

COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

Nick Asbury, Vice-Chair	Karen Hodock, Chair K. Adam Kidd	Randy Johnson
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COUNTY SCHOOL BOARD

Gerry Schepers, Vice-Chair	Jerri Harman, Chair William Crabtree	Duane Bailey
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SOCIAL SERVICES BOARD

Lanny Lindamood, Vice-Chair Terry Horne	Stephen Kelley, Chair	Karen Hodock Cathy Whitt
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OTHER OFFICIALS

Clerk of the Circuit Court	Rebecca I. Johnson
Commonwealth's Attorney	Patrick White
Commissioner of the Revenue.....	Cindy U. Wright
Treasurer	John F. Goins
Sheriff	Thomas Roseberry, II
Superintendent of Schools	Scott Meade
Director of Social Services	Kim Brintle
County Administrator	Eric Workman
County Attorney	Paul Cassell

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of June 30, 2016, 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 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement No. 82 Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 72 and 73-78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bland, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the County of Bland, 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 Bland, Virginia's internal control over financial reporting and compliance.

Robinson, Faimer, Co. Associates

Blacksburg, Virginia
December 30, 2016

Basic Financial Statements

County of Bland, Virginia
Statement of Net Position
June 30, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	\$ 3,483,173	\$ 649,772	\$ 4,132,945	\$ 2,389,274	\$ -	\$ 30,082
Cash in custody of others	-	-	-	82,738	438,617	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,433,036	-	5,433,036	-	-	-
Accounts receivable	157,800	84,375	242,175	-	11,250	-
Notes receivable	-	-	-	-	1,167,426	-
Interest receivable	-	-	-	-	2,943	-
Due from other governmental units	305,037	12,720	317,757	179,881	-	-
Due from component unit	119,206	-	119,206	-	-	-
Internal balances	814,779	(814,779)	-	-	-	-
Prepaid items	35,061	1,300	36,361	17,198	-	-
Net pension asset	-	-	-	82,858	-	-
Restricted assets:						
Cash and cash equivalents	-	203,210	203,210	-	-	-
Capital assets, net of accumulated depreciation:						
Land	259,103	255,156	514,259	603,897	390,159	-
Buildings and utility plant	3,383,611	18,481,160	21,864,771	1,430,290	270,017	-
Improvements other than buildings	-	-	-	-	1,045,960	-
Machinery and equipment	426,317	84,680	510,997	434,276	906	-
Infrastructure	-	-	-	-	-	332,897
Construction in progress	187,187	102,469	289,656	-	-	-
Total Assets	\$ 14,604,310	\$ 19,060,063	\$ 33,664,373	\$ 5,220,412	\$ 3,327,278	\$ 362,979
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to measurement date	\$ 293,635	\$ 13,314	\$ 306,949	\$ 548,597	\$ -	\$ -
Items related to measurement of net pension liability	99,839	4,507	104,346	-	-	-
Total deferred outflows of resources	\$ 393,474	\$ 17,821	\$ 411,295	\$ 548,597	\$ -	\$ -
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 80,191	\$ 9,232	\$ 89,423	\$ 58,894	\$ -	\$ 42
Retainage payable	-	12,720	12,720	-	-	-
Accrued payroll	-	-	-	691,821	-	-
Customers' deposits	-	8,325	8,325	-	-	-
Accrued interest payable	23,461	17,091	40,552	-	3,202	-
Due to primary government	-	-	-	119,206	-	-
Noncurrent liabilities:						
Due within one year	258,274	238,039	496,313	104,198	37,744	-
Due in more than one year	5,262,451	8,959,477	14,221,928	6,777,355	1,127,099	-
Total Liabilities	\$ 5,624,377	\$ 9,244,884	\$ 14,869,261	\$ 7,751,474	\$ 1,168,045	\$ 42
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 4,606,310	\$ -	\$ 4,606,310	\$ -	\$ -	\$ -
Deferred revenue - grants	13,333	-	13,333	-	-	11,300
Items related to measurement of net pension liability	162,198	7,323	169,521	1,055,772	-	-
Total Deferred Inflows of Resources	\$ 4,781,841	\$ 7,323	\$ 4,789,164	\$ 1,055,772	\$ -	\$ 11,300
NET POSITION						
Net investment in capital assets	\$ 1,606,450	\$ 9,830,117	\$ 11,436,567	\$ 2,468,463	\$ 1,707,042	\$ 332,897
Restricted:						
Asset forfeiture funds	12,190	-	12,190	-	-	-
Restricted for debt service and bond covenants	-	203,210	203,210	-	-	-
School cafeteria	-	-	-	82,738	-	-
Unrestricted	2,972,926	(207,650)	2,765,276	(5,589,438)	452,191	18,740
Total Net Position	\$ 4,591,566	\$ 9,825,677	\$ 14,417,243	\$ (3,038,237)	\$ 2,159,233	\$ 351,637

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

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Component Units					
			Operating Grants and Contributions	Capital Grants and Contributions			School Board	EDA	Wireless Authority			
PRIMARY GOVERNMENT:												
Governmental activities:												
General government administration	\$ 972,705	\$ -	\$ 177,876	\$ -	\$ (794,829)	\$ (794,829)						
Judicial administration	456,139	1,618	306,033	-	(148,488)	(148,488)						
Public safety	1,662,417	290,955	607,181	-	(764,281)	(764,281)						
Public works	797,128	328,873	53,427	-	(414,828)	(414,828)						
Health and welfare	1,389,567	-	1,011,297	-	(378,270)	(378,270)						
Education	2,670,132	-	-	-	(2,670,132)	(2,670,132)						
Parks, recreation, and cultural	562,562	6,894	-	253,226	(302,442)	(302,442)						
Community development	55,249	1,222	-	-	(54,027)	(54,027)						
Interest on long-term debt	77,817	-	-	-	(77,817)	(77,817)						
Total governmental activities	\$ 8,643,716	\$ 629,562	\$ 2,155,814	\$ 253,226	\$ (5,605,114)	\$ (5,605,114)						
Business-type activities:												
Service Authority	\$ 1,273,892	\$ 524,899	\$ -	\$ 827,102		\$ 78,109	\$ 78,109					
Total primary government	\$ 9,917,608	\$ 1,154,461	\$ 2,155,814	\$ 1,080,328	\$ (5,605,114)	\$ (5,605,114)						
COMPONENT UNITS:												
School Board	\$ 8,249,478	\$ 131,201	\$ 5,568,315	\$ -		\$ (2,549,962)	\$ (2,549,962)					
Economic Development Authority (EDA)	158,585	-	-	13,946			(144,639)					
Wireless Authority	37,531	-	-	38,700								1,169
Total component units	\$ 8,445,594	\$ 131,201	\$ 5,568,315	\$ 52,646		\$ (2,549,962)	\$ (2,549,962)					\$ 1,169
General revenues:												
General property taxes	\$ 4,536,479	\$ -	\$ 4,536,479	\$ -								
Other local taxes:												
Local sales and use taxes	282,009	-	282,009	-								
Consumers' utility taxes	162,416	-	162,416	-								
Restaurant food taxes	105,370	-	105,370	-								
Franchise license tax	16,906	-	16,906	-								
Consumption taxes	20,568	-	20,568	-								
Taxes on recordings and wills	32,406	-	32,406	-								
Other local taxes	13,688	-	13,688	-								
Unrestricted revenues from use of money and property	22,627	11,180	33,807	5,442								
Miscellaneous	258,181	534	258,715	280,017								1,575
Contributions from Bland County	-	-	-	-								6,017
Grants and contributions not restricted to specific programs	603,491	-	603,491	-								
Transfers	(214,499)	214,499	-	-								
Total general revenues and transfers	\$ 5,839,642	\$ 226,213	\$ 6,065,855	\$ 2,967,878								
Change in net position	\$ 234,528	\$ 304,322	\$ 538,850	\$ 417,916								
Net position - beginning	4,357,038	9,521,355	13,878,393	(3,456,153)								
Net position - ending	\$ 4,591,566	\$ 9,825,677	\$ 14,417,243	\$ (3,038,237)								

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

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,483,173
Receivables (net of allowance for uncollectibles):	
Taxes receivable	5,433,036
Accounts receivable	157,800
Due from other funds	814,779
Due from component unit	119,206
Due from other governmental units	305,037
Prepaid items	35,061
Total assets	\$ 10,348,092
LIABILITIES	
Accounts payable	\$ 80,191
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 5,382,517
Unavailable revenue - grants	13,333
Total deferred inflows of resources	\$ 5,395,850
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 35,061
Restricted:	
Asset forfeiture funds	12,190
Committed:	
Law library	110
Courthouse maintenance	61,117
Courtroom security	121,318
Selective enforcement	3,300
Emergency 911	90,542
Assigned:	
Dare program	1
Patrol fund	11,271
Recreation reserves	6,186
Wolf Creek Indian Village	1
Tourism and Travel Initiative	2,887
Rocky Gap Greenway Project	75,743
Industrial Park Expansion	51,126
Capital improvements	178,739
General reserves	1,899,256
Unassigned	2,323,203
Total fund balances	\$ 4,872,051
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,348,092

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

County of Bland, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 4,872,051

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

Land	\$ 259,103	
Buildings and system	3,383,611	
Machinery, equipment, and vehicles	426,317	
Construction in progress	<u>187,187</u>	4,256,218

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

Unavailable revenue - property taxes	\$ 776,207	
Items related to measurement of net pension liability	<u>(162,198)</u>	614,009

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.

293,635

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

Lease revenue bonds	\$ (2,365,000)	
Unamortized bond premium	(284,768)	
Landfill accrued post-closure costs	(72,460)	
Net OPEB obligation	(486,198)	
Net pension liability	(2,124,633)	
Compensated absences	(187,666)	
Accrued interest payable	(23,461)	
Deferred outflows related to measurement of the net pension liability	<u>99,839</u>	<u>(5,444,347)</u>

Net position of governmental activities

\$ 4,591,566

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

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>
REVENUES	
General property taxes	\$ 4,527,206
Other local taxes	633,363
Permits, privilege fees, and regulatory licenses	22,908
Fines and forfeitures	256,535
Revenue from the use of money and property	22,627
Charges for services	350,119
Miscellaneous	258,181
Recovered costs	194,269
Intergovernmental:	
Commonwealth	1,990,451
Federal	1,022,080
Total revenues	<u>\$ 9,277,739</u>
 EXPENDITURES	
Current:	
General government administration	\$ 1,118,225
Judicial administration	462,244
Public safety	1,586,354
Public works	822,314
Health and welfare	1,380,946
Education	2,689,575
Parks, recreation, and cultural	478,735
Community development	194,163
Capital projects	314,471
Debt service:	
Principal retirement	95,000
Interest and other fiscal charges	96,284
Total expenditures	<u>\$ 9,238,311</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 39,428</u>
 OTHER FINANCING SOURCES (USES)	
Transfers out	<u>\$ (214,499)</u>
 Net change in fund balances	 \$ (175,071)
 Fund balances - beginning	 <u>5,047,122</u>
 Fund balances - ending	 <u><u>\$ 4,872,051</u></u>

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

County of Bland, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	(175,071)
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 549,390	
Depreciation expense	<u>(255,516)</u>	293,874

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

Change in unavailable revenue-property taxes	\$ 9,273	
Change in deferred inflows related to the measurement of the net pension liability	<u>214,399</u>	223,672

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

Payments of principal:		
General obligation bonds	\$ 95,000	
Decrease in landfill accrued closure and post-closure monitoring costs	<u>23,291</u>	118,291

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (112,579)	
Change in net OPEB obligation	(2,438)	
Change in net pension liability	(240,726)	
Change in deferred outflows related to pension payments subsequent to measurement date	11,199	
Change in accrued interest payable	943	
Amortization of bond premium	17,524	
Change in deferred outflows related to pension payments subsequent to the measurement date	<u>99,839</u>	<u>(226,238)</u>

Change in net position of governmental activities	\$	<u><u>234,528</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 649,772	\$ -	\$ 30,082
Cash in custody of others	-	438,617	-
Note receivable	-	1,167,426	-
Interest receivable	-	2,943	-
Accounts receivable, net of allowance for uncollectibles	84,375	11,250	-
Due from other governmental units	12,720	-	-
Prepaid items	1,300	-	-
Total current assets	<u>\$ 748,167</u>	<u>\$ 1,620,236</u>	<u>\$ 30,082</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 203,210	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 390,159	\$ -
Buildings and utility plant in service	18,481,160	270,017	-
Improvements other than buildings	-	1,045,960	-
Machinery and equipment	84,680	906	-
Infrastructure	-	-	332,897
Construction in progress	102,469	-	-
Total capital assets	<u>\$ 18,923,465</u>	<u>\$ 1,707,042</u>	<u>\$ 332,897</u>
Total noncurrent assets	<u>\$ 19,126,675</u>	<u>\$ 1,707,042</u>	<u>\$ 332,897</u>
Total assets	<u>\$ 19,874,842</u>	<u>\$ 3,327,278</u>	<u>\$ 362,979</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 13,314	\$ -	\$ -
Items related to measurement of net pension liability	4,507	-	-
Total deferred outflows of resources	<u>\$ 17,821</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,232	\$ -	\$ 42
Retainage payable	12,720	-	-
Customers' deposits	8,325	-	-
Accrued interest payable	17,091	3,202	-
Due to primary government	814,779	-	-
Compensated absences - current portion	18,418	-	-
Bonds payable - current portion	219,621	-	-
Note payable - current portion	-	37,744	-
Total current liabilities	<u>\$ 1,100,186</u>	<u>\$ 40,946</u>	<u>\$ 42</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 8,861,007	\$ -	\$ -
Compensated absences - net of current portion	2,551	-	-
Net pension liability	95,919	-	-
Note payable - net of current portion	-	1,127,099	-
Total noncurrent liabilities	<u>\$ 8,959,477</u>	<u>\$ 1,127,099</u>	<u>\$ -</u>
Total liabilities	<u>\$ 10,059,663</u>	<u>\$ 1,168,045</u>	<u>\$ 42</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grant	\$ -	\$ -	\$ 11,300
Items related to measurement of net pension liability	7,323	-	-
Total deferred inflows of resources	<u>\$ 7,323</u>	<u>\$ -</u>	<u>\$ 11,300</u>
NET POSITION			
Net investment in capital assets	\$ 9,830,117	\$ 1,707,042	\$ 332,897
Restricted for debt service and bond covenants	203,210	-	-
Unrestricted	<u>(207,650)</u>	<u>452,191</u>	<u>18,740</u>
Total net position	<u>\$ 9,825,677</u>	<u>\$ 2,159,233</u>	<u>\$ 351,637</u>

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

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund	Component Units	
	<u>Service Authority</u>	<u>EDA</u>	<u>Wireless Authority</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 295,839	\$ -	\$ -
Sewer revenues	187,198	-	-
Connection fees	22,840	-	-
Penalties	19,022	-	-
Rental income	-	-	1,575
Other revenues	10,560	-	-
Miscellaneous	534	78	-
Total operating revenues	<u>\$ 535,993</u>	<u>\$ 78</u>	<u>\$ 1,575</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 204,017	\$ 650	\$ 787
Utilities	53,490	-	4,268
Rent of Equipment	-	-	2,676
Purchase of water	140,880	-	-
Maintenance and repairs	78,753	6,250	19,763
Office expense	5,239	2,997	-
Insurance	5,595	-	-
Permits	4,770	-	-
Professional services	14,446	-	-
Miscellaneous	3,290	15,514	57
Depreciation	655,481	55,658	9,980
Total operating expenses	<u>\$ 1,165,961</u>	<u>\$ 81,069</u>	<u>\$ 37,531</u>
Operating income (loss)	<u>\$ (629,968)</u>	<u>\$ (80,991)</u>	<u>\$ (35,956)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 620	\$ 48,301	\$ -
Interest expense	(107,931)	(46,894)	-
Total nonoperating revenues (expenses)	<u>\$ (107,311)</u>	<u>\$ 1,407</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (737,279)</u>	<u>\$ (79,584)</u>	<u>\$ (35,956)</u>
Capital contributions and construction grants	\$ 827,102	\$ 13,946	\$ 38,700
Capital contributions and construction grant payments	-	(30,622)	-
Transfers in (Contributions from primary government or component unit(s) of primary government)	<u>214,499</u>	<u>61,667</u>	<u>6,017</u>
Change in net position	\$ 304,322	\$ (34,593)	\$ 8,761
Net position - beginning	9,521,355	2,193,826	342,876
Net position - ending	<u>\$ 9,825,677</u>	<u>\$ 2,159,233</u>	<u>\$ 351,637</u>

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

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 531,768	\$ 50,260	\$ 1,575
Payments to suppliers	(300,472)	(24,761)	(26,724)
Payments to and for employees	(196,447)	(650)	(787)
Net cash provided by (used for) operating activities	<u>\$ 34,849</u>	<u>\$ 24,849</u>	<u>\$ (25,936)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Contributions from primary government or component unit	\$ -	\$ 61,667	\$ 6,017
Advances from other funds	214,498	-	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 214,498</u>	<u>\$ 61,667</u>	<u>\$ 6,017</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (1,076,331)	\$ -	\$ -
Proceeds from indebtedness	105,379	-	-
Principal payments on bonds	(104,115)	(36,001)	-
Capital contributions received	1,065,703	13,946	50,000
Capital contributions disbursed	-	(30,622)	-
Interest expense	(133,302)	(47,651)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (142,666)</u>	<u>\$ (100,328)</u>	<u>\$ 50,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 620	\$ 48,392	\$ -
Net cash provided by (used for) investing activities	<u>\$ 620</u>	<u>\$ 48,392</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 107,301	\$ 34,580	\$ 30,081
Cash and cash equivalents - beginning	745,681	404,037	1
Cash and cash equivalents - ending	<u>\$ 852,982</u>	<u>\$ 438,617</u>	<u>\$ 30,082</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (629,968)</u>	<u>\$ (80,991)</u>	<u>\$ (35,956)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 655,481	\$ 55,658	\$ 9,980
(Increase) decrease in accounts receivable	(4,341)	13,750	-
(Increase) decrease in notes receivables	-	36,432	-
(Increase) decrease in prepaid items	(120)	-	-
(Increase) decrease in deferred outflows of resources	(4,899)	-	-
Increase (decrease) in customer deposits	116	-	-
Increase (decrease) in accounts payable	6,111	-	40
Increase (decrease) compensated absences	11,281	-	-
Increase (decrease) in net pension liability	10,867	-	-
Increase (decrease) in deferred inflows of resources	(9,679)	-	-
Total adjustments	<u>\$ 664,817</u>	<u>\$ 105,840</u>	<u>\$ 10,020</u>
Net cash provided by (used for) operating activities	<u>\$ 34,849</u>	<u>\$ 24,849</u>	<u>\$ (25,936)</u>
Noncash investing, capital, and financing activities:			
Capital asset additions included in accounts payable	<u>\$ 12,720</u>	<u>\$ -</u>	<u>\$ -</u>

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

County of Bland, Virginia
Statement of Net Position
Fiduciary Fund
June 30, 2016

	<u>Agency Fund Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 15,449
Total assets	<u>\$ 15,449</u>
LIABILITIES	
Amounts held for social services clients	\$ 15,449
Total liabilities	<u>\$ 15,449</u>

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - The Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bland County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. A separate report is not issued for the School Board.

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type. A separate report is not issued for the Economic Development Authority.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type. A separate report is not issued for the Wireless Authority.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County of Bland and the County of Smyth participate in supporting the Smyth/Bland Regional Library. The respective governing bodies of the participating jurisdictions appoint the governing body of this organization. For the year ended June 30, 2016, the County contributed \$164,163 to the Regional Library.

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued) - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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 in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund, the E-911 Fund, the Road Improvements Fund, Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Domestic Violence Task Force Fund, Litter Control Fund, Patrol Fund, Terrorism Fund, Courthouse Renovation Fund, and the Courtroom Security Fund.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

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

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

Additionally, the government reports the following fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

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").

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance
(Continued)

3. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$176,787 at June 30, 2016. The allowance consists of delinquent taxes in the amount of \$129,973, delinquent garbage bills of \$38,939, and delinquent water and sewer bills of \$7,875.

6. 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.

7. Capital Assets

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

7. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest totaled \$129,070 and \$104,564 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

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

8. Deferred Outflows/Inflows of Resources

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

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 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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

8. Deferred Outflows/Inflows of Resources (Continued)

prior to June 30th, 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 earning on pension plan investments. For more detailed information on these items, reference the pension note.

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. 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.

11. Long-Term Obligations

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets
(Continued)

11. Long-Term Obligations (Continued)

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

12. Fund Equity

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

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

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets
(Continued)

13. 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.

14. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

15. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

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Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, the Indian Village and Museum Fund, School Textbook Fund, Capital Improvements Fund, Indian Village ISTEP Project Fund, Bland Sewer Project Fund, and the Commerce Park Project Fund had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2016, there were no funds with deficit fund equity.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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 the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2016.

Note 4-Due from Other Governmental Units:

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

	Primary Government		Component Unit School Board
	General Fund	Service Authority	
<u>Commonwealth of Virginia:</u>			
Local sales tax	\$ 54,245	\$ -	\$ -
State sales tax	-	-	156,958
Shared expenses	111,033	-	-
Categorical aid	35,334	-	-
Non-categorical aid	616	-	-
Virginia public assistance funds	25,657	-	-
Community services act	30,817	-	-
<u>Federal Government:</u>			
Virginia public assistance funds	47,335	-	-
School grants	-	-	22,923
Department of Agriculture grant	-	12,720	-
Totals	<u>\$ 305,037</u>	<u>\$ 12,720</u>	<u>\$ 179,881</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 214,499
Service Authority:		
Water Fund	86,072	-
Sewer Fund	128,427	-
Total	\$ 214,499	\$ 214,499

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

Note 6-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 119,206
Component Unit:		
School Board	\$ 119,206	\$ -

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2016.

	<u>Balance June 30, 2015</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
Lease revenue bond	\$ 2,460,000	\$ -	\$ (95,000)	\$ 2,365,000
Deferred Amounts:				
Bond premium	302,292	-	(17,524)	284,768
Landfill post-closure monitoring liability	95,751	-	(23,291)	72,460
Net pension liability	1,883,907	901,985	(661,259)	2,124,633
Net OPEB obligation	483,760	7,657	(5,219)	486,198
Compensated absences	75,087	168,894	(56,315)	187,666
Subtotal	<u>\$ 5,300,797</u>	<u>\$ 1,078,536</u>	<u>\$ (858,608)</u>	<u>\$ 5,520,725</u>
Business-type Activities:				
Revenue Bonds	\$ 9,079,364	\$ 105,379	\$ (104,115)	\$ 9,080,628
Compensated Absences	9,688	18,547	(7,266)	20,969
Net pension liability	85,052	40,721	(29,854)	95,919
Subtotal	<u>\$ 9,174,104</u>	<u>\$ 164,647</u>	<u>\$ (141,235)</u>	<u>\$ 9,197,516</u>
Total Long-term Obligations	<u>\$ 14,474,901</u>	<u>\$ 1,243,183</u>	<u>\$ (999,843)</u>	<u>\$ 14,718,241</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7-Long-Term Obligations: (Continued)

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

Year Ending June 30,	Governmental Activities Lease Revenue Bond		Business-type Activities Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 100,000	\$ 92,413	\$ 219,621	\$ 234,569
2018	105,000	87,809	225,527	228,661
2019	110,000	83,000	231,641	222,547
2020	115,000	77,759	237,969	216,219
2021	120,000	72,113	244,519	209,669
2022-2026	700,000	271,684	1,212,914	941,875
2027-2031	835,000	131,959	1,268,876	758,384
2032-2036	280,000	8,419	1,346,453	564,718
2037-2041	-	-	1,241,539	380,724
2042-2046	-	-	1,014,336	250,944
2047-2051	-	-	1,127,937	137,343
2052-2054	-	-	709,296	22,627
Total	<u>\$ 2,365,000</u>	<u>\$ 825,156</u>	<u>\$ 9,080,628</u>	<u>\$ 4,168,280</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7-Long-Term Obligations: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental Activities:						
Lease Revenue Bond:						
VRA 2012	2.163-4.821%	\$90,000-\$185,000 (a+)	4/1/2033	\$ 2,645,000	\$ 2,365,000	\$ 100,000
Deferred Amounts:						
Unamortized bond premium	n/a	n/a	n/a	n/a	\$ 284,768	\$ 17,524
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 187,666	\$ 140,750
Landfill post-closure monitoring liability	n/a	n/a	n/a	n/a	72,460	-
Net pension liability	n/a	n/a	n/a	n/a	2,124,633	-
Net OPEB obligation	n/a	n/a	n/a	n/a	486,198	-
Total other long-term obligations					\$ 2,870,957	\$ 140,750
Total long-term obligations, governmental activities					\$ 5,520,725	\$ 258,274
Business-type Activities:						
Revenue Bonds:						
Rural Development 1986A	5.00%	\$1,074 (m)	4/17/2025	\$ 222,165	\$ 95,129	\$ 8,321
Rural Development 1986B	4.50%	\$904 (m)	11/17/2025	200,700	83,216	7,252
Rural Development 1986B	5.00%	\$269 (m)	7/10/2031	54,600	34,187	1,555
Rural Development 1991B	5.00%	\$1,439 (m)	11/10/2031	293,000	185,686	8,170
Rural Development 1995	4.50%	\$2,181 (m)	7/14/2035	475,000	335,680	11,298
Rural Development 1998	4.50%	\$1,582 (m)	5/13/2038	344,600	264,480	7,231
Rural Development 2000	4.50%	\$3,822 (m)	12/28/2040	832,650	680,875	15,544
VRA Revolving Loan	n/a	\$12,500 (sa)	2/1/2022	500,000	150,000	25,000
VRA WSL-32-10	3.00%	\$16,682 (sa)	2/1/2043	579,359	538,183	17,348
Rural Development 2013	2.125%	\$21,088 (m)	3/11/2054	6,590,000	6,581,712	114,304
VRA WSL-18-11	3.00%	*	8/1/2045	146,448	131,480	3,598
Total revenue bonds					\$ 9,080,628	\$ 219,621
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 20,969	\$ 18,418
Net pension liability	n/a	n/a	n/a	n/a	95,919	-
Total other long-term obligations					\$ 116,888	\$ 18,418
Total long-term obligations, business-type activities					\$ 9,197,516	\$ 238,039
Total long-term obligations, primary government					\$ 14,718,241	\$ 496,313

* As of June 30, 2015, this loan is early in the draw-down phase and no amortization is provided

(a+) - annual principal installments shown, does not include semiannual interest installments

(m) - monthly installments, includes interest as applicable

(sa) - semi-annual installments, includes interest as applicable

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 8-Long-Term Obligations-Component Units:

The following is a summary of long-term obligation transactions of the component units for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2016</u>
EDA:				
SBA Note Payable	\$ 1,200,844	\$ -	\$ (36,001)	\$ 1,164,843
School Board:				
Compensated absences	\$ 158,031	\$ 99,423	\$ (118,523)	\$ 138,931
Net OPEB obligation	132,190	37,632	(38,200)	131,622
Net pension liability	6,848,000	1,396,000	(1,633,000)	6,611,000
Total School Board	\$ 7,138,221	\$1,533,055	\$ (1,789,723)	\$ 6,881,553

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

<u>Year Ending June 30,</u>	<u>Component Unit - EDA Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 37,744	\$ 45,907
2018	1,127,099	14,964
Totals	\$ 1,164,843	\$ 60,871

Details of long-term obligations are as follows:

<u>Type</u>	<u>Interest Rates</u>	<u>Installment Amounts</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
EDA:						
Note Payable	4.074%	\$6,971 (m)	11/1/2017	\$ 1,450,000	\$ 1,164,843	\$ 37,744
School Board:						
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 138,931	\$ 104,198
Net OPEB obligation	n/a	n/a	n/a	n/a	131,622	-
Net pension liability	n/a	n/a	n/a	n/a	6,611,000	-
Total School Board other long-term obligations					\$ 6,881,553	\$ 104,198

(m) - monthly installments, includes interest as applicable

Note 9-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 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.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <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.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) 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>

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	32	16
Inactive members:		
Vested inactive members	8	4
Non-vested inactive members	3	19
Inactive members active elsewhere in VRS	19	7
Total inactive members	30	30
Active members	50	24
Total covered employees	<u>112</u>	<u>70</u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% 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, 2016 was 14.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Note 9-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 County were \$306,949 and \$294,936 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 7.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$30,278 and \$32,871 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability (Asset)

The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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, 2014, 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, 2015.

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.

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Largest 10 - Non-LEOS: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 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

Note 9-Pension Plan: (Continued)

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, 2014, 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, 2015.

Inflation	2.50%
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.

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

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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, 2014 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

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Note 9-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

Note 9-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the 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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 8,473,147	\$ 6,504,188	\$ 1,968,959
Changes for the year:			
Service cost	\$ 223,426	\$ -	\$ 223,426
Interest	578,125	-	578,125
Differences between expected and actual experience	137,056	-	137,056
Contributions - employer	-	294,936	(294,936)
Contributions - employee	-	99,321	(99,321)
Net investment income	-	296,855	(296,855)
Benefit payments, including refunds of employee contributions	(428,447)	(428,447)	-
Administrative expenses	-	(4,036)	4,036
Other changes	-	(63)	63
Net changes	\$ 510,160	\$ 258,566	\$ 251,594
Balances at June 30, 2015	\$ 8,983,307	\$ 6,762,754	\$ 2,220,553

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9-Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 1,552,742	\$ 1,569,943	\$ (17,201)
Changes for the year:			
Service cost	\$ 42,034	\$ -	\$ 42,034
Interest	106,276	-	106,276
Differences between expected and actual experience	(88,366)	-	(88,366)
Contributions - employer	-	32,871	(32,871)
Contributions - employee	-	22,001	(22,001)
Net investment income	-	71,729	(71,729)
Benefit payments, including refunds of employee contributions	(69,028)	(69,028)	-
Administrative expenses	-	(983)	983
Other changes	-	(17)	17
Net changes	\$ (9,084)	\$ 56,573	\$ (65,657)
Balances at June 30, 2015	\$ 1,543,658	\$ 1,626,516	\$ (82,858)

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 Net Pension Liability	\$ 3,407,815	\$ 2,220,553	\$ 1,236,892
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 93,041	\$ (82,858)	\$ (231,894)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9-Pension Plan: (Continued)

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

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$218,528 and (\$35,626), respectively. At June 30, 2016, 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
Differences between expected and actual experience	\$ 104,346	\$ -	\$ -	\$ 50,923
Net difference between projected and actual earnings on pension plan investments	-	169,521	-	40,849
Employer contributions subsequent to the measurement date	306,949	-	30,278	-
Total	\$ 411,295	\$ 169,521	\$ 30,278	\$ 91,772

\$306,949 and \$30,278 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 or component of the Net Pension Liability (Asset) in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2017	\$ (34,270)	\$ (53,569)
2018	(34,270)	(29,606)
2019	(34,269)	(16,126)
2020	37,634	7,529
Thereafter	-	-

Note 9-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, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined 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, 2016. Contributions to the pension plan from the School Board were \$518,319 and \$565,000 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$6,611,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was .05253% as compared to .05666% at June 30, 2014.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2016, the school division recognized pension expense of \$380,000. Since there was a change in proportionate share between measurement dates, 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, 2016, 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>
Differences between expected and actual experience	\$ -	\$ 91,000
Net difference between projected and actual earnings on pension plan investments	-	405,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	468,000
Employer contributions subsequent to the measurement date	<u>518,319</u>	<u>-</u>
Total	<u>\$ 518,319</u>	<u>\$ 964,000</u>

\$518,319 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 fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (285,000)
2018	(285,000)
2019	(285,000)
2020	(50,000)
Thereafter	(59,000)

Note 9-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, 2014, 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, 2015.

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, 2014 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

Note 9-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%.

Note 9-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)	\$ 9,675,000	\$ 6,611,000	\$ 4,089,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 10-Deferred Inflows of Resources:

Governmental funds report *unavailable revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 776,207
Tax assessments due after June 30	4,552,887	4,552,887
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>53,423</u>	<u>53,423</u>
Total unavailable/deferred revenue	<u>\$ 4,606,310</u>	<u>\$ 5,382,517</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 259,103	\$ -	\$ -	\$ 259,103
Construction in progress	243,427	392,106	(448,346)	187,187
Total capital assets not being depreciated	<u>\$ 502,530</u>	<u>\$ 392,106</u>	<u>\$ (448,346)</u>	<u>\$ 446,290</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,214,588	\$ 462,227	\$ -	\$ 5,676,815
Machinery and equipment	2,823,676	143,403	(36,902)	2,930,177
Total capital assets being depreciated	<u>\$ 8,038,264</u>	<u>\$ 605,630</u>	<u>\$ (36,902)</u>	<u>\$ 8,606,992</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,130,392)	\$ (162,812)	\$ -	\$ (2,293,204)
Machinery and equipment	(2,448,058)	(92,704)	36,902	(2,503,860)
Total accumulated depreciation	<u>\$ (4,578,450)</u>	<u>\$ (255,516)</u>	<u>\$ 36,902</u>	<u>\$ (4,797,064)</u>
Total capital assets being depreciated, net	<u>\$ 3,459,814</u>	<u>\$ 350,114</u>	<u>\$ -</u>	<u>\$ 3,809,928</u>
Governmental activities capital assets, net	<u>\$ 3,962,344</u>	<u>\$ 742,220</u>	<u>\$ (448,346)</u>	<u>\$ 4,256,218</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11-Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	7,527,120	844,822	(8,269,473)	102,469
Total capital assets not being depreciated	<u>\$ 7,782,276</u>	<u>\$ 844,822</u>	<u>\$ (8,269,473)</u>	<u>\$ 357,625</u>
Capital assets, being depreciated:				
Utility plant	\$ 16,841,601	\$ 8,269,473	\$ -	\$ 25,111,074
Machinery and equipment	143,362	101,707	-	245,069
Total capital assets being depreciated	<u>\$ 16,984,963</u>	<u>\$ 8,371,180</u>	<u>\$ -</u>	<u>\$ 25,356,143</u>
Accumulated depreciation:				
Utility plant	\$ (5,998,088)	\$ (631,826)	\$ -	\$ (6,629,914)
Machinery and equipment	(136,734)	(23,655)	-	(160,389)
Total accumulated depreciation	<u>\$ (6,134,822)</u>	<u>\$ (655,481)</u>	<u>\$ -</u>	<u>\$ (6,790,303)</u>
Total capital assets being depreciated, net	<u>\$ 10,850,141</u>	<u>\$ 7,715,699</u>	<u>\$ -</u>	<u>\$ 18,565,840</u>
Business-type activities capital assets, net	<u>\$ 18,632,417</u>	<u>\$ 8,560,521</u>	<u>\$ (8,269,473)</u>	<u>\$ 18,923,465</u>

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

Governmental activities:	
General government administration	\$ 146,260
Judicial administration	5,852
Public safety	47,370
Public works	19,773
Health and welfare	2,810
Parks, recreation, and cultural	32,408
Community development	1,043
	<u>1,043</u>
Total depreciation expense-governmental activities	<u>\$ 255,516</u>
Business-type activities:	
Service authority	<u>\$ 655,481</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11-Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 603,897	\$ -	\$ -	\$ 603,897
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,493,765	\$ 232,162	\$ -	\$ 3,725,927
Machinery and equipment	1,889,067	106,854	-	1,995,921
Total capital assets being depreciated	<u>\$ 5,382,832</u>	<u>\$ 339,016</u>	<u>\$ -</u>	<u>\$ 5,721,848</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,211,066)	\$ (84,571)	\$ -	\$ (2,295,637)
Machinery and equipment	(1,455,007)	(106,638)	-	(1,561,645)
Total accumulated depreciation	<u>\$ (3,666,073)</u>	<u>\$ (191,209)</u>	<u>\$ -</u>	<u>\$ (3,857,282)</u>
Total capital assets being depreciated, net	<u>\$ 1,716,759</u>	<u>\$ 147,807</u>	<u>\$ -</u>	<u>\$ 1,864,566</u>
Governmental activities capital assets, net	<u><u>\$ 2,320,656</u></u>	<u><u>\$ 147,807</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,468,463</u></u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 11-Capital Assets: (Continued)

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 390,159	\$ -	\$ -	\$ 390,159
Total capital assets not being depreciated	<u>\$ 390,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,159</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 351,309	\$ -	\$ -	\$ 351,309
Land improvements	1,196,154	-	-	1,196,154
Machinery and equipment	4,546	-	-	4,546
Total capital assets being depreciated	<u>\$ 1,552,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,552,009</u>
Accumulated depreciation:				
Buildings and improvements	\$ (66,282)	\$ (15,010)	\$ -	\$ (81,292)
Land improvements	(110,003)	(40,191)	-	(150,194)
Machinery and equipment	(3,183)	(457)	-	(3,640)
Total accumulated depreciation	<u>\$ (179,468)</u>	<u>\$ (55,658)</u>	<u>\$ -</u>	<u>\$ (235,126)</u>
Total capital assets being depreciated, net	<u>\$ 1,372,541</u>	<u>\$ (55,658)</u>	<u>\$ -</u>	<u>\$ 1,316,883</u>
Business-type activities capital assets, net	<u><u>\$ 1,762,700</u></u>	<u><u>\$ (55,658)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,707,042</u></u>

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 397,018	\$ -	\$ -	\$ 397,018
Accumulated depreciation:				
Infrastructure	\$ (54,141)	\$ (9,980)	\$ -	\$ (64,121)
Business-type activities capital assets, net	<u><u>\$ 342,877</u></u>	<u><u>\$ (9,980)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 332,897</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 12-Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, auto, property, workers compensation, and crime insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its Component Unit - School Board pay the Virginia Association of Counties contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 14-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Rebecca I. Johnson, Clerk of the Circuit Court	\$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Thomas Roseberry, II, Sheriff	30,000

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Note 15-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$72,460. These amounts are based on what it would cost to perform all post-closure care in 2015. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 16 - School Board Early Retirement Incentive Program:

The Component Unit - School Board offered a one-time retirement plan in an attempt to balance the 2010-2011 budget. This policy expired on July 1, 2010 and was deleted for future retirees after the deadline. Early retirement was available to those employees with a minimum of thirty years of service in public education covered by the Virginia Retirement System (VRS). To participate, the employee must be a vested member of the VRS, not presently receiving VRS benefits. The retiree must work fourteen days per year prior to June 1st in order to receive payment. In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 16% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until death or acceptance of disability retirement. At June 30, 2016, there was no remaining commitment.

Note 17-Other Postemployment Benefits - Health Insurance:

A. Plan Description

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. The County recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the fiscal year 2010 liability.

The County of Bland, Virginia and Bland County's Component Unit - School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County and School Board. Any eligible retiree and spouse may receive this benefit until he/she has reached the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree's death, the retiree's attainment of age 65, the spouse's death, or the spouse's attainment of age 65.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

A. Plan Description (Continued)

To be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 59 and 108 employees that are eligible, respectively, for the program. County retirees must pay the full premium. Any additional premium to cover a spouse and dependents is also paid by the retiree. In addition, the School Board pays for retirees under age 65 who have at least 15 years of service with the System, the System contributes \$1.50 per year of VRS service per month up to \$45.00. Retirees with less than 15 years of service are responsible for 100% of their premiums. All retirees are responsible for providing the difference between the premium and the amount contributed by the System.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the County. The rates are as follows:

	Premiums
Employee Only	\$ 590.00
Employee & Spouse	1,092.00
Employee & Family	1,593.00

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the School Board. The rates are as follows:

	Anthem Key Care 500 (PPO) with CD	Anthem Key Care 1000 (PPO) with CD	HDHP with HSA with CD	Anthem Key Care 500 (PPO) with PD	Anthem Key Care 1000 (PPO) with PD	HDHP with HSA with PD
Employee Only	\$ 674.00	\$ 638.00	\$ 535.00	\$ 663.00	\$ 627.00	\$ 524.00
Employee Plus One	1,247.00	1,180.00	990.00	1,227.00	1,160.00	969.00
Family	1,820.00	1,723.00	1,445.00	1,790.00	1,693.00	1,415.00

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 thirty years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

C. Annual OPEB Cost and Net OPEB Obligation

For 2016, the County's annual contribution of \$5,219 did not equal the annual OPEB cost. The obligation calculation is as follows:

Annual required contribution	\$ 48,438
Interest on net OPEB obligation	11,126
Adjustment to annual required contribution	<u>(51,907)</u>
Annual OPEB cost (expense)	7,657
Contributions made	<u>(5,219)</u>
Increase in net OPEB obligation	2,438
Net OPEB obligation - beginning of year	483,760
Net OPEB obligation - end of year	<u>\$ 486,198</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 7,657	68.16%	\$ 486,198
6/30/2015	131,163	9.07%	483,760
6/30/2014	130,984	9.08%	364,494

For 2016, the School Board's annual contribution of \$38,200 did not equal the annual OPEB cost. The obligation calculation is as follows:

Annual required contribution	\$ 38,200
Interest on net OPEB obligation	4,627
Adjustment to annual required contribution	<u>(5,195)</u>
Annual OPEB cost (expense)	37,632
Contributions made	<u>(38,200)</u>
Increase in net OPEB obligation	(568)
Net OPEB obligation - beginning of year	132,190
Net OPEB obligation - end of year	<u>\$ 131,622</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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

The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016 \$	37,632	101.51% \$	131,622
6/30/2015	68,982	68.57%	132,190
6/30/2014	66,934	60.81%	110,508

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	348,920
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	348,920
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	2,089,541
UAAL as a percentage of covered payroll		16.70%

The funded status of the Plan for the School Board as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	459,500
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	459,500
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	4,019,100
UAAL as a percentage of covered payroll		11.43%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

D. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of June 30, 2016, the most recent actuarial valuation date of the County, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 1.00 percent, plus productivity component of 1.25 percent, investment rate of return at 1.29 percent, and a health care trend rate of 5.90 percent graded to 5.30 percent over 9 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013 was 30 years.

As of June 30, 2016, the most recent actuarial valuation date of the Schools, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.30 percent, investment rate of return at 3.50 percent, and a health care trend rate of 6.90 percent graded to 4.10 percent over 57 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2016 was 28.1 years.

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

County:

A. Plan Description

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

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

County: (Continued)

A. Plan Description (Continued)

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2016 was 0.13% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2016, the County's contribution of \$2,716 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2016	\$ 2,716	100.00%	\$ -
	6/30/2015	2,588	100.00%	-
	6/30/2014	2,570	100.00%	-

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

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	33,715
Actuarial value of plan assets	\$	3,394
Unfunded actuarial accrued liability (UAAL)	\$	30,321
Funded ratio (actuarial value of plan assets/AAL)		10.07%
Covered payroll (active plan members)	\$	504,878
UAAL as a percentage of covered payroll		6.01%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2015 was 19-28 years.

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

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

Professional Employees - Discretely Presented Component Unit School Board:

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2016, 2015, and 2014 were \$39,230, \$41,357, and \$45,357, respectively, and equaled the required contributions.

Note 19-Litigation:

As of June 30, 2016, there were no matters of litigation involving the County which would materially affect the County's financial position should an court decisions on pending matters not be favorable.

Note 20-Commitments and Contingencies:

The County has obligated funds for the project described below as of June 30, 2016:

	Original Contract	Amount Paid As of 6/30/2015	Remaining Contract Amount	Retainage Payable
Water Project	\$ 313,534	\$ 300,814	\$ 12,720	\$ 12,720

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Note 21— Upcoming Pronouncements:

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.

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.

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.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Note 21— Upcoming Pronouncements: (Continued)

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Bland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 4,632,847	\$ 4,632,847	\$ 4,527,206	\$ (105,641)
Other local taxes	567,500	567,500	633,363	65,863
Permits, privilege fees, and regulatory licenses	25,600	25,600	22,908	(2,692)
Fines and forfeitures	292,175	292,175	256,535	(35,640)
Revenue from the use of money and property	14,565	14,565	22,627	8,062
Charges for services	358,217	358,217	350,119	(8,098)
Miscellaneous	768,972	783,352	258,181	(525,171)
Recovered costs	321,797	334,668	194,269	(140,399)
Intergovernmental:				
Commonwealth	2,243,283	2,245,483	1,990,451	(255,032)
Federal	1,017,524	1,048,783	1,022,080	(26,703)
Total revenues	<u>\$ 10,242,480</u>	<u>\$ 10,303,190</u>	<u>\$ 9,277,739</u>	<u>\$ (1,025,451)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,036,393	\$ 1,154,334	\$ 1,118,225	\$ 36,109
Judicial administration	472,263	476,755	462,244	14,511
Public safety	1,525,519	1,678,974	1,586,354	92,620
Public works	889,700	870,288	822,314	47,974
Health and welfare	1,719,547	1,719,547	1,380,946	338,601
Education	2,588,649	2,838,649	2,689,575	149,074
Parks, recreation, and cultural	791,479	833,267	478,735	354,532
Community development	941,566	740,995	194,163	546,832
Capital projects	50,000	86,062	314,471	(228,409)
Debt service:				
Principal retirement	95,000	95,000	95,000	-
Interest and other fiscal charges	96,285	96,285	96,284	1
Total expenditures	<u>\$ 10,206,401</u>	<u>\$ 10,590,156</u>	<u>\$ 9,238,311</u>	<u>\$ 1,351,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 36,079</u>	<u>\$ (286,966)</u>	<u>\$ 39,428</u>	<u>\$ 326,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (191,397)	\$ (258,801)	\$ (214,499)	\$ 44,302
Total other financing sources (uses)	<u>\$ (191,397)</u>	<u>\$ (258,801)</u>	<u>\$ (214,499)</u>	<u>\$ 44,302</u>
Net change in fund balances	\$ (155,318)	\$ (545,767)	\$ (175,071)	\$ 370,696
Fund balances - beginning	155,318	587,278	5,047,122	4,459,844
Fund balances - ending	<u>\$ -</u>	<u>\$ 41,511</u>	<u>\$ 4,872,051</u>	<u>\$ 4,830,540</u>

County of Bland, Virginia
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 223,426	\$ 208,295
Interest	578,125	554,140
Differences between expected and actual experience	137,056	-
Benefit payments, including refunds of employee contributions	(428,447)	(411,161)
Net change in total pension liability	\$ 510,160	\$ 351,274
Total pension liability - beginning	8,473,147	8,121,873
Total pension liability - ending (a)	\$ 8,983,307	\$ 8,473,147
Plan fiduciary net position		
Contributions - employer	\$ 294,936	\$ 338,669
Contributions - employee	99,321	98,577
Net investment income	296,855	884,620
Benefit payments, including refunds of employee contributions	(428,447)	(411,161)
Administrative expense	(4,036)	(4,716)
Other	(63)	46
Net change in plan fiduciary net position	\$ 258,566	\$ 906,035
Plan fiduciary net position - beginning	6,504,188	5,598,153
Plan fiduciary net position - ending (b)	\$ 6,762,754	\$ 6,504,188
County's net pension liability - ending (a) - (b)	\$ 2,220,553	\$ 1,968,959
Plan fiduciary net position as a percentage of the total pension liability	75.28%	76.76%
Covered payroll	\$ 1,999,717	\$ 1,972,767
County's net pension liability as a percentage of covered payroll	111.04%	99.81%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 42,034	\$ 48,144
Interest	106,276	100,513
Differences between expected and actual experience	(88,366)	-
Benefit payments, including refunds of employee contributions	(69,028)	(63,638)
Net change in total pension liability	\$ (9,084)	\$ 85,019
Total pension liability - beginning	1,552,742	1,467,723
Total pension liability - ending (a)	\$ 1,543,658	\$ 1,552,742
Plan fiduciary net position		
Contributions - employer	\$ 32,871	\$ 49,500
Contributions - employee	22,001	23,522
Net investment income	71,729	212,964
Benefit payments, including refunds of employee contributions	(69,028)	(63,638)
Administrative expense	(983)	(1,131)
Other	(17)	11
Net change in plan fiduciary net position	\$ 56,573	\$ 221,228
Plan fiduciary net position - beginning	1,569,943	1,348,715
Plan fiduciary net position - ending (b)	\$ 1,626,516	\$ 1,569,943
School Division's net pension liability (asset) - ending (a) - (b)	\$ (82,858)	\$ (17,201)
Plan fiduciary net position as a percentage of the total pension liability	105.37%	101.11%
Covered payroll	\$ 446,288	\$ 465,565
School Division's net pension liability (asset) as a percentage of covered payroll	-18.57%	-3.69%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Year Ended June 30, 2016

	2015	2014
Employer's Proportion of the Net Pension Liability	0.05253%	0.05666%
Employer's Proportionate Share of the Net Pension Liability	\$ 6,611,000	\$ 6,848,000
Employer's Covered Payroll	3,901,573	4,142,763
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.44%	165.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2016	\$ 306,949	\$ 306,949	\$ -	\$ 2,089,541	14.77%
2015	294,936	294,936	-	1,999,717	14.77%
2014	338,724	338,724	-	1,972,767	17.17%
2013	310,343	310,343	-	1,807,473	17.17%
2012	291,959	291,959	-	1,861,981	15.68%
2011	286,221	286,221	-	1,825,391	15.68%
2010	247,806	247,806	-	1,747,571	14.18%
2009	242,905	242,905	-	1,713,010	14.18%
2008	179,680	179,680	-	1,682,396	10.68%
2007	177,251	177,251	-	1,659,652	10.68%
Component Unit School Board (nonprofessional)					
2016	\$ 30,278	\$ 30,278	\$ -	\$ 411,381	7.36%
2015	32,871	32,871	-	446,288	7.36%
2014	48,884	48,884	-	465,565	10.50%
2013	50,507	50,507	-	481,020	10.50%
2012	37,765	37,765	-	482,310	7.83%
2011	38,759	38,759	-	495,012	7.83%
2010	41,702	41,702	-	560,511	7.44%
2009	43,063	43,063	-	578,810	7.44%
2008	30,767	30,767	-	536,952	5.73%
2007	30,042	30,042	-	524,298	5.73%
Component Unit School Board (professional)					
2016	\$ 518,319	\$ 518,319	\$ -	\$ 3,700,904	14.06%
2015	565,000	565,000	-	3,901,573	14.50%
2014	483,046	483,046	-	4,142,763	11.66%
2013	473,850	473,850	-	4,063,898	11.66%
2012	251,494	251,494	-	3,973,049	6.33%
2011	164,732	164,732	-	4,191,650	3.93%
2010	375,217	375,217	-	4,258,987	8.81%
2009	371,025	371,025	-	4,211,413	8.81%
2008	406,929	406,929	-	3,950,770	10.30%
2007	350,195	350,195	-	3,806,470	9.20%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Bland, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

County of Bland, Virginia
Schedule of OPEB Funding Progress

Primary Government: Other Postemployment Benefit-Health Insurance (1)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	\$ -	\$ 348,920	\$ 348,920	0.00%	\$ 2,089,541	16.70%
6/30/2013	-	756,056	756,056	0.00%	1,811,419	41.74%
6/30/2010	-	271,296	271,296	0.00%	1,668,675	16.26%

Discretely Presented Component Unit: School Board Other Postemployment Benefit-Health Insurance (1)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	\$ -	\$ 459,500	\$ 459,500	0.00%	\$ 4,019,100	11.43%
6/30/2013	-	700,700	700,700	0.00%	4,338,800	16.15%
6/30/2010	-	570,800	570,800	0.00%	4,842,800	11.79%

(1) Valuations are required every three years with the initial one performed on 6/30/2010.

Primary Government: Other Postemployment Benefit-VRS Health Insurance Credit

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2015	\$ 3,394	\$ 33,715	\$ 30,321	10.07%	\$ 504,878	6.01%
6/30/2014	3,544	33,484	29,940	10.58%	560,415	5.34%
6/30/2013	5,041	31,251	26,210	16.13%	498,302	5.26%

Other Supplementary Information

County of Bland, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 78,962	\$ 570,810	\$ 649,772
Accounts receivable, net of allowance for uncollectibles	48,825	35,550	84,375
Due from other governmental units	12,720	-	12,720
Prepaid items	650	650	1,300
Total current assets	<u>\$ 141,157</u>	<u>\$ 607,010</u>	<u>\$ 748,167</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 109,663	\$ 93,547	\$ 203,210
Capital assets, net of accumulated depreciation:			
Land	\$ 6,028	\$ 249,128	\$ 255,156
Buildings and utility plant in service	5,183,737	13,297,423	18,481,160
Machinery and equipment	40,683	43,997	84,680
Construction in progress	55,470	46,999	102,469
Total capital assets	<u>\$ 5,285,918</u>	<u>\$13,637,547</u>	<u>\$18,923,465</u>
Total noncurrent assets	<u>\$ 5,395,581</u>	<u>\$13,731,094</u>	<u>\$19,126,675</u>
Total assets	<u>\$ 5,536,738</u>	<u>\$14,338,104</u>	<u>\$19,874,842</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 6,337	\$ 6,977	\$ 13,314
Items related to measurement of net pension liability	2,145	2,362	4,507
Total deferred outflows of resources	<u>\$ 8,482</u>	<u>\$ 9,339</u>	<u>\$ 17,821</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,198	\$ 8,034	\$ 9,232
Retainage payable	12,720	-	12,720
Customers' deposits	8,325	-	8,325
Accrued interest payable	9,643	7,448	17,091
Due to primary government	209,264	605,515	814,779
Compensated absences - current portion	10,765	7,653	18,418
Bonds payable - current portion	64,773	154,848	219,621
Total current liabilities	<u>\$ 316,688</u>	<u>\$ 783,498</u>	<u>\$ 1,100,186</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,603,270	\$ 7,257,737	\$ 8,861,007
Compensated absences - net of current portion	-	2,551	2,551
Net pension liability	45,652	50,267	95,919
Total noncurrent liabilities	<u>\$ 1,648,922</u>	<u>\$ 7,310,555</u>	<u>\$ 8,959,477</u>
Total liabilities	<u>\$ 1,965,610</u>	<u>\$ 8,094,053</u>	<u>\$10,059,663</u>
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	\$ 3,485	\$ 3,838	\$ 7,323
NET POSITION			
Net investment in capital assets	\$ 3,605,155	\$ 6,224,962	\$ 9,830,117
Restricted for debt service and bond covenants	109,663	93,547	203,210
Unrestricted	(138,693)	(68,957)	(207,650)
Total net position	<u>\$ 3,576,125</u>	<u>\$ 6,249,552</u>	<u>\$ 9,825,677</u>

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

County of Bland, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 295,839	\$ -	\$ 295,839
Sewer revenues	-	187,198	187,198
Connection fees	3,210	19,630	22,840
Penalties	19,022	-	19,022
Other revenues	10,560	-	10,560
Miscellaneous	534	-	534
Total operating revenues	<u>\$ 329,165</u>	<u>\$ 206,828</u>	<u>\$ 535,993</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 106,660	\$ 97,357	\$ 204,017
Utilities	15,179	38,311	53,490
Purchase of water	139,913	967	140,880
Maintenance and repairs	21,482	57,271	78,753
Office expense	2,411	2,828	5,239
Insurance	2,530	3,065	5,595
Permits	2,092	2,678	4,770
Professional services	14,092	354	14,446
Miscellaneous	1,380	1,910	3,290
Depreciation	238,440	417,041	655,481
Total operating expenses	<u>\$ 544,179</u>	<u>\$ 621,782</u>	<u>\$ 1,165,961</u>
Operating income (loss)	<u>\$ (215,014)</u>	<u>\$ (414,954)</u>	<u>\$ (629,968)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 620	\$ -	\$ 620
Interest expense	(66,025)	(41,906)	(107,931)
Total nonoperating revenues (expenses)	<u>\$ (65,405)</u>	<u>\$ (41,906)</u>	<u>\$ (107,311)</u>
Income before contributions and transfers	<u>\$ (280,419)</u>	<u>\$ (456,860)</u>	<u>\$ (737,279)</u>
Capital contributions and construction grants	\$ 139,689	687,413	\$ 827,102
Transfers in (Contributions from primary government or component unit(s) of primary government)	86,072	128,427	214,499
Change in net position	<u>\$ (54,658)</u>	<u>\$ 358,980</u>	<u>\$ 304,322</u>
Net position - beginning	3,630,783	5,890,572	9,521,355
Net position - ending	<u>\$ 3,576,125</u>	<u>\$ 6,249,552</u>	<u>\$ 9,825,677</u>

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

FIDUCIARY FUND

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

County of Bland, Virginia
 Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2016

	<u>Agency Fund - Special Welfare</u>			
	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Cash and cash equivalents	\$ 7,228	\$ 31,514	\$ (23,293)	\$ 15,449
Liabilities				
Amounts held for social services clients	\$ 7,228	\$ 31,514	\$ (23,293)	\$ 15,449

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2016

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,389,274
Cash in custody of others		82,738
Due from other governmental units		179,881
Prepaid items		17,198
Total assets	\$	<u>2,669,091</u>
LIABILITIES		
Accounts payable	\$	58,894
Accrued payroll		691,821
Due to primary government		119,206
Total liabilities	\$	<u>869,921</u>
FUND BALANCES		
Restricted:		
School cafeteria	\$	82,738
Assigned:		
Textbook payments		35,272
Future school construction		1,602,045
Unassigned		
Total fund balances	\$	<u>1,799,170</u>
Total liabilities and fund balances	\$	<u>2,669,091</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	1,799,170
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	603,897
Buildings and system		1,430,290
Machinery and equipment		434,276
		<u>2,468,463</u>
The net pension asset is not an available resource and, therefore, is not reported in the funds.		
		82,858
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		(1,055,772)
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.		
		548,597
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB obligation	\$	(131,622)
Compensated absences		(138,931)
Net pension liability		<u>(6,611,000)</u>
Net position of governmental activities	\$	<u>(3,038,237)</u>

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

School Operating Fund - The School Operating Fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2016

		<u>School Operating Fund</u>
REVENUES		
Revenue from the use of money and property	\$	5,442
Charges for services		131,201
Miscellaneous		280,017
Recovered costs		66,173
Intergovernmental:		
Local government		2,682,419
Commonwealth		4,742,397
Federal		724,918
Total revenues		<u>\$ 8,632,567</u>
EXPENDITURES		
Current:		
Education	\$	<u>8,688,372</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(55,805)</u>
Net change in fund balances	\$	(55,805)
Fund balances - beginning		<u>1,854,975</u>
Fund balances - ending	\$	<u><u>1,799,170</u></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	\$	(55,805)
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 capital outlays exceeded depreciation in the current period.		
Capital asset additions	\$	339,016
Depreciation expense		(191,209)
		147,807
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows of resources related to the measurement of the net pension liability/asset		54,840
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in compensated absences	\$	19,100
Change in net OPEB obligation		568
Change in net pension liability		237,000
Change in net pension asset		65,657
Change in deferred outflows of resources related to net pension liability		<u>(51,251)</u>
		271,074
Change in net position of governmental activities	\$	<u><u>417,916</u></u>

County of Bland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2016

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 5,442	\$ 5,442
Charges for services	-	-	131,201	131,201
Miscellaneous	223,161	216,212	280,017	63,805
Recovered costs	75,697	75,697	66,173	(9,524)
Intergovernmental:				
Local government	2,581,492	2,831,492	2,682,419	(149,073)
Commonwealth	4,641,596	4,677,901	4,742,397	64,496
Federal	544,865	633,387	724,918	91,531
Total revenues	<u>\$ 8,066,811</u>	<u>\$ 8,434,689</u>	<u>\$ 8,632,567</u>	<u>\$ 197,878</u>
EXPENDITURES				
Current:				
Education	<u>\$ 8,066,811</u>	<u>\$ 8,434,689</u>	<u>\$ 8,688,372</u>	<u>\$ (253,683)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,805)</u>	<u>\$ (55,805)</u>
Net change in fund balances	\$ -	\$ -	\$ (55,805)	\$ (55,805)
Fund balances - beginning	-	-	1,854,975	1,854,975
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,799,170</u>	<u>\$ 1,799,170</u>

Supporting Schedules

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,606,969	\$ 2,606,969	\$ 2,647,556	\$ 40,587
Real and personal public service corporation taxes	414,953	414,953	412,721	(2,232)
Personal property taxes	1,062,930	1,062,930	1,035,594	(27,336)
Mobile home taxes	21,746	21,746	19,603	(2,143)
Machinery and tools taxes	389,631	389,631	193,105	(196,526)
Merchant's capital taxes	119,618	119,618	130,567	10,949
Penalties	15,000	15,000	42,232	27,232
Interest	2,000	2,000	45,828	43,828
Total general property taxes	<u>\$ 4,632,847</u>	<u>\$ 4,632,847</u>	<u>\$ 4,527,206</u>	<u>\$ (105,641)</u>
Other local taxes:				
Local sales and use taxes	\$ 255,000	\$ 255,000	\$ 282,009	\$ 27,009
Consumers' utility taxes	160,000	160,000	162,416	2,416
Consumption taxes	20,000	20,000	20,568	568
Gross receipts taxes	-	-	5,634	5,634
Franchise license tax	-	-	16,906	16,906
Taxes on recordation and wills	27,500	27,500	32,406	4,906
Hotel and motel room taxes	7,000	7,000	8,054	1,054
Restaurant food taxes	98,000	98,000	105,370	7,370
Total other local taxes	<u>\$ 567,500</u>	<u>\$ 567,500</u>	<u>\$ 633,363</u>	<u>\$ 65,863</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,200	\$ 4,200	\$ 2,805	\$ (1,395)
Land use application fees	1,000	1,000	522	(478)
Transfer fees	-	-	277	277
Building permits	20,000	20,000	18,604	(1,396)
Permits and other licenses	400	400	700	300
Total permits, privilege fees, and regulatory licenses	<u>\$ 25,600</u>	<u>\$ 25,600</u>	<u>\$ 22,908</u>	<u>\$ (2,692)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 292,150	\$ 292,150	\$ 256,535	\$ (35,615)
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	<u>\$ 292,175</u>	<u>\$ 292,175</u>	<u>\$ 256,535</u>	<u>\$ (35,640)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 10,965	\$ 10,965	\$ 19,027	\$ 8,062
Revenue from use of property	3,600	3,600	3,600	-
Total revenue from use of money and property	<u>\$ 14,565</u>	<u>\$ 14,565</u>	<u>\$ 22,627</u>	<u>\$ 8,062</u>
Charges for services:				
Charges for sheriff's fees	\$ 2,025	\$ 2,025	\$ 7,482	\$ 5,457
Charges for courthouse maintenance	16,430	16,430	14,709	(1,721)
Charges for law library	1,000	1,000	692	(308)
Charges for Commonwealth's Attorney	250	250	649	399
Charges for sanitation and waste removal	330,000	330,000	314,164	(15,836)
Charges for cannery	5,297	5,297	6,894	1,597
Charges for forest service coop law enforcement	2,640	2,640	3,566	926
Other charges for services	575	575	1,963	1,388
Total charges for services	<u>\$ 358,217</u>	<u>\$ 358,217</u>	<u>\$ 350,119</u>	<u>\$ (8,098)</u>
Miscellaneous:				
Miscellaneous	\$ 201,572	\$ 215,952	\$ 138,467	\$ (77,485)
Wythe Bland Community Foundation contribution	567,400	567,400	119,714	(447,686)
Total miscellaneous	<u>\$ 768,972</u>	<u>\$ 783,352</u>	<u>\$ 258,181</u>	<u>\$ (525,171)</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (continued)				
Recovered costs:				
Insurance reimbursement	\$ 17,000	\$ 17,000	\$ 5,741	\$ (11,259)
Social services	63,348	63,348	-	(63,348)
Utilities	1,500	1,500	2,343	843
Schools	16,193	16,193	19,443	3,250
Crossroads Industrial Facilities Authority	190,000	190,000	140,000	(50,000)
Other recovered costs	33,756	46,627	26,742	(19,885)
Total recovered costs	<u>\$ 321,797</u>	<u>\$ 334,668</u>	<u>\$ 194,269</u>	<u>\$ (140,399)</u>
Total revenue from local sources	<u>\$ 6,981,673</u>	<u>\$ 7,008,924</u>	<u>\$ 6,265,208</u>	<u>\$ (743,716)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ -	\$ (500)
Mobile home titling tax	20,000	20,000	10,999	(9,001)
Motor vehicle rental tax	-	-	97	97
State recordation tax	6,000	6,000	8,011	2,011
Communications taxes	105,000	105,000	101,117	(3,883)
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	<u>\$ 486,061</u>	<u>\$ 486,061</u>	<u>\$ 474,785</u>	<u>\$ (11,276)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 158,707	\$ 158,707	\$ 160,554	\$ 1,847
Sheriff	498,774	498,774	492,477	(6,297)
Commissioner of revenue	82,216	82,216	82,215	(1)
Treasurer	62,705	62,705	62,703	(2)
Registrar/electoral board	30,000	31,800	32,116	316
Clerk of the Circuit Court	138,004	138,004	145,479	7,475
Total shared expenses	<u>\$ 970,406</u>	<u>\$ 972,206</u>	<u>\$ 975,544</u>	<u>\$ 3,338</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 291,151	\$ 291,151	\$ 267,769	\$ (23,382)
Comprehensive Services Act program	368,864	368,864	163,610	(205,254)
Litter control grant	6,500	6,500	6,427	(73)
Two-for-life	6,300	6,300	6,501	201
DMV grant	1,250	1,250	-	(1,250)
E-911 state revenue	45,844	45,844	45,618	(226)
Victim-witness grant	5,572	5,752	23,070	17,318
Fire program	20,000	20,220	21,619	1,399
Juvenile justice grant	6,585	6,585	200	(6,385)
Mining royalties	2,750	2,750	842	(1,908)
Department of justice grants	32,000	32,000	4,466	(27,534)
Total other categorical aid	<u>\$ 786,816</u>	<u>\$ 787,216</u>	<u>\$ 540,122</u>	<u>\$ (247,094)</u>
Total categorical aid	<u>\$ 1,757,222</u>	<u>\$ 1,759,422</u>	<u>\$ 1,515,666</u>	<u>\$ (243,756)</u>
Total revenue from the Commonwealth	<u>\$ 2,243,283</u>	<u>\$ 2,245,483</u>	<u>\$ 1,990,451</u>	<u>\$ (255,032)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 128,706	\$ 128,706

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (continued)				
Categorical aid:				
Victim-witness grant	\$ 16,716	\$ 16,716	\$ -	\$ (16,716)
State and community highway safety funds	-	3,553	5,730	2,177
Public assistance and welfare administration	604,377	604,377	555,839	(48,538)
Comprehensive Services Act program	-	-	24,079	24,079
Equitable sharing program	-	2,706	-	(2,706)
Department of environmental quality grant	97,000	97,000	47,000	(50,000)
Highway planning and construction	299,431	324,431	253,226	(71,205)
Department of emergency management grant	-	-	7,500	7,500
Total categorical aid	<u>\$ 1,017,524</u>	<u>\$ 1,048,783</u>	<u>\$ 893,374</u>	<u>\$ (155,409)</u>
Total revenue from the federal government	<u>\$ 1,017,524</u>	<u>\$ 1,048,783</u>	<u>\$ 1,022,080</u>	<u>\$ (26,703)</u>
Total General Fund	<u>\$ 10,242,480</u>	<u>\$ 10,303,190</u>	<u>\$ 9,277,739</u>	<u>\$ (1,025,451)</u>
Total Primary Government	<u>\$ 10,242,480</u>	<u>\$ 10,303,190</u>	<u>\$ 9,277,739</u>	<u>\$ (1,025,451)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,442	\$ 5,442
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 131,201	\$ 131,201
Miscellaneous:				
Other miscellaneous	\$ 223,161	\$ 216,212	\$ 280,017	\$ 63,805
Recovered costs:				
Miscellaneous recovered costs	\$ 75,697	\$ 75,697	\$ 66,173	\$ (9,524)
Total revenue from local sources	<u>\$ 298,858</u>	<u>\$ 291,909</u>	<u>\$ 482,833</u>	<u>\$ 190,924</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	\$ 2,581,492	\$ 2,831,492	\$ 2,682,419	\$ (149,073)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 887,882	\$ 887,882	\$ 890,111	\$ 2,229
Basic school aid	2,570,609	2,570,609	2,581,700	11,091
Remedial summer education	652	652	652	-
Regular foster care	-	2,974	-	(2,974)
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	25,206	25,206	25,276	70
Remedial education	64,893	64,893	65,071	178
Special education	210,769	210,769	211,347	578
Textbook payment	51,603	51,603	51,745	142
Vocational SOQ payments	75,083	75,083	75,289	206
Kindergarten camp grant	2,800	2,800	1,699	(1,101)
Vocational adult education	-	4,657	-	(4,657)
School food	463	5,019	3,468	(1,551)
Social security fringe benefits	149,093	149,093	149,502	409
Retirement fringe benefits	294,433	294,433	295,240	807
Group life insurance benefits	9,117	9,117	9,142	25
Early reading intervention	17,112	17,112	17,112	-
Dropout prevention	6,993	6,993	3,723	(3,270)

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Homebound education	\$ 10,363	\$ 10,363	\$ 7,886	\$ (2,477)
Vocational occupational preparedness	682	-	682	682
Local history grant	-	-	1,681	1,681
At risk payments	51,601	51,601	51,601	-
Primary class size	63,461	63,461	69,006	5,545
Standards of Learning algebra readiness	8,770	8,770	8,770	-
Mentor teacher program	452	452	630	178
Virginia tobacco settlement	-	-	44,562	44,562
At risk four year olds	-	-	12,143	12,143
Technology initiative	129,200	154,000	154,000	-
Other state funds	2,500	2,500	2,500	-
Total categorical aid	\$ 4,641,596	\$ 4,677,901	\$ 4,742,397	\$ 64,496
Total revenue from the Commonwealth	\$ 4,641,596	\$ 4,677,901	\$ 4,742,397	\$ 64,496
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 145,690	\$ 145,690	\$ 164,103	\$ 18,413
Title VI-B, flow-through/preschool	218,044	241,585	236,881	(4,704)
Title II Part A	29,073	29,073	38,468	9,395
School food program	124,556	120,000	182,838	62,838
Schools and roads	15,000	84,537	84,537	-
Career and technical education	12,502	12,502	18,091	5,589
Total categorical aid	\$ 544,865	\$ 633,387	\$ 724,918	\$ 91,531
Total revenue from the federal government	\$ 544,865	\$ 633,387	\$ 724,918	\$ 91,531
Total School Operating Fund	\$ 8,066,811	\$ 8,434,689	\$ 8,632,567	\$ 197,878

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 60,666	\$ 53,271	\$ 49,542	\$ 3,729
General and financial administration:				
County administrator	\$ 394,477	\$ 401,827	\$ 400,871	\$ 956
Commissioner of revenue	176,724	176,874	176,801	73
Treasurer	158,852	158,852	156,102	2,750
Legal services	34,775	41,533	33,340	8,193
Information technology	33,950	35,350	35,311	39
Auditors	75,132	65,874	55,800	10,074
Employee added benefit pool	3,000	3,000	4,275	(1,275)
Local government dues	9,275	9,275	2,174	7,101
Total general and financial administration	<u>\$ 886,185</u>	<u>\$ 892,585</u>	<u>\$ 864,674</u>	<u>\$ 27,911</u>
Board of elections:				
Electoral board and officials	\$ 25,985	\$ 143,121	\$ 138,607	\$ 4,514
Registrar	63,557	65,357	65,402	(45)
Total board of elections	<u>\$ 89,542</u>	<u>\$ 208,478</u>	<u>\$ 204,009</u>	<u>\$ 4,469</u>
Total general government administration	<u>\$ 1,036,393</u>	<u>\$ 1,154,334</u>	<u>\$ 1,118,225</u>	<u>\$ 36,109</u>
Judicial administration:				
Courts:				
Circuit court	\$ 5,943	\$ 5,943	\$ 2,625	\$ 3,318
General district court	2,089	2,089	1,556	533
Magistrates	275	275	75	200
Juvenile and domestic relations court	7,310	7,310	2,204	5,106
Victim and witness assistance	24,612	24,792	24,732	60
Clerk of the circuit court	222,844	222,844	217,901	4,943
Law Library	1,600	1,706	1,706	-
Total courts	<u>\$ 264,673</u>	<u>\$ 264,959</u>	<u>\$ 250,799</u>	<u>\$ 14,160</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 207,590	\$ 211,796	\$ 211,445	\$ 351
Total judicial administration	<u>\$ 472,263</u>	<u>\$ 476,755</u>	<u>\$ 462,244</u>	<u>\$ 14,511</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 813,691	\$ 818,091	\$ 804,001	\$ 14,090
Transportation safety	-	3,553	3,553	-
School resource officer	56,368	85,668	84,494	1,174
Total law enforcement and traffic control	<u>\$ 870,059</u>	<u>\$ 907,312</u>	<u>\$ 892,048</u>	<u>\$ 15,264</u>
Fire and rescue services:				
Fire department	\$ 108,336	\$ 117,118	\$ 125,919	\$ (8,801)
Ambulance and rescue services	15,882	146,032	146,031	1
Other fire and rescue services	14,618	14,838	14,831	7
Total fire and rescue services	<u>\$ 138,836</u>	<u>\$ 277,988</u>	<u>\$ 286,781</u>	<u>\$ (8,793)</u>
Correction and detention:				
Regional jail	\$ 175,000	\$ 90,985	\$ 81,437	\$ 9,548
Courthouse security	152,302	162,302	88,891	73,411
Total correction and detention	<u>\$ 327,302</u>	<u>\$ 253,287</u>	<u>\$ 170,328</u>	<u>\$ 82,959</u>
Inspections:				
Building	\$ 76,368	\$ 82,668	\$ 82,658	\$ 10
Total inspections	<u>\$ 76,368</u>	<u>\$ 82,668</u>	<u>\$ 82,658</u>	<u>\$ 10</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 54,094	\$ 54,094	\$ 51,025	\$ 3,069
Medical examiner	120	120	120	-
Emergency services	6,448	12,213	12,213	-
E-911	52,292	91,292	91,181	111
Total other protection	<u>\$ 112,954</u>	<u>\$ 157,719</u>	<u>\$ 154,539</u>	<u>\$ 3,180</u>
Total public safety	<u>\$ 1,525,519</u>	<u>\$ 1,678,974</u>	<u>\$ 1,586,354</u>	<u>\$ 92,620</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 3,700	\$ 5,188	\$ 5,188	\$ -
Sanitation and waste removal:				
Refuse collection and disposal	\$ 325,708	\$ 325,708	\$ 324,242	\$ 1,466
Landfill closure	39,000	48,100	42,365	5,735
Total sanitation and waste removal	<u>\$ 364,708</u>	<u>\$ 373,808</u>	<u>\$ 366,607</u>	<u>\$ 7,201</u>
Maintenance of general buildings and grounds:				
General properties	\$ 302,946	\$ 279,446	\$ 286,674	\$ (7,228)
Canneries	96,091	96,091	48,175	47,916
Public works administration	122,255	115,755	115,670	85
Total maintenance of general buildings and grounds	<u>\$ 521,292</u>	<u>\$ 491,292</u>	<u>\$ 450,519</u>	<u>\$ 40,773</u>
Total public works	<u>\$ 889,700</u>	<u>\$ 870,288</u>	<u>\$ 822,314</u>	<u>\$ 47,974</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 84,390	\$ 84,390	\$ 84,390	\$ -
Mental health and mental retardation:				
Community services board	\$ 27,000	\$ 27,000	\$ 27,000	\$ -
Welfare:				
Welfare administration	\$ 667,606	\$ 639,299	\$ 638,344	\$ 955
Public assistance	500,518	528,825	293,756	235,069
Elderly and handicapped services	9,096	9,096	9,096	-
Comprehensive services	421,352	421,352	325,532	95,820
Other welfare	9,585	9,585	2,828	6,757
Total welfare	<u>\$ 1,608,157</u>	<u>\$ 1,608,157</u>	<u>\$ 1,269,556</u>	<u>\$ 338,601</u>
Total health and welfare	<u>\$ 1,719,547</u>	<u>\$ 1,719,547</u>	<u>\$ 1,380,946</u>	<u>\$ 338,601</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 7,157	\$ 7,157	\$ 7,156	\$ 1
Contribution to County School Board	2,581,492	2,831,492	2,682,419	149,073
Total education	<u>\$ 2,588,649</u>	<u>\$ 2,838,649</u>	<u>\$ 2,689,575</u>	<u>\$ 149,074</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 22,166	\$ 20,449	\$ 17,463	\$ 2,986
Rocky Gap Greenway project	\$ 436,431	\$ 436,431	\$ 96,590	\$ 339,841
Total parks and recreation	<u>\$ 458,597</u>	<u>\$ 456,880</u>	<u>\$ 114,053</u>	<u>\$ 342,827</u>
Cultural enrichment:				
Indian Village	\$ 196,793	\$ 197,843	\$ 198,989	\$ (1,146)
Youth enrichment program	-	2,455	1,530	925
Other cultural enrichment	150	150	-	150
Total cultural enrichment	<u>\$ 196,943</u>	<u>\$ 200,448</u>	<u>\$ 200,519</u>	<u>\$ (71)</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (continued)				
Library:				
Contribution to regional library	\$ 135,939	\$ 175,939	\$ 164,163	\$ 11,776
Total parks, recreation, and cultural	\$ 791,479	\$ 833,267	\$ 478,735	\$ 354,532
Community development:				
Planning and community development:				
Community development	\$ 5,929	\$ 5,929	\$ 4,024	\$ 1,905
Planning	577,904	369,333	49,192	320,141
Contribution to EDA	245,000	245,000	61,704	183,296
Contribution to Wireless Authority	-	-	6,017	(6,017)
Economic development	47,830	47,830	7,300	40,530
Total planning and community development	\$ 876,663	\$ 668,092	\$ 128,237	\$ 539,855
Environmental management:				
Contribution to soil and water district	\$ 12,000	\$ 12,000	\$ 8,000	\$ 4,000
Cooperative extension program:				
Extension office	\$ 52,903	\$ 60,903	\$ 57,926	\$ 2,977
Total community development	\$ 941,566	\$ 740,995	\$ 194,163	\$ 546,832
Capital projects:				
Sheriff's building	\$ -	\$ -	\$ 3,935	\$ (3,935)
Other capital projects	50,000	86,062	310,536	(224,474)
Total capital projects	\$ 50,000	\$ 86,062	\$ 314,471	\$ (228,409)
Debt service:				
Principal retirement	\$ 95,000	\$ 95,000	\$ 95,000	\$ -
Interest and other fiscal charges	96,285	96,285	96,284	1
Total debt service	\$ 191,285	\$ 191,285	\$ 191,284	\$ 1
Total General Fund	\$ 10,206,401	\$ 10,590,156	\$ 9,238,311	\$ 1,351,845
Total Primary Government	\$ 10,206,401	\$ 10,590,156	\$ 9,238,311	\$ 1,351,845
Discretely Presented Component Unit - School Board:				
School Operating Fund: (1)				
Education:				
Instruction costs:				
Instruction costs	\$ 6,065,724	\$ 6,065,724	\$ 6,066,007	\$ (283)
Operating costs:				
Administration and health services	\$ 530,719	\$ 648,597	\$ 650,482	\$ (1,885)
Pupil transportation	598,007	598,007	595,202	2,805
Operation and maintenance of school plant	722,713	972,713	1,016,926	(44,213)
Total operating costs	\$ 1,851,439	\$ 2,219,317	\$ 2,262,610	\$ (43,293)
School food services:				
Administration of school food program	\$ 149,648	\$ 149,648	\$ 359,755	\$ (210,107)
Total Discretely Presented Component Unit - School Board	\$ 8,066,811	\$ 8,434,689	\$ 8,688,372	\$ (253,683)

- (1) School Board appropriations are approved at the fund level; therefore, appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of \$162,290, including inventory for commodities. These amounts are not subject to appropriation and accordingly are not budgeted.

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration										Interest on Long-Term Debt	Service Authority	Total
	972,705	456,139	1,662,417	797,128	1,389,567	2,670,132	562,562	55,249	77,817	1,273,892			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2015-16	972,705	456,139	1,662,417	797,128	1,389,567	2,670,132	562,562	55,249	77,817	1,273,892	9,917,608		
2014-15	954,717	416,140	1,551,766	860,933	1,483,133	2,331,385	425,297	115,637	81,988	1,057,244	9,278,240		
2013-14	938,433	452,885	1,700,060	748,735	1,539,871	1,925,993	354,602	343,923	87,939	997,642	9,090,083		
2012-13	766,053	380,935	1,529,359	913,032	1,542,730	2,190,433	330,798	216,174	188,081	933,851	8,991,446		
2011-12	801,053	370,921	1,743,094	774,316	1,364,061	2,568,469	377,449	1,190,443	151,503	874,131	10,215,440		
2010-11	809,520	351,881	1,706,549	797,124	1,472,938	2,089,162	427,167	117,950	154,670	848,184	8,775,145		
2009-10	899,026	339,747	1,634,918	793,257	1,349,766	2,073,276	374,658	127,203	178,482	836,366	8,606,699		
2008-09	874,209	341,475	1,698,669	762,499	989,548	1,741,599	277,656	240,035	182,319	846,734	7,954,743		
2007-08	949,279	328,350	1,535,649	765,844	994,735	2,184,946	162,006	392,417	193,525	879,490	8,386,241		
2006-07	840,399	297,365	1,481,054	728,774	1,544,378	2,084,371	142,065	291,841	201,620	826,285	8,438,152		

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2015-16	\$ 1,154,461	\$ 2,155,814	\$ 1,080,328	\$ 4,536,479	\$ 563,483	\$ 33,807	\$ 258,715	\$ 603,491	\$ 10,386,578		
2014-15	1,044,425	2,287,302	655,801	4,344,114	526,829	23,722	302,269	584,868	9,769,330		
2013-14	943,157	2,535,982	200,740	4,265,515	764,027	19,518	251,329	595,694	9,575,962		
2012-13	976,316	2,183,202	796,843	4,193,169	627,514	18,954	169,917	557,649	9,523,564		
2011-12	876,079	2,113,461	1,148,852	4,125,826	665,523	19,267	95,830	541,478	9,586,316		
2010-11	894,969	2,379,513	88,338	4,163,002	652,227	35,828	213,488	518,508	8,945,873		
2009-10	1,025,159	2,113,469	-	3,871,685	770,784	17,115	91,386	409,725	8,299,323		
2008-09	1,028,168	1,884,067	-	4,248,680	795,467	64,337	31,940	571,623	8,624,282		
2007-08	1,074,480	1,921,241	-	3,623,286	844,536	160,451	21,841	465,491	8,111,326		
2006-07	1,109,941	2,818,405	-	3,496,273	826,622	156,285	8,065	507,610	8,923,201		

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2015-16	\$ 1,118,225	\$ 462,244	\$ 1,586,354	\$ 822,314	\$ 1,380,946	\$ 8,695,528	\$ 478,735	\$ 194,163	\$ 191,284	\$ 14,929,793
2014-15	1,003,337	466,171	1,630,686	858,453	1,488,803	8,310,730	392,965	270,548	261,016	14,682,709
2013-14	1,037,305	457,972	1,557,278	839,446	1,545,538	9,082,285	319,309	549,524	262,157	15,650,814
2012-13	1,010,885	368,217	1,391,861	899,867	1,548,060	8,717,138	295,215	363,820	258,655	14,853,718
2011-12	1,002,258	367,021	1,589,152	798,604	1,414,624	8,572,309	336,448	1,339,106	459,652	15,879,174
2010-11	977,100	348,294	1,515,813	837,104	1,566,107	8,507,058	387,194	397,984	350,197	14,886,851
2009-10	941,426	334,519	1,561,234	790,800	1,414,492	8,939,212	335,437	381,951	446,279	15,145,350
2008-09	919,303	340,198	1,613,833	750,964	1,075,093	9,224,652	356,527	661,825	433,329	15,375,724
2007-08	934,887	325,807	1,390,396	755,811	1,042,904	8,860,586	128,473	476,732	472,674	14,388,270
2006-07	817,094	299,335	1,335,075	736,940	946,016	8,201,233	126,888	351,578	586,148	13,400,307

(1) Includes General Fund of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit and capital projects.

(3) The County refunded \$2,925,391 in fiscal year 2012-13.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2015-16	\$ 4,527,206	\$ 633,363	\$ 22,908	\$ 256,535	\$ 28,069	\$ 481,320	\$ 538,198	\$ 260,442	\$ 8,479,846	\$ 15,227,887
2014-15	4,267,174	602,682	26,878	191,061	14,926	500,409	492,486	407,445	8,609,339	15,112,400
2013-14	4,222,834	764,027	21,115	190,822	11,823	550,363	494,375	604,867	9,163,339	16,023,565
2012-13	4,105,564	627,514	20,412	203,469	13,326	525,289	275,748	513,742	8,764,107	15,049,171
2011-12	3,962,106	665,523	19,018	216,931	14,082	450,866	199,164	613,146	10,209,881	16,350,717
2010-11	4,083,994	652,227	20,868	232,830	18,871	459,679	282,896	601,186	8,756,229	15,108,780
2009-10	3,972,657	770,784	20,815	344,934	24,593	501,753	120,800	630,550	9,071,887	15,458,773
2008-09	4,157,760	795,467	31,301	362,801	109,069	480,020	90,797	719,694	9,734,423	16,481,332
2007-08	3,617,018	844,536	30,020	360,871	251,858	504,072	36,576	438,259	8,779,504	14,862,714
2006-07	3,351,678	826,622	28,040	296,394	258,917	578,721	69,426	269,480	9,363,593	15,042,871

(1) Includes General and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

County of Bland, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Outstanding Delinquent Taxes to Tax Levy
2015-16	\$ 4,867,612	\$ 4,554,021	93.56%	\$ 239,686	\$ 4,793,707	98.48%	\$ 906,887	18.63%
2014-15	4,743,083	4,431,069	93.42%	133,978	4,565,047	96.25%	873,033	18.41%
2013-14	4,584,884	4,358,792	95.07%	161,247	4,520,039	98.59%	803,089	17.52%
2012-13	4,500,576	4,306,124	95.68%	104,023	4,410,147	97.99%	745,283	16.56%
2011-12	4,387,975	4,263,643	97.17%	89,554	4,353,197	99.21%	685,219	15.62%
2010-11	4,499,124	4,279,115	95.11%	103,780	4,382,895	97.42%	547,951	12.18%
2009-10	4,393,072	4,174,315	95.02%	101,925	4,276,240	97.34%	453,569	10.32%
2008-09	4,572,954	4,351,121	95.15%	107,837	4,458,958	97.51%	417,952	9.14%
2007-08	3,933,705	3,830,011	97.36%	95,322	3,925,333	99.79%	392,206	9.97%
2006-07	3,733,925	3,579,896	95.87%	88,682	3,668,578	98.25%	342,624	9.18%

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.

Table 6

County of Bland, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2015-16	\$ 438,559,100	\$ 63,434,327	\$ 21,173,188	\$ 17,999,660	\$ 68,887,711	610,053,986
2014-15	438,354,300	62,032,071	21,751,011	16,386,062	69,157,475	607,680,919
2013-14	474,248,200	61,457,778	22,065,463	18,517,645	68,896,268	645,185,354
2012-13	470,653,400	60,989,159	18,487,011	14,460,538	66,422,045	631,012,153
2011-12	468,060,900	58,142,279	18,755,542	11,520,518	64,969,827	621,449,066
2010-11	464,944,700	59,715,654	19,441,218	19,501,019	67,478,296	631,080,887
2009-10	462,097,800	56,044,649	19,321,771	17,708,818	66,929,253	622,102,291
2008-09	460,617,400	63,124,074	20,572,309	16,411,741	68,693,487	629,419,011
2007-08	270,659,200	63,916,186	25,878,004	19,288,259	50,582,512	430,324,161
2006-07	265,110,100	61,738,795	25,452,487	15,108,640	35,833,223	403,243,245

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2015-16	\$ 0.60	2.29	0.60	0.73	0.89
2014-15	0.60	2.29	0.60	0.73	0.89
2013-14	0.55	2.29	0.55	0.73	0.89
2012-13	0.55	2.29	0.55	0.73	0.89
2011-12	0.55	2.29	0.55	0.73	0.89
2010-11	0.55	2.29	0.55	0.73	0.89
2009-10	0.55	2.29	0.55	0.73	0.89
2008-09	0.55	2.29	0.55	0.73	0.89
2007-08	0.69	2.29	0.69	0.73	0.89
2006-07	0.69	2.29	0.69	0.73	0.89

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015-16	6,824	\$ 610,054	\$ -	-	0.00%	-
2014-15	6,824	607,681	-	-	0.00%	-
2013-14	6,824	645,185	65,000	65,000	0.01%	10
2012-13	6,824	631,012	130,000	130,000	0.02%	19
2011-12	6,824	621,449	190,000	190,000	0.03%	28
2010-11	6,824	631,081	425,501	425,501	0.07%	62
2009-10	6,871	622,102	549,101	549,101	0.09%	80
2008-09	6,871	629,419	747,768	747,768	0.12%	109
2007-08	6,871	430,324	903,867	903,867	0.21%	132
2006-07	6,871	403,243	1,053,420	1,053,420	0.26%	153

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2015-16	\$ 95,000	\$ 96,284	\$ 191,284	\$ 14,929,793	1.28%
2014-15	160,000	101,016	261,016	14,682,709	1.78%
2013-14	155,000	107,157	262,157	15,650,814	1.68%
2012-13	78,173	180,482	258,655	14,853,718	1.74%
2011-12	188,664	161,533	350,197	15,879,174	2.21%
2010-11	188,664	161,533	350,197	14,886,851	2.35%
2009-10	263,449	182,830	446,279	15,145,350	2.95%
2008-09	248,722	184,607	433,329	15,375,724	2.82%
2007-08	276,561	196,113	472,674	14,388,270	3.29%
2006-07	379,126	207,022	586,148	13,400,307	4.37%

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

(2) The County refunded \$2,925,391 in fiscal year 2012-13.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 30, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses [2016-001].

Compliance and Other Matters

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

County of Bland, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Fauser, Co. Associates

Blacksburg, Virginia
December 30, 2016

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Bland, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Bland, Virginia's major federal programs for the year ended June 30, 2016. County of Bland, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Bland, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Bland, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Bland, 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, 2016.

Report on Internal Control over Compliance

Management of the County of Bland, 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 Bland, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Bland, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Faimer, Co. Associates

Blacksburg, Virginia
December 30, 2016

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/Cluster/Program 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	950114, 950115			\$ 7,647
Temporary Assistance for Needy Families	93.558	0400115, 0400116			81,440
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115, 0500116			84
Low-Income Home Energy Assistance	93.568	0600415, 0600416			9,229
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115, 0760116			14,850
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115, 0900116			499
Foster Care - Title IV-E	93.658	1100115, 1100116			82,741
Adoption Assistance	93.659	1120115, 1120116			55,111
Social Services Block Grant	93.667	1000115, 1000116			103,707
Chafee Foster Care Independence Program	93.674	9150115, 9150116			425
Children's Health Insurance Program	93.767	0540115, 0540116			3,616
Medical Assistance Program	93.778	1200115, 1200116			119,642
					<u>478,991</u>
Total Department of Health and Human Services					
Department of Agriculture:					
Direct Payments:					
Water and Waste Disposal Systems for Rural Communities	10.760	Not available			\$ 687,413
Pass Through Payments:					
Child Nutrition Cluster:					
Virginia Department of Agriculture and Consumer Services:					
National School Lunch Program - Food Distribution (3)	10.555	Not available	\$ 25,747		
Department of Education:					
National School Lunch Program	10.555	40254, 40623	<u>121,266</u>	\$ 147,013	
School Breakfast Program	10.553	40253, 40591		<u>35,825</u>	182,838
Schools and Roads - Grants to States	10.665	43841			84,537
Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115, 0010116, 0040115, 0040116			<u>100,927</u>
					<u>1,055,715</u>
Total Department of Agriculture					
Department of Homeland Security:					
Pass Through Payments:					
Department of Emergency Services:					
Emergency Management Performance Grants	97.042	52724			\$ 7,500
Environmental Protection Agency:					
Pass Through Payments:					
Virginia Resources Authority:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	99358311			\$ 245,068
Performance Partnership Grants	66.605	16024-0515			47,000
					<u>292,068</u>
Total Environmental Protection Agency					
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Planning and Construction	20.205	Not available			\$ 253,226
State and Community Highway Safety	20.600	SC1555349			5,730
					<u>258,956</u>
Total Department of Transportation					
Department of Education:					
Pass Through Payments:					
Department of Education:					
Title I - Grants to Local Educational Agencies	84.010	42901			\$ 164,103
Special Education Cluster:					
Special Education - Grants to States	84.027	43071		\$ 232,208	
Special Education - Preschool Grants	84.173	62521		<u>4,673</u>	236,881
Career and Technical Education - Basic Grants to States	84.048	61095			18,091
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	61480			<u>38,468</u>
					<u>457,543</u>
Total Department of Education					
Total Expenditures of Federal Awards					
					<u>\$ 2,550,773</u>

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Bland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bland, 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the Bland County School Board had food commodities totaling \$0 in inventory.

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	\$ 1,022,080
Less: Payment in Lieu of Taxes	(128,706)
Total General Fund	<u>\$ 893,374</u>
Service Authority	\$ 827,102
Federal loans	105,379
Total Service Authority	<u>\$ 932,481</u>
Total primary government	<u>\$ 1,825,855</u>
Component Unit:	
School Board	<u>\$ 724,918</u>
Total federal expenditures per the basic financial statements	<u>\$ 2,550,773</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,550,773</u></u>

County of Bland, Virginia

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over 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 2 CFR section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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County of Bland, Virginia

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2016

Section II - Financial Statement Findings

2016-001

Criteria:	A key concept of internal control is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.
Cause of Condition:	The County and School Board lack the funding to fully support a completely segregated finance department.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal control over the functions listed above lack proper segregation of duties; however, to appropriately mitigate the same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

None