	1,840,982	2,169,979
	1,161,919	646,834	1,715,143	1,246,531
	2,586,665	2,006,445	1,848,132	1,585,509
\$	<u>47,403,513</u>	<u>\$ 46,581,372</u>	<u>\$ 50,722,418</u>	<u>\$ 47,087,320</u>
\$	<u>4,907,268</u>	<u>\$ 3,919,095</u>	<u>\$ 4,551,777</u>	<u>\$ 5,049,902</u>
\$	<u>4,907,268</u>	<u>\$ 3,919,095</u>	<u>\$ 4,551,777</u>	<u>\$ 5,049,902</u>
\$	<u>52,310,781</u>	<u>50,500,467</u>	<u>55,274,195</u>	<u>52,137,222</u>
\$	180,435	\$ 44,476	\$ 13,625	\$ 315,724
	601,631	788,800	577,035	478,272
	717,115	729,407	857,627	647,770
	155,793	65,298	427,282	119,175
	138,982	125,298	135,969	122,734
	29,929	407,599	119,583	35,578
	5,203,184	5,013,258	6,114,788	6,327,951
	-	-	2,691,550	-
\$	<u>7,027,069</u>	<u>\$ 7,174,136</u>	<u>\$ 10,937,459</u>	<u>\$ 8,047,204</u>
\$	<u>4,076,488</u>	<u>\$ 4,044,255</u>	<u>\$ 4,640,279</u>	<u>\$ 4,602,908</u>
\$	<u>4,076,488</u>	<u>\$ 4,044,255</u>	<u>\$ 4,640,279</u>	<u>\$ 4,602,908</u>
\$	<u>11,103,557</u>	<u>11,218,391</u>	<u>15,577,738</u>	<u>12,650,112</u>
\$	(40,376,444)	\$ (39,407,236)	\$ (39,784,959)	\$ (39,040,116)
	(830,780)	125,160	88,502	(446,994)
\$	<u>(41,207,224)</u>	<u>(39,282,076)</u>	<u>(39,696,457)</u>	<u>(39,487,110)</u>
\$	28,463,166	\$ 28,383,780	\$ 30,689,457	\$ 31,796,896
	7,373,261	6,867,373	6,868,405	7,455,217
	314,909	238,946	197,888	200,428
	60,435	330,799	315,552	373,723
	5,197,796	-	-	5,240,754
	-	5,100,696	5,097,195	-
	(158,070)	(159,189)	(157,100)	(158,000)
\$	<u>41,251,497</u>	<u>\$ 40,762,405</u>	<u>\$ 43,011,397</u>	<u>\$ 44,909,018</u>
\$	54,466	\$ 54,438	\$ 60,330	\$ 80,465
	33,033	49,073	-	56,952
	158,070	159,189	157,100	158,000
\$	<u>245,569</u>	<u>\$ 262,700</u>	<u>\$ 217,430</u>	<u>\$ 295,417</u>
\$	<u>41,497,066</u>	<u>41,025,105</u>	<u>43,228,827</u>	<u>45,204,435</u>
\$	875,053	\$ 1,355,169	\$ 3,226,438	\$ 5,868,902
	(585,211)	387,860	305,932	(151,577)
\$	<u>289,842</u>	<u>1,743,029</u>	<u>3,532,370</u>	<u>5,717,325</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Fund Balance, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

General Fund	2006	2007	2008	2009
Reserved	\$ -	\$ -	\$ -	-
Unreserved, Designated for Revenue Maximization	93,393	75,839	54,740	26,140
Unreserved, Designated for Housing	146,488	140,959	61,943	36,944
Unreserved, Designated for Community Corrections	-	-	-	-
Unreserved	14,681,925	18,209,267	19,946,161	21,377,327
Restricted:				
Public safety	-	-	-	-
Committed:				
Subsequent years expenditures	-	-	-	-
Assigned:				
Public safety	-	-	-	-
Tourism	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 14,921,806	\$ 18,426,065	\$ 20,062,844	\$ 21,440,411
All Other Governmental Funds				
Unavailable revenue	\$ -	\$ -	\$ -	-
Reserved for capital projects	6,042,481	4,040,010	39,377,808	29,338,168
Unreserved, reported in Debt Service Fund	-	-	-	-
Unreserved, reported in Special Revenue Funds	1,213,996	942,658	1,939,520	1,587,521
Unreserved, reported in Capital Projects Fund	-	-	-	-
Restricted:				
Proffers	-	-	-	-
Committed:				
Library	-	-	-	-
Crosspointe Center	-	-	-	-
Animal Shelter	-	-	-	-
Police Building	-	-	-	-
Human Services Building	-	-	-	-
Disoutanta Fire Station	-	-	-	-
Broadband Implementation	-	-	-	-
Fire EMS Apparatus	-	-	-	-
Enterprise Resource Software	-	-	-	-
Assigned:				
Other capital purposes	-	-	-	-
Special revenue	-	-	-	-
Total All Other Governmental Funds	\$ 7,256,477	\$ 4,982,668	\$ 41,317,328	\$ 30,925,689
Total Governmental Funds	\$ 22,178,283	\$ 23,408,733	\$ 61,380,172	\$ 52,366,100

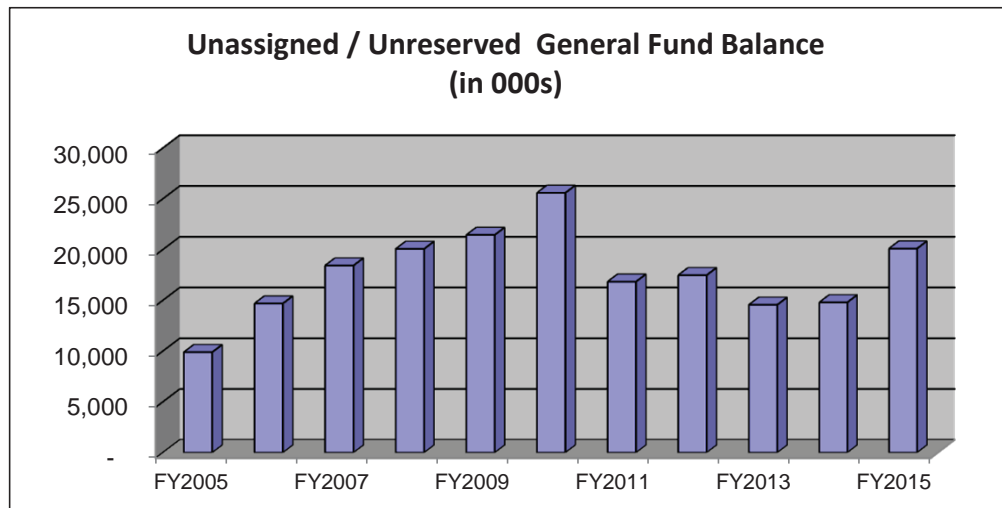


Table 3

	2010	2011	2012	2013	2014	2015
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	38,439	-	-	-	-	-
	38,523	-	-	-	-	-
	150,043	-	-	-	-	-
	25,356,429	-	-	-	-	-
	-	136,047	210,199	-	-	-
	-	-	-	1,269,724	926,055	635,843
	-	35,021	-	60,000	-	-
	-	8,932	-	398,582	-	-
	-	16,835,504	17,473,532	14,555,614	14,793,246	20,095,407
\$	<u>25,583,434</u>	<u>\$ 17,015,504</u>	<u>\$ 17,683,731</u>	<u>\$ 16,283,920</u>	<u>\$ 15,719,301</u>	<u>\$ 20,731,250</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	20,288,574	-	-	-	-	-
	-	-	-	-	-	-
	748,326	-	-	-	-	-
	-	-	-	-	-	-
	-	704,609	730,241	284,061	338,206	398,838
	-	264,573	-	-	-	-
	-	1,051,238	1,315,919	953,060	4,185,139	-
	-	2,204,096	422,142	146,840	51,256	-
	-	65,568	-	-	-	-
	-	-	-	515,801	42,423	-
	-	-	-	-	172,061	-
	-	-	-	32,060	32,060	-
	-	-	-	180,073	246,016	-
	-	890,000	1,017,636	591,607	121,120	-
	-	5,944,695	3,680,196	1,857,859	257,540	7,086,250
	-	915,769	896,868	1,210,370	1,163,795	1,057,316
\$	<u>21,036,900</u>	<u>\$ 12,745,157</u>	<u>\$ 8,793,243</u>	<u>\$ 5,771,730</u>	<u>\$ 6,609,616</u>	<u>\$ 8,542,404</u>
\$	<u>46,620,334</u>	<u>\$ 29,760,661</u>	<u>\$ 26,476,974</u>	<u>\$ 22,055,650</u>	<u>\$ 22,328,917</u>	<u>\$ 29,273,654</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Revenues

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Property Taxes	\$ 22,617,327	\$ 23,597,753	\$ 25,959,745	\$ 26,778,786	\$ 28,033,301
Other Local Taxes	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138
Permits, Privilege Fees, and Licenses	706,915	733,173	1,032,075	396,316	453,302
Fines and Forfeitures	297,727	295,893	336,579	340,961	411,747
Revenue from Use of Money and Property	974,010	1,958,759	1,647,038	1,145,446	512,337
Charges for Services	1,029,998	992,320	1,000,117	1,141,141	1,135,675
Miscellaneous	151,132	451,285	266,954	128,818	146,754
Recovered Costs	270,772	476,616	502,252	418,352	321,467
Intergovernmental Revenues:					
Commonwealth	9,745,610	8,624,196	12,321,427	14,590,546	11,597,678
Federal	1,179,723	1,128,285	1,095,736	1,071,835	1,013,370
Total Revenues	\$ 43,148,510	\$ 44,884,501	\$ 51,557,154	\$ 54,830,560	\$ 52,188,769

Expenditures

General Government Administration	\$ 3,405,619	\$ 3,801,800	\$ 4,264,176	\$ 4,660,952	\$ 4,254,648
Judicial Administration	1,524,110	1,788,031	1,911,988	2,089,073	2,103,408
Public Safety	8,478,865	9,385,203	10,285,574	11,076,575	11,250,451
Public Works	1,584,135	1,703,355	1,876,896	1,812,627	1,804,265
Health and Welfare	2,726,733	2,945,060	3,122,249	3,512,350	3,379,645
Education	10,561,403	9,666,163	9,811,924	12,690,392	11,926,355
Parks, Recreation, and Cultural	866,007	1,005,038	980,438	1,097,109	1,100,437
Community Development	1,017,693	1,913,858	1,942,574	1,239,599	894,021
Capital Projects	7,669,800	5,574,828	11,237,307	18,022,853	7,122,731
Debt Service:					
Principal Retirement	3,216,287	3,414,797	3,942,622	8,978,291	15,564,571
Interest and Other Fiscal Charges	2,427,093	2,723,642	2,673,379	3,807,361	3,826,653
Total Expenditures	\$ 43,477,745	\$ 43,921,775	\$ 52,049,127	\$ 68,987,182	\$ 63,227,185

**Excess (deficiency) of revenues over
(under) expenditures**

\$ (329,235)	\$ 962,726	\$ (491,973)	\$ (14,156,622)	\$ (11,038,416)
---------------------	-------------------	---------------------	------------------------	------------------------

Other Financing Sources (Uses)

Transfers in	\$ 5,497,004	\$ 8,477,352	\$ 9,821,871	\$ 8,167,466	\$ 17,860,254
Transfers (out)	(5,487,829)	(8,488,632)	(11,427,421)	(8,324,916)	(18,017,604)
Proceeds of general obligation debt	11,935,253	-	39,900,000	5,300,000	5,450,000
Premium on Bonds	424,912	-	168,962	-	-
Retirement of bond anticipation notes	(9,938,180)	-	-	-	-
Sale of Capital Assets	423,099	279,004	-	-	-
Total Other Financing Sources (Uses)	\$ 2,854,259	\$ 267,724	\$ 38,463,412	\$ 5,142,550	\$ 5,292,650

Net Change in Fund Balances

\$ 2,525,024	\$ 1,230,450	\$ 37,971,439	\$ (9,014,072)	\$ (5,745,766)
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Debt Service as a Percentage of

Noncapital Expenditures:					
Total debt service	\$ 5,643,380	\$ 6,138,439	\$ 6,616,001	\$ 12,785,652	\$ 19,391,224
Total expenditures	\$ 43,477,745	\$ 43,921,775	\$ 52,049,127	\$ 68,987,182	\$ 63,227,185
Capital outlay	(7,360,253)	(5,574,828)	(6,083,223)	(17,979,571)	(7,032,012)
Non-capital expenditures	\$ 36,117,492	\$ 38,346,947	\$ 45,965,904	\$ 51,007,611	\$ 56,195,173
Debt service as a percentage of non-capital expenditures	15.6%	16.0%	14.4%	25.1%	34.5%

Table 4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	27,774,462	\$ 28,278,105	\$ 28,076,404	\$ 30,609,309	\$ 30,767,843
	8,969,995	7,373,261	6,867,372	6,868,405	7,455,217
	360,836	301,859	421,103	314,697	290,882
	550,593	472,094	719,967	525,325	351,183
	268,838	314,909	238,946	197,888	200,428
	1,123,017	1,049,932	1,019,808	1,291,099	1,077,188
	1,098,511	60,435	330,799	315,552	373,723
	691,048	291,421	316,849	319,517	299,535
	12,895,099	9,214,172	9,272,385	12,690,688	10,020,925
	931,361	1,186,808	841,568	1,233,767	1,547,779
\$	<u>54,663,760</u>	<u>48,542,996</u>	<u>48,105,201</u>	<u>54,366,247</u>	<u>52,384,703</u>
\$	4,375,716	\$ 4,671,416	\$ 4,546,495	\$ 5,029,115	\$ 5,220,634
	2,045,372	2,083,443	2,122,535	2,191,059	2,331,562
	11,790,734	11,955,650	12,048,224	14,786,501	15,516,848
	1,891,639	1,989,512	1,988,541	1,936,664	2,042,877
	3,464,941	3,854,750	3,520,115	4,481,982	3,994,083
	13,694,270	13,245,989	13,292,762	14,701,665	11,622,198
	1,077,696	1,285,903	3,118,571	2,486,999	1,601,670
	928,536	1,187,412	616,973	4,142,473	1,220,391
	8,719,257	4,657,799	3,200,916	-	-
	19,855,149	18,111,981	5,136,233	5,215,325	4,875,241
	3,960,041	2,892,390	2,045,733	1,984,676	1,829,463
\$	<u>71,803,351</u>	<u>65,936,245</u>	<u>51,637,098</u>	<u>56,956,457</u>	<u>50,254,967</u>
\$	<u>(17,139,591)</u>	<u>(17,393,249)</u>	<u>(3,531,897)</u>	<u>(2,590,210)</u>	<u>2,129,736</u>
\$	30,028,510	\$ 7,744,887	\$ 8,358,994	\$ 8,923,778	\$ 10,452,421
	(30,453,203)	(7,902,957)	(8,518,183)	(9,080,878)	(10,610,421)
	-	13,741,089	-	3,200,000	4,973,000
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>(424,693)</u>	<u>13,583,019</u>	<u>(159,189)</u>	<u>3,042,900</u>	<u>4,815,000</u>
\$	<u>(17,564,282)</u>	<u>(3,810,230)</u>	<u>(3,691,086)</u>	<u>452,690</u>	<u>6,944,736</u>
\$	<u>23,815,190</u>	<u>21,004,371</u>	<u>7,181,966</u>	<u>7,200,001</u>	<u>6,704,704</u>
\$	71,803,351	\$ 65,936,245	\$ 51,637,098	\$ 56,956,457	\$ 50,254,967
	(8,980,372)	(4,708,846)	(3,200,916)	-	-
\$	<u>62,822,979</u>	<u>61,227,399</u>	<u>48,436,182</u>	<u>56,956,457</u>	<u>50,254,967</u>
	37.9%	34.3%	14.8%	12.6%	13.3%

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Sources

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Real Property Taxes	\$ 17,010,527	\$ 17,250,136	\$ 19,130,413	\$ 20,266,075
Real & Personal Public Service Corporation Taxes	676,261	838,405	727,245	741,904
Personal Property Taxes	4,460,413	4,895,952	5,449,410	5,186,845
Machinery & Tools Taxes	211,649	337,676	335,969	297,517
Penalties & Interest	258,477	275,584	316,708	286,445
Total, General Property Taxes	\$ 22,617,327	\$ 23,597,753	\$ 25,959,745	\$ 26,778,786
Local Sales and Use Taxes	\$ 1,141,290	\$ 1,333,959	\$ 1,427,664	\$ 1,837,964
Consumer Utility Taxes	1,534,247	1,299,391	778,530	798,962
Cable Franchise Taxes	43,103	56,974	1,915	(1,909)
Business License	674,259	733,948	998,688	2,275,872
Motor Vehicle Licenses	708,033	728,165	800,986	823,067
Bank Stock Taxes	84,743	84,412	80,301	81,240
Recordation Taxes	524,378	487,000	542,669	282,594
Rental Tax	3,531	3,404	2,385	2,388
Transient Occupancy Taxes	200,358	555,486	602,451	513,651
Communication taxes	-	522,138	1,474,445	1,358,465
Taxicab licenses	1,900	-	-	-
E911 Taxes	468,144	222,863	54,401	122,397
Meals Taxes	513,273	598,481	630,796	723,668
Total, Other Local Taxes	\$ 5,897,259	\$ 6,626,221	\$ 7,395,231	\$ 8,818,359
Total General Governmental Tax Revenues	\$ 28,514,586	\$ 30,223,974	\$ 33,354,976	\$ 35,597,145

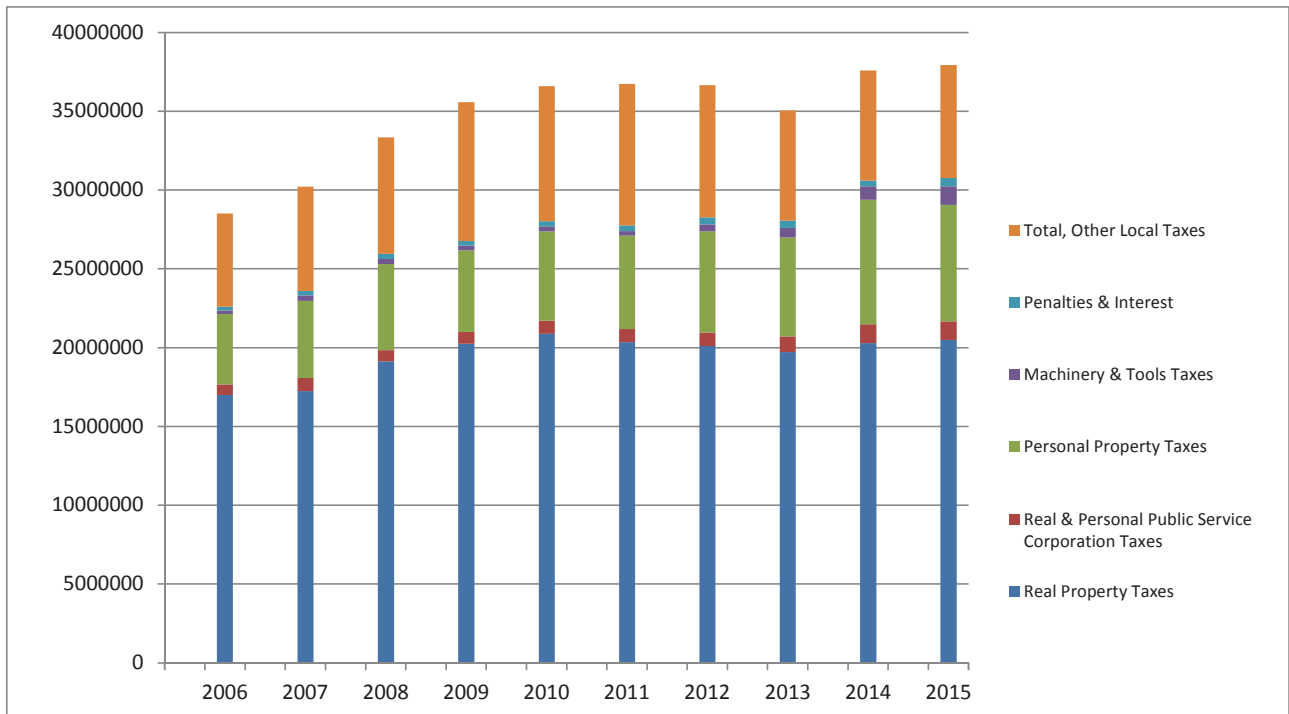


Table 5

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	20,882,673	\$ 20,353,123	\$ 20,119,169	\$ 19,721,432	\$ 20,296,880	\$ 20,510,801
	833,742	828,069	846,693	1,008,576	1,198,121	1,170,946
	5,666,494	5,933,062	6,423,233	6,273,041	7,898,825	7,390,527
	336,920	295,092	443,667	596,734	858,035	1,170,874
	313,472	365,116	445,344	476,621	357,449	524,694
\$	<u>28,033,301</u>	<u>27,774,462</u>	<u>28,278,106</u>	<u>28,076,404</u>	<u>30,609,309</u>	<u>30,767,843</u>
\$	1,768,721	\$ 1,932,433	\$ 1,902,611	\$ 1,933,998	\$ 1,966,673	\$ 1,975,100
	797,218	807,714	772,302	832,304	884,536	797,796
	7	-	-	-	-	-
	2,178,533	2,218,648	2,018,510	1,493,187	1,498,296	1,422,092
	811,012	825,154	820,939	802,468	828,701	938,297
	83,585	94,432	89,452	92,247	91,358	112,021
	252,785	239,477	281,894	287,472	269,505	321,579
	1,578	-	-	-	-	-
	516,806	454,216	243,712	588,649	464,452	459,382
	1,314,801	1,348,145	1,388,841	-	-	-
	-	-	-	-	-	-
	139,805	132,106	174,522	110,988	120,810	161,764
	698,287	917,671	703,751	837,049	867,539	998,751
\$	<u>8,563,138</u>	<u>8,969,995</u>	<u>8,396,534</u>	<u>6,978,361</u>	<u>6,991,869</u>	<u>7,186,782</u>
\$	<u><u>36,596,439</u></u>	<u><u>36,744,457</u></u>	<u><u>36,674,640</u></u>	<u><u>35,054,765</u></u>	<u><u>37,601,179</u></u>	<u><u>37,954,624</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Assessed Value and Actual Value of Taxable Property and Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial/Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools
2006	\$ 1,566,773,203	\$ 250,402,650	\$ 1,817,175,853	\$ 198,735,156	\$ 20,174,643
2007	1,812,825,997	284,491,563	2,097,317,560	214,481,355	22,479,110
2008	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294
2013	2,079,596,500	413,491,500	2,493,088,000	235,156,981	39,313,969
2014	2,092,401,900	429,741,500	2,522,143,400	260,094,073	46,907,596
2015	2,115,352,900	441,582,500	2,556,935,400	273,519,664	75,173,013

Notes: Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

*FY2005 was the first year real estate was collected in semiannual installments. Assessed value includes all of calendar 2004 assessments and one-half of calendar 2005 assessments. FY2006 includes one-half of calendar 2005 and one-half of calendar year 2006 assessments.

The County of Prince George does not have any overlapping property tax rates.

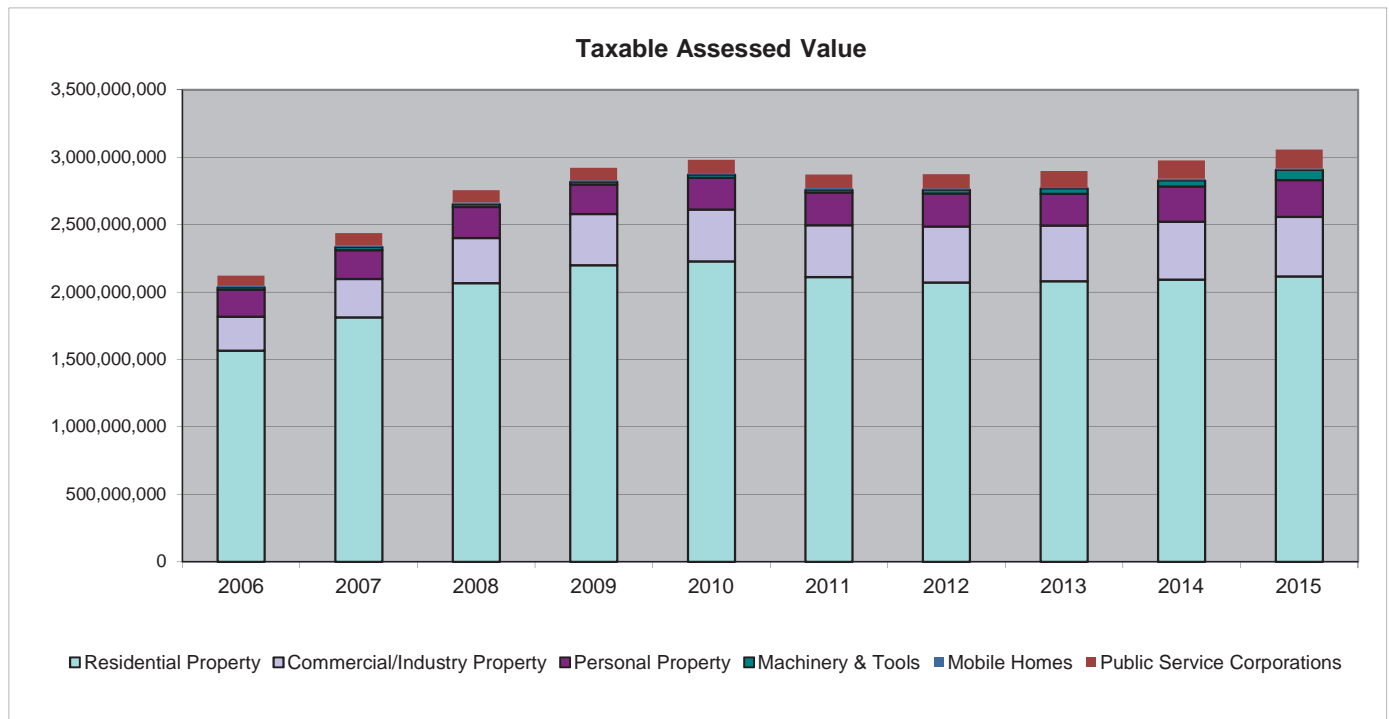


Table 6

	Mobile Homes	Public Service Corporations	Total Taxable Assessed Value	Total Direct Tax Rate
\$	10,143,919	\$ 74,958,876	\$ 2,121,188,447	\$ 0.83
	10,112,446	91,330,546	2,435,721,017	1.01
	10,172,937	90,463,693	2,754,023,783	1.04
	10,457,422	91,883,661	2,920,523,072	1.11
	10,426,530	100,234,074	2,980,546,326	1.10
	10,743,368	100,859,694	2,871,213,768	1.08
	10,321,685	104,214,656	2,872,862,707	1.08
	10,046,854	118,764,823	2,896,370,627	1.07
	9,921,855	136,030,775	2,975,097,699	1.09
	9,503,122	139,887,074	3,055,018,273	1.03

Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2015			2006		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Rolls Royce Crosspointe LLC	\$ 57,667,300	1	1.87%	\$ N/A	N/A	N/A
Delhaize America Distributing LLC	35,488,000	2	1.15%	39,332,600	1	2.31%
Ace Hardware Corp.	26,767,000	3	0.87%	28,608,600	2	1.68%
Crossroads Holdings LLC	18,218,700	4	0.59%	N/A	N/A	N/A
James C. Justice Companies Inc.	17,904,300	5	0.58%	N/A	N/A	N/A
Independence Place Jefferson Park	16,186,800	6	0.52%	N/A	N/A	N/A
RCC Crossings LLC	13,554,700	7	0.44%	15,149,500	3	0.89%
Jefferson Pointe	13,205,500	8	0.43%	N/A	N/A	N/A
Summit Investments II	11,564,600	9	0.37%	N/A	N/A	N/A
Standard Motor Products Inc.	10,745,100	10	0.35%	10,745,100	4	0.63%
RAJ	N/A	N/A	N/A	8,936,800	7	0.52%
Baileys Ridge apartments	N/A	N/A	N/A	5,898,000	8	0.35%
P G Housing	N/A	N/A	N/A	9,918,400	5	0.58%
Perdue Farms	N/A	N/A	N/A	9,229,800	6	0.54%
Horizon Partners	N/A	N/A	N/A	3,259,800	10	0.19%
C I Associates LP	N/A	N/A	N/A	4,181,300	9	0.25%

(1) Includes real property, personal property, and machinery and tools

Property Tax Levies and Collections
Last Ten Fiscal Years

Real Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections as of June 30, 2015	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	17,171,765	15,033,320	87.55%	2,138,445	17,171,765	100.00%
2007	18,635,631	16,471,448	88.39%	2,164,183	18,635,631	100.00%
2008	20,474,647	19,006,888	92.83%	1,467,663	20,474,551	100.00%
2009	21,139,550	19,930,582	94.28%	1,203,105	21,133,687	99.97%
2010	20,893,527	20,385,261	97.57%	482,407	20,867,668	99.88%
2011	20,463,446	19,591,946	95.74%	807,565	20,399,511	99.69%
2012	20,363,119	20,072,424	98.57%	182,693	20,255,117	99.47%
2013	19,936,703	19,124,392	95.93%	740,008	19,864,399	99.64%
2014	20,491,748	19,990,130	97.55%	129,807	20,119,937	98.19%
2015	20,555,563	20,167,652	98.11%	-	20,167,652	98.11%

Personal Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections as of June 30, 2015	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	8,522,877	8,224,086	96.49%	298,792	8,522,878	100.00%
2007	5,369,199	4,947,253	92.14%	421,946	5,369,200	100.00%
2008	6,053,157	5,394,924	89.13%	658,233	6,053,157	100.00%
2009	5,225,646	5,033,733	96.33%	158,070	5,191,803	99.35%
2010	6,142,759	5,628,933	91.64%	453,867	6,082,800	99.02%
2011	6,023,216	5,430,303	90.16%	501,254	5,931,557	98.48%
2012	6,764,699	5,950,673	87.97%	659,556	6,610,228	97.72%
2013	7,343,951	6,196,235	84.37%	697,915	6,894,150	93.88%
2014	9,780,855	8,422,027	86.11%	530,780	8,952,807	91.53%
2015	9,226,196	7,538,334	81.71%	-	7,538,334	81.71%

Note: FY2007 Personal Property Levy does not include Personal Property Tax Relief Act (PPTRA) payments from the Commonwealth of Virginia. As of calendar 2006, PPTRA payments were provided to localities as block grants unrelated to actual personal property tax payments for the year.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes		Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes			
	Supported by General Taxes	Supported by Dedicated Revenue							
2006	21,394,890	5,268,155	-	33,167,371	1,035,000	2,859,729	63,725,145	6.38%	1,737
2007	20,653,290	4,462,341	-	31,415,317	920,000	4,358,110	61,809,058	5.47%	1,684
2008	19,381,827	25,191,677	-	48,029,824	805,000	3,811,281	97,219,609	8.09%	2,653
2009	23,047,444	20,147,295	-	45,845,295	690,000	3,432,383	93,162,417	7.53%	2,470
2010	24,834,067	8,962,205	-	43,615,789	575,000	3,082,734	81,069,795	6.56%	2,112
2011	26,350,327	-	-	33,268,670	460,000	1,684,048	61,763,045	4.99%	1,729
2012	25,027,000	-	-	30,815,770	345,000	1,491,730	57,679,500	4.66%	1,578
2013	22,533,225	-	-	28,267,066	230,000	1,291,049	52,321,340	4.23%	1,416
2014	22,695,200	-	-	26,183,520	115,000	1,082,480	50,076,200	4.05%	1,344
2015	25,671,810	-	-	23,398,423	-	963,992	50,034,225	4.05%	1,340

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	Business-Type Activities			
2006	26,663,045	-	33,167,371	1,035,000	2,859,729	63,725,145	3.00%	1,737
2007	25,115,631	-	31,415,317	920,000	4,358,110	61,809,058	2.54%	1,574
2008	44,573,504	-	48,029,824	805,000	3,811,281	97,219,609	3.53%	2,649
2009	43,194,739	-	45,845,295	690,000	3,432,383	93,162,417	3.19%	2,470
2010	33,796,272	-	43,615,789	575,000	3,082,734	81,069,795	2.72%	2,112
2011	26,350,327	-	33,268,670	460,000	1,684,048	61,763,045	2.15%	1,729
2012	25,027,000	-	30,815,770	345,000	1,491,730	57,679,500	2.01%	1,578
2013	22,533,225	-	28,267,066	230,000	1,291,049	52,321,340	1.82%	1,416
2014	22,695,200	-	26,183,520	115,000	1,082,480	50,076,200	1.74%	1,344
2015	25,671,810	-	23,398,423	-	963,992	50,034,225	1.73%	1,340

The County of Prince George does not have any overlapping governmental or business activities debt.

COUNTY OF PRINCE GEORGE, VIRGINIA

Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Assessed Value (real property)	\$ 2,326,263,407	\$ 1,817,175,853	\$ 2,097,317,560	\$ 2,401,201,261
Debt Limit (10% of Real Property Assessed Value)	232,626,341	181,717,585	209,731,756	240,120,126
Debt Applicable to Limit	<u>65,329,996</u>	<u>63,725,145</u>	<u>61,809,058</u>	<u>97,219,609</u>
Legal Debt Margin	\$ <u>167,296,345</u>	\$ <u>117,992,440</u>	\$ <u>147,922,698</u>	\$ <u>142,900,517</u>
Total net debt applicable to the limit as a percentage of debt limit	28.1%	35.1%	29.5%	40.5%

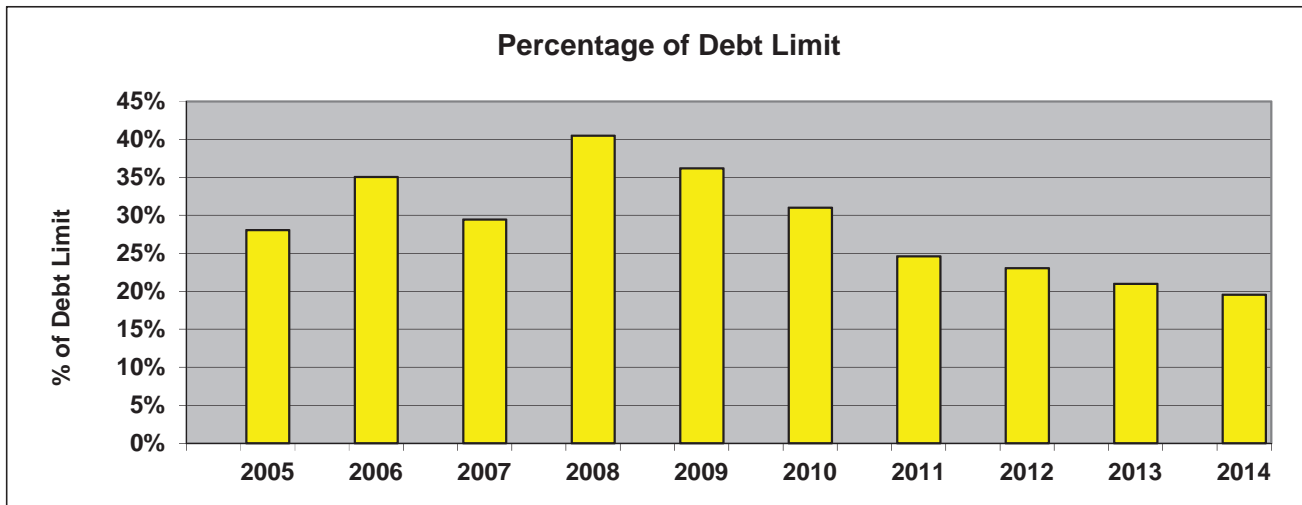


Table 11

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,578,538,090	\$ 2,612,645,192	\$ 2,495,701,100	\$ 2,487,439,800	\$ 2,493,088,000	\$ 2,556,935,400
257,853,809	261,264,519	249,570,110	248,743,980	249,308,800	255,693,540
<u>93,305,559</u>	<u>81,069,795</u>	<u>61,444,362</u>	<u>57,382,063</u>	<u>52,321,340</u>	<u>50,034,225</u>
\$ <u>164,548,250</u>	\$ <u>180,194,724</u>	\$ <u>188,125,748</u>	\$ <u>191,361,917</u>	\$ <u>196,987,460</u>	\$ <u>205,659,315</u>
36.2%	31.0%	24.6%	23.1%	21.0%	19.6%

Demographic and Economic Statistics
Last Ten Years

Year	Population	Student Enrollment (d)	Personal Income (k)	Per Capita Personal Income (f)	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2005	36,694 (a)	6,039	1,050,622,608	28,632	55,476 (f)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193	1,129,955,036	30,794	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297	1,201,361,954	32,782	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (g)	6,305	1,295,747,327	34,349	62,570 (j)	32.1 (b)	4.3% (e)	14.0% (e)
2009	38,393 (g)	6,158	1,306,360,218	34,026	67,985 (i)	32.1 (b)	7.0% (j)	19.4% (i)
2010	35,725 (i)	6,357	1,298,639,475	36,351	59,349 (j)	37.3 (i)	7.3% (j)	18.4% (i)
2011	36,555 (i)	6,312	1,422,866,820	38,924	64,171 (i)	36.6 (i)	6.5% (e)	17.2% (i)
2012	36,941 (i)	6,302	946,428,420	25,620	62,924 (i)	38.6 (i)	6.5% (i)	16.8% (i)
2013	37,253 (i)	6,367	954,645,378	25,626	63,913 (i)	38.0 (i)	4.9% (i)	17.0% (i)
2014	37,333 (i)	6,013	912,194,522	24,434	63,074 (i)	38.0 (i)	5.5% (i)	17.9% (i)

(a) Annual Estimates of Population for Virginia & its Localities, April 1, 2000 to July 2005

(b) 2000 Federal Census

(c) 1990 Federal Census

(d) September Enrollment

(e) Virginia Employment Commission- LAUS Unit and Bureau of Labor Statistics

(f) US Department of Commerce, Bureau of Economic Analysis

(g) Weldon Cooper Center

(h) US Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis (Prince George + Hopewell)

(i) US Census Bureau

(j) USDA Economic Research Service

(k) Personal income estimated based upon the municipal population and per capita income

Principal Employers
Current Year and Nine Years Ago

Employer	2014			2005		
	Approximate Number of Employees	Percentage of Total Principal Employment	Rank	Approximate Number of Employees	Percentage of Total Average Employment	Rank
U.S. Department of Defense	1000+	6.8%	1	1000+	8.7%	1
County of Prince George	1000+	6.8%	2	1000+	8.7%	2
U.S. Department of Justice	500 - 999	3.4%	3	500 - 999	4.4%	5
Food Lion	500 - 999	3.4%	4	500 - 999	4.4%	4
U.S. Army Non-Appropriated Funds Division	500 - 999	3.4%	5	250 - 499	2.2%	7
Perdue Products	250 - 499	1.7%	6	250 - 499	2.2%	10
John Jones Services, LLC	250 - 499	1.7%	7	250 - 499	2.2%	N/A
Standard Motors Products	250 - 499	1.7%	8	250 - 499	2.2%	6
Riverside Regional Jail	250 - 499	1.7%	9	250 - 499	2.2%	8
U.S. Department of Army and Air Force	250 - 499	1.7%	10	250 - 499	2.2%	N/A
Manpower International	N/A	N/A	N/A	500 - 999	4.4%	3
Ace Hardware				250 - 499	2.2%	9
Total Employment	14,791			11,436		

Source: Virginia Employment Commission

County Government Employees
Last Eight Fiscal Years

Function/Program	Approved Full Time Positions as of June 30								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government Administration									
County Administration	5	4	4	4	4	4	5	5	4
Human Resources	3	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	2	2	2
Commissioner of the Revenue	5	5	6	6	6	6	6	6	6
Treasurer	6	7	7	7	7	7	7	7	7
Real Estate Assessor	6	7	7	6	6	6	6	6	6
Finance	5	6	6	6	6	6	6	6	7
Information Technology	5	5	5	5	5	5	6	6	6
County Garage	4	4	4	4	4	4	4	4	4
Registrar	2	2	3	3	3	3	3	3	3
Judicial Administration									
Circuit Court	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	5	6	7	7	7	7	7	7	7
Sheriff	9	12	11	11	11	11	11	11	11
Victim Witness	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5	5	5	6
Public Safety									
Police	54	56	57	56	56	56	57	58	58
Fire & EMS	11	12	14	11	11	11	11	20	20
VJCCCA	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	10	10	10	10	10	10	11	11	11
Building Inspections	11	12	11	10	10	10	14	14	14
Animal Control	5	6	6	6	6	6	6	6	7
Dispatch Center	14	14	15	14	14	14	14	14	14
Public Works									
General Properties	6	8	8	8	8	8	8	8	8
Refuse Disposal	0	2	3	3	3	3	0	0	0
Engineering/Utilities	13	13	13	13	13	13	12	13	13
Health and Welfare									
Social Services	21	21	21	21	21	21	21	23	23
Comprehensive Services Act	1	1	1	1	1	1	0	0	0
Housing Assistance	4	4	0	0	0	0	0	0	0
Parks, Recreation & Cultural									
Parks and Recreation	6	7	8	7	7	7	7	7	7
Community Development									
Planning Department	6	6	5	4	4	4	0	0	0
Economic Development	1	1	1	1	1	2	2	2	2
GIS	1	1	1	1	1	1	0	0	0
Capital Projects	1	0	0	0	0	0	0	0	0
Total	228	241	243	235	235	236	233	247	249

Source - Human Resources

Operating Indicators by Function/ Program
Last Nine Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government Administration									
Real Property Parcels	13,272	13,362	13,568	13,597	13,612	13,649	13,597	13,594	13,613
Public Safety									
Physical Arrests	523	577	573	528	553	614	503	632	543
Traffic Violations	5,243	5,355	7,018	7,842	7,309	6,625	7,200	7,522	4,943
Police Stations	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	56	57	56	56	56	56	57	58	58
Fire Protection									
EMS Service Calls	2,297	2,500	2,417	2,374	2,527	2,882	2,938	2,968	3,289
Fire Service Calls	1,117	1,249	1,205	1,060	1,432	1,779	1,440	1,339	1,495
Fire Stations	6	6	6	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	290	350	438	314	272	206	232	225	160
Professional Paramedic/Firefighter	7	9	9	6	6	7	7	16	16
Building Official									
Residential Permits	1,813	1,664	1,133	835	402	407	576	387	451
Commercial Building Permits	318	288	215	179	144	108	173	190	137
Commercial Building Permits	163	98	115	37	62	27	55	52	22
Single Family Resid. Building Permits	249	172	121	68	53	46	40	45	52
Public Works									
Miles of Water Line	71	72	72	75	75	75	75	75	82
Miles of Sewer Line	94	94	94	95	96	97	97	97	116
Utilities Customers	3,969	4,170	4,170	4,228	4,261	4,253	4,300	4,545	4,264
Health and Welfare									
Request for Services (Social Services)	536	622	638	715	749	747	1,261	1,486	1515
Food Stamp Applications	576	525	897	903	1,013	1,085	1,140	1,063	1,787
Parks, Recreation & Cultural									
Youth League Participants	2,072	2,100	2,286	2,481	2,405	2,418	2,213	2,409	2319
Community Development									
Employment	15,441	14,648	14,044 (a)	13,853 (a)	14,207 (a)	13,971 (a)	14,022	14,758	14,791
Component Unit - School Board									
Students Enrolled	6,062	6,189	6,305	6,158	6,357	6,312	6302	6367	6013

Source - Various County Departments
Data for years prior to 2005 are not available
(a) Virginia Employment Commission

Capital Asset Statistics by Function
Last Nine Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government Administration									
Administration Buildings:	1	1	1	1	1	1	1	1	1
Administration Vehicles:	9	9	9	9	9	9	9	9	9
Public Safety									
Police Department:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	73	74	74	73	69	72	72	76	66
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1
Public Safety Boat	1	1	1	1	1	1	1	1	1
Emergency Management:									
Buildings	1	1	1	1	1	1	1	1	1
Sheriff's Department:									
Vehicles	12	12	12	12	12	12	12	12	12
Fire Department:									
Vehicles	-	-	67	60	60	60	60	58	63
Animal Control:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	4	5	6
Horse Trailer	1	1	1	1	1	1	1	1	1
Community Corrections:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles								2	2
Courts:									
Buildings	1	1	1	1	1	1	1	1	1
Operations									
Garage:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	3	4	4
Refuse:									
Sites	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2
Buildings and Grounds:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	9	7	7
Community Development									
Building Inspections:									
Vehicles	7	8	8	7	7	7	7	7	6
Culture and Recreation									
Parks and Recreation:									
Pier/Overlook/Nature Park	1	1	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	2	2	3	3
Tennis Courts	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3
Education Center	-	-	-	-	-	-	-	1	1
Canoe Launch	-	-	-	-	-	-	-	1	1
Historical Society	1	1	1	1	1	1	1	1	1
Health & Welfare									
Social Services:									
Building	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	1	1
Vehicles	7	7	7	5	5	5	5	5	5
Component Unit - School Board									
Education:									
High Schools	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5
Administration Buildings	1	1	1	1	1	1	1	1	1
Education Center	1	1	1	1	1	1	1	-	-
School Buses - Active	77	78	84	87	86	73	75	76	76
School Buses - Spare	17	19	17	15	24	32	32	20	20

Source: Individual County Departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

**To the Honorable Members of the Board of Supervisors
County of Prince George
Prince George, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, the each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Prince George, Virginia's basic financial statements, and have issued our report dated December 28, 2015.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 28, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

**To the Honorable Members of the Board of Supervisors
County of Prince George
Prince George, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Prince George, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Prince George, Virginia's major federal programs for the year ended June 30, 2015. County of Prince George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Prince George, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Prince George Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Prince George, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince George, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Prince George, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farnell, Cox Associates
Charlottesville, Virginia
December 28, 2015

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950111	\$ 7,944
Temporary Assistance for Needy Families (TANF)	93.558	0400111	156,462
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	283
Low-Income Home Energy Assistance	93.568	0600411	16,503
Child Care and Development Block Grant (Child Care Cluster)	93.575	0760111	(25)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Care Cluster)	93.596	0760111	26,536
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111	1,116
Foster Care - Title IV-E	93.658	1100111	133,920
Adoption Assistance	93.659	1120111	70,465
Social Services Block Grant	93.667	1000111	112,453
Chafee Foster Care Independence Program	93.674	9150111	1,705
Children's Health Insurance Program (CHIP)	93.767	0540111	8,121
Medical Assistance Program	93.778	1200111	<u>278,706</u>
Total Department of Health and Human Services			<u>\$ 814,189</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	Unknown	\$ 19,725
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	316,576
Emergency Management Performance Grants	97.042	7750100-52740 / 7750100-52749	<u>56,405</u>
Total Department of Homeland Security			<u>\$ 392,706</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
National School Breakfast Program	10.553	405910	\$ 354,921
Department of Agriculture:			
Food Distribution	10.555	Unknown	\$ 159,186
Department of Education:			
National School Lunch Program	10.555	406230	<u>1,024,115</u> 1,183,301
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	<u>239,997</u>
Total Department of Agriculture			<u>\$ 1,778,219</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-51129	\$ <u>17,109</u>
Total Department of Transportation			\$ <u>17,109</u>
Department of Education:			
Direct Payments:			
Impact Aid	84.041	n/a	\$ 4,862,128
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	266,170
Title I Grants to Local Educational Agencies	84.010	429010	623,687
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480	37,175
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	1,018,022
Special Education - Preschool Grants	84.173	625210	26,644
Advanced Placement Program	84.330	Unknown	962
Career and Technical Education - Basic Grants to States	84.048	610950	68,197
Improving Teacher Quality State Grants	84.367	614800	<u>147,000</u>
Total Department of Education			\$ <u>7,049,985</u>
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.000	n/a	\$ 80,636
Support for K-12 Student Achievement at Military Connected Schools	12.030	n/a	<u>95,892</u>
Total Department of Defense			\$ <u>176,528</u>
Total Expenditures of Federal Awards			<u>\$ 10,228,736</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 1,526,970
Debt Service Fund	20,809
Total primary government	\$ <u>1,547,779</u>
Component Unit School Board - reference Exhibit 29	\$ <u>8,764,735</u>
Total federal expenditures per basic financial statements	\$ 10,312,514

Amounts required to reconcile federal revenues to expenditures:

Less: Payment in lieu of taxes	(62,969)
Less: QCSB federal credit in debt service fund	<u>(20,809)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>10,228,736</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between Type A and Type B programs \$ 306,862

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.