County of Warren, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2015

COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

PREPARED BY:

FINANCE DEPARTMENT

COUNTY OF WARREN, VIRGINIA

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FOR THE YEAR ENDED JUNE 30, 2015

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COUNTY OF WARREN

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Douglas P. Stanley
County Administrator

BOARD OF SUPERVISORS

*****

CHAIRMAN
Richard H. Traczyk
Shenandoah District

VICE-CHAIRMAN
Linda P. Glavis
South River District

Tony F. Carter
Happy Creek District

Archie A. Fox
Fork District

Daniel J. Murray, Jr.
North River District

December 18, 2015

To the Honorable Members of the Board of Supervisors
To the Citizens of Warren County
County of Warren, Virginia

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

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

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

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general and other funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Warren report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board and the Industrial Development Authority are reported in a discrete presentation**.** Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The EDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors and Town of Front Royal.

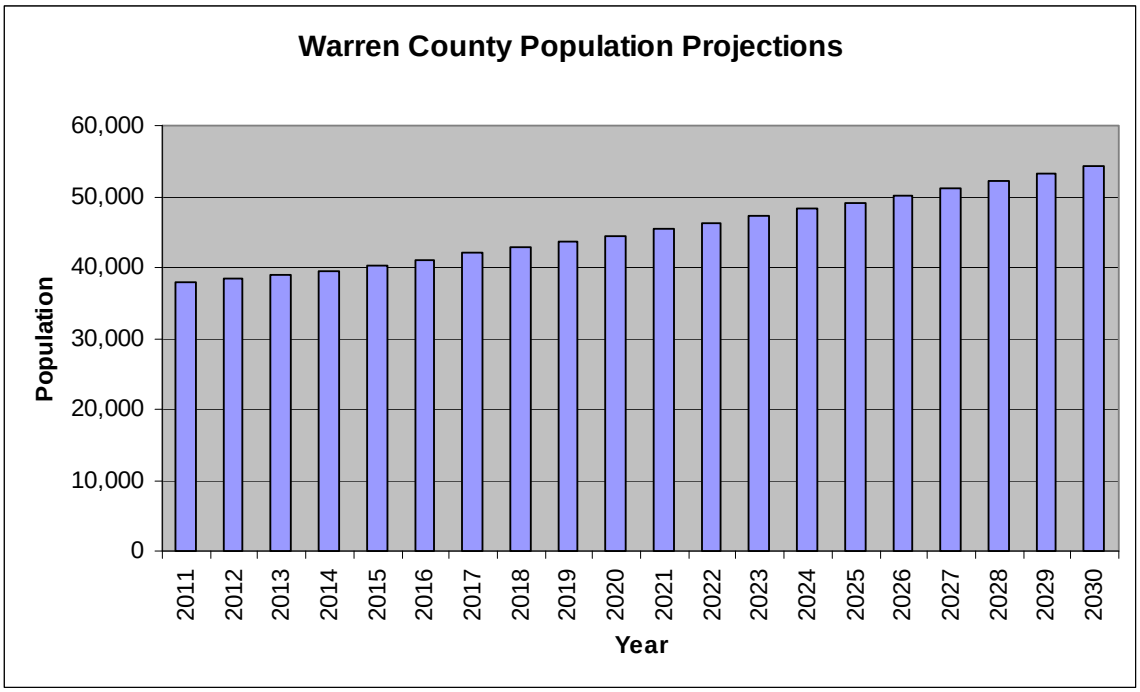
COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

Warren County's existing industrial sectors include but are not limited to agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile, higher education and trucking.

Warren County's unemployment rate in September 2015 was 4.4% which was significantly improved over the 5.4% of September 2014. The rate of 4.4% was slightly higher than the unemployment rate of Virginia (4.3%), but significantly lower than the national average (5.1%).

The total reported value of new construction for permits issued in FY 2015 increased significantly from $39,896,712.10 to $96,509,717.54 which represents an increase of 141.9%. $40 million of the increase was a result of the Town of Front Royal's project to upgrade its wastewater treatments facility. The FY 2015 figure is 37.15% higher than FY 2013 and represents the highest total dollar value since FY 2007-2008. The number of total building permits was up in FY 2015 by 1.02% over FY 2014 from 2,097 to 2,158 an increase of 2.9%.

The 2010 Census showed that Warren County's population increased from 31,584 to 37,439 for an increase of 5,855 persons (18.53%). Warren County's U. S. Census estimated population for 2014 was 38,814 up from the 2013 count of 38,387 (1.12% increase). The County Planning Department projections show a steady conservative population growth of 1.25% to 2.00% over the next 20 years.



As the Washington Metropolitan area continues to expand, Warren County and the surrounding area will continue to see additional residential growth pressures and an influx of new homeowners. This will be somewhat offset with the rise of fuel costs which make commuting to work in the Northern Virginia area less attractive to our residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. The project that has had the largest single impact on the County's tax base is Dominion Power's Warren County Power Plant. On May 31, 2012, Dominion Virginia Power officially broke ground on the Warren County Power Station. The Station was constructed on a 39-acre site in the Warren Industrial Park, approximately 3 miles north of Front Royal. The close proximity to Northern Virginia will enable the Station to serve a growing, high-demand region in Dominion's service area. The Station generates 1,329 megawatts of electricity, or enough energy to provide power to approximately 325,000 homes. The Station is powered solely by natural gas and is among the cleanest fossil-fuel fired facilities in the nation, with 3 combustion turbines and a steam turbine. Construction of the Station included the installation of a 2.5 mile natural gas pipeline. The facility went online on December 10, 2014.

During the first full year of construction, (FY 2013-14), Dominion paid the County about $1 million in property tax. In FY 2014-15, property tax payments increased to $4,450,000 million. Now that construction is completed, the County expects to receive a financial benefit of approximately $5.2 million per year. As part of the incentive package for the project, the County agreed to contribute up to $1 million per year for years 6-10 to offset the facility's water and sewer fees. Construction work provided approximately 1,500 jobs at the peak of construction. Dominion employs an estimated 45 full-time staff members and an additional 25 contractors on-site. In total, Dominion has invested approximately $825+ million in constructing the facility.

There are currently a couple projects that the County is working on at this time that will enhance the County's tax base. These include:

Marriott Hotel

- Marriott has announced plans to break ground within the next twelve months on a new 60-room hotel in the County.
- The hotel is planned to open in the spring or summer of 2016.
- Upon completion, the hotel will provide an estimated 23 new jobs.

ITFederal, LLC

- Number of jobs to be created: 466 direct jobs and 428 indirect jobs. Direct jobs being the higher paying jobs created for the data center within the first year of construction. Indirect jobs are those jobs for the retail component of the project and all other auxiliary positions.
- Salaries of direct jobs: Ranging from $40,000 per year to $120,000 per year.
- Total amount and size of investment: 30.11 acres on the site, first phase 67,000 square foot mixed use facility housing a data center and retail. Total investment of project $40,000,000
- Timeline: Complete build out of all 3 phases is as follows; Construction will last for an estimated 36 months and the construction of the first building of the Project (Phase-1a) is expected to start in the first quarter of 2016 and to be completed in December 2016. The second building (Phase-1b) is expected to be fully operational in October 2017, and the final third building (Phase-1c) is anticipated to be completed in September 2018.
- ITFederal provides maintenance, operation, and Modernization Support of Application Systems and Environment from the U.S. Nuclear Regulatory Commission (NRC). Systems design/development, legacy systems modernization, and maintenance supports on the new modernized systems for NRC are all part of a 30-year contract.

Nature's Touch

- Importing and packaging of frozen foods for distribution throughout the United States to customers such as Welch's Foods.
- The company currently houses a food-packaging operation in the existing InterChange facility and is making preparations for an expansion with the next six months.
- Nature's Touch has invested $1.2 million of equipment in the facility, which opened February 1, 2015.
- The packaging facility currently employs 30 and plans to add an additional 15 staff members by the end of December 2015. They estimate another 15 employees by the end of January 2016.

"Project Yard" (KTS Solutions)

- Build and export robust agricultural/forest products.
- Currently leasing 3 acres at the Virginia Inland Port and currently working on an agreement to lease an additional 3 acres at the site.
- KTS Solutions has created 38 jobs and plans to expand that number to 65 within the next six months.

Interbake Foods

- Interbake food recently completed an $18 million expansion of their equipment line.
- With the expansion Interbake also added 43 new positions.

Toray Plastics

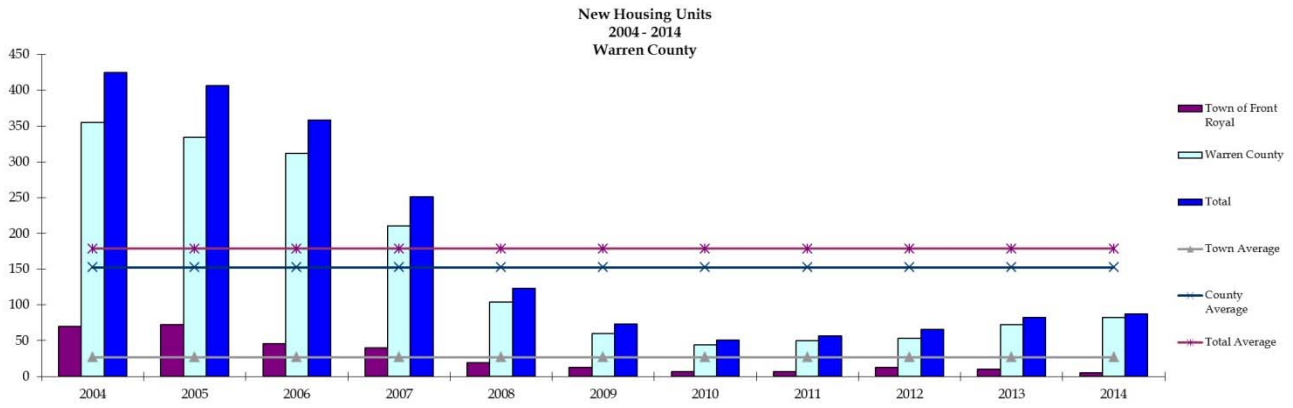
- Toray is in the process of a $20 million 16,889 square foot expansion to include new equipment, additional floor space, and 22 new employees at their current facility.

Dulles Industries (now Schnabel Equipment)

- Schnabel Equipment recently added an additional line to their Front Royal location. This included $1 million in new equipment and upgrades to existing machinery.
- The new line added an additional 12 employees.

Commercial development has grown significantly over the past four years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals and real estate taxes to the community. Currently there is a 17,918 square foot Aldi Grocery Store and an Urgent Care facility under construction in the Riverton Commons Shopping Center. Both of these facilities should be completed before spring 2016. The County is currently working with the developer of Crooked Run on Phase II which will necessitate the construction of a bridge structure and access road. This project is currently being designed by VDOT and could be completed by 2018.

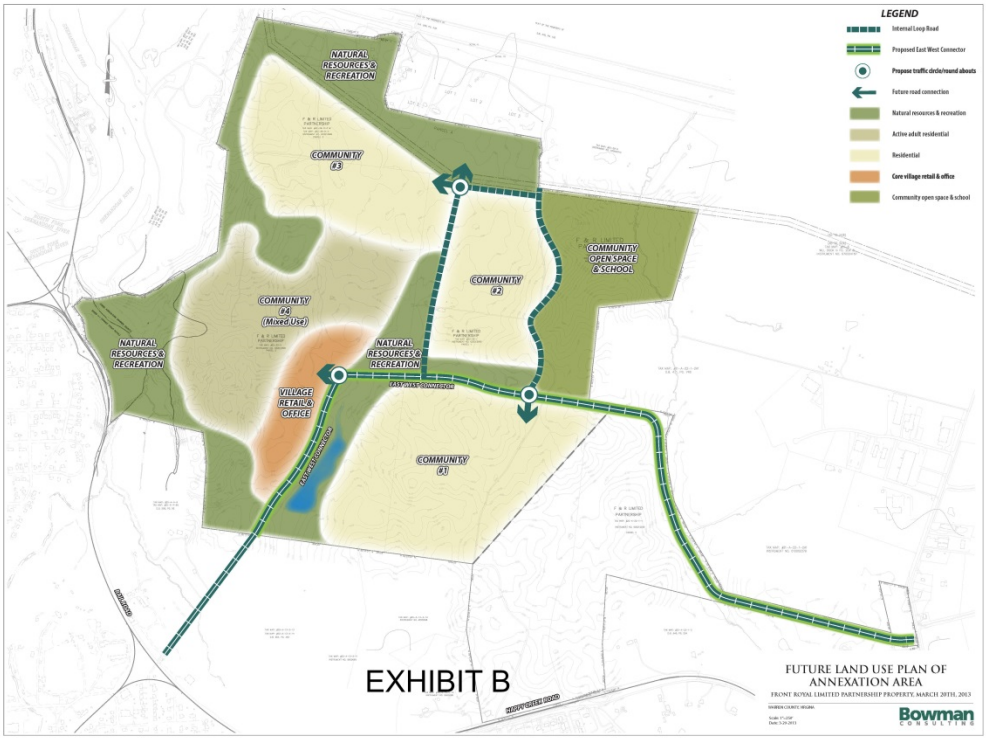
Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the 10-year average has been 289 permits per year. The housing construction market bottomed out with 52 new home starts issued in 2010. Since that time we have seen a steady increase from year-to-year to 87 starts in 2014. The following charts show the increase in the number of units and the percentage growth in the County since 2004.



In late September 2014, Warren County and the Town of Front Royal reached an agreement in which the Town will annex 604 acres of land on November 1, 2014.

The annexation will allow a developer to move forward with the construction of new housing, including:

- Up to 808 market-rate single-family housing units; and
- An anticipated 400 senior housing units.



FY 2015 Other Economic Development Accomplishments:

Grant Program - The EDA chose three local businesses to receive cash grants during business appreciation week in 2014. The Award program was designed in 2011 in observance of Virginia's Business Appreciation Week. The awards are made to local small businesses showing excellence in business practices and contributing to the community in some way. This year's recipients were Backroom Brewery ($1,000), Joe's Steakhouse ($750), and Weathervane Graphics ($500).

Avtex Redevelopment Project – FMC completed the remediation of 148 acres in 2013 and EPA released the site in September 2014 by issuing the EDA a letter of no further interest which has cleared the way for marketing and redevelopment of the site.

- In early 2014 the EDA sold 5.24 acres to the Town of Front Royal for construction of its new Police headquarters.

- The EDA also worked with the Department of Justice, EPA, and other stakeholders in revising the restrictive covenants placed on the site in 1999. The revisions were signed and recorded in September 2014.

- The EDA received a $5,000 grant from FMC for creating the legacy museum.

- In 2015 the EDA sold 30.11 acres to ITFederal for the construction of a datacenter and retail center that will create 600 jobs.
- The EDA also received a contract on 3 acres of the site in 2015 by CBM Mortgage a local business that will be expanding their operation at the site.

Infrastructure Development – The EDA has worked with the Town and County on construction of the Leach Run Parkway. The EDA has secured all of the properties needed for the construction and has awarded the contract to Branch Highways. The contract was awarded in November 2015. Construction of the road is slated for completion within twelve months of the start date. The EDA continues to work with the Town to construct the local connector road know as West Main Street Extended. The EDA has engaged Pennoni to complete the design and the Town will be applying for Industrial Access Funds through the Virginia Department of Transportation.

Business Attraction: In conjunction with the Town, EDA, utility providers, Health Department, and VDOT, the County created the Business Development Review Committee which allows business owners an opportunity to address each entity at the same time in order to help alleviate any problems throughout the process. The businesses that have benefitted from this committee within the past year are as follows; C&C Frozen Treats, Aldi Grocery Store, Marriott Hotel, Shenandoah Storage, Royal Vapor, Dollar General, Holtzman Property, Tractor Supply, JC Lucy ice cream stand, Root and Seed, Wal-Mart gas station, Virginia International Academy, The County's new middle school, Vino 125 (PaveMint), Blue Ridge Shadows, Cross Fit Gym, Hooka lounge, ABC Insurance, The Rusty Den, Essroc property, Riverton Substation, Cedarville Vet Clinic, electric car charging station, gas station(natural gas), InterChange, Agricultural event center, B&G Goods, Ramsesy's, CBM Mortgage, Cemetery on Happy Creek Road, daycare center expansion, Church, Second Chance building, Dollar General, convenience store on Main Street, Henry's Grocery, Dogs for Defense, and MedExpress.

Working with the Town and County, the Committee is the start point for any new business or existing business that may be expanding. Executive Director, Health Inspector, Town Planner, and County Building Official participate in site visits with individuals looking at a particular space. The purpose of this meeting is to make sure the individual has found an appropriate location for their type of business. This has been a very successful program for the EDA, Town, and County.

EDA Financing Programs: The EDA was awarded $500,000 in loan funds through the U.S. Department of Agriculture's Intermediary Relending Program. The EDA can draw up to $150,000 or 25% of the total project cost. The EDA has loaned a total of $500,000. This program has created 23 new jobs and retained 51 jobs.

The EDA also administers the Rural Enterprise Loan Program. In 2014, the EDA loaned $28,500 to four start-up or expanding businesses.

Virginia Jobs Investment Program (VJIP): The EDA worked with the Virginia Economic Development Partnership to promote the VJIP program. Through this program Warren County industries retrained and retained more than 650 jobs in 2015.

Marketing Campaigns: The EDA continues its quarterly newsletter, issues press releases to the media on new or expanding businesses, participates in a bi-monthly radio show "Valley Business Today", developed a 60 second public service announcement on EDA activities that is broadcast on a local radio station and maintains a Facebook page, and website.

Education: The EDA has participated in several education projects throughout the year including; student entrepreneurship programs, Project Lead The Way support, Chamber's Leadership Program, EDA Scholarship and Education Fund, Ethics Workshop, reality store, student interviews, Apprenticeship program, Career Connect, the Lemonade Stand Entrepreneur Curriculum, worked with Workforce Solutions to find a suitable location for their CDL training course, and new teacher reception. The EDA will continue its support of education within the community as it plays a vital role to economic development.

Workforce Housing: The EDA is working on a workforce housing project for the community. The housing would be available to the median income level employees that do not qualify for subsidized housing, but also cannot afford to purchase or lease a home for more than $1,000/month. The EDA applied for two grants through Department of Housing and Community Development to help offset the cost.
The proposed complex will consist of 2 buildings with a total of 36 apartments.

County Vision Statement

Our community's vision is to maintain and enhance the quality of life for the residents of Warren County. To do so, the quality and character of Warren County's natural resources should be preserved, conserved, and used effectively to ensure that future citizens will enjoy the benefits of:

- An adequate, sustainable, clean, and potable supply of both surface water and ground water;
- Clean air;
- Farming and open spaces;
- The beauty of our rivers, mountains, and scenic views;
- Protection of our rural character;
- Quality educational facilities and system;
- A balanced tax base; and
- Sound fiscal management.

This mandates that we plan for sustainable growth based on these limited resources. This can be translated to say our annual residential growth rate should be maintained at approximately 2%, no more than 3% annually and our industrial/commercial tax base sustained at 20 to 25%.

Only by doing so can we provide quality schools, safety on our roads and in our communities, a balanced tax base, equitable paying jobs, reduced out-of-county commuting, and other social amenities associated with our quality of life expectations.

Future Capital Improvements

There are a number of projects either in the planning or implementation stages that will improve the services that are provided by the County. These projects include:

The County started construction on its second middle school on a site located at the north end of the Leach Run Parkway. Construction of the school allow the school system to get to ideal grade structure of K-5 (Elementary), 6-8 (Middle School) and 9-12 (High School) and will allow for the 8th grade to be moved out high schools thereby creating additional capacities at each of those schools. The facility will provide capacity at the secondary level for the community for the next 15-20 years. The school is expected to be completed in the spring of 2017 in time for a fall 2017 opening. The County has already budgeted for debt service for the project.

The County is completing Phase I of the renovation and conversion of the former Warren County Middle School facility to the Warren County Health and Human Services Complex. In November 2014 the Board approved a contract for parking lot improvements in the amount of $1,178,000. The project was completed in November 2015 and increased the number of paved and striped spaces from 200-225 to 358 and add required landscaping, stormwater management and handicap spaces for the ultimate development of the facility. The Board approved the contract for the renovation of portions of the building for the Warren County Department of Social Services and Warren County Health Department in January 2015 in the amount of $3,988,000. The construction will be completed in December 2015 with the offices relocated by January 1, 2016. The project includes the construction of a new entrance feature and placement of EFIS on the entire exterior of the building. The project was financed through County reserves with the cost repaid by lease payments from the Health Department and Social Services Department.

The County, in conjunction with Shenandoah and Rappahannock Counties, recently completed a regional jail project to alleviate overcrowding at the County's current jail located on Jackson Street. The $55,674,800 177,360 square-foot facility was completed in June 2014. The County, which had started to build a fund reserve for the project in the FY 2009-2010 budget, increased funding to $3,500,000 in FY 2015-2016 as the facility starts paying debt service on the project.

Over the past several years, the Parks and Recreation Department has completed a number of significant projects including a new restroom building at Fantasyland, Eastham Trail Phases I and II, practice fields at Eastham Park, and a practice field at the Skyline Soccerplex.

In 2015, the County began work on two major projects: completion of the Skyline Soccerplex and development of Rockland Park as a regional park facility complete with hiking trails, playing fields, disc golf course, playground and camping facilities and eventually a stage and recreation center. One game field and one practice field were completed at the Soccerplex along with the installation of a new parking lot (25 spaces) at the south end and completion of the loop trail around the facility. In 2016 staff is planning to complete the remaining game field and pave the access road and trail.

Phase I of the Rockland Park project, which includes a playground complex, shelter, disc golf course, parking area and the access road was completed in 2015. Phase III of the Carson Trail is expected to be bid in winter 2016 and constructed in the spring. The County also plans to begin work on Phase II, the renovation of the bathhouse and construction of associated parking to serve the proposed athletic field facility. County staff is currently working on securing grant opportunities for the park to begin implementation of these and future phases of the development plan. Other smaller projects the Parks and Recreation Department is working on include the replacement of the construction of Phase III of Eastham Trail which should be completed by the summer of 2016 and the development of a park at the proposed Thompson kiss-and-ride location on Freezeland Road. The County is expected to begin site work on the project during the winter of 2016.

County officials, staff and the community need to continue to work together to promote and enhance the County in which we live and the quality of life for its residents. It is a continuing goal that Warren County remains a productive and promising community as well as maintaining fiscal stability for many, many years to come.

PROPERTY TAX RATES

2015 was a General Reassessment year for Warren County. The Reassessment showed an average increase in value of real estate in the County of 5.5%. As a result the County had to equalize the tax rate from $0.61 to $0.58. The County in turn increased the real estate tax rate to $0.595 for the FY 2015 tax year as part of the budget process. $0.01 of that increase was designated to pay for salary increases for County and School Board staff and $0.005 ($202,278) to set aside for the anticipated increase in operating costs associated with the opening of the new Warren County Middle School in fall 2017. It is anticipated that it will cost the school system an additional $1.5 million to open and operate the new school and the County is planning to start setting aside funding in the fiscal year's leading up to FY 2017-2018. All other local tax rates and fees for services impacting FY 2015-2016 revenue remained the same as the previous year.

GOVERNMENT'S FINANCIAL POLICIES

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct proportion to the reduction in State funding. The County has adhered to its adopted financial policies and has maintained its undesignated fund balance at or near the required 15% of the total operating budget.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles require management, provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Warren's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. The audit compiled with these requirements and the auditor's opinion is included in this report.

Certificate of Achievement: The County is a proud recipient of the GFOA *Distinguished Budget Presentation Award.* The *Distinguished Budget Presentation Award* issued by the Government Finance Officers Association requires that a government prepare and present a budget document that exceeds guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The County has received this award for the previous five years. The County also received GFOA's *Certificate of Achievement for Excellence in Financial Reporting* for Fiscal Year 2014.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the Finance Department. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Planning Department, Economic Development Authority and other employees for their assistance in the preparation of this report.

Respectfully submitted,

Douglas P. Stanley, AICP ICMA-CM
County Administrator

Kathleen A. Dellinger, CPA
Director of Finance

COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Richard H. Traczyck, Chair
Linda P. Glavis, Vice-Chair
Tony F. Carter
Archie A. Fox
Daniel J. Murray

County School Board

Catherine R. Bower, Chair
Joanne F. Cherefko, Vice-Chair
C. Douglas Rosen
Arnold M. Williams
James S. Wells

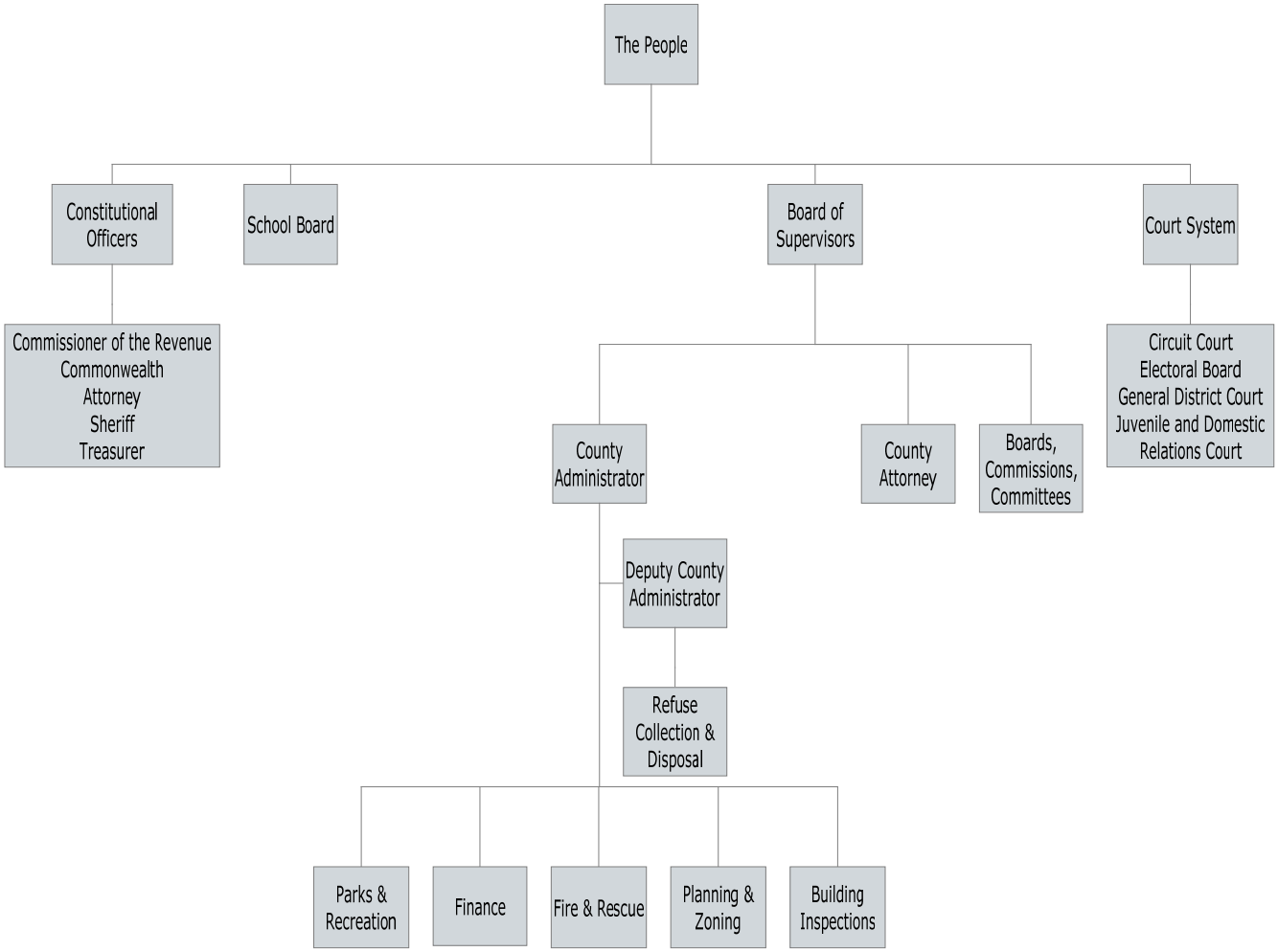
Advisory Board for Warren County Social Services

William W. Crawford, Chair
Christine C. Hartman, Vice-Chair
Vincent Bonzagni
Richard L. Swanson
Robert M. Cullers

Other Officials

Judge of Circuit Court..... Dennis L. Hupp
Chief Judge of Circuit Court ..... Thomas J. Wilson, IV
Judge of Circuit Court..... Ronald L. Napier
Clerk of Circuit Court ..... Jennifer R. Sims
Chief Judge of General District Court .....W. Dale Houff
Judge of Juvenile and Domestic.....William W. Sharp
Commonwealth's Attorney .....Brian M. Madden
Commissioner of Revenue ..... Sherry T. Sours
Treasurer.....Wanda F. Bryant
Sheriff ..... Daniel T. McEathron
Superintendent of Schools..... Pamela M. McInnis
Director of Social Services..... Helen Elizabeth Reavis
County Attorney..... Blair D. Mitchell
County Administrator ..... Douglas P. Stanley
Director of Finance .....Carolyn W. Stimmel

County of Warren Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Warren County

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority which represent 47 percent of the assets, (10) percent of the total net position and 1.2 percent of total revenues of the aggregated discretely presented component units. Those statements were audited by other auditors whose report therein has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based on the report of the other auditors. 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 based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 21-30, 109-111, and 112-117 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Warren, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information (continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the County of Warren, 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 Warren, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 18, 2015

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Management's Discussion and Analysis

As management of the County of Warren, we offer readers of the County of Warren's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the County of Warren exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $82,398,073 (net position), an increase of $1,734,303.

- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of $42,698,925, an increase of $1,064,697 from the prior year. The majority of the balance or $36,703,782 is available for spending at the government's discretion (unassigned, assigned or committed).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $15,505,815.

- The County of Warren's total long-term obligations (Note 7) increased by $42,962,310 during the current fiscal year, mainly due to the issuance of $42,440,000 general obligation bonds with a premium of $2,601,367 to finance various school projects including the design and construction of a second middle school.

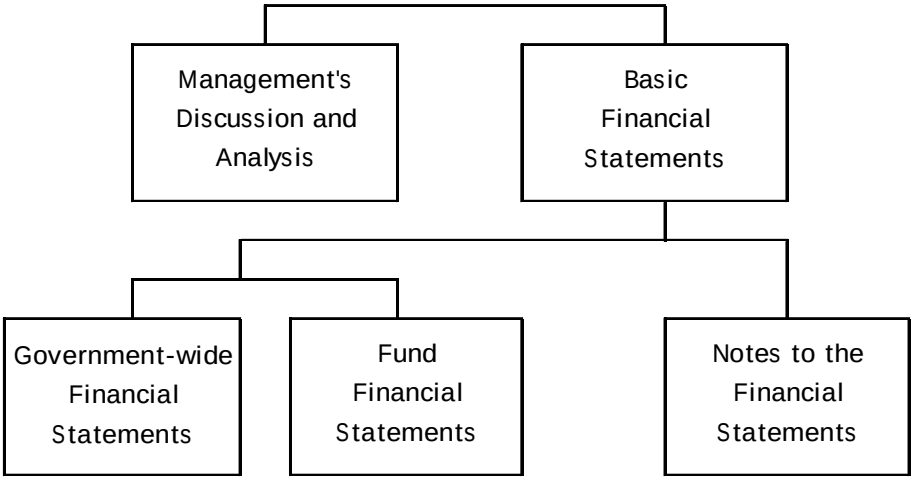
- The County implemented Statement of Governmental Accounting Standards (GASB Statement) Nos. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Accordingly, the net pension liability and related information are reported on the statement of net position along with a more comprehensive measure of pension expense and enhanced, note disclosures and required supplementary information. More information regarding the implementation of this new accounting standard can be found in Notes 17 and 9 of the Notes to Financial Statements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to County of Warren's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the County of Warren.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2 on pages 35 through 37) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11 on pages 40 through 48) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the Notes to Financial Statements. The notes explain in detail some of the data contained in these statements. After the notes, supplementary information is provided to show details about the County's individual funds.

Government-wide Financial Statements

The government-wide financial statements, namely the Statement of Net Position and the Statement of Activities, are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. Although legally separate from the County, the Industrial Development Authority is important to the County because the County exercises control over the Board by appointing its members. The Industrial Development Authority issues separate financial statements.

Government-wide Financial Statements (Continued)

Although the School Board is a component unit, approximately 52.67% (59.74% when including all school debt service) of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on pages 35 through 37 of this report.

Fund Financial Statements

The fund financial statements (pages 40 through 48) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds is described in Exhibits 4 and 6 which is a reconciliation that is a part of the fund financial statements.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 49 through 105 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 109 through 117 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	2015	**2014**
Current and other assets	$ 108,400,454	$ 62,190,613
Capital assets	153,498,977	150,521,442
Total assets	$ 261,899,431	$ 212,712,055
Deferred outflows of resources	$ 6,270,380	$ 5,467,422
Long-term liabilities outstanding	$ 165,315,064	$ 116,814,098
Other liabilities	4,307,386	3,362,394
Total liabilities	$ 169,622,450	$ 120,176,492
Deferred inflows of resources	$ 16,149,288	$ 13,013,200
Net position:		
Net investment in capital assets	$ 50,608,195	$ 44,643,308
Restricted	392,770	501,786
Unrestricted	31,397,108	39,844,691
Total net position	$ 82,398,073	$ 84,989,785

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County of Warren exceeded liabilities and deferred inflows of resources by $82,398,073 as of June 30, 2015, compared to $84,989,785 (before restatement) as of June 30, 2014. Sixty-one percent of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position ($31,397,108) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Collection of real property and personal property taxes exceeded the amount budgeted by $130,148 and $636,213, respectively.

- Revenue from use of money came in under the budgeted amount by $202,673 in FY 2015, due to continued lower interest rates experienced in the economic downturn.

- Public service corporation tax revenue was more than the final budget by $723,148, mainly due to the continued construction of the Dominion's Warren County Power Station.

- Revenue from building permits came in under budget by $78,328 due to less than anticipated growth in new home construction and fewer overall real estate transactions.

- Recordation tax revenue came in under budget by $75,842 due in part to less than anticipated growth in new home construction.

Government-Wide Financial Analysis: (Continued)

- Revenue from business licenses and local sales and use taxes were under budget by $262,837 and $540,598, respectively, due in part to a reduction in spinoff revenue from the construction activity associated with Dominion's Warren County Power Station.

County of Warren Changes in Net Position
Figure 3

	Governmental Activities	
	2015	**2014**
Revenues:		
Program revenues:		
Charges for services	$ 3,056,435	$ 3,448,437
Operating grants and contributions	6,693,201	8,402,853
Capital grants and contributions	387,573	473,284
General revenues:		
Property taxes	43,218,932	40,170,018
Other taxes	7,275,401	7,531,219
Grants and contributions not restricted to specific programs	5,672,161	5,789,093
Other	683,974	844,460
Total revenues	$ 66,987,677	$ 66,659,364
Expenses:		
General government administration	$ 3,955,083	$ 3,851,326
Judicial administration	1,378,138	1,410,337
Public safety	13,964,875	14,381,005
Public works	6,462,172	6,365,453
Health and welfare	6,270,332	6,329,760
Parks, recreation and cultural	3,802,849	3,488,039
Community development	1,444,078	1,020,028
Education	22,694,712	21,089,704
Interest and other fiscal charges	5,281,135	4,349,138
Total expenses	$ 65,253,374	$ 62,284,790
Change in net position	$ 1,734,303	$ 4,374,574
Net position, July 1	84,989,785	81,035,211
Adjustment to beginning Net Position for GASB No. 68	(4,326,015)	-
Adjustment to beginning Net Position for Revenue Bond	-	(420,000)
Net position, June 30	$ 82,398,073	$ 84,989,785

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County of Warren. At the end of the current fiscal year, unassigned fund balance of the General Fund was $15,505,815, a decrease of $1,187,480 from last year. The general fund portion of the governmental fund balances totaled $15,505.815, or 17.8%. Almost one quarter, or 23.6% of total governmental fund balance, consisted of $20,531,753 in funds committed by the Board of Supervisors to fund capital and other special projects. The School Bond Construction fund balance of $44,262,389 represents the largest component or 50.9% if the total governmental fund balances.

The County is in the process of renovating a former Warren County Middle School facility and converting its use to the Warren County Health and Human Services Building. Much of the reduction in the Special Projects Fund has gone towards that project. Note 14 further details the projects for which these funds are committed.

At June 30, 2015, the governmental funds of County of Warren reported a combined fund balance of $86,961,314 (Exhibit 5), an increase of $44,738,528 from last year. This change mainly resulted from the issuance of $42,440,000 general obligation bonds with a premium of $2,601,367 to finance various school projects including the design and construction of a second middle school. Additionally, the County issued $5,885,000 of lease revenue bonds to finance the Leach Run Parkway project.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Real and personal public service corporation taxes were $723,148 greater than budgeted primarily due to the construction of the Dominion's Warren County Power Station.

Revenue from the use of money was under budget by $202,673 due to the continued decline in interest rates paid by financial institutions.

Included in the budget for FY2014-2015, there were miscellaneous capital items (various park projects and compactor/transfer station projects) to be funded from this unreserved fund balance which would reduce the fund balance by $865,000. During the course of the year, the Warren County School Board requested to use some of their surplus from prior years in the amount of $1,462,115. The total of these approved uses of fund balance totaled $2,327,115. Due to sound fiscal management, fund balance for the general fund was actually $1,139,635 better than projected.

Capital Asset and Debt Administration

Capital Assets. The County of Warren's investment in capital assets for its governmental activities as of June 30, 2015, totals $153,498,977 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

County of Warren's Capital Assets
Figure 4
Capital Assets
(net of depreciation)

	Governmental Activities	
	2015	**2014**
Land	$ 13,379,054	$ 11,952,750
Buildings and improvements	129,489,220	132,463,797
Machinery and equipment	2,018,700	1,092,691
Non-depreciable capital assets	387,070	387,070
Construction in progress	8,224,933	4,625,134
Total	$ 153,498,977	$ 150,521,442

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

Long-term Debt. As of June 30, 2015, the County of Warren had total bonded debt outstanding of $143,687,386. General obligation bond debt is backed by the full faith and credit of the County. The table below includes all outstanding bonds issued by the County including general obligation, lease revenue and revenue bonds.

County of Warren's Outstanding Debt
General Obligation and Revenue Bonds
Figure 5

	Governmental Activities	
	2015	**2014**
General obligation and revenue bonds	$ 144,047,386	$ 101,842,500
Total	$ 144,047,386	$ 101,842,500

As part of its multi-year Capital Funding Plan, the County conducted credit rating calls with each of the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's and Fitch Ratings, in early November 2014. Discussions with each of the agencies covered financial, economic, debt related and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of Staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies: Moody's: Aa2, S&P: AA, FITCH: AA. With these assigned ratings, the County continued its steady progression of rating upgrades that began back in the early 2000's. These credit ratings helped the County secure favorable long-term financing for its Middle School financing that priced on November 18, 2014 and will help to ensure that the County is able to maximize its borrowing ability in the future.

Additional information regarding the County of Warren's long-term debt can be found in Note 7 - Debt of this report.

Economic Factors and Next Year's Budgets and Rates

One of the County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage, high technology jobs, diversify the tax base and encourage people to live and work in the County. To that end, the Industrial Development Authority of the Town of Front Royal and County of Warren, Virginia, doing business as the Economic Development Authority **("WCEDA")** works aggressively to attract new businesses and foster expansion of existing businesses. WCEDA has undertaken numerous initiatives to accomplish these goals. It administers a Technology Zone program with 3 designates zones in the County in which technology companies may receive grants and business tax reimbursements. It also administers an Enterprise Zone program which provides incentive to industrial and commercial businesses locating in the County. **EDA Financing Programs**: The EDA was awarded $500,000 in loan funds through the U.S. Department of Agriculture's Intermediary Relending Program. The EDA can draw up to $150,000 or 25% of the total project cost. The EDA has loaned a total of $500,000. This program has created 23 new jobs and retained 51 jobs.

The EDA also administers the Rural Enterprise Loan Program. In 2014, the EDA loaned $28,500 to four start-up or expanding businesses. The EDA has loaned over $1.6 million and now also administer the Intermediary Relending Program through USDA through which $500,000 has been loaned to four qualifying businesses.

As the Washington Metropolitan area has continued to expand, the County and the surrounding area has continued to experience residential growth pressures and an influx of new homeowners, somewhat offset by fuel costs which make commuting to work in the Northern Virginia area less attractive to County residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past few years a number of large industrial projects have opened in the Route 340/522 Corridor of the County including:

Industrial Development Projects

Park/Company	Land Acquisition	Construction Investment	Jobs	Salary	Building Size (Sq Ft)	Total Investment
Stephens Park						
Interbake Expansion	$	$ 18,000,000	43	$ 17.00/hr. +		$ 18,000,000
Toray Expansion		20,000,000	22	18.00/hr. +	16,889	20,000,000
KTS Solutions		3,000,000	38	18.00/hr. +		3,000,000
Nature's Touch		1,200,000	30	11.00/hr. +		1,200,000
Strasburg Road						
Dulles Industries		1,000,000	12	15.00/hr. +		1,000,000
Kelley Park						
Dominion Power	4,406,400	821,114,300	45	18.80/hr. +	44,012	825,520,700
Total	$ 4,406,400	$ 864,314,300	190		60,901	$ 868,720,700

Source: County Administration

Commercial development has grown significantly over the past four years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals and real estate taxes to the community. Currently there is a 17,918 square foot Aldi Grocery Store and an Urgent Care facility under construction in the Riverton Commons Shopping Center. Both of these facilities should be completed before spring 2016. The County is currently working with the developer of Crooked Run on Phase II which will necessitate the construction of a bridge structure and access road. This project is currently being designed by VDOT and could be completed by 2018.

Economic Factors and Next Year's Budgets and Rates: (Continued)

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the 10-year average has been 289 permits per year. The housing construction market bottomed out with 52 new home starts issued in 2010. Since that time we have seen a steady increase from year-to-year to 87 starts in 2014.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. The project that has had the largest single impact on the County's tax base is Dominion Power's Warren County Power Plant. On May 31, 2012, Dominion Virginia Power officially broke ground on the Warren County Power Station. The Station was constructed on a 39-acre site in the Warren Industrial Park, approximately 3 miles north of Front Royal. The close proximity to Northern Virginia will enable the Station to serve a growing, high-demand region in Dominion's service area. The Station generates 1,329 megawatts of electricity, or enough energy to provide power to approximately 325,000 homes. The Station is powered solely by natural gas and is among the cleanest fossil-fuel fired facilities in the nation, with 3 combustion turbines and a steam turbine. Construction of the Station included the installation of a 2.5 mile natural gas pipeline. The facility went online on December 10, 2014.

During the first full year of construction, (FY 2013-14), Dominion paid the County about $1 million in property tax. In FY 2014-15, property tax payments increased to $4,450,000 million. Now that construction is completed, the County expects to receive a financial benefit of approximately $5.2 million per year. As part of the incentive package for the project, the County agreed to contribute up to $1 million per year for years 6-10 to offset the facility's water and sewer fees. Construction work provided approximately 1,500 jobs at the peak of construction. Dominion employs an estimated 45 full-time staff members and an additional 25 contractors on-site. In total, Dominion has invested approximately $825+ million in constructing the facility.

After a 15-year remediation clean-up as an EPA Superfund site, approximately 147 acres of the former Avtex Fibers industrial site has been released for redevelopment as a clean, environmentally-friendly mixed use commercial park as the Royal Phoenix property. Royal Phoenix is owned by WCEDA. WCEDA sold the first 30-acre portion of the site to a commercial/office user which plans to create 600 new jobs on the site. WCEDA also sold 5.24 acres to the Town of Front Royal for a new police headquarters

The following key economic indicators reflect the growth and prosperity of the County.

- Unemployment. Warren County's unemployment rate as of October 2015 was 4.3%, slightly higher than the State average of 4.2%.
- New jobs. The County added approximately 72 new jobs last year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The FY 2015-2016 budget process again proved to be a difficult one given the slowdown in construction in the area and continued State budget cuts. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more (2.53%) than those of FY 2014-2015. The increase results mainly from an expected increase in property taxes due to the completion of the Dominion Power Plant. Real estate values were reassessed for calendar year 2015 which resulted in an average increase of 5.68%. Due to this increase, the existing tax rate was equalized to $0.58 per $100 of assessed value. The FY2016 Budget was adopted with a real estate tax rate for calendar year 2015 of $0.595 per $100 of assessed value, which is an increase of $0.015, and no increase in the personal property tax rate. One cent ($0.01) of the increase provided funding for employee salary increases, with the remaining half cent ($0.005) increase for the proposed new middle school.

Budget Highlights for the Fiscal Year Ending June 30, 2016 (Continued)

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to $46,465,880.

The General Fund budget also includes $1,414,770 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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COUNTY OF WARREN, VIRGINIA **Exhibit 1**

Statement of Net Position
June 30, 2015

	Primary Government	Component Unit	
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	$ 34,297,361	$ 9,156,304	$ 702,370
Investments in property	-	-	13,306,467
Receivables (net of allowance for uncollectibles):			
Taxes receivable	17,905,703	-	-
Accounts receivable	557,747	18,275	110
Notes receivable	-	-	697,358
Interest receivable	39,692	-	-
External parties	5,000	-	-
Due from component unit	3,363,831	-	-
Due from other governmental units	1,883,990	1,760,034	-
Prepaid items	-	-	12,514
Restricted assets:			
Cash and cash equivalents	50,347,130	-	27,579
Net pension asset	-	486,271	-
Capital assets (net of accumulated depreciation):			
Land	13,379,054	1,656,064	607,978
Non-depreciable assets	387,070	-	-
Buildings and improvements	128,060,652	2,993,738	538,791
Improvements other than buildings	1,428,568	-	-
Machinery and equipment	2,018,700	1,745,978	-
Construction in progress	8,224,933	-	-
Total assets	$ 261,899,431	$ 17,816,664	$ 15,893,167
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ 5,154,183	$ -	$ -
Post measurement date employer pension contributions	1,116,197	4,222,829	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	434,000	-
Total deferred outflows of resources	$ 6,270,380	$ 4,656,829	$ -
LIABILITIES			
Accounts payable	$ 2,325,248	$ 230,966	$ 129,573
Accrued liabilities	180,049	5,169,314	7,375
Customers' deposits	11,984	-	7,306
Accrued interest payable	1,769,562	-	9,883
Due to primary government	-	3,363,831	-
Unearned revenue	20,543	-	975,759
Long-term liabilities:			
Due within one year	8,783,628	138,311	2,284,465
Due in more than one year	156,531,436	48,594,100	8,720,240
Total liabilities	$ 169,622,450	$ 57,496,522	$ 12,134,601
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	$ 14,131,525	$ -	$ -
Net difference of actual and expected pension liability earnings	2,017,763	7,446,366	-
Total deferred inflows of resources	$ 16,149,288	$ 7,446,366	$ -
NET POSITION			
Net investment in capital assets	$ 50,608,195	$ 6,395,780	$ 262,686
Restricted:			
Scholarships	-	-	380
Economic development	-	-	27,199
Public safety	98,392	-	-
Proffers	294,378	-	-
Unrestricted	31,397,108	(48,865,175)	3,468,301
Total net position	$ 82,398,073	$ (42,469,395)	$ 3,758,566

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2015

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,955,083	$ 264,237	$ 282,838	$ -
Judicial administration	1,378,138	225,746	676,074	-
Public safety	13,964,875	937,881	2,043,660	39,624
Public works	6,462,172	982,071	41,904	114,239
Health and welfare	6,270,332	-	3,526,919	-
Education	22,694,712	-	-	-
Parks, recreation, and cultural	3,802,849	439,677	-	-
Community development	1,444,078	206,823	121,806	233,710
Interest and other fiscal charges on long-term debt	5,281,135	-	-	-
Total governmental activities	$ 65,253,374	$ 3,056,435	$ 6,693,201	$ 387,573
Total primary government	$ 65,253,374	$ 3,056,435	$ 6,693,201	$ 387,573
COMPONENT UNITS:				
School Board	$ 52,316,887	$ 1,527,090	$ 31,194,055	$ -
Industrial Development Authority	840,402	94,525	-	125,731
Total component units	$ 53,157,289	$ 1,621,615	$ 31,194,055	$ 125,731

General revenues:
- General property taxes
- Local sales and use taxes
- Consumers' utility taxes
- Business licenses
- Motor vehicle licenses
- Meals tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Payment from Warren County
- Grants and contributions not restricted to specific programs

Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Unit	
Governmental Activities	School Board	Industrial Development Authority
$ (3,408,008)		
(476,318)		
(10,943,710)		
(5,323,958)		
(2,743,413)		
(22,694,712)		
(3,363,172)		
(881,739)		
(5,281,135)		
$ (55,116,165)		
	$ (19,595,742)	$ -
	-	(620,146)
	(19,595,742)	$ (620,146)
$ 43,218,932	$ -	$ -
3,459,402	-	-
696,551	-	-
773,355	-	-
874,721	-	-
871,933	-	-
599,439	-	-
323,996	44,046	24,370
359,978	331,542	7,666
-	20,166,941	381,966
5,672,161	-	-
$ 56,850,468	$ 20,542,529	$ 414,002
$ 1,734,303	$ 946,787	$ (206,144)
80,663,770	(43,416,182)	3,964,710
$ 82,398,073	$ (42,469,395)	$ 3,758,566

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2015

	General	Special Projects	School Bond Construction	County Capital Projects	Total Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 12,399,361	$ 20,531,753	$ -	$ 153,514	$ 520,499	$ 33,605,127
Receivables (net of allowance for uncollectibles):						
Taxes receivable	16,557,311	-	-	-	1,348,392	17,905,703
Accounts receivable	557,747	-	-	-	-	557,747
Interest receivable	39,692	-	-	-	-	39,692
External parties	5,000	-	-	-	-	5,000
Due from other funds	320	-	-	-	-	320
Due from component unit	3,363,831	-	-	-	-	3,363,831
Due from other governmental units	1,883,990	-	-	-	-	1,883,990
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	44,335,069	5,602,373	409,688	50,347,130
Total assets	$ 34,807,252	$ 20,531,753	$ 44,335,069	$ 5,755,887	$ 2,278,579	$ 107,708,540
LIABILITIES						
Accounts payable	$ 2,233,564	$ -	$ 72,680	$ -	$ 19,004	$ 2,325,248
Customers' deposits	11,984	-	-	-	-	11,984
Due to other funds	-	-	-	-	320	320
Unearned revenue	3,625	-	-	-	16,918	20,543
Total liabilities	$ 2,249,173	$ -	$ 72,680	$ -	$ 36,242	$ 2,358,095
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	$ 17,052,264	$ -	$ -	$ -	$ 1,336,867	$ 18,389,131
Total deferred inflows of resources	$ 17,052,264	$ -	$ -	$ -	$ 1,336,867	$ 18,389,131
FUND BALANCES						
Restricted:						
Construction	$ -	$ -	$ 44,262,389	$ 5,602,373	$ 311,296	$ 50,176,058
Public safety	-	-	-	-	81,474	81,474
Committed:						
Capital improvements (Note 14)	-	20,531,753	-	-	-	20,531,753
Sanitary districts - roads, etc.	-	-	-	-	512,700	512,700
Assigned:						
Capital improvements	-	-	-	153,514	-	153,514
Unassigned	15,505,815	-	-	-	-	15,505,815
Total fund balances	$ 15,505,815	$ 20,531,753	$ 44,262,389	$ 5,755,887	$ 905,470	$ 86,961,314
Total liabilities, deferred inflows of resources and fund balances	$ 34,807,252	$ 20,531,753	$ 44,335,069	$ 5,755,887	$ 2,278,579	$ 107,708,540

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 86,961,314
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 186,102,855	
Accumulated depreciation	(32,603,878)	153,498,977
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable property taxes	$ 4,257,604	
Items related to measurement of net pension liability	(2,017,763)	2,239,841
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		1,116,197
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		512,187
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:		
Bonds payable	(144,047,386)	
Deferred charge on refunding	5,154,183	
Issuance premium	(12,679,166)	
Accrued interest payable	(1,769,562)	
Capital lease obligations	(844,392)	
Compensated absences	(1,273,627)	
Landfill closure & postclosure liability	(611,792)	
Net pension liability	(2,969,701)	
Net OPEB obligation	(2,889,000)	(161,930,443)
Net position of governmental activities		$ 82,398,073

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

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

	General	Special Projects	School Bond Construction	County Capital Projects	Total Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	$ 41,618,747	$ -	$ -	$ -	$ 1,570,699	$ 43,189,446
Other local taxes	7,275,401	-	-	-	-	7,275,401
Permits, privilege fees, and regulatory licenses	685,234	-	-	-	-	685,234
Fines and forfeitures	100,564	-	-	-	-	100,564
Revenue from the use of money and property	276,770	-	39,095	8,227	-	324,092
Charges for services	2,270,637	-	-	-	-	2,270,637
Miscellaneous	293,001	-	-	-	66,881	359,882
Recovered costs	139,172	-	-	-	-	139,172
Intergovernmental:						
Commonwealth	10,556,685	-	-	-	8,877	10,565,562
Federal	2,073,986	-	-	-	113,387	2,187,373
Total revenues	$ 65,290,197	$ -	$ 39,095	$ 8,227	$ 1,759,844	$ 67,097,363
EXPENDITURES						
Current:						
General government administration	$ 3,123,371	$ -	$ -	$ -	$ -	$ 3,123,371
Judicial administration	1,611,596	-	-	-	-	1,611,596
Public safety	13,680,856	-	-	-	126,652	13,807,508
Public works	4,057,917	-	-	-	1,369,417	5,427,334
Health and welfare	6,313,085	-	-	-	-	6,313,085
Education	21,384,895	-	-	-	113,434	21,498,329
Parks, recreation, and cultural	3,410,727	-	-	-	-	3,410,727
Community development	1,055,488	-	-	-	-	1,055,488
Nondepartmental	269,080	-	-	-	-	269,080
Capital projects	7,188,644	-	342,661	-	-	7,531,305
Debt service:						
Principal retirement	5,440,583	-	-	-	30,000	5,470,583
Interest and other fiscal charges	4,474,834	-	724,066	224,960	5,342	5,429,202
Total expenditures	$ 72,011,076	$ -	$ 1,066,727	$ 224,960	$ 1,644,845	$ 74,947,608
Excess (deficiency) of revenues over (under) expenditures	$ (6,720,879)	$ -	$ (1,027,632)	$ (216,733)	$ 114,999	$ (7,850,245)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ 6,763,812	$ 2,168,487	$ 102,085	$ -	$ 92,206	$ 9,126,590
Transfers out	(1,971,921)	(5,438,279)	(441,989)	(762,621)	(287,609)	(8,902,419)
Issuance of lease revenue bonds	-	-	-	5,885,000	-	5,885,000
Premium on issuance of lease revenue bonds	-	-	-	696,727	-	696,727
Issuance of general obligation bonds	-	-	42,440,000	-	-	42,440,000
Premium on issuance of general obligation bonds	-	-	2,601,367	-	-	2,601,367
Issuance of capital leases	741,508	-	-	-	-	741,508
Total other financing sources (uses)	5,533,399	(3,269,792)	44,701,463	5,819,106	(195,403)	52,588,773
Net change in fund balances	$ (1,187,480)	$ (3,269,792)	$ 43,673,831	$ 5,602,373	$ (80,404)	$ 44,738,528
Fund balances - beginning	16,693,295	23,801,545	588,558	153,514	985,874	42,222,786
Fund balances - ending	$ 15,505,815	$ 20,531,753	$ 44,262,389	$ 5,755,887	$ 905,470	$ 86,961,314

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 44,738,528
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. The following are adjustments related to capital assets reported in the current period.		
Capital asset additions	$ 6,698,827	
Depreciation expense	(3,721,292)	2,977,535
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 29,488	
Change in deferred inflows related to the measurement of the net pension liability	(2,017,763)	(1,988,275)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
(Increase) decrease in landfill closure and postclosure liability	$ (9,042)	
Issuance of lease revenue bonds	(5,885,000)	
Issuance of general obligation bonds	(42,440,000)	
Issuance of capital leases	(741,508)	
Premium on issuance of lease revenue bonds	(696,727)	
Premium on issuance of general obligation bonds	(2,601,367)	
Increase (decrease) in deferred amount on refunding	(313,239)	
Principal payments	6,655,581	(46,031,302)
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. The following are the details of these adjustments:		
(Increase) decrease accrued interest payable	$ (554,627)	
(Increase) decrease in net OPEB obligation	(430,800)	
(Increase) decrease in net pension liability	2,568,955	
Increase (decrease) in deferred outflows related to pension contributions subsequent to measurement date	(96,444)	
Discount and premium amortization	647,278	
(Increase) decrease in compensated absences	(29,680)	2,104,682
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
Insurance premiums, internal service fund - reported as charges for services on Exhibit 2	$ 2,882,185	
Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	(2,724,879)	
Transfer out, internal service fund - reported as expense in the respective fund on Exhibit 2	(224,171)	(66,865)
Change in net position of governmental activities		$ 1,734,303

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

COUNTY OF WARREN, VIRGINIA **Exhibit 7**

Statement of Net Position
Internal Service Fund
June 30, 2015

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 692,236
Total assets	$ 692,236
LIABILITIES	
Current liabilities:	
Claims and judgments - Incurred but not reported	$ 180,049
Total liabilities	$ 180,049
NET POSITION	
Unrestricted	$ 512,187
Total net position	$ 512,187

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

COUNTY OF WARREN, VIRGINIA **Exhibit 8**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended June 30, 2015

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	2,882,185
Total operating revenues	$	2,882,185
OPERATING EXPENSES		
Insurance claims and expenses	$	2,724,879
Total operating expenses	$	2,724,879
Operating income (loss)	$	157,306
Income before transfers		157,306
Transfers out	$	(224,171)
Change in net position	$	(66,865)
Total net position - beginning		579,052
Total net position - ending	$	512,187

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

COUNTY OF WARREN, VIRGINIA **Exhibit 9**

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2015

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	2,882,185
Payments for claims		(2,767,892)
Net cash provided by (used for) operating activities	$	114,293
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		(224,171)
Net cash provided by (used for) noncapital financing activities		(224,171)
Net increase (decrease) in cash and cash equivalents	$	(109,878)
Cash and cash equivalents - beginning		802,114
Cash and cash equivalents - ending	$	692,236
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	157,306
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Increase (decrease) in IBNR	$	(43,013)
Total adjustments	$	(43,013)
Net cash provided by (used for) operating activities	$	114,293

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

COUNTY OF WARREN, VIRGINIA **Exhibit 10**

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 215,977	$ 251,213
Due from other governmental units	-	723,495
Total assets	$ 215,977	$ 974,708
LIABILITIES		
Accounts payable	$ -	$ 38,692
Amounts held for social services clients	-	14,867
Due to general fund	-	593,165
Due to other governmental units	-	135,330
Amounts held for others	-	192,654
Total liabilities	$ -	$ 974,708
NET POSITION		
Held in trust for scholarships	$ 215,977	

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

COUNTY OF WARREN, VIRGINIA **Exhibit 11**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

		Private-Purpose Trust
ADDITIONS		
Revenue from the use of money	$	636
Miscellaneous		13,630
Total additions	$	14,266
DEDUCTIONS		
Scholarships	$	22,450
Total deductions	$	22,450
Change in net position	$	(8,184)
Net position - beginning		224,161
Net position - ending	$	215,977

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

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

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Warren County Public Schools:

Warren County Public Schools (the "Schools") are responsible for elementary and secondary education within the County providing a benefit only to the Primary Government. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors. The primary funding sources of the Schools are state and federal grants and significant appropriations from the primary government (County). The Schools do not have separate taxing authority.

The Schools report an operating fund and three special revenue funds (cafeteria, textbook, and vocational building funds), one capital projects fund (school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund. Warren County Public Schools does not issue separate financial statements.

Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. County contributions accounted for approximately 74% percent of the Industrial Development Authority's revenues during fiscal year 2015. The Authority is accounted for as a proprietary fund and uses the accrual basis of accounting.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

A. Government-wide and Fund Financial Statements

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

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

A. Government-wide and Fund Financial Statements: (Continued)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component 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.

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

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

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

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 are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual report including the government's original budget to the current comparison of final budget and actual results.

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

B. Other Related Organizations

Included in the County's Financial Report

None

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

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

The government-wide financial statements 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 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.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Fiduciary funds have no measurement focus and use the accrual basis of accounting for purposes of asset and liability recognition.

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

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

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

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

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

Proprietary funds (internal service 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 internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

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

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

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

1. Governmental Funds: (Continued)

Capital Projects Funds – The Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County reports the Special Projects, School Bond Construction and County Capital Projects fund as major capital projects funds.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds: Drug Forfeiture, Proffers, and Sanitary Districts. All of the above funds are reported as nonmajor funds.

2. **Fiduciary Funds – (Trust and Agency Funds)** – account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth P. Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund, Northern Warren Fire Department Building Fund, Northern Warren Fire Department Fund, Shenandoah Farms Volunteer Fire Department Fund, South Warren Volunteer Fire Department Fund, Shenandoah Shores Volunteer Fire Department Fund, Linden Volunteer Fire Department Fund, and the Fortsmouth Volunteer Fire Department Fund.

3. **Proprietary Funds** – account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of the Internal Service Funds.

   Internal Service Funds – account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Health Insurance Fund reported by the Primary Government and the Component Unit-School Board.

D. Budgets and Budgetary Accounting

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.

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

D. Budgets and Budgetary Accounting: (Continued)

2. Public hearings are conducted to obtain citizen comments.

3. The budget is legally enacted through passage of appropriation resolutions.

4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Appropriations lapse on June 30, for all County Departments.

7. Both the original and amended budget are presented in the accompanying financial statements.

8. The following General Fund departments reported actual expenditures in excess of appropriations: (Reference Exhibit 12):

   - Various public safety departments
   - Various capital projects
   - Parks and recreation – programs and operations
   - Air show
   - Central equipment and maintenance

   Additionally the following nonmajor and Component Unit funds reported actual expenditures in excess of appropriations:

   - Drug forfeiture fund

E. Cash and Cash Equivalents

The County's cash and cash equivalents consist of demand deposits and certificates of deposits with an initial maturity date of less than three months.

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to $1,395,626 at June 30, 2015.

G. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least $5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index. Donated capital assets are recorded at estimated fair market value as of the date of donation.

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

G. Capital Assets: (Continued)

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

Property, equipment, and vehicles of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years
Land improvements	20 years

H. Bond Issue Costs

Bond issue costs are expensed as incurred.

I. Compensated Absences

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and a calculated portion of sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2015, leave liabilities of the County amounted to $719,166 of outstanding vacation accruals, $375,792 of outstanding compensatory time and $178,669 of outstanding sick accruals, representing a net increase of $29,680. At June 30, 2015, leave liabilities of the Schools amounted to $609,361 of outstanding vacation accruals, $357,843 of personal leave time and $415,907 of outstanding sick accruals, representing a net decrease of $222,250.

J. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

K. 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;

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

K. Fund Equity: (Continued)

- 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.

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

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

L. 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.

M. Net Position Flow Assumption

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

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other 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 to the cost-sharing teachers' pension plan and contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset or 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 types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

O. Pensions

For purposes of measuring the net pension asset or 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 of Warren, Virginia's Retirement Plan and the additions to/deductions from the County of Warren, Virginia's Retirement Plan 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.

P. Property Taxes Receivable

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in one installment on December 5th. The County bills and collects its own property taxes.

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

Q. Restricted Assets

The County reports restricted assets (cash) in the amount of $50,347,130 (Exhibit 1). The cash is restricted for specific capital projects as a result of proffers received, unspent bond proceeds for construction and for public safety.

NOTE 2—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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

The County does not have an investment policy that addresses the various types of risks related to investments.

Credit Risk of Debt Securities

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

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
		AAAm
Local Government Investment Pool	$	620,072
State Non-Arbitrage Program		49,934,110
Total	$	50,554,182

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

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

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2015 were as follows:

Fund	Interfund receivable	Interfund payable
Major funds:		
General	$ 5,320	$ -
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Flexible spending fund	-	5,000
Total	$ 5,320	$ 5,320

Interfund transfers for the year ended June 30, 2015 were as follows:

Fund	Transfer In	Transfer Out
Major governmental funds:		
General	$ 6,763,812	$ 1,971,921
Special projects	2,168,487	5,438,279
School bond construction fund	102,085	441,989
County capital projects fund	-	762,621
School operating fund	312,000	1,173,442
School cafeteria fund	1,173,442	-
Nonmajor governmental funds:		
Sanitary districts	92,206	287,609
Internal service fund:		
School board health insurance fund	-	312,000
County health insurance fund	-	224,171
Total	$ 10,612,032	$ 10,612,032

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:

Due from/to balances between the County and its component units at June 30, 2015, were as follows:

	Due From	Due To
Primary government:		
General	$ -	$ 3,363,831
Component units:		
Warren County School Board	$ 3,363,831	$ -

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2015 were as follows:

	Contributions To	Contributions From
Primary government:		
General	$ -	$ 21,342,491
Proffers fund	-	113,434
School Board component unit:		
School operating fund	20,488,687	-
School capital improvements fund	120,486	-
School textbook fund	222,752	-
Internal Service Fund - School Board	624,000	-
	$ 21,455,925	$ 21,455,925

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2015:

	Primary Government	Component Unit
	General Fund	School Board
Commonwealth of Virginia:		
Virginia Public Assistance funds	$ 128,678	$ -
Local sales tax	588,165	-
State sales tax	-	1,134,830
Constitutional officer reimbursements	296,235	-
Recordation tax refunds	29,531	-
Miscellaneous grants	57,308	-
Comprehensive services act	178,067	-
Rolling stock	54,064	-
VDOT Revenue Sharing	114,239	-
Communication tax	145,780	-
School resource officer reimbursement	44,803	-
Federal Government:		
Virginia Public Assistance funds	172,335	-
Crime victim assistance grant	74,785	-
School operating fund grants	-	423,703
School food	-	201,501
Total due from other governmental units	$ 1,883,990	$ 1,760,034

NOTE 6—CAPITAL ASSETS:

Primary Government:

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 11,952,750	$ 1,426,304	$ -	$ 13,379,054
Construction in progress	4,625,134	3,638,652	38,853	8,224,933
Other non-depreciable assets	387,070	-	-	387,070
Total capital assets not being depreciated	$ 16,964,954	$ 5,064,956	$ 38,853	$ 21,991,057
Capital assets being depreciated:				
Buildings and improvements	$ 154,277,223	$ -	$ -	$ 154,277,223
Improvements other than buildings	1,876,924	224,778	-	2,101,702
Machinery, equipment and vehicles	6,434,562	1,447,946	149,635	7,732,873
Total capital assets being depreciated	$ 162,588,709	$ 1,672,724	$ 149,635	$ 164,111,798
Less: accumulated depreciation:				
Buildings and improvements	$ 23,122,301	$ 3,094,270	$ -	$ 26,216,571
Improvements other than buildings	568,049	105,085	-	673,134
Machinery, equipment and vehicles	5,341,871	521,937	149,635	5,714,173
Total accumulated depreciation	$ 29,032,221	$ 3,721,292	$ 149,635	$ 32,603,878
Net capital assets governmental activities	$ 150,521,442	$ 3,016,388	$ 38,853	$ 153,498,977

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 1,656,064	$ -	$ -	$ 1,656,064
Total capital assets not being depreciated	$ 1,656,064	$ -	$ -	$ 1,656,064
Capital assets being depreciated:				
Buildings and improvements	$ 6,681,495	$ 113,434	$ -	$ 6,794,929
Machinery, equipment and vehicles	7,149,383	501,512	-	7,650,895
Total capital assets being depreciated	$ 13,830,878	$ 614,946	$ -	$ 14,445,824
Less: accumulated depreciation:				
Buildings and improvements	$ 3,702,988	$ 98,203	$ -	$ 3,801,191
Machinery, equipment and vehicles	5,436,828	468,089	-	5,904,917
Total accumulated depreciation	$ 9,139,816	$ 566,292	$ -	$ 9,706,108
Net capital assets component unit school board	$ 6,347,126	$ 48,654	$ -	$ 6,395,780

1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Warren, Virginia for the year ended June 30, 2015, is that school financed assets in the amount of $101,469,710 are reported in the Primary Government for financial reporting purposes.

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

Governmental activities:	
General government administration	$ 201,224
Judicial administration	67,626
Public safety	683,293
Public works	65,064
Health and welfare	7,286
Education	2,398,624
Parks, recreation and cultural	109,548
Community Development	188,627
Total Governmental activities	$ 3,721,292
Component Unit School Board	$ 566,292

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government and Component Unit–School Board:

The following is a summary of changes in long-term obligations for the primary government and school board for the year ended June 30, 2015.

	(Restated) Balance July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities Obligations:					
Primary Government:					
General obligation and lease revenue bonds	$ 101,452,500	$ 48,325,000	$ 6,090,114	$ 143,687,386	$ 7,644,310
Revenue bond	390,000	-	30,000	360,000	30,000
Compensated absences	1,243,947	707,724	678,044	1,273,627	127,363
Net OPEB obligation	2,458,200	624,900	194,100	2,889,000	-
Net pension liability	5,538,656	3,657,548	6,226,503	2,969,701	-
Landfill postclosure costs	602,750	9,042	-	611,792	-
Notes payable	393,681	-	393,681	-	-
Capital leases	244,670	741,508	141,786	844,392	121,285
Totals	$ 112,324,404	$ 54,065,722	$ 13,754,228	$ 152,635,898	$ 7,922,958
Premium on bonds	$ 10,028,350	$ 3,298,094	$ 647,278	$ 12,679,166	$ 860,670
Total for financial statement presentation - Primary Government	$ 122,352,754	$ 57,363,816	$ 14,401,506	$ 165,315,064	$ 8,783,628
Component Unit - School Board:					
Capital lease	$ 103,067	$ -	$ 103,067	$ -	$ -
Compensated absences	1,605,361	931,519	1,153,769	1,383,111	138,311
Net pension liability	52,446,000	13,752,277	19,725,277	46,473,000	-
Net OPEB obligation	710,300	286,900	120,900	876,300	-
Total School Board	$ 54,864,728	$ 14,970,696	$ 21,103,013	$ 48,732,411	$ 138,311
Total Governmental Activities Obligations	$ 177,217,482	$ 72,334,512	$ 35,504,519	$ 214,047,475	$ 8,921,939

The general fund and school operating and cafeteria funds are used to fund the liability for compensated absences, net pension liability and OPEB obligation, for the County and School Board, respectively.

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

Details of the primary government's debt at June 30, 2015 are as follows:

	Amount Outstanding
General obligation bonds	
$13,416,124 (including premium of $686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	$ 8,702,386
$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the $3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	2,490,000
$42,440,000 general obligation bonds issued December 9, 2014 with a premium of $2,601,367, payable in semi-annual installments in variable amounts, with variable interest rates of 3.0% to 5.0% through December 30, 2039. The bonds were issued to finance various school projects including the design and construction of a second middle school.	42,440,000
$23,620,000 general obligation school bonds issued September 12, 1995, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	1,185,000
Total general obligation bonds	$ 54,817,386
Lease Revenue Bonds:	
$45,700,000 lease revenue refunding bonds Series 2011B, issued November 16, 2011, payable in variable amounts; with variable interest rates of 2.125% to 5.125%, through October 1, 2028. The bonds were issued to partially refund Series 2004B lease revenue bonds and refund the outstanding balance of the Series 2009 lease revenue refunding bonds for an economic gain of $3,013,688.	43,075,000
$31,300,000 lease revenue refunding bonds Series 2012A, issued June 13, 2012, payable in variable amounts; with variable interest rates of 4.524% to 5.125%, through April 1, 2035. The bonds were issued to partially refund the Series 2004B lease revenue bonds for an economic gain of $2,342,981.	31,300,000

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit School Board: (Continued)

Details of the primary government's debt at June 30, 2015 are as follows: (Continued)

	Amount Outstanding
Lease Revenue Bonds: (Continued)	
$5,885,000 lease revenue bonds Series 2014B issued August 13, 2014 with a premium of $696,727, payable in variable amounts; with variable interest rates of 1.895% to 5.125%, through October 1, 2034. The bonds were issued to finance the Leach Run Parkway, jointly with the Town of Front Royal, VA.	$ 5,885,000
$2,365,000 lease revenue bond anticipation note Series 2013A, issued June 12, 2013, interest only at a fixed rate of 1.55% payable semi-annually; with principal payable in full on December 15, 2015. The bonds were issued to partially finance a middle school and Leach Run Parkway. The bonds issued in part jointly with the Town of Front Royal will receive a financial commitment for 34% of the interest and principal portion.	1,365,000
$7,635,000 lease revenue refunding bonds Series 2013B, issued June 12, 2013, payable in variable amounts; with a fixed interest rate of 2.58%, through September 1, 2028. The bonds were issued to current refund the Series 2010 general obligation bonds that were due and payable in full in March 2014.	7,245,000
Total lease revenue bonds	$ 88,870,000
Total general obligation and lease revenue bonds	$ 143,687,386
Revenue bond	
$600,000 Variable rate demand revenue bonds Series 2005A, issued May 24, 2007, payable in annual fixed principal amount of $30,000, with interest at a variable rate through June 2027.	$ 360,000
Total revenue bond	$ 360,000

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

Year Ending June 30,	County Obligations			
	Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2016	$ 7,674,310	$ 6,225,247	$ 121,285	$ 18,640
2017	5,468,442	5,805,573	145,153	16,014
2018	5,677,430	5,585,802	147,857	13,310
2019	5,871,398	5,354,896	150,640	10,527
2020	6,090,174	5,121,423	73,566	7,870
2021-2025	33,397,856	21,406,395	66,691	5,930
2026-2030	36,227,776	13,077,781	68,612	4,009
2031-2035	31,540,000	6,081,984	70,588	2,036
2036-2040	12,100,000	1,249,000	-	-
Total	$ 144,047,386	$ 69,908,101	$ 844,392	$ 78,336

NOTE 8—CAPITAL LEASES:

Primary Government and Component Unit–School Board:

Capital leases

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles for use in the sheriff's department, recreation and parks, and the general government; equipment for county administration and the recreation and parks department; and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The school board has entered into a lease agreement for financing the acquisition of school buses.

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2015 were as follows:

Year Ended June 30,	Governmental Activities
2016	$ 139,925
2017	161,167
2018	161,167
2019	161,167
2020	81,436
2021	72,622
2022	72,622
2023	72,622
Total minimum lease payments	$ 922,728
Less: amount representing interest	78,336
Present value of minimum lease payments	$ 844,392

The capital lease agreements outstanding at June 30, 2015 represented capital assets as follows:

Asset(s) Description	Cost	Accumulated Depreciation	Book Value
Equipment	$ 806,734	$ 69,203	$ 737,531
Building and improvements	419,096	41,910	377,186
Total	$ 1,225,830	$ 111,113	$ 1,114,717

NOTE 9—PENSION PLAN:

Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multi-Employer Pension Plan
Administering Entity: Virginia Retirement System (VRS)

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**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.	**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") • 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.)** • 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.
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. **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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**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. **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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • 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. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • 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**
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.	**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.	***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.
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.	**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.	**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.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** 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. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** 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. **Defined Contributions Component:** 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. Members are always 100% vested in the contributions that they make.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
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%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **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.	**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. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. 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. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. **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.	**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. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **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. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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%. **Eligibility:** 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. 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.	**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%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**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. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service 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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	86	52
Inactive members:		
Vested inactive members	37	20
Non-vested inactive members	56	87
Inactive members active elsewhere in VRS	96	37
Total inactive members	189	144
Active members	230	147
Total covered employees	505	343

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 11.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,116,197 and $1,212,641 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions: (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 7.81% 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 $196,770 and $330,326 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability/Asset

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

Actuarial Assumptions – General Employees

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

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

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

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

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

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

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

NOTE 9—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 33,990,152	$ 28,451,496	$ 5,538,656
Changes for the year:			
Service cost	$ 1,300,026	$ -	$ 1,300,026
Interest	2,333,930	-	2,333,930
Contributions - employer	-	1,212,641	(1,212,641)
Contributions - employee	-	486,779	(486,779)
Net investment income	-	4,527,083	(4,527,083)
Benefit payments, including refunds of employee contributions	(1,296,578)	(1,296,578)	-
Administrative expenses	-	(23,831)	23,831
Other changes	-	239	(239)
Net changes	$ 2,337,378	$ 4,906,333	$ (2,568,955)
Balances at June 30, 2014	$ 36,327,530	$ 33,357,829	$ 2,969,701

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, 2013	$ 8,062,884	$ 7,753,753	$ 309,131
Changes for the year:			
Service cost	$ 363,215	$ -	$ 363,215
Interest	550,481	-	550,481
Contributions - employer	-	330,326	(330,326)
Contributions - employee	-	152,969	(152,969)
Net investment income	-	1,232,240	(1,232,240)
Benefit payments, including refunds of employee contributions	(397,751)	(397,751)	-
Administrative expenses	-	(6,502)	6,502
Other changes	-	65	(65)
Net changes	$ 515,945	$ 1,311,347	$ (795,402)
Balances at June 30, 2014	$ 8,578,829	$ 9,065,100	$ (486,271)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Warren			
Net Pension Liability (Asset)	$ 8,074,438	$ 2,969,701	$ (1,229,359)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 531,783	$ (486,271)	$ (1,341,276)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of $661,449 and $84,290, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 2,017,763	$ -	$ 549,366
Employer contributions subsequent to the measurement date	1,116,197	-	196,770	-
Total	$ 1,116,197	$ 2,017,763	$ 196,770	$ 549,366

$1,116,197 and $196,770 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	$ (504,441)	$ (137,342)
2017	(504,441)	(137,342)
2018	(504,441)	(137,342)
2019	(501,440)	(137,340)
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, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were $4,026,059 and $3,262,295 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of $46,473,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .38456% as compared to .38071% at June 30, 2013.

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, 2015, the school division recognized pension expense of $3,772,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 434,000	$ -
Net difference between projected and actual earnings on pension plan investments	-	6,897,000
Employer contributions subsequent to the measurement date	4,026,059	-
Total	$ 4,460,059	$ 6,897,000

$4,026,059 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ (1,628,000)
2017	(1,628,000)
2018	(1,628,000)
2019	(1,628,000)
Thereafter	49,000

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, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

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

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

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

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

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

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:

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

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

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)	$ 68,241,000	$ 46,473,000	$ 28,551,000

Pension Plan Fiduciary Net Position

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

NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred inflows of resources is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

Primary Government - Deferred Inflows of Resources		
General fund:		
Delinquent taxes not collected within 60 days	$	3,765,991
Prepaid property taxes - property taxes paid in advance		1,298,273
2nd half property tax assessments		11,988,000
Sanitary districts fund:		
Delinquent taxes not collected within 60 days		491,615
Prepaid property taxes - property taxes paid in advance		31,008
2nd half property tax assessments		814,244
Total deferred inflows of resources – governmental funds (Exhibit 3)	$	18,389,131

Primary Government - Unearned Revenue		
Unearned grant revenue:		
General fund	$	3,625
Drug forfeiture fund		16,918
Total unearned revenue - governmental funds (Exhibit 3)	$	20,543

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Series 1996 Bond - Route 340/522 Water and Sewer Project – Support Agreement

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia ("IDA") issued revenue bonds dated November 26, 1996 in the amount of $4,125,000 to finance construction of a water and sewer project located near Route 340/522. The bonds were subsequently refinanced with the issuance of the Refunding Bonds on March 1, 2005 in the amount of $3,300,000. The Town of Front Royal ("Town") is the owner and operator of the water and sewer assets constructed.

NOTE 11—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

The County and Town entered into a debt support agreement with the IDA whereby pledging financial support to satisfy the annual bond debt service payments. The County and Town agreed to provide support equal to 80% and 20%, respectively, of the annual debt service. In accordance with the Support Agreement and Bond Documents, the County is to budget annually the payment to the IDA. However, in any year the County does not budget and provide the annual financial support, the IDA is liable for 100% of the bond debt service payment. Therefore, the County has not recorded the annual support agreement as a long-term liability in the financial statements.

Details of the IDA bond, including the County's related support obligation are as follows:

Fiscal	IDA Long-term Debt		County Committment - 80%	
Year	Principal	Interest	Principal	Interest
2016	$ 320,000	$ 17,591	$ 256,000	$ 14,073
2017	330,000	5,924	264,000	4,739

NOTE 12—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management 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 after closure. The $611,792 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2015, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented $8,489, $349,621 and $253,682, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.

NOTE 13—SURETY BONDS:

	Amount
VA Department of General Services:	
Jennifer Sims, Clerk of the Circuit Court	$ 400,000
Wanda Bryant, Treasurer	400,000
Sherry T. Sours, Commissioner of the Revenue	3,000
Daniel T. McEathron, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Pamela M. McInnis, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

NOTE 14—COMMITTED FUND BALANCE–SPECIAL PROJECTS FUND:

	Amount
Permanent Reserves (Twice-a-year billing)	$ 3,709,254
Public Safety Building	2,503,214
Health & Human Services Building	1,824,098
RSW Regional Jail	1,057,415
School Capital Improvements	1,794,202
Enterprise Zone Set Aside (School Capital Improvements)	1,050,709
Sanitary Districts	1,257,640
VDOT (Revenue Sharing)	990,951
Dominion (School Capital Improvements)	1,000,000
Dominion Reserve (Water Payment)	230,000
Miscellaneous	1,084,281
Parks & Recreation	614,982
Police, Fire and Rescue	787,486
Sanitation	951,226
Elections	260,882
Social Services	342,586
Buildings & Grounds - Improvements	514,264
Vehicles	194,321
Gypsy Moth Program	94,539
Circuit Court	77,996
Planning	65,448
Groundwater Study	40,087
Septage Receiving Facility	56,163
Juvenile Detention Facility	30,009
Total Special Projects Fund	$ 20,531,753

NOTE 15—RISK MANAGEMENT:

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County's assets and operations. Coverage currently includes $5,000,000 commercial general liability, $5,000,000 automobile liability, and $3,000,000 public officials liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

Effective July 1, 2005, the County established a self-insurance health care benefit for all County employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of $80,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The County uses information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2015 is $180,049, and calculated as follows:

Fiscal Year	Liability beginning of year	Current year claims and changes in estimates	Claims payments	Liability end of year
2013	$ 172,437	$ 2,300,844	$ 2,288,377	$ 184,904
2014	184,904	2,629,337	2,591,179	223,062
2015	223,062	2,724,879	2,767,892	180,049

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes $2,000,000 commercial general liability, $2,000,000 automobile liability, and $2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE:

Background

Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This addresses how local governments should account for and report their costs related to postemployment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

County:

A. Plan Description

In addition to the pension benefits described in Note 9, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals hired before July 1, 2013 and who retire from County with service eligible for VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree’s spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

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

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is $624,900 for fiscal year 2015. The County has paid $194,100 towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments, County contributions and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	$	628,900
Interest on net OPEB obligation		98,300
Adjustment to annual required contribution		(102,300)
Annual OPEB cost (expense)	$	624,900
Contributions made		(194,100)
Increase in net OPEB obligation	$	430,800
Net OPEB obligation, beginning of year		2,458,200
Net OPEB obligation, end of year	$	2,889,000

For 2015, the County's cash payment of $194,100 was $430,800 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 and two preceding years are as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2013	$	571,900	34%	$	2,086,100
June 30, 2014		595,400	38%		2,458,200
June 30, 2015		624,900	31%		2,889,000

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

County: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	$ 6,903,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	6,903,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	8,479,800
UAAL as a percentage of covered payroll	81.41%

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

E. Actuarial Methods and Assumptions

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

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

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

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Assumptions

Discount rate (unfunded)	4.00%
Inflation rate	2.50%
Amortization period	30 years
Healthcare trend rate	8% - 5%
Projected salary increases	N/A

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

School Board:

A. Plan Description

In addition to the pension benefits described in Note 9, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board's plan for active employees. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

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

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is $286,900 for fiscal year 2014. The School Board has paid $120,900 towards this obligation during the fiscal year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the School Board's net OPEB obligation.

Annual required contribution	$	288,100
Interest on net OPEB obligation		28,400
Adjustment to annual required contribution		(29,600)
Annual OPEB cost (expense)	$	286,900
Contributions made		(120,900)
Increase in net OPEB obligation		166,000
Net OPEB obligation, beginning of year		710,300
Net OPEB obligation, end of year	$	876,300

For 2015, the School Board's expected cash payment of $120,900 was $166,000 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2013	$	272,600	55%	$	587,600
June 30, 2014		281,800	56%		710,300
June 30, 2015		286,900	42%		876,300

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

School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	$ 2,701,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,701,100
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	27,707,600
UAAL as a percentage of covered payroll	9.75%

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

E. Actuarial Methods and Assumptions

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

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

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

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Discount rate (unfunded)	4.00%
Inflation rate	2.50%
Amortization period	30 years
Healthcare trend rate	8% - 5%
Projected salary increases	N/A

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

Health Insurance Credit Program

A. Plan Description

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

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.

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.

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

Health Insurance Credit Program: (Continued)

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 years ended June 30, 2015, 2014, and 2013 were $294,319, $315,147 and $300,675, respectively, and equaled the required contributions for each year.

NOTE 17—ADOPTION OF ACCOUNTING PRINCIPLES:

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

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

	County	School Board
Net Position as reported at June 30, 2014	$ 84,989,785	$ 5,729,445
Implementation of GASB Statement No. 68	(4,326,015)	(49,145,627)
Net Position as restated at June 30, 2014	$ 80,663,770	$ (43,416,182)

NOTE 18—UPCOMING PRONOUNCEMENTS:

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

NOTE 18—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

NOTE 18—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 39,837,171	$ 40,094,587	$ 41,618,747	$ 1,524,160
Other local taxes	8,003,849	8,150,782	7,275,401	(875,381)
Permits, privilege fees, and regulatory licenses	669,926	707,646	685,234	(22,412)
Fines and forfeitures	73,061	73,061	100,564	27,503
Revenue from the use of money and property	425,000	425,000	276,770	(148,230)
Charges for services	2,379,579	2,379,579	2,270,637	(108,942)
Miscellaneous	337,000	430,800	293,001	(137,799)
Recovered costs	20,000	67,687	139,172	71,485
Intergovernmental:				
Commonwealth	10,823,435	11,086,674	10,556,685	(529,989)
Federal	1,550,249	1,859,464	2,073,986	214,522
Total revenues	$ 64,119,270	$ 65,275,280	$ 65,290,197	$ 14,917
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	$ 216,434	$ 219,826	$ 183,231	$ 36,595
County administrator	635,241	653,823	647,116	6,707
County attorney	323,484	324,923	314,632	10,291
Commissioner of revenue	644,799	653,149	641,519	11,630
Reassessment	125,000	328,872	326,389	2,483
Treasurer	503,087	503,087	486,693	16,394
Finance and purchasing	346,826	350,687	341,297	9,390
Electoral board and officials	271,902	271,902	182,494	89,408
Total general government administration	$ 3,066,773	$ 3,306,269	$ 3,123,371	$ 182,898
Judicial administration				
Circuit court	$ 62,800	$ 70,594	$ 49,762	$ 20,832
General district court	9,645	11,910	14,854	(2,944)
Special magistrates	6,250	6,250	5,364	886
Clerk of the circuit court	526,802	546,736	511,572	35,164
Juvenile and domestic relations court	20,200	20,200	17,791	2,409
Sheriff - courts	294,806	294,806	292,189	2,617
Law library	24,000	24,000	10,846	13,154
Commonwealth's attorney	729,279	738,107	709,218	28,889
Total judicial administration	$ 1,673,782	$ 1,712,603	$ 1,611,596	$ 101,007
Public safety				
Sheriff - law enforcement	$ 4,065,133	$ 4,099,443	$ 4,112,219	$ (12,776)
Work release program	-	-	62	(62)
E - 911 system	513,290	493,290	447,698	45,592
Cost recovery fees	342,500	244,138	195,216	48,922
Cost recovery reimbursement to fire companies	110,000	110,000	107,208	2,792
Contributions to fire and rescue squads	934,869	883,796	883,633	163
Emergency services	2,273,941	2,530,567	3,067,770	(537,203)
Corrections/court services	799,162	747,811	705,674	42,137
Regional jail	2,250,000	2,767,396	2,767,396	-
Probation office	60,431	60,431	46,580	13,851
Juvenile detention center	257,815	255,613	255,613	-
Building	526,393	575,044	526,594	48,450
Animal control	574,005	574,822	564,593	10,229
Medical examiner	500	500	600	(100)
Total public safety	$ 12,708,039	$ 13,342,851	$ 13,680,856	$ (338,005)

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

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Public works				
Streets and highways	$ 31,025	$ 31,025	$ 19,493	$ 11,532
Refuse collection	927,810	927,313	841,500	85,813
Refuse disposal	2,490,196	2,272,601	2,348,847	(76,246)
General properties	981,451	859,327	848,077	11,250
Total public works	$ 4,430,482	$ 4,090,266	$ 4,057,917	$ 32,349
Health and welfare				
Local health department	$ 314,748	$ 314,748	$ 314,748	$ -
Northwestern community services	287,000	287,000	287,000	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	3,795,876	3,795,876	3,522,383	273,493
Shenandoah area agency on aging	50,000	50,000	50,000	-
Other social services	49,512	56,979	59,479	(2,500)
Property tax relief for the elderly and handicapped	-	-	336,429	(336,429)
Comprehensive Services Act	2,177,426	2,117,426	1,740,546	376,880
Total health and welfare	$ 6,677,062	$ 6,624,529	$ 6,313,085	$ 311,444
Education				
Contribution to local school board	$ 21,104,593	$ 22,185,594	$ 21,342,491	$ 843,103
Contributions to community college	42,404	42,404	42,404	-
Total education	$ 21,146,997	$ 22,227,998	$ 21,384,895	$ 843,103
Parks, recreation, and cultural				
Programs and operations	$ 2,153,008	$ 2,153,745	$ 2,175,692	$ (21,947)
Outreach program / youth center	-	949	949	-
Golf club operations	342,400	345,367	339,426	5,941
Browntown community center	2,000	2,500	2,500	-
Blue ridge arts council	5,000	10,000	10,000	-
Heritage society	-	3,250	4,160	(910)
4-H center	3,000	3,000	3,000	-
Contribution to Samuels Public Library	875,000	875,000	875,000	-
Total parks, recreation and cultural	$ 3,380,408	$ 3,393,811	$ 3,410,727	$ (16,916)
Community development				
Planning and zoning administration	$ 389,377	$ 403,377	$ 380,062	$ 23,315
Enterprise zone grant - IDA	1,414,770	-	-	-
340/522 water and sewer project - IDA	267,048	267,048	267,048	-
Industrial development authority	115,300	116,300	116,300	-
Other contributions	550	85,050	85,050	-
Contribution to soil and water conservation district	10,000	10,000	10,000	-
Abandoned vehicle program	24,000	24,000	4,450	19,550
Air show	-	22,025	28,437	(6,412)
Airport Commission operations	89,725	61,655	61,655	-
VPI extension service	106,172	109,342	102,486	6,856
Total community development	$ 2,416,942	$ 1,098,797	$ 1,055,488	$ 43,309
No departmental				
Retiree medical insurance and unemployment insurance	$ 115,140	$ 115,140	$ 113,751	$ 1,389
Central equipment and maintenance	138,000	138,000	149,266	(11,266)
Other nondepartmental	324,661	30,475	6,063	24,412
Total nondepartmental	$ 577,801	$ 283,615	$ 269,080	$ 14,535

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

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Capital projects				
Economic development	$ 146,628	$ 136,728	$ 136,728	$ -
Soccer fields	75,000	182,557	207,129	(24,572)
Fishnet property	100,000	504,048	507,181	(3,133)
Bing crosby stadium renovations	10,000	19,983	19,997	(14)
Route 522 beautification project	-	1,713	1,713	-
Airport capital projects	-	254,009	463,004	(208,995)
Eastham Park	75,000	30,250	29,985	265
Building improvement fund	133,960	291,303	472,154	(180,851)
Purchase of second street property	125,000	-	-	-
Revenue sharing projects	250,000	481,705	473,055	8,650
20 year capital improvement plan	250,000	0	-	-
Leach Run Parkway	200,000	512,443	639,619	(127,176)
Simpsons Landing	-	33,364	33,364	-
Health and Human Services building	-	2,872,452	2,882,627	(10,175)
Shenandoah Farms lots	10,000	-	-	-
Court holding cells	-	43,983	43,983	-
Second Middle School	1,000,000	1,021,252	1,003,743	17,509
Other capital projects	487,500	265,827	274,362	(8,535)
Total capital projects	$ 2,863,088	$ 6,651,617	$ 7,188,644	$ (537,027)
Debt service				
Principal retirement	$ 5,440,583	$ 5,440,583	$ 5,440,583	$ -
Interest	685,146	3,456,856	4,474,834	(1,017,978)
Total debt service	$ 6,125,729	$ 8,897,439	$ 9,915,417	$ (1,017,978)
Total expenditures	$ 65,067,103	$ 71,629,795	$ 72,011,076	$ (381,281)
Excess (deficiency) of revenues over (under) expenditures	$ (947,833)	$ (6,354,515)	$ (6,720,879)	$ (366,364)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 82,833	$ 5,965,204	$ 6,763,812	$ 798,608
Transfers out	-	(1,971,921)	(1,971,921)	-
Issuance of capital leases	-	-	741,508	741,508
Total other financing sources (uses)	$ 82,833	$ 3,993,283	$ 5,533,399	$ 1,540,116
Net change in fund balances	$ (865,000)	$ (2,361,232)	$ (1,187,480)	$ 1,173,752
Fund balances - beginning	865,000	2,361,232	16,693,295	14,332,063
Fund balances - ending	$ -	$ -	$ 15,505,815	$ 15,505,815

All budget amounts are recorded in accordance with accounting principles generally accepted in the United States of America.

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

		2014
Total pension liability		
Service cost	$	1,300,026
Interest		2,333,930
Benefit payments, including refunds of employee contributions		(1,296,578)
Net change in total pension liability	$	2,337,378
Total pension liability - beginning		33,990,152
Total pension liability - ending (a)	$	36,327,530
Plan fiduciary net position		
Contributions - employer	$	1,212,641
Contributions - employee		486,779
Net investment income		4,527,083
Benefit payments, including refunds of employee contributions		(1,296,578)
Administrative expense		(23,831)
Other		239
Net change in plan fiduciary net position	$	4,906,333
Plan fiduciary net position - beginning		28,451,496
Plan fiduciary net position - ending (b)	$	33,357,829
County's net pension liability - ending (a) - (b)	$	2,969,701
Plan fiduciary net position as a percentage of the total pension liability		91.83%
Covered-employee payroll	$	9,757,797
County's net pension liability as a percentage of covered-employee payroll		30.43%

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

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, 2015

		2014
Total pension liability		
Service cost	$	363,215
Interest		550,481
Benefit payments, including refunds of employee contributions		(397,751)
Net change in total pension liability	$	515,945
Total pension liability - beginning		8,062,884
Total pension liability - ending (a)	$	8,578,829
Plan fiduciary net position		
Contributions - employer	$	330,326
Contributions - employee		152,969
Net investment income		1,232,240
Benefit payments, including refunds of employee contributions		(397,751)
Administrative expense		(6,502)
Other		65
Net change in plan fiduciary net position	$	1,311,347
Plan fiduciary net position - beginning		7,753,753
Plan fiduciary net position - ending (b)	$	9,065,100
School Division's net pension liability (asset) - ending (a) - (b)	$	(486,271)
Plan fiduciary net position as a percentage of the total pension liability		105.67%
Covered-employee payroll	$	3,067,973
School Division's net pension liability (asset) as a percentage of covered-employee payroll		-15.85%

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

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

		2015
Employer's Proportion of the Net Pension Liability (Asset)		0.38456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$	46,473,000
Employer's Covered-Employee Payroll		28,102,102
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll		165.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.88%

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

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	$ 1,116,197	$ 1,116,197	$ -	$ 9,411,440	11.86%
Component Unit School Board (nonprofessional)					
2015	$ 196,770	$ 196,770	$ -	$ 2,519,459	7.81%
Component Unit School Board (professional)					
2015	$ 4,026,059	$ 4,026,059	$ -	$ 27,765,923	14.50%

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

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

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

Schedule of OPEB Funding Progress
Last Three Valuation Periods

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	$ -	$ 5,099,000	$ 5,099,000	0.00%	$ 8,234,200	61.92%
1/1/2013	-	6,022,100	6,022,100	0.00%	8,030,600	74.99%
1/1/2014	-	6,903,000	6,903,000	0.00%	8,479,800	81.41%

School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	$ -	$ 2,613,800	$ 2,613,800	0.00%	$ 17,607,400	14.84%
1/1/2013	-	2,602,300	2,602,300	0.00%	26,603,000	9.78%
1/1/2014	-	2,701,100	2,701,100	0.00%	27,707,600	9.75%

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OTHER SUPPLEMENTARY INFORMATION

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

	School Bond Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 39,095	$ 39,095
Total revenues	$ -	$ -	$ 39,095	$ 39,095
EXPENDITURES				
Capital projects	$ -	$ -	$ 342,661	$ (342,661)
Debt service:				
Interest and other fiscal charges	-	-	724,066	(724,066)
Total expenditures	$ -	$ -	$ 1,066,727	$ (1,066,727)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (1,027,632)	$ (1,027,632)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 102,085	$ 102,085
Transfers out	-	-	(441,989)	(441,989)
Issuance of lease revenue bond anticipation notes	-	-	42,440,000	42,440,000
Premium on issuance of general obligation bonds	-	-	2,601,367	2,601,367
Total other financing sources (uses)	$ -	$ -	$ 44,701,463	$ 44,701,463
Net change in fund balances	$ -	$ -	$ 43,673,831	$ 43,673,831
Fund balances - beginning	-	-	588,558	588,558
Fund balances - ending	$ -	$ -	$ 44,262,389	$ 44,262,389

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

	County Capital Projects			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 8,227	$ 8,227
Total revenues	$ -	$ -	$ 8,227	$ 8,227
EXPENDITURES				
Debt service:				
Interest and other fiscal charges	$ -	$ -	$ 224,960	$ (224,960)
Total expenditures	$ -	$ -	$ 224,960	$ (224,960)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (216,733)	$ (216,733)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (762,621)	$ (762,621)
Issuance of revenue bonds	-	-	5,885,000	5,885,000
Premium on issuance of lease revenue bonds	-	-	696,727	696,727
Total other financing sources (uses)	$ -	$ -	$ 5,819,106	$ 5,819,106
Net change in fund balances	$ -	$ -	$ 5,602,373	$ 5,602,373
Fund balances - beginning	-	-	153,514	153,514
Fund balances - ending	$ -	$ -	$ 5,755,887	$ 5,755,887

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
Cash and cash equivalents	$ 520,499	$ 520,499
Receivables (net of allowance for uncollectibles):		
Taxes receivable	1,348,392	1,348,392
Restricted assets:		
Cash and cash equivalents	409,688	409,688
Total assets	$ 2,278,579	$ 2,278,579
LIABILITIES		
Accounts payable	$ 19,004	$ 19,004
Due to other funds	320	320
Unearned revenue	16,918	16,918
Total liabilities	$ 36,242	$ 36,242
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$ 1,336,867	$ 1,336,867
Total deferred inflows of resources	$ 1,336,867	$ 1,336,867
FUND BALANCES		
Restricted:		
Construction	$ 311,296	$ 311,296
Public safety	81,474	81,474
Committed:		
Sanitary districts - roads, etc.	512,700	512,700
Total fund balances	$ 905,470	$ 905,470
Total liabilities, deferred inflows of resources and fund balances	$ 2,278,579	$ 2,278,579

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

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
General property taxes	$ 1,570,699	$ 1,570,699
Miscellaneous	66,881	66,881
Intergovernmental:		
Commonwealth	8,877	8,877
Federal	113,387	113,387
Total revenues	$ 1,759,844	$ 1,759,844
EXPENDITURES		
Current:		
Public safety	$ 126,652	$ 126,652
Public works	1,369,417	1,369,417
Education	113,434	113,434
Debt service:		
Principal retirement	30,000	30,000
Interest and other fiscal charges	5,342	5,342
Total expenditures	$ 1,644,845	$ 1,644,845
Excess (deficiency) of revenues over (under) expenditures	$ 114,999	$ 114,999
OTHER FINANCING SOURCES (USES)		
Transfers in	$ 92,206	$ 92,206
Transfers out	(287,609)	(287,609)
Total other financing sources (uses)	$ (195,403)	$ (195,403)
Net change in fund balances	$ (80,404)	$ (80,404)
Fund balances - beginning	985,874	985,874
Fund balances - ending	$ 905,470	$ 905,470

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Drug Forfeiture	Proffers	Sanitary Districts	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 520,499	$ 520,499
Receivables (net of allowance for uncollectibles):				
Taxes receivable	-	-	1,348,392	1,348,392
Restricted assets:				
Cash and cash equivalents	98,392	311,296	-	409,688
Total assets	$ 98,392	$ 311,296	$ 1,868,891	$ 2,278,579
LIABILITIES				
Accounts payable	$ -	$ -	$ 19,004	$ 19,004
Due to other funds	-	-	320	320
Unearned revenue	16,918	-	-	16,918
Total liabilities	$ 16,918	$ -	$ 19,324	$ 36,242
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ -	$ -	$ 1,336,867	$ 1,336,867
Total deferred inflows of resources	$ -	$ -	$ 1,336,867	$ 1,336,867
FUND BALANCES				
Restricted:				
Construction	$ -	$ 311,296	$ -	$ 311,296
Public safety	81,474	-	-	81,474
Committed:				
Sanitary districts - roads, etc.	-	-	512,700	512,700
Total fund balances	$ 81,474	$ 311,296	$ 512,700	$ 905,470
Total liabilities, deferred inflows of resources and fund balances	$ 98,392	$ 311,296	$ 1,868,891	$ 2,278,579

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

	Drug Forfeiture	Proffers	Sanitary Districts	Total
REVENUES				
General property taxes	$ -	$ -	$ 1,570,699	$ 1,570,699
Miscellaneous	-	12,906	53,975	66,881
Intergovernmental:				
Commonwealth	4,777	-	4,100	8,877
Federal	113,387	-	-	113,387
Total revenues	$ 118,164	$ 12,906	$ 1,628,774	$ 1,759,844
EXPENDITURES				
Current:				
Public safety	$ 126,652	$ -	$ -	$ 126,652
Public works	-	-	1,369,417	1,369,417
Education	-	113,434	-	113,434
Debt service:				-
Principal retirement	-	-	30,000	30,000
Interest and other fiscal charges	-	-	5,342	5,342
Total expenditures	$ 126,652	$ 113,434	$ 1,404,759	$ 1,644,845
Excess (deficiency) of revenues over (under) expenditures	$ (8,488)	$ (100,528)	$ 224,015	$ 114,999
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 92,206	$ 92,206
Transfers out	-	-	(287,609)	(287,609)
Total other financing sources (uses)	$ -	$ -	$ (195,403)	$ (195,403)
Net change in fund balances	$ (8,488)	$ (100,528)	$ 28,612	$ (80,404)
Fund balances - beginning	89,962	411,824	484,088	985,874
Fund balances - ending	$ 81,474	$ 311,296	$ 512,700	$ 905,470

COUNTY OF WARREN, VIRGINIA

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

	Drug Forfeiture			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	4,777	4,777
Federal	-	-	113,387	113,387
Total revenues	$ -	$ -	$ 118,164	$ 118,164
EXPENDITURES				
Current:				
Public safety	$ -	$ -	$ 126,652	$ (126,652)
Public works	-	-	-	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	$ -	$ -	$ 126,652	$ (126,652)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (8,488)	$ (8,488)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ (8,488)	$ (8,488)
Fund balances - beginning	-	-	89,962	89,962
Fund balances - ending	$ -	$ -	$ 81,474	$ 81,474

Proffers				Sanitary Districts			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ 1,593,652	$ 1,593,656	$ 1,570,699	$ (22,957)
-	-	12,906	12,906	-	-	53,975	53,975
-	-	-	-	-	4,100	4,100	-
-	-	-	-	-	-	-	-
$ -	$ -	$ 12,906	$ 12,906	$ 1,593,652	$ 1,597,756	$ 1,628,774	$ 31,018
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	1,473,319	1,462,600	1,369,417	93,183
-	113,434	113,434	-	-	-	-	-
-	-	-	-	30,000	30,000	30,000	-
-	-	-	-	7,500	5,342	5,342	-
$ -	$ 113,434	$ 113,434	$ -	$ 1,510,819	$ 1,497,942	$ 1,404,759	$ 93,183
$ -	$ (113,434)	$ (100,528)	$ 12,906	$ 82,833	$ 99,814	$ 224,015	$ 124,201
$ -	$ -	$ -	$ -	$ -	$ 92,206	$ 92,206	$ -
-	-	-	-	(82,833)	(279,399)	(287,609)	(8,210)
$ -	$ -	$ -	$ -	$ (82,833)	$ (187,193)	$ (195,403)	$ (8,210)
$ -	$ (113,434)	$ (100,528)	$ 12,906	$ -	$ (87,379)	$ 28,612	$ 115,991
-	113,434	411,824	298,390	-	87,379	484,088	396,709
$ -	$ -	$ 311,296	$ 311,296	$ -	$ -	$ 512,700	$ 512,700

Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2015

	Private-purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ASSETS							
Cash and cash equivalents	$ 7	$ 7,438	$ 47,097	$ 158,188	$ 157	$ 3,090	$ 215,977
Total assets	$ 7	$ 7,438	$ 47,097	$ 158,188	$ 157	$ 3,090	$ 215,977
NET POSITION							
Held in trust for:							
Reserved for scholarships	$ 7	$ 7,438	$ 47,097	$ 158,188	$ 157	$ 3,090	$ 215,977
Total net position	$ 7	$ 7,438	$ 47,097	$ 158,188	$ 157	$ 3,090	$ 215,977

Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
For the Fiscal Year Ended June 30, 2015

	Private-purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ADDITIONS							
Revenue from the use of money	$ 2	$ 21	$ 473	$ 1	$ 97	$ 42	$ 636
Miscellaneous	-	-	-	2,630	11,000	-	13,630
Total additions	$ 2	$ 21	$ 473	$ 2,631	$ 11,097	$ 42	$ 14,266
DEDUCTIONS							
Scholarships	$ 450	$ 500	$ 4,000	$ 3,000	$ 14,000	$ 500	$ 22,450
Total deductions	$ 450	$ 500	$ 4,000	$ 3,000	$ 14,000	$ 500	$ 22,450
Change in net position	$ (448)	$ (479)	$ (3,527)	$ (369)	$ (2,903)	$ (458)	$ (8,184)
Total net position - beginning	455	7,917	50,624	158,557	3,060	3,548	224,161
Total net position - ending	$ 7	$ 7,438	$ 47,097	$ 158,188	$ 157	$ 3,090	$ 215,977

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Agency Funds					
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund	Shenandoah Farms Vol. Fire Department Fund
ASSETS						
Cash and cash equivalents	$ 14,867	$ -	$ 10,470	$ 50,868	$ 16,729	$ 59,552
Due from other governmental units	-	723,495	-	-	-	-
Total assets	$ 14,867	$ 723,495	$ 10,470	$ 50,868	$ 16,729	$ 59,552
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 1,989	$ -
Amounts held for social services clients	14,867	-	-	-	-	-
Due to general fund	-	588,165	5,000	-	-	-
Due to other governmental units	-	135,330	-	-	-	-
Amounts held for others	-	-	5,470	50,868	14,740	59,552
Total liabilities	$ 14,867	$ 723,495	$ 10,470	$ 50,868	$ 16,729	$ 59,552

Exhibit 28

South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Total
$ 17,602	$ 17,607	$ 29,207	$ 34,311	$ 251,213
-	-	-	-	723,495
$ 17,602	$ 17,607	$ 29,207	$ 34,311	$ 974,708
$ 14,515	$ 330	$ 19,131	$ 2,727	$ 38,692
-	-	-	-	14,867
-	-	-	-	593,165
-	-	-	-	135,330
3,087	17,277	10,076	31,584	192,654
$ 17,602	$ 17,607	$ 29,207	$ 34,311	$ 974,708

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 14,848	$ 2,958	$ 2,939	$ 14,867
Total assets	$ 14,848	$ 2,958	$ 2,939	$ 14,867
LIABILITIES				
Amounts held for social services clients	$ 14,848	$ 2,958	$ 2,939	$ 14,867
Total liabilities	$ 14,848	$ 2,958	$ 2,939	$ 14,867
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governmental units	$ 777,764	$ 4,294,462	$ 4,348,731	$ 723,495
Total assets	$ 777,764	$ 4,294,462	$ 4,348,731	$ 723,495
LIABILITIES				
Due to other governmental units	$ 152,403	$ 835,061	$ 852,134	$ 135,330
Due to general fund	625,361	3,459,402	3,496,598	588,165
Total liabilities	$ 777,764	$ 4,294,463	$ 4,348,732	$ 723,495
Flexible Spending Fund:				
ASSETS				
Cash and cash equivalents	$ 7,529	$ 2,941	$ -	$ 10,470
Total assets	$ 7,529	$ 2,941	$ -	$ 10,470
LIABILITIES				
Due to general fund	$ 5,000	$ -	$ -	$ 5,000
Amounts held for others	2,529	2,941	-	5,470
Total liabilities	$ 7,529	$ 2,941	$ -	$ 10,470
North Warren Fire Department Building Fund:				
ASSETS				
Cash and cash equivalents	$ 38,354	$ 12,514	$ -	$ 50,868
Total assets	$ 38,354	$ 12,514	$ -	$ 50,868
LIABILITIES				
Amounts held for others	$ 38,354	$ 12,514	$ -	$ 50,868
Total liabilities	$ 38,354	$ 12,514	$ -	$ 50,868
North Warren Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 8,769	$ 71,849	$ 63,889	$ 16,729
Total assets	$ 8,769	$ 71,849	$ 63,889	$ 16,729
LIABILITIES				
Amounts held for others	$ 5,767	$ 71,849	$ 62,876	$ 14,740
Accounts payable	3,002	1,989	3,002	1,989
Total liabilities	$ 8,769	$ 73,838	$ 65,878	$ 16,729
Shenandoah Farms Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 12,241	$ 100,356	$ 53,045	$ 59,552
Total assets	$ 12,241	$ 100,356	$ 53,045	$ 59,552
LIABILITIES				
Amounts held for others	$ 9,944	$ 100,356	$ 50,748	$ 59,552
Accounts payable	2,297	-	2,297	-
Total liabilities	$ 12,241	$ 100,356	$ 53,045	$ 59,552

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
South Warren Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 14,728	$ 85,263	$ 82,389	$ 17,602
Total assets	$ 14,728	$ 85,263	$ 82,389	$ 17,602
LIABILITIES				
Amounts held for others	$ 2,725	$ 85,263	$ 84,901	$ 3,087
Accounts payable	12,003	14,515	12,003	14,515
Total liabilities	$ 14,728	$ 99,778	$ 96,904	$ 17,602
Shenandoah Shores Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 25,486	$ 72,529	$ 80,408	$ 17,607
Total assets	$ 25,486	$ 72,529	$ 80,408	$ 17,607
LIABILITIES				
Amounts held for others	$ 23,074	$ 72,529	$ 78,326	$ 17,277
Accounts payable	2,412	330	2,412	330
Total liabilities	$ 25,486	$ 72,859	$ 80,738	$ 17,607
Linden Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (7,389)	$ 64,602	$ 28,006	$ 29,207
Total assets	$ (7,389)	$ 64,602	$ 28,006	$ 29,207
LIABILITIES				
Amounts held for others	$ (7,389)	$ 64,602	$ 47,137	$ 10,076
Accounts payable	-	19,131	-	19,131
Total liabilities	$ (7,389)	$ 83,733	$ 47,137	$ 29,207
Fortsmouth Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 18,067	$ 77,532	$ 61,288	$ 34,311
Total assets	$ 18,067	$ 77,532	$ 61,288	$ 34,311
LIABILITIES				
Amounts held for others	$ 18,067	$ 77,532	$ 64,015	$ 31,584
Accounts payable	-	2,727	-	2,727
Total liabilities	$ 18,067	$ 80,259	$ 64,015	$ 34,311
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 132,633	$ 490,544	$ 371,964	$ 251,213
Due from other governmental units	777,764	4,294,462	4,348,731	723,495
Total assets	$ 910,397	$ 4,785,006	$ 4,720,695	$ 974,708
LIABILITIES				
Accounts payable	$ 19,714	$ 38,692	$ 19,714	$ 38,692
Amounts held for social services clients	14,848	2,958	2,939	14,867
Due to general fund	630,361	3,459,402	3,496,598	593,165
Due to other governmental units	152,403	835,061	852,134	135,330
Amounts held for others	93,071	487,586	388,003	192,654
Total liabilities	$ 910,397	$ 4,823,699	$ 4,759,388	$ 974,708

COUNTY OF WARREN, VIRGINIA **Exhibit 30**

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

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 6,865,937	$ 969,605	$ 7,052	$ 72,932	$ 114,293	$ 8,029,819
Receivables (net of allowance for uncollectibles):						
Accounts receivable	18,275	-	-	-	-	18,275
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	1,760,034	-	-	-	-	1,760,034
Total assets	$ 8,644,246	$ 1,052,620	$ 7,052	$ 72,932	$ 114,293	$ 9,891,143
LIABILITIES						
Accounts payable	$ 132,816	$ 98,150	$ -	$ -	$ -	$ 230,966
Accrued liabilities	5,064,584	104,730	-	-	-	5,169,314
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	3,363,831	-	-	-	-	3,363,831
Total liabilities	$ 8,644,246	$ 202,880	$ -	$ -	$ -	$ 8,847,126
FUND BALANCES						
Committed:						
Education - capital improvements	$ -	$ -	$ 7,052	72,932	$ -	$ 79,984
Assigned:						
Education	-	849,740	-	$ -	114,293	964,033
Total fund balances	$ -	$ 849,740	$ 7,052	72,932	$ 114,293	$ 1,044,017
Total liabilities and fund balances	$ 8,644,246	$ 1,052,620	$ 7,052	$ 72,932	$ 114,293	$ 9,891,143

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above		$ 1,044,017
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 16,101,888	
Accumulated depreciation	(9,706,108)	6,395,780
The net pension asset is not an available resource and, therefore, is not reported in the funds - Nonprofessional group		486,271
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/asset		(7,446,366)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,126,485
Pension contributions subsequent to the measurement date will be an increase to or a reduction to the net pension asset or liability in the next fiscal year and, therefore, are not reported in the funds.		4,222,829
Changes in proportion and differences between employer contributions and proportionate share of contributions of costs-sharing pension plans are not reported in the funds		434,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (1,383,111)	
Net pension liability - teachers cost-sharing pool	(46,473,000)	
Net OPEB obligation	(876,300)	(48,732,411)
Net position of governmental activities		$ (42,469,395)

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

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	$ 42,672	$ -	$ -	$ -	$ -	$ 42,672
Charges for services	272,678	1,254,413	-	-	-	1,527,091
Miscellaneous	331,541	-	-	-	-	331,541
Intergovernmental:						
Local government	20,488,687	-	120,486	-	222,752	20,831,925
Commonwealth	27,165,221	-	-	-	-	27,165,221
Federal	4,028,834	-	-	-	-	4,028,834
Total revenues	$ 52,329,633	$ 1,254,413	$ 120,486	$ -	$ 222,752	$ 53,927,284
EXPENDITURES						
Current:						
Education	$ 50,072,320	$ 2,577,228	$ -	$ 12,887	$ 116,575	$ 52,779,010
Capital projects	-	-	113,434	-	-	113,434
Debt service:						
Principal retirement	1,288,067	-	-	-	-	1,288,067
Interest and other fiscal charges	107,804	-	-	-	-	107,804
Total expenditures	$ 51,468,191	$ 2,577,228	$ 113,434	$ 12,887	$ 116,575	$ 54,288,315
Excess (deficiency) of revenues over (under) expenditures	$ 861,442	$ (1,322,815)	$ 7,052	$ (12,887)	$ 106,177	$ (361,031)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ 312,000	$ 1,173,442	$ -	$ -	$ -	$ 1,485,442
Transfers out	(1,173,442)	-	-	-	-	(1,173,442)
Total other financing sources (uses)	$ (861,442)	$ 1,173,442	$ -	$ -	$ -	$ 312,000
Net change in fund balances	$ -	$ (149,373)	$ 7,052	$ (12,887)	$ 106,177	$ (49,031)
Fund balances - beginning	-	999,113	-	85,819	8,116	1,093,048
Fund balances - ending	$ -	$ 849,740	$ 7,052	$ 72,932	$ 114,293	$ 1,044,017

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		$ (49,031)
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. The following are adjustments related to capital assets reported in the current period.		
Capital asset additions	614,946	
Depreciation expense	(566,292)	48,654
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows related to the measurement of the net pension liability/asset		(7,446,366)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on capital lease		103,067
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.		
(Increase) decrease in net OPEB obligation	(166,000)	
(Increase) decrease in net pension liability - teachers cost-sharing pool	5,973,000	
Increase (decrease) in net pension asset - nonprofessional group	795,402	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	613,325	
Increase (decrease) in proportion and differences between employer contributions and proportionate share of contributions of cost-sharing pension plans	434,000	
(Increase) decrease in compensated absences	222,250	7,871,977
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		418,486
Change in net position of governmental activities		$ 946,787

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 36,000	$ 36,000	$ 42,672	$ 6,672
Charges for services	165,000	165,000	272,678	107,678
Miscellaneous	184,866	184,866	331,541	146,675
Intergovernmental:				
Local government	20,716,427	21,331,790	20,488,687	(843,103)
Commonwealth	27,539,996	27,539,996	27,165,221	(374,775)
Federal	2,132,453	2,132,453	4,028,834	1,896,381
Total revenues	$ 50,774,742	$ 51,390,105	$ 52,329,633	$ 939,528
EXPENDITURES				
Current:				
Education	$ 49,690,871	$ 50,306,234	$ 50,072,320	$ 233,914
Capital projects	-	-	-	-
Debt service:				
Principal retirement	1,288,067	1,288,067	1,288,067	-
Interest and other fiscal charges	107,804	107,804	107,804	-
Total expenditures	$ 51,086,742	$ 51,702,105	$ 51,468,191	$ 233,914
Excess (deficiency) of revenues over (under) expenditures	$ (312,000)	$ (312,000)	$ 861,442	$ 1,173,442
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 312,000	$ 312,000	$ 312,000	$ -
Transfers out	-	-	(1,173,442)	(1,173,442)
Total other financing sources (uses)	$ 312,000	$ 312,000	$ (861,442)	$ (1,173,442)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

School Cafeteria Fund				School Capital Improvements Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1,215,616	1,215,616	1,254,413	38,797	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	120,486	120,486	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,215,616	$ 1,215,616	$ 1,254,413	$ 38,797	$ -	$ 120,486	$ 120,486	$ -
$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)	$ -	$ -	$ -	$ -
-	-	-	-	-	120,486	113,434	7,052
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)	$ -	$ 120,486	$ 113,434	$ 7,052
$ (1,244,572)	$ (1,244,572)	$ (1,322,815)	$ (78,243)	$ -	$ -	$ 7,052	$ 7,052
$ 1,244,572	$ 1,244,572	$ 1,173,442	$ (71,130)	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
$ 1,244,572	$ 1,244,572	$ 1,173,442	$ (71,130)	$ -	$ -	$ -	$ -
$ -	$ -	$ (149,373)	$ (149,373)	$ -	$ -	$ 7,052	$ 7,052
-	-	999,113	999,113	-	-	-	-
$ -	$ -	$ 849,740	$ 849,740	$ -	$ -	$ 7,052	$ 7,052

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

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	222,752	222,752	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	$ -	$ -	$ -	$ -	$ -	$ 222,752	$ 222,752	$ -
EXPENDITURES								
Current:								
Education	$ -	$ -	$ 12,887	$ (12,887)	$ -	$ 222,752	$ 116,575	$ 106,177
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	$ -	$ -	$ 12,887	$ (12,887)	$ -	$ 222,752	$ 116,575	$ 106,177
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (12,887)	$ (12,887)	$ -	$ -	$ 106,177	$ 106,177
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ (12,887)	$ (12,887)	$ -	$ -	$ 106,177	$ 106,177
Fund balances - beginning	-	-	85,819	85,819	-	-	8,116	8,116
Fund balances - ending	$ -	$ -	$ 72,932	$ 72,932	$ -	$ -	$ 114,293	$ 114,293

COUNTY OF WARREN, VIRGINIA **Exhibit 33**

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2015

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,126,485
Total assets	$ 1,126,485
NET POSITION	
Unrestricted	$ 1,126,485
Total net position	$ 1,126,485

COUNTY OF WARREN, VIRGINIA **Exhibit 34**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	$ 4,752,443
Total operating revenues	$ 4,752,443
OPERATING EXPENSES	
Insurance claims and expenses	$ 4,647,332
Total operating expenses	$ 4,647,332
Operating income (loss)	$ 105,111
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue - local government - County of Warren, Virginia	$ 624,000
Interest income	1,375
Total nonoperating revenues (expenses)	$ 625,375
Income before transfers	730,486
Transfers out	$ (312,000)
Change in net position	$ 418,486
Total net position - beginning	707,999
Total net position - ending	$ 1,126,485

COUNTY OF WARREN, VIRGINIA **Exhibit 35**

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	4,752,443
Payments for claims		(4,991,843)
Net cash provided by (used for) operating activities	$	(239,400)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	$	(312,000)
Intergovernmental revenue - local government - County of Warren, Virginia		624,000
Net cash provided (used) by noncapital financing activities	$	312,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	1,375
Net cash provided by (used for) investing activities	$	1,375
Net increase (decrease) in cash and cash equivalents	$	73,975
Cash and cash equivalents - beginning		1,052,510
Cash and cash equivalents - ending	$	1,126,485
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	105,111
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase (decrease) in IBNR		(344,511)
Total adjustments	$	(344,511)
Net cash provided by (used for) operating activities	$	(239,400)

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 23,444,068	$ 23,473,774	$ 23,603,922	$ 130,148
Real and personal public service corporation taxes	5,150,000	5,150,000	5,873,148	723,148
Personal property taxes	9,453,763	9,453,763	10,089,976	636,213
Mobile home taxes	10,340	10,340	9,336	(1,004)
Machinery and tools taxes	1,018,000	1,245,710	1,201,285	(44,425)
Land redemptions	1,000	1,000	-	(1,000)
Rollback taxes	-	-	33,560	33,560
Mineral rights	-	-	3,148	3,148
Penalties	435,000	435,000	463,939	28,939
Interest	325,000	325,000	340,433	15,433
Total general property taxes	$ 39,837,171	$ 40,094,587	$ 41,618,747	$ 1,524,160
Other local taxes:				
Local sales and use taxes	$ 4,000,000	$ 4,000,000	$ 3,459,402	$ (540,598)
Consumers' utility taxes	750,000	750,000	696,551	(53,449)
E-911 telephone taxes	45,000	45,000	45,632	632
Business license taxes	1,036,194	1,036,194	773,357	(262,837)
Motor vehicle licenses	818,555	818,555	874,721	56,166
Taxes on recordation and wills	558,000	558,000	482,158	(75,842)
Hotel and motel room taxes	71,100	71,100	71,647	547
Meal taxes	725,000	871,933	871,933	-
Total other local taxes	$ 8,003,849	$ 8,150,782	$ 7,275,401	$ (875,381)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 47,596	$ 47,596	$ 43,962	$ (3,634)
Building and related permits	265,000	277,595	199,267	(78,328)
Zoning, subdivision fees and rezoning permits	30,000	30,000	25,939	(4,061)
Land use application fees	-	-	400	400
Transfer fees	1,730	1,730	1,452	(278)
Weapon permits	25,000	25,000	16,857	(8,143)
Bank franchise fees	-	-	56,774	56,774
Parks and rec user fees	243,100	243,100	257,568	14,468
Septage fees	57,500	80,225	80,225	-
Other fees	-	2,400	2,790	390
Total permits, privilege fees, and regulatory licenses	$ 669,926	$ 707,646	$ 685,234	$ (22,412)
Fines and forfeitures:				
Court fines and forfeitures	$ 73,061	$ 73,061	$ 100,564	$ 27,503
Total fines and forfeitures	$ 73,061	$ 73,061	$ 100,564	$ 27,503
Revenue from use of money and property:				
Revenue from use of money	$ 250,000	$ 250,000	$ 47,327	$ (202,673)
Revenue from use of property	175,000	175,000	229,443	54,443
Total revenue from use of money and property	$ 425,000	$ 425,000	$ 276,770	$ (148,230)
Charges for services:				
Excess fees of clerk	$ 20,000	$ 20,000	$ -	$ (20,000)
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	65,000	65,000	69,443	4,443

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Administrative fee	$ 190,000	$ 190,000	$ 183,460	$ (6,540)
Charges for Commonwealth's Attorney	4,277	4,277	4,585	308
Inmate phone usage	-	-	12,775	12,775
Airport hangar rental fees and fuel sales	158,202	158,202	172,620	14,418
Work release fees	-	-	10,437	10,437
Charges for sanitation and waste removal	850,000	850,000	899,556	49,556
Charges for other and sale of maps	-	-	23,503	23,503
Golf club membership dues, golf fees, shop sales	242,400	242,400	182,109	(60,291)
Charges for air show	-	-	6,412	6,412
Courthouse maintenance fees	62,500	62,500	51,154	(11,346)
Cost recovery	763,200	763,200	644,496	(118,704)
Charges for law library	24,000	24,000	7,691	(16,309)
Total charges for services	$ 2,379,579	$ 2,379,579	$ 2,270,637	$ (108,942)
Miscellaneous revenue:				
Miscellaneous	$ 250,000	$ 343,800	$ 213,918	$ (129,882)
Sale of recyclable materials	87,000	87,000	79,083	(7,917)
Total miscellaneous revenue	$ 337,000	$ 430,800	$ 293,001	$ (137,799)
Recovered costs:				
Other recovered costs	$ -	$ 47,687	$ 119,590	$ 71,903
Expenditure refunds	20,000	20,000	19,582	(418)
Total recovered costs	$ 20,000	$ 67,687	$ 139,172	$ 71,485
Total revenue from local sources	$ 51,745,586	$ 52,329,142	$ 52,659,526	$ 330,384
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 45,000	$ 45,000	$ 63,129	$ 18,129
Mobile home titling tax	3,800	3,800	732	(3,068)
State recordation tax	160,000	160,000	131,963	(28,037)
Personal property tax relief funds	4,552,220	4,552,220	4,541,220	(11,000)
Communication taxes	925,000	925,000	888,100	(36,900)
Total noncategorical aid	$ 5,686,020	$ 5,686,020	$ 5,625,144	$ (60,876)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 380,742	$ 380,742	$ 374,915	$ (5,827)
Sheriff	1,499,046	1,499,046	1,605,915	106,869
Commissioner of revenue	140,344	140,344	138,647	(1,697)
Treasurer	103,519	103,519	103,909	390
Registrar/electoral board	40,000	40,000	39,782	(218)
Clerk of the Circuit Court	291,884	291,884	287,420	(4,464)
Total shared expenses	$ 2,455,535	$ 2,455,535	$ 2,550,588	$ 95,053
Other categorical aid:				
Welfare administration and public assistance	$ 1,326,830	$ 1,326,830	$ 1,009,947	$ (316,883)
Comprehensive services act	1,190,412	1,190,412	877,421	(312,991)
Emergency medical services	40,300	40,300	39,624	(676)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Litter control grant	-	13,262	13,262	-
Care of prisoners	-	-	20,160	20,160
Technology trust funds	-	17,534	13,739	(3,795)
Abandoned vehicle program	20,000	20,000	500	(19,500)
VA domestic violence victims grant	17,305	17,305	17,664	359
Fire programs funds	46,033	53,345	73,295	19,950
Juvenile crime control	36,000	40,462	35,515	(4,947)
Airport grants	-	25,761	25,761	-
Revenue sharing	-	114,239	114,239	-
Other categorical aid	5,000	85,669	139,826	54,157
Total other categorical aid	$ 2,681,880	$ 2,945,119	$ 2,380,953	$ (564,166)
Total categorical aid	$ 5,137,415	$ 5,400,654	$ 4,931,541	$ (469,113)
Total revenue from the Commonwealth	$ 10,823,435	$ 11,086,674	$ 10,556,685	$ (529,989)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 50,000	$ 50,000	$ 47,017	$ (2,983)
Total noncategorical aid	$ 50,000	$ 50,000	$ 47,017	$ (2,983)
Categorical aid:				
Welfare administration and public assistance	$ 1,380,980	$ 1,380,980	$ 1,639,551	$ 258,571
Juvenile justice and delinquency prevention	-	3,005	3,005	-
Community Development Block Grant	-	72,500	72,500	-
Crime victims assistance	69,269	69,269	74,785	5,516
Ed Byrne justice assistance grant	-	-	984	984
Ed Byrne memorial state and local law enforcement	50,000	50,000	-	(50,000)
Airport improvement program	-	233,710	233,710	-
Other federal categorical aid	-	-	2,434	2,434
Total categorical aid	$ 1,500,249	$ 1,809,464	$ 2,026,969	$ 217,505
Total revenue from the federal government	$ 1,550,249	$ 1,859,464	$ 2,073,986	$ 214,522
Total General Fund	$ 64,119,270	$ 65,275,280	$ 65,290,197	$ 14,917
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	$ -	$ -	$ 4,777	$ 4,777
Total categorical aid	$ -	$ -	$ 4,777	$ 4,777
Total revenue from the Commonwealth	$ -	$ -	$ 4,777	$ 4,777
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	$ -	$ -	$ 113,387	$ 113,387
Total categorical aid	$ -	$ -	$ 113,387	$ 113,387
Total revenue from the federal government	$ -	$ -	$ 113,387	$ 113,387
Total Drug Forfeiture Fund	$ -	$ -	$ 118,164	$ 118,164

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Proffers Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 12,906	$ 12,906
Total miscellaneous revenue	$ -	$ -	$ 12,906	$ 12,906
Total revenue from local sources	$ -	$ -	$ 12,906	$ 12,906
Total Proffers Fund	$ -	$ -	$ 12,906	$ 12,906
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 1,593,652	$ 1,593,656	$ 1,570,699	$ (22,957)
Total general property taxes	$ 1,593,652	$ 1,593,656	$ 1,570,699	$ (22,957)
Miscellaneous revenue:				
New construction fee	$ -	$ -	$ 53,975	$ 53,975
Total miscellaneous revenue	$ -	$ -	$ 53,975	$ 53,975
Total revenue from local sources	$ 1,593,652	$ 1,593,656	$ 1,624,674	$ 31,018
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	$ -	$ 4,100	$ 4,100	$ -
Total categorical aid	$ -	$ 4,100	$ 4,100	$ -
Total revenue from the Commonwealth	$ -	4,100	$ 4,100	-
Total Sanitary District Fund	$ 1,593,652	$ 1,597,756	$ 1,628,774	$ 31,018
Capital Projects Funds:				
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 39,095	$ 39,095
Total revenue from use of money and property	$ -	$ -	$ 39,095	$ 39,095
Total revenue from local sources	$ -	$ -	$ 39,095	$ 39,095
Total School Bond Construction Fund	$ -	$ -	$ 39,095	$ 39,095
County Capital Projects:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 8,227	$ 8,227
Total revenue from use of money and property	-	-	8,227	8,227
Total revenue from local sources	$ -	$ -	$ 8,227	$ 8,227
Total County Capital Projects Fund	$ -	$ -	$ 8,227	$ 8,227
Total Primary Government	$ 65,712,922	$ 66,873,036	$ 67,097,363	$ 224,327

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ 36,000	$ 36,000	$ 42,672	$ 6,672
Total revenue from use of money and property	$ 36,000	$ 36,000	$ 42,672	$ 6,672
Charges for services:				
Other charges for services	$ 165,000	$ 165,000	$ 272,678	$ 107,678
Total charges for services	$ 165,000	$ 165,000	$ 272,678	$ 107,678
Miscellaneous revenue:				
Other miscellaneous	$ 184,866	$ 184,866	$ 331,541	$ 146,675
Total miscellaneous revenue	$ 184,866	$ 184,866	$ 331,541	$ 146,675
Total revenue from local sources	$ 385,866	$ 385,866	$ 646,891	$ 261,025
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	$ 20,716,427	$ 21,331,790	$ 20,488,687	$ (843,103)
Total revenues from local governments	$ 20,716,427	$ 21,331,790	$ 20,488,687	$ (843,103)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 6,183,061	$ 6,183,061	$ 6,271,461	$ 88,400
Basic school aid	14,018,706	14,018,706	13,725,597	(293,109)
Remedial summer education	37,602	37,602	23,090	(14,512)
Adult secondary education	2,125	2,125	-	(2,125)
Gifted and talented	158,448	158,448	156,145	(2,303)
Remedial education	429,131	429,131	422,894	(6,237)
Special education	192,223	192,223	19,612	(172,611)
Textbook payment	317,623	317,623	313,006	(4,617)
Vocational SOQ payments	283,736	283,736	279,272	(4,464)
Social security fringe benefits	874,766	874,766	862,052	(12,714)
Retirement fringe benefits	1,792,446	1,792,446	1,750,129	(42,317)
Group life insurance benefits	59,418	59,418	55,301	(4,117)
State lottery payments	-	-	19,624	19,624
Early reading intervention	89,624	89,624	128,865	39,241
Jail education	13,975	13,975	75,216	61,241
GED program	15,717	15,717	15,717	-
School food	-	-	28,439	28,439
Special education - foster children	-	-	27,346	27,346
At risk payments	345,941	345,941	454,859	108,918
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	59,264	59,264	73,085	13,821
Mentor teacher program	4,906	4,906	13,002	8,096
English as a second language	82,522	82,522	67,172	(15,350)
K-3 initiative	602,913	602,913	433,627	(169,286)
Homebound education	1,564,676	1,564,676	1,541,935	(22,741)
Other state funds	153,173	153,173	149,775	(3,398)
Total categorical aid	$ 27,539,996	$ 27,539,996	$ 27,165,221	$ (374,775)
Total revenue from the Commonwealth	$ 27,539,996	$ 27,539,996	$ 27,165,221	$ (374,775)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	$ -	$ -	$ 1,200	$ 1,200
Title I; Grants to local educational agencies	746,770	746,770	1,136,573	389,803
Title VI-B; Special education grants to states	1,094,346	1,094,346	1,125,688	31,342
Title VI-B; Special education preschool grants	28,538	28,538	28,040	(498)
Vocational education	77,177	77,177	88,987	11,810
Title II, Part D; Enhancing state grants	173,824	173,824	-	(173,824)
English language acquisition grant	11,798	11,798	21,920	10,122
Title II Part A; Improving teacher quality state grants	-	-	166,999	166,999
National school lunch and breakfast program	-	-	1,456,874	1,456,874
Other federal categorical	-	-	2,553	2,553
Total categorical aid	$ 2,132,453	$ 2,132,453	$ 4,028,834	$ 1,896,381
Total revenue from the federal government	$ 2,132,453	$ 2,132,453	$ 4,028,834	$ 1,896,381
Total School Operating Fund	$ 50,774,742	$ 51,390,105	$ 52,329,633	$ 939,528
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 1,215,616	$ 1,215,616	$ 1,254,413	$ 38,797
Total charges for services	$ 1,215,616	$ 1,215,616	$ 1,254,413	$ 38,797
Total revenue from local sources	$ 1,215,616	$ 1,215,616	$ 1,254,413	$ 38,797
Total School Cafeteria Fund	$ 1,215,616	$ 1,215,616	$ 1,254,413	$ 38,797
School Textbook Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	$ -	$ 222,752	$ 222,752	$ -
Total revenues from local governments	$ -	$ 222,752	$ 222,752	$ -
Total School Textbook Fund	$ -	$ 222,752	$ 222,752	$ -
Total Discretely Presented Component Unit -				
School Capital Improvements Fund				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	$ -	$ 120,486	$ 120,486	$ -
Total revenues from local governments	$ -	$ 120,486	$ 120,486	$ -
Total School Capital Improvements Fund	$ -	$ 120,486	$ 120,486	$ -
Total Component Unit - School Board	$ 51,990,358	$ 52,948,959	$ 53,927,284	$ 978,325

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 216,434	$ 219,826	$ 183,231	$ 36,595
General and financial administration:				
County administrator	$ 635,241	$ 653,823	$ 647,116	$ 6,707
County attorney	323,484	324,923	314,632	10,291
Commissioner of revenue	644,799	653,149	641,519	11,630
Reassessment	125,000	328,872	326,389	2,483
Treasurer	503,087	503,087	486,693	16,394
Finance and purchasing	346,826	350,687	341,297	9,390
Total general and financial administration	$ 2,578,437	$ 2,814,541	$ 2,757,646	$ 56,895
Board of elections:				
Electoral board and officials	$ 271,902	$ 271,902	$ 182,494	$ 89,408
Total board of elections	$ 271,902	$ 271,902	$ 182,494	$ 89,408
Total general government administration	$ 3,066,773	$ 3,306,269	$ 3,123,371	$ 182,898
Judicial administration:				
Courts:				
Circuit court	$ 62,800	$ 70,594	$ 49,762	$ 20,832
General district court	9,645	11,910	14,854	(2,944)
Special magistrates	6,250	6,250	5,364	886
Clerk of the circuit court	526,802	546,736	511,572	35,164
Juvenile and domestic relations court	20,200	20,200	17,791	2,409
Sheriff - courts	294,806	294,806	292,189	2,617
Law library	24,000	24,000	10,846	13,154
Total courts	$ 944,503	$ 974,496	$ 902,378	$ 72,118
Commonwealth's attorney:				
Commonwealth's attorney	$ 729,279	$ 738,107	$ 709,218	$ 28,889
Total commonwealth's attorney	$ 729,279	$ 738,107	$ 709,218	$ 28,889
Total judicial administration	$ 1,673,782	$ 1,712,603	$ 1,611,596	$ 101,007
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	$ 4,065,133	$ 4,099,443	$ 4,112,219	$ (12,776)
Work release program	-	-	62	(62)
E - 911 system	513,290	493,290	447,698	45,592
Total law enforcement and emergency services	$ 4,578,423	$ 4,592,733	$ 4,559,979	$ 32,754
Fire and rescue services:				
Cost recovery fees	$ 342,500	$ 244,138	$ 195,216	$ 48,922
Cost recovery reimbursement to fire companies	110,000	110,000	107,208	2,792
Contributions to fire and rescue squads	934,869	883,796	883,633	163
Emergency services	2,273,941	2,530,567	3,067,770	(537,203)
Total fire and rescue services	$ 3,661,310	$ 3,768,501	$ 4,253,827	$ (485,326)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Corrections/court services	$ 799,162	$ 747,811	$ 705,674	$ 42,137
Regional jail	2,250,000	2,767,396	2,767,396	-
Probation office	60,431	60,431	46,580	13,851
Juvenile detention center	257,815	255,613	255,613	-
Total correction and detention	$ 3,367,408	$ 3,831,251	$ 3,775,263	$ 55,988
Inspections:				
Building	$ 526,393	$ 575,044	$ 526,594	$ 48,450
Total inspections	$ 526,393	$ 575,044	$ 526,594	$ 48,450
Other protection:				
Animal control	$ 574,005	$ 574,822	$ 564,593	$ 10,229
Medical examiner	500	500	600	(100)
Total other protection	$ 574,505	$ 575,322	$ 565,193	$ 10,129
Total public safety	$ 12,708,039	$ 13,342,851	$ 13,680,856	$ (338,005)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	$ 31,025	$ 31,025	$ 19,493	$ 11,532
Total maintenance of highways, streets, bridges & sidewalks	$ 31,025	$ 31,025	$ 19,493	$ 11,532
Sanitation and waste removal:				
Refuse collection	$ 927,810	$ 927,313	$ 841,500	$ 85,813
Refuse disposal	2,490,196	2,272,601	2,348,847	(76,246)
Total sanitation and waste removal	$ 3,418,006	$ 3,199,914	$ 3,190,347	$ 9,567
Maintenance of general buildings and grounds:				
General properties	$ 981,451	$ 859,327	$ 848,077	$ 11,250
Total maintenance of general buildings and grounds	$ 981,451	$ 859,327	$ 848,077	$ 11,250
Total public works	$ 4,430,482	$ 4,090,266	$ 4,057,917	$ 32,349
Health and welfare:				
Health:				
Local health department	$ 314,748	$ 314,748	$ 314,748	$ -
Total health	$ 314,748	$ 314,748	$ 314,748	$ -
Mental health and mental retardation:				
Northwestern community services	$ 287,000	$ 287,000	$ 287,000	$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	$ 289,500	$ 289,500	$ 289,500	$ -
Welfare:				
Public assistance and welfare administration	$ 3,795,876	$ 3,795,876	$ 3,522,383	$ 273,493
Shenandoah area agency on aging	50,000	50,000	50,000	-
Other social services	49,512	56,979	59,479	(2,500)
Property tax relief for the elderly and handicapped	-	-	336,429	(336,429)
Comprehensive Services Act	2,177,426	2,117,426	1,740,546	376,880
Total welfare	$ 6,072,814	$ 6,020,281	$ 5,708,837	$ 311,444
Total health and welfare	$ 6,677,062	$ 6,624,529	$ 6,313,085	$ 311,444

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Contribution to local school board	$ 21,104,593	$ 22,185,594	$ 21,342,491	$ 843,103
Contributions to community college	42,404	42,404	42,404	-
Total education	$ 21,146,997	$ 22,227,998	$ 21,384,895	$ 843,103
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	$ 2,153,008	$ 2,153,745	$ 2,175,692	$ (21,947)
Outreach program / youth center	-	949	949	-
Golf club operations	342,400	345,367	339,426	5,941
Total parks and recreation	$ 2,495,408	$ 2,500,061	$ 2,516,067	$ (16,006)
Cultural enrichment:				
Browntown community center	$ 2,000	$ 2,500	$ 2,500	$ -
Blue ridge arts council	5,000	10,000	10,000	-
Heritage society	-	3,250	4,160	(910)
4-H center	3,000	3,000	3,000	-
Total cultural enrichment	$ 10,000	$ 18,750	$ 19,660	$ (910)
Library:				
Contribution to Samuels Public Library	$ 875,000	$ 875,000	$ 875,000	$ -
Total library	$ 875,000	$ 875,000	$ 875,000	$ -
Total parks, recreation, and cultural	$ 3,380,408	$ 3,393,811	$ 3,410,727	$ (16,916)
Community development:				
Planning and community development:				
Planning and zoning administration	$ 389,377	$ 403,377	$ 380,062	$ 23,315
Enterprise zone grant - IDA	1,414,770	-	-	-
340/522 water and sewer project - IDA	267,048	267,048	267,048	-
Industrial development authority	115,300	116,300	116,300	-
Other contributions	550	85,050	85,050	-
Total planning and community development	$ 2,187,045	$ 871,775	$ 848,460	$ 23,315
Environmental management:				
Contribution to soil and water conservation district	$ 10,000	$ 10,000	$ 10,000	$ -
Other environmental management	24,000	24,000	4,450	19,550
Total environmental management	$ 34,000	$ 34,000	$ 14,450	$ 19,550
Airport:				
Air show	$ -	$ 22,025	$ 28,437	$ (6,412)
Airport Commission operations	89,725	61,655	61,655	-
Total airport	$ 89,725	$ 83,680	$ 90,092	$ (6,412)
Cooperative extension program:				
VPI extension service	$ 106,172	$ 109,342	$ 102,486	$ 6,856
Total cooperative extension program	$ 106,172	$ 109,342	$ 102,486	$ 6,856
Total community development	$ 2,416,942	$ 1,098,797	$ 1,055,488	$ 43,309

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Retiree medical insurance and unemployment insurance	$ 115,140	$ 115,140	$ 113,751	$ 1,389
Central equipment and maintenance	138,000	138,000	149,266	(11,266)
Other nondepartmental	324,661	30,475	6,063	24,412
Total nondepartmental	$ 577,801	$ 283,615	$ 269,080	$ 14,535
Capital projects:				
Economic development	$ 146,628	$ 136,728	$ 136,728	$ -
Soccer fields	75,000	182,557	207,129	(24,572)
Fishnet property	100,000	504,048	507,181	(3,133)
Bing crosby stadium renovations	10,000	19,983	19,997	(14)
Route 522 beautification project	-	1,713	1,713	-
Airport capital projects	-	254,009	463,004	(208,995)
Eastham Park	75,000	30,250	29,985	265
Building improvement fund	133,960	291,303	472,154	(180,851)
Purchase of second street property	125,000	-	-	-
Revenue sharing projects	250,000	481,705	473,055	8,650
20 year capital improvement plan	250,000	-	-	-
Leach Run Parkway	200,000	512,443	639,619	(127,176)
Simpsons Landing	-	33,364	33,364	-
Health and Human Services building	-	2,872,452	2,882,627	(10,175)
Shenandoah Farms lots	10,000	-	-	-
Court holding cells	-	43,983	43,983	-
Second middle school	1,000,000	1,021,252	1,003,743	17,509
Other capital projects	487,500	265,827	274,362	(8,535)
Total capital projects	$ 2,863,088	$ 6,651,617	$ 7,188,644	$ (537,027)
Debt service:				
Principal retirement	$ 5,440,583	$ 5,440,583	$ 5,440,583	$ -
Interest and other fiscal charges	685,146	3,456,856	4,474,834	(1,017,978)
Total debt service	$ 6,125,729	$ 8,897,439	$ 9,915,417	$ (1,017,978)
Total General Fund	$ 65,067,103	$ 71,629,795	$ 72,011,076	$ (381,281)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety				
Other protection				
Drug forfeiture	$ -	$ -	$ 126,652	$ (126,652)
Total other protection	$ -	$ -	$ 126,652	$ (126,652)
Total public safety	$ -	$ -	$ 126,652	$ (126,652)
Total Drug Forfeiture Fund	$ -	$ -	$ 126,652	$ (126,652)
Proffers Funds:				
Education				
Contribution to local school board	$ -	$ 113,434	$ 113,434	$ -
Total Proffers Funds	$ -	$ 113,434	$ 113,434	$ -

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	$ 1,473,319	$ 1,462,600	$ 1,369,417	$ 93,183
Total maintenance of highways, streets, bridges & sidewalks	$ 1,473,319	$ 1,462,600	$ 1,369,417	$ 93,183
Total public works	$ 1,473,319	$ 1,462,600	$ 1,369,417	$ 93,183
Debt service:				
Principal retirement	$ 30,000	$ 30,000	$ 30,000	$ -
Interest	7,500	5,342	5,342	-
Total debt service	$ 37,500	$ 35,342	$ 35,342	$ -
Total Sanitary District Fund	$ 1,510,819	$ 1,497,942	$ 1,404,759	$ 93,183
Warren County Health Care Fund				
General government administration				
Health care				
Health care payments	$ -	$ 624,000	$ 4,647,331	$ (4,023,331)
Total health care	$ -	$ 624,000	$ 4,647,331	$ (4,023,331)
Total general government administration	$ -	$ 624,000	$ 4,647,331	$ (4,023,331)
Total Warren County Health Care Fund	$ -	$ 624,000	$ 4,647,331	$ (4,023,331)
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	$ -	$ -	$ 342,661	$ (342,661)
Total capital projects	$ -	$ -	$ 342,661	$ (342,661)
Debt service:				
Interest and other fiscal charges	$ -	$ -	$ 724,066	$ (724,066)
Total debt service	$ -	$ -	$ 724,066	$ (724,066)
Total School Bond Construction Fund	$ -	$ -	$ 1,066,727	$ (1,066,727)
County Capital Projects Fund				
Debt service:				
Interest and other fiscal charges	$ -	$ -	$ 224,960	$ (224,960)
Total debt service	$ -	$ -	$ 224,960	$ (224,960)
Total General Capital Projects Fund	$ -	$ -	$ 224,960	$ (224,960)
Total Primary Government	$ 66,577,922	$ 73,241,171	$ 74,947,608	$ (1,706,437)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	$ 37,324,937	$ 37,815,300	$ 37,328,892	$ 486,408
Administration, attendance and health	2,070,347	2,070,347	2,201,731	(131,384)
Pupil transportation	2,586,509	2,586,509	2,508,085	78,424
Operation and maintenance	6,271,519	6,396,519	6,447,857	(51,338)
Technology	1,437,559	1,437,559	1,585,755	(148,196)
Total education	$ 49,690,871	$ 50,306,234	$ 50,072,320	$ 233,914
Debt service:				
Principal retirement	$ 1,288,067	$ 1,288,067	$ 1,288,067	$ -
Interest and other fiscal charges	107,804	107,804	107,804	-
Total debt service	$ 1,395,871	$ 1,395,871	$ 1,395,871	$ -
Total School Operating Fund	$ 51,086,742	$ 51,702,105	$ 51,468,191	$ 233,914
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)
Total school food services	$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)
Total education	$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)
Total School Cafeteria Fund	$ 2,460,188	$ 2,460,188	$ 2,577,228	$ (117,040)
Vocational Building Fund:				
Education:				
Vocational building	$ -	$ -	$ 12,887	$ (12,887)
Total education	$ -	$ -	$ 12,887	$ (12,887)
Total Vocational Building Fund	$ -	$ -	$ 12,887	$ (12,887)
School Textbook Fund:				
Education:				
Textbook expenditures	$ -	$ 222,752	$ 116,575	$ 106,177
Total education	$ -	$ 222,752	$ 116,575	$ 106,177
Total School Textbook Fund	$ -	$ 222,752	$ 116,575	$ 106,177
School Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	$ -	$ 120,486	$ 113,434	$ 7,052
Total School Capital Improvements Fund	$ -	$ 120,486	$ 113,434	$ 7,052
Total Discretely Presented Component Unit - School Board	$ 53,546,930	$ 54,505,531	$ 54,288,315	$ 217,216

Other Statistical Information

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13 - 18

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

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COUNTY OF WARREN, VIRGINIA **Table 1**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 18,877,770	$ 22,451,670	$ 23,611,594	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	44,643,308	50,608,195
Restricted	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122	501,786	392,770
Unrestricted	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108
Total governmental activities net position	$ 45,393,713	$ 54,630,374	$ 52,329,427	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	81,035,211	84,989,785	82,398,073
Primary government										
Net investment in capital assets	$ 18,877,770	$ 22,451,670	$ 23,611,594	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	44,643,308	50,608,195
Restricted	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122	501,786	392,770
Unrestricted	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108
Total primary government net position	$ 45,393,713	$ 54,630,374	$ 52,329,427	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	81,035,211	84,989,785	82,398,073

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses											
Governmental activities:											
General government administration	$ 2,466,844	$ 2,673,036	$ 2,911,298	$ 2,902,924	$ 3,215,515	$ 3,151,069	$ 3,911,301	$ 4,763,989	$ 3,325,816	$ 3,851,326	$ 3,955,083
Judicial administration	1,009,922	1,082,540	1,339,218	1,551,450	1,349,421	1,422,107	1,377,697	1,409,961	1,337,703	1,410,337	1,378,138
Public safety	7,874,128	9,213,506	9,838,477	10,932,498	11,053,220	11,282,726	11,302,344	12,298,117	12,715,103	14,381,005	13,964,875
Public works	4,076,368	4,411,167	4,922,261	4,874,698	4,578,357	4,742,144	5,226,893	4,770,471	5,184,861	6,365,453	6,462,172
Health and welfare	6,379,449	6,890,563	7,161,649	7,904,706	7,814,495	7,701,920	7,072,800	7,693,313	6,372,322	6,329,760	6,270,332
Education	13,087,605	14,711,826	15,430,281	21,134,088	19,282,393	19,142,956	20,702,750	19,409,698	20,616,162	21,089,704	22,694,712
Parks, recreation and cultural	1,976,434	2,036,104	4,539,947	4,588,560	4,339,242	2,755,644	3,681,010	3,154,449	3,321,806	3,488,039	3,802,849
Community development	1,496,777	1,202,645	1,105,175	1,305,378	1,258,578	1,194,165	1,200,522	1,257,830	1,215,861	1,020,028	1,444,078
Non-departmental	102,283	132,142	122,559	123,071	123,990	139,412	136,821	-	-	-	-
Interest on long-term debt	3,689,200	4,759,007	4,631,534	4,426,329	5,329,882	5,407,080	5,535,466	4,699,187	4,687,949	4,349,138	5,281,135
Total governmental activities expenses	$ 42,159,010	$ 47,112,536	$ 52,002,399	$ 59,743,702	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790	$ 65,253,374
Total primary government expenses	$ 42,159,010	$ 47,112,536	$ 52,002,399	$ 59,743,702	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790	$ 65,253,374
Program Revenues											
Governmental activities:											
Charges for services:											
General government	$ 204,773	$ 231,981	$ 460,606	$ 365,131	$ 401,650	$ 459,098	$ 489,180	$ 477,385	$ 173,887	$ 258,425	$ 264,237
Judicial administration	273,236	333,535	437,513	413,847	364,648	363,139	375,716	332,962	248,492	243,901	225,746
Public safety	1,007,107	1,053,699	1,691,282	1,986,541	1,924,180	1,901,618	1,919,051	2,299,296	1,266,792	1,341,592	937,881
Public works	1,192,016	1,398,722	1,172,961	1,481,020	1,123,668	1,068,864	951,891	891,139	855,074	965,738	982,071
Health and welfare	50,994	25,021	28,536	38,141	269,513	278,137	250,371	293,177	-	-	-
Parks, recreation and cultural	149,192	337,190	504,600	512,869	525,998	534,070	549,381	570,267	429,712	423,860	439,677
Community development	86,365	192,265	240,698	209,791	179,738	179,771	213,341	241,298	218,494	214,921	206,823
Operating grants and contributions	8,135,771	9,356,103	9,614,388	9,725,186	9,620,915	8,915,568	8,784,738	7,984,270	7,533,944	8,402,853	6,693,201
Capital grants and contributions	40,369	544,210	1,315,675	1,714,549	187,969	234,304	630,340	295,688	261,197	473,284	387,573
Total governmental activities program revenues	$ 11,139,823	$ 13,472,726	$ 15,466,259	$ 16,447,075	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574	$ 10,137,209
Total primary government program revenues	$ 11,139,823	$ 13,472,726	$ 15,466,259	$ 16,447,075	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574	$ 10,137,209
Net (expense) / revenue											
Governmental activities	$ (31,019,187)	$ (33,639,810)	$ (36,536,140)	$ (43,296,627)	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)	$ (55,116,165)
Total primary government net expense	$ (31,019,187)	$ (33,639,810)	$ (36,536,140)	$ (43,296,627)	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)	$ (55,116,165)

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes											
Property taxes	$ 23,673,512	$ 25,646,664	$ 27,823,493	$ 30,282,018	$ 30,117,767	$ 49,583,450	$ 33,922,048	$ 34,768,063	$ 35,453,198	$ 40,170,018	$ 43,218,932
Local sales and use taxes	2,190,929	2,262,675	2,364,724	2,692,913	2,837,283	2,838,297	2,931,450	3,281,603	6,351,573	3,765,595	3,459,402
Taxes on recordation and wills	1,133,365	1,127,774	897,902	613,479	450,074	486,031	418,073	321,394	579,111	460,515	371,886
Communication taxes (2)	-	-	438,269	1,022,051	928,624	-	-	-	-	-	-
Consumer utility taxes	1,034,003	1,070,406	854,830	666,366	681,492	670,372	683,604	687,180	692,508	708,592	696,551
Business licenses taxes	1,207,130	1,269,066	1,354,944	1,193,715	1,017,697	749,297	569,485	906,752	928,778	858,661	773,355
Meals tax (1)	-	-	-	-	628,516	667,916	690,672	724,799	757,306	824,351	874,721
Other local taxes	1,181,462	1,117,208	934,988	1,075,012	908,094	624,143	775,901	890,048	788,039	913,505	1,099,486
Unrestricted grants and contributions (2)	4,520,582	5,636,350	4,803,851	4,754,973	4,541,517	5,458,531	5,312,483	5,781,049	5,818,324	5,789,093	5,672,161
Unrestricted revenues from use of money and property	1,378,994	3,065,850	6,074,437	1,518,252	1,088,900	861,058	459,208	392,301	373,583	374,038	323,996
Miscellaneous	262,875	1,383,413	225,363	349,774	1,176,499	210,365	4,199,746	649,401	372,120	470,422	359,978
Transfers	-	-	-	-	-	-	-	-	35,740	-	-
Total governmental activities	$ 36,582,852	$ 42,579,406	$ 45,772,801	$ 44,168,553	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790	$ 56,850,468
Total primary government	$ 36,582,852	$ 42,579,406	$ 45,772,801	$ 44,168,553	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790	$ 56,850,468
Change in Net Position											
Governmental activities	$ 5,563,665	$ 8,939,596	$ 9,236,661	$ 871,926	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574	$ 1,734,303
Total primary government	$ 5,563,665	$ 8,939,596	$ 9,236,661	$ 871,926	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574	$ 1,734,303

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.
(3) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items

COUNTY OF WARREN, VIRGINIA **Table 3**

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
General fund										
Unreserved	$ 21,995,055	$ 25,920,082	$ 17,205,359	$ 15,452,280	$ 17,195,830					
Total general fund	$ 21,995,055	$ 25,920,082	$ 17,205,359	$ 15,452,280	$ 17,195,830					
All other governmental funds										
Reserved	$ 37,608,880	$ 8,918,159	$ 2,726,776	$ 22,703,534	$ 12,954,446					
Unreserved, reported in:										
Special revenue funds	327,243	363,359	126,553	26,645	(54,216)					
Capital projects funds	6,869,431	9,672,514	11,741,182	12,970,305	26,672,946					
Total all other governmental funds	$ 44,805,554	$ 18,954,032	$ 14,594,511	$ 35,700,484	$ 39,573,176					
General fund										
Unassigned						$ 13,566,706	$ 13,757,149	$ 17,132,916	$ 16,693,295	$ 15,505,815
Total general fund						$ 13,566,706	$ 13,757,149	$ 17,132,916	$ 16,693,295	$ 15,505,815
All other governmental funds										
Restricted						$ 4,994,702	$ 726,981	$ 462,122	$ 1,274,248	$ 50,257,532
Committed						27,769,270	23,205,218	22,852,130	24,285,633	21,044,453
Assigned						195,965	195,965	153,514	153,514	153,514
Unassigned						-	-	(183,904)	(183,904)	-
Total all other governmental funds						32,959,937	24,128,164	23,283,862	25,529,491	71,455,499
Total fund balance, governmental funds						$ 46,526,643	$ 37,885,313	$ 40,416,778	$ 42,222,786	$ 86,961,314

(1) The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

COUNTY OF WARREN, VIRGINIA **Table 4**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	$ 25,211,738	$ 28,235,949	$ 29,615,065	$ 30,304,803	$ 47,236,991	$ 33,878,123	$ 34,090,051	$ 36,109,920	$ 39,547,607	$ 43,189,446
Other local taxes (1)	6,847,128	6,883,177	7,263,536	7,451,780	6,036,056	6,069,186	6,811,776	10,097,315	7,531,219	7,275,401
Permits, privilege fees and regulatory licenses	1,094,150	917,128	648,763	508,254	506,320	555,982	527,806	665,598	679,907	685,234
Fines and forfeitures	102,119	93,529	62,110	42,395	48,014	49,216	24,776	80,083	97,416	100,564
Revenue from use of money and property	3,059,748	6,052,586	1,501,355	1,086,205	861,058	459,208	392,301	373,913	374,038	324,091
Charges for services	2,271,272	2,007,538	2,271,201	1,915,160	1,800,540	2,237,108	2,408,251	2,446,770	2,671,114	2,270,637
Miscellaneous	1,079,321	474,236	2,014,035	1,172,533	227,306	4,199,744	649,404	372,110	470,423	359,882
Recovered costs	102,821	632,889	576,439	677,069	553,957	317,422	14,514	83,270	72,885	139,172
Intergovernmental:										
Commonwealth	13,189,971	12,329,646	12,469,533	11,526,007	12,217,113	11,787,400	11,954,053	11,745,823	12,385,077	10,565,562
Federal	2,219,884	3,392,408	2,124,856	2,819,257	2,380,365	2,940,161	2,106,954	1,867,311	2,280,153	2,187,373
Total revenues	$ 55,178,152	$ 61,019,086	$ 58,546,893	$ 57,503,463	$ 71,867,720	$ 62,493,550	$ 58,979,886	$ 63,842,113	$ 66,109,839	$ 67,097,362
Expenditures										
General government administration	$ 2,544,341	$ 2,309,828	$ 2,396,688	$ 2,521,049	$ 2,450,952	$ 3,023,745	$ 2,671,164	$ 2,680,167	$ 2,905,847	$ 3,123,371
Judicial administration	1,017,171	1,127,029	1,196,882	1,152,773	1,208,840	1,387,022	1,448,578	1,534,198	1,578,791	1,611,596
Public safety	8,744,615	9,678,565	9,834,048	9,675,347	9,606,720	10,192,987	10,453,211	11,689,025	13,538,746	13,807,508
Public works	4,308,991	4,681,406	4,678,045	4,146,798	4,251,706	4,127,601	4,199,431	4,720,519	4,906,211	5,427,334
Health and welfare	6,691,125	7,163,028	7,448,551	7,351,875	7,280,066	6,688,564	6,706,491	6,245,724	6,213,147	6,313,085
Education	15,883,584	15,588,578	18,616,370	18,875,998	18,901,332	20,687,963	18,643,244	19,150,024	20,039,108	21,498,329
Parks, recreation and cultural	1,756,337	1,992,193	2,243,701	2,277,426	2,565,936	2,779,555	2,828,558	3,036,924	3,451,896	3,410,727
Community development	704,743	801,080	987,983	975,573	856,205	781,834	734,419	792,613	977,696	1,055,488
Non-departmental	114,462	389,752	475,784	172,356	182,337	197,336	249,404	235,430	250,523	269,080
Capital projects	41,729,898	34,411,243	14,279,414	8,887,092	19,454,905	13,537,702	11,760,452	3,507,383	5,000,468	7,531,305
Debt service										
Principal	1,113,143	1,149,551	1,165,548	1,525,382	3,711,768	4,490,955	3,458,550	3,499,383	11,010,125	5,470,583
Interest	4,060,595	4,022,879	3,813,327	4,819,350	4,964,661	5,231,529	6,758,827	4,478,371	4,591,060	5,429,201
Total expenditures	$ 88,669,005	$ 83,315,132	$ 67,136,341	$ 62,381,019	$ 75,435,428	$ 73,126,793	$ 69,912,329	$ 61,569,761	$ 74,463,618	$ 74,947,607
Excess of revenues over (under) expenditures	$ (33,490,853)	$ (22,296,046)	$ (8,589,448)	$ (4,877,556)	$ (3,567,708)	$ (10,633,243)	$ (10,932,443)	$ 2,272,352	$ (8,353,779)	$ (7,850,245)
Other financing sources (uses)										
Transfers in	$ 7,761,927	$ 6,405,058	$ 12,639,909	$ 6,429,432	$ 22,414,429	$ 15,793,316	$ 12,805,447	$ 5,321,020	$ 7,009,008	$ 8,363,969
Transfers out	(7,761,927)	(6,405,058)	(12,673,070)	(6,429,432)	(22,375,833)	(15,721,064)	(12,360,880)	(5,061,907)	(6,849,221)	(8,139,798)
Issuance of bonds	-	-	12,730,401	46,775,450	11,192,300	-	77,000,000	-	10,000,000	48,325,000
Premium on bonds issued	-	-	686,698	-	-	-	10,859,925	-	-	3,298,094
Discount on bonds issued	-	-	-	(40,000)	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(15,000,000)	(23,000,000)	(2,450,000)	-	(86,013,379)	-	-	-
Issuance capital leases	226,751	284,690	304,139	495,000	403,054	318,628	-	-	-	741,508
Total other financing sources (uses)	$ 226,751	$ 284,690	$ (1,311,923)	$ 24,230,450	$ 9,183,950	$ 390,880	$ 2,291,113	$ 259,113	$ 10,159,787	$ 52,588,773
Net change in fund balances	$ (33,264,102)	$ (22,011,356)	$ (9,901,371)	$ 19,352,894	$ 5,616,242	$ (10,242,363)	$ (8,641,330)	$ 2,531,465	$ 1,806,008	$ 44,738,528
Debt service as a percentage of noncapital expenditures	11.02%	10.58%	8.55%	10.71%	15.22%	16.08%	16.85%	13.43%	22.07%	15.97%

(1) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

Includes all primary government funds except for the health insurance fund. Does not include financial activity of the component units.

COUNTY OF WARREN, VIRGINIA **Table 5**

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	Non-departmental	Debt Service	Total
2006	$ 2,544,341	$ 1,017,171	$ 8,744,615	$ 4,308,991	$ 6,691,125	$ 40,809,276	$ 1,756,337	$ 890,950	$ -	$ 7,245,211	$ 74,008,017
2007	2,309,828	1,127,029	9,678,565	4,681,406	7,163,028	43,935,553	1,992,193	801,080	-	7,174,053	78,862,735
2008	2,396,688	1,196,882	9,834,048	4,678,045	7,448,551	47,741,628	2,243,701	987,983	-	6,915,189	83,442,715
2009	2,521,049	1,152,773	9,675,347	4,146,798	7,351,875	48,022,270	2,277,426	975,573	172,356	8,217,033	84,512,500
2010	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080
2011	3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	781,834	197,336	11,356,255	88,270,946
2012	2,671,164	1,448,578	10,453,211	4,199,431	6,706,491	46,365,366	2,828,558	734,419	249,404	11,887,803	87,544,425
2013	2,680,167	1,534,198	11,689,025	4,720,519	6,245,724	49,243,217	3,036,924	1,060,749	235,430	9,512,920	89,958,873
2014	2,905,847	1,578,791	13,538,746	4,906,211	6,213,147	50,871,698	3,451,896	977,696	250,523	17,070,079	101,764,634
2015	3,123,371	1,611,596	13,807,508	5,427,334	6,313,085	53,445,414	3,410,727	1,055,488	269,080	11,346,629	99,810,232

(1) Includes General and Special Revenue funds of the Primary Government and the Discretely Presented Component Unit - School Board.
(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.
Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA **Table 6**

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (4)	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
2006	$ 25,211,738	$ 6,847,128	$ 1,094,150	$ 102,119	$ 3,064,164	$ 3,665,679	$ 1,316,930	$ 102,821	$ 41,538,374	$ 82,943,103
2007	28,235,949	6,883,177	917,128	93,529	6,073,046	3,328,318	818,470	632,889	44,465,619	91,448,125
2008	29,615,065	7,263,536	648,763	62,110	1,543,815	3,643,342	720,142	576,439	44,109,698	88,182,910
2009	30,304,803	7,451,780	508,254	42,395	1,086,849	3,310,229	1,577,659	677,069	43,622,251	88,581,289
2010	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	43,614,828	102,126,244
2011	33,878,123	6,069,186	555,982	49,216	424,507	3,509,824	4,452,764	17,463	42,024,470	90,981,535
2012	34,090,051	6,811,776	527,806	24,776	386,991	3,739,774	885,906	14,514	41,811,690	88,293,284
2013	36,109,920	10,097,315	665,598	80,083	373,913	3,762,802	791,223	45,031	43,652,258	95,578,143
2014	39,547,607	7,531,219	679,907	97,416	372,850	3,975,882	931,270	72,885	44,860,064	98,069,100
2015	43,189,446	7,275,401	685,234	100,564	319,441	3,797,728	691,423	139,172	43,946,990	100,145,399

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

(3) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.
Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA **Table 7**

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Recordation and Wills Tax	Business License Tax	Communication Tax	Meals Tax (1)	Other Local Taxes (2)	Total
2006	$ 25,646,664	$ 2,262,675	$ 1,070,406	$ 1,127,774	$ 1,269,066	$ -	$ -	$ 1,117,208	$ 32,493,793
2007	27,823,493	2,364,724	854,830	897,902	1,354,944	438,269	-	1,373,257	35,107,419
2008	30,282,018	2,692,913	666,366	613,479	1,193,715	1,022,051	-	1,021,862	37,492,404
2009	30,117,767	2,837,283	681,492	450,074	1,017,697	928,624	628,516	908,094	37,569,547
2010	49,583,450	2,838,297	670,372	486,031	749,297	932,498	667,916	1,110,174	57,038,035
2011	33,922,049	2,931,450	683,604	313,489	569,485	927,882	690,672	880,485	40,919,116
2012	34,768,063	3,281,603	687,180	321,394	906,752	909,027	724,799	890,048	42,488,866
2013	36,109,920	6,351,573	692,508	579,111	928,778	916,942	757,306	788,039	47,124,177
2014	39,547,607	3,765,595	708,592	460,515	858,661	890,425	824,351	913,505	47,969,251
2015	43,189,446	3,459,402	696,551	482,158	773,357	888,100	871,933	992,000	51,352,947

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA **Table 8**

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Overlapping Tax Rate Town of Front Royal			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
						Pers. Prop.	Mach. - Tools	Real Estate		
2006	$ 2,232,709,900	$ 275,486,114	$ 24,482,595	$ 45,019,071	$ 2,577,697,680	$ 0.60	$ 0.60	$ 0.13	$ 2,577,697,680	100.00%
2007	2,322,050,800	413,895,353	19,761,215	37,241,703	2,792,949,071	0.60	0.60	0.13	2,792,949,071	100.00%
2008	4,618,588,000	426,788,783	54,714,951	67,587,582	5,167,679,316	0.60	0.60	0.07	5,167,679,316	100.00%
2009	4,737,808,700	422,529,586	54,831,030	71,830,670	5,286,999,986	0.60	0.60	0.07	5,286,999,986	100.00%
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	0.60	0.60	0.07	5,310,288,654	100.00%
2011	4,816,929,300	336,375,506	55,042,750	83,128,930	5,291,476,486	0.64	0.64	0.11	5,291,476,486	100.00%
2012	3,783,054,400	338,756,346	51,946,980	95,214,200	4,268,971,926	0.64	0.64	0.11	4,268,971,926	100.00%
2013	3,795,435,900	345,186,421	52,915,970	93,483,110	4,287,021,401	0.64	0.64	0.11	4,287,021,401	100.00%
2014	3,813,780,900	361,209,652	53,266,515	384,518,870	4,612,775,937	0.64	0.64	0.13	4,612,775,937	100.00%
2015	3,924,829,100	367,502,458	53,266,515	693,556,225	5,039,154,298	0.64	0.64	0.13	5,039,154,298	100.00%

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.
Fiscal Year 2012 is comprised of the 2011 calendar year assessment.
Fiscal Year 2013 is comprised of the 2012 calendar year assessment.
Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014
Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015

COUNTY OF WARREN, VIRGINIA **Table 9**

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate (3)	Personal Property (2)(3)	Mobile Homes (3)	Machinery and Tools (2)(3)
2006	0.79	3.15	0.79	2.25
2007	0.82	3.15	0.82	2.25
2008	0.45	3.15	0.45	1.30
2009	0.45	3.15	0.45	1.30
2010	0.46/0.46	4.00/4.00	0.46/0.46	1.30/1.30
2011	0.46/0.59	4.00/4.00	0.46/0.59	1.30/1.30
2012	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2013	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2014	0.59/0.61	4.00/4.00	0.59/0.61	1.30/1.95
2015	0.61/0.595	4.00/4.00	0.61/0.595	1.95/1.95

(1) Per $100 of assessed value
(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.
(3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA **Table 10**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2,4,5)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Collections (1,3,4)	Percentage of Levy		Amount (1) (2)	Percentage of Levy
2006	$ 29,431,720	$ 29,247,722	99.37%	$ 536,451	$ 29,784,173	101.20%
2007	32,091,748	31,437,990	97.96%	776,957	32,214,947	100.38%
2008	34,384,133	33,110,331	96.30%	620,850	33,731,181	98.10%
2009	35,112,209	33,368,512	95.03%	924,484	34,292,996	97.67%
2010	55,429,700	50,060,893	90.31%	1,164,762	51,225,655	92.42%
2011	37,294,301	35,493,841	95.17%	1,889,724	37,383,565	100.24%
2012	37,825,616	35,949,106	95.04%	2,121,498	38,070,604	100.65%
2013	38,819,912	37,870,536	97.55%	1,245,509	39,116,045	100.76%
2014	41,713,051	41,158,133	98.67%	1,087,067	42,245,200	101.28%
2015	44,253,098	44,263,126	100.02%	-	44,263,126	100.02%

(1) Exclusive of penalties and interest.
(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
(3) Includes personal property tax relief from the Commonwealth of Virginia.
(4) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment - tax collections includes personal property tax relief for calendar year 2009 only.
(5) Original assessments, does not include supplemental or abatement assessments

Principal Property Taxpayers - Real Estate
Current Year and the Seven Years Prior

Fiscal Year 2015				Fiscal Year 2014			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Sysco Mdse & Supply Chain Svcs. (Baugh NE)	$ 65,680,300	1	1.67%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.74%
Family Dollar Services Inc	57,413,750	2	1.46%	Family Dollar Services Inc	57,173,900	2	1.50%
Cole FG Front Royal VA LLC	37,016,550	3	0.94%	Cole FG Front Royal VA LLC	36,313,300	3	0.95%
Interbake Foods LLC	21,953,150	4	0.56%	Interbake Foods LLC	22,227,600	4	0.58%
Axalta (DuPont Performance Coatings)	20,141,450	5	0.51%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	18,481,000	6	0.47%	Boisseau Family LC (The) et al	19,528,800	6	0.51%
Walmart	16,752,250	7	0.43%	Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,795,500	8	0.38%	Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	14,796,650	9	0.38%	Toray Plastics (America) The	14,062,900	9	0.37%
Winchester Road (E&A) LLC	11,073,050	10	0.28%	Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 278,103,650		7.09%		$ 277,349,700		7.27%

Fiscal Year 2013				Fiscal Year 2012			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.75%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.76%
Family Dollar Services Inc	57,173,900	2	1.51%	Family Dollar Services Inc	57,173,900	2	1.51%
Cole FG Front Royal VA LLC	36,313,300	3	0.96%	Cole FG Front Royal VA LLC	36,313,300	3	0.96%
Interbake Foods LLC	22,227,600	4	0.59%	Interbake Foods LLC	22,227,600	4	0.59%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	19,670,400	6	0.52%	Boisseau Family LC (The) et al	19,658,000	6	0.52%
Walmart	15,073,300	7	0.40%	Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,710,700	8	0.39%	Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	14,062,900	9	0.37%	Toray Plastics (America) The	14,072,900	9	0.37%
Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 277,491,300		7.31%		$ 277,488,900		7.34%

Principal Property Taxpayers - Real Estate
Current Year and the Seven Years Prior

Fiscal Year 2011				Fiscal Year 2010			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.38%	Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.22%
Family Dollar Services Inc	57,173,900	2	1.19%	Family Dollar Services Inc	55,554,000	2	1.16%
Cole FG Front Royal VA LLC	36,313,300	3	0.75%	Cole FG Front Royal VA LLC	33,730,800	3	0.70%
Interbake Foods LLC	22,227,600	4	0.46%	Dupont E I De Nemours & Co.	21,757,100	5	0.45%
Dupont E I De Nemours & Co.	20,118,200	5	0.42%	Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,658,000	6	0.41%	Boisseau Family LC (The) et al	19,424,400	6	0.40%
Crooked Run LLC	16,727,000	7	0.35%	Toray Plastics (America) The	15,194,000	9	0.32%
Walmart	15,073,300	8	0.31%	Walmart	14,044,200	8	0.29%
Toray Plastics (America) The	14,072,900	9	0.29%	Crooked Run LLC	13,891,600	7	0.29%
Winchester Road (E&A) LLC	11,627,600	10	0.24%	Winchester Cold Storage Co.	13,243,100	10	0.28%
	$ 279,410,300		5.80%		$ 266,747,100		6.78%

Fiscal Year 2009				Fiscal Year 2008			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.24%	Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.27%
Family Dollar Services Inc	55,554,000	2	1.17%	Family Dollar Services Inc	55,457,700	2	1.20%
Cole FG Front Royal VA LLC	33,730,800	3	0.71%	Ferguson Enterprises Inc.	33,730,800	3	0.73%
Dupont E I De Nemours & Co.	21,757,100	5	0.46%	Dupont E I De Nemours & Co.	21,764,000	4	0.47%
Interbake Foods LLC	21,036,200	4	0.44%	Interbake Foods LLC	21,024,400	5	0.46%
Boisseau Family LC (The) et al	19,424,400	6	0.41%	Boisseau Family LC (The) et al	19,424,400	6	0.42%
Toray Plastics (America) The	15,194,000	7	0.32%	Toray Plastics (America) The	15,194,000	7	0.33%
Walmart	14,044,200	8	0.30%	Winchester Cold Storage Co.	13,271,100	8	0.29%
Winchester Cold Storage Co.	13,243,100	9	0.28%	Crooked Run LLC	10,600,000	9	0.23%
Crooked Run LLC	11,045,100	10	0.23%	Walmart	10,385,300	10	0.22%
	$ 263,900,600		5.57%		$ 259,723,400		5.62%

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.
Fiscal Year 2012 is comprised of the 2011 calendar year assessment.
Fiscal Year 2013 is comprised of the 2012 calendar year assessment.
Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014 assessment.
Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015 assessment.

COUNTY OF WARREN, VIRGINIA **Table 12**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Premium on Bonds	Other Notes/ Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2006	$ 16,522,681	$ 83,265,000	$ -	$ 25,677	$ 2,397,040	$ 102,210,398	8.55%	$ 2,859
2007	15,114,663	83,265,000	-	584,846	1,753,666	100,718,175	9.15%	2,775
2008	26,429,273	68,265,000	14,769,742	560,780	1,091,323	111,116,118	8.04%	3,028
2009	24,468,064	92,040,450	14,709,559	535,424	805,767	132,559,264	9.58%	3,611
2010	31,207,549	89,592,428	14,652,267	510,067	729,453	136,691,764	9.63%	3,651
2011	28,075,211	87,320,985	14,597,900	482,652	742,336	131,219,084	9.24%	3,482
2012	15,521,800	92,468,265	14,546,493	454,145	496,150	123,486,853	8.77%	3,243
2013	14,079,600	89,443,928	13,934,950	424,503	307,945	118,190,926	7.72%	3,113
2014	14,432,500	87,020,000	13,326,444	783,681	244,670	115,807,295	7.50%	3,000
2015	54,817,386	88,870,000	12,679,166	360,000	844,392	157,570,944	10.20%	4,042

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) Reference the Table of Demographic and Economic Statistics - Table 14

COUNTY OF WARREN, VIRGINIA **Table 13**

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2006	$ 99,787,681	$ 99,787,681	3.87%	$ 2,791
2007	98,379,663	98,379,663	3.52%	2,813
2008	94,694,273	94,694,273	1.83%	2,581
2009	116,508,514	116,508,514	2.20%	3,173
2010	120,799,977	120,799,977	2.27%	3,227
2011	115,396,196	115,396,196	2.18%	3,062
2012	107,990,065	107,990,065	2.53%	2,836
2013	103,523,528	103,523,528	2.41%	2,727
2014	101,452,500	101,452,500	2.20%	2,628
2015	143,687,386	143,687,386	2.85%	3,686

(1) Population data can be found in the Table of Demographic and Economic Statistics - Table 14
(2) See the Table of Assessed Value and Estimated Actual Value of Taxable Property - Table 8
(3) Includes all long-term general obligation bonded debt, lease revenue bonds, excludes capital leases, revenue bonds, OPEB obligation, net pension obligation, landfill related liabilities, notes payable and compensated absences.

The County is not subject to a legal debt margin
The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA **Table 14**

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	September 30 School K-12 Membership	Unemploy-ment Rate
2006	35,752	$ 1,196,000	$ 33,452	38	5,268	2.80%
2007	36,300	1,256,000	34,600	38	5,332	3.10%
2008	36,695	1,382,000	37,661	38	5,273	4.20%
2009	36,713	1,384,000	37,697	38	5,319	6.60%
2010	37,439	1,419,574	37,917	39	5,339	6.61%
2011	37,688	1,419,556	37,666	39	5,340	6.20%
2012	38,077	1,408,315	36,986	39	5,329	5.00%
2013	37,963	1,530,374	39,867	39	5,414	4.90%
2014	38,607	1,544,352	39,907	39	5,408	4.80%
2015	38,987	1,544,352	39,907	39	5,341	4.81%

Source: Weldon Cooper Center, Annual school report - prepared by the County, www.census.gov, www.bea.gov

COUNTY OF WARREN, VIRGINIA **Table 15**

Principal Employers
Current Year

		2015		
Employer	**Industry**	**Employees**	**Rank**	**% of Total Employment**
Warren County School Board	Educational Services	500 - 999	1	2.5% - 5.0%
Valley Health System-WMH	Hospitals	500 - 999	2	2.5% - 5.0%
Axalta Coating Systems (Dupont)	Chemical Manufacturing	250 - 499	3	1.3% - 2.5%
Warren County Government	General Government	250 - 499	4	2.1% - 4.2%
Family Dollar Services	Warehousing and Storage	250 - 499	5	2.1% - 4.2%
Wal-Mart	General Merchandise Stores	250 - 499	6	2.1% - 4.2%
Baugh Northeast (Sysco)	Administrative and Support Services	250 - 499	7	2.1% - 4.2%
Interbake Foods LLC	Food Manufacturing	250 - 499	8	2.1% - 4.2%
Ferguson Enterprises Inc	Merchant Wholesalers, Durable Goods	100 - 249	9	0.5% - 1.3%
Town of Front Royal	General Government	100 - 249	10	0.5% - 1.3%

Total Employed 19,815

Source: Virginia Employment Commission , Quarterly Census of Employment and Wages (QCEW).
Virginia Economic Development Partnership

Note: Information nine years prior is unavailable. As information is available the data will be reported.

COUNTY OF WARREN, VIRGINIA

Table 16

Full-Time County Government Employees By Function
Last Nine Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government									
Department:									
General government administration	**27**	**27**	**29**	**30**	**32**	**32**	**32**	**32**	**34**
Board of Supervisors	0	0	0	0	0	0	0	0	0
County Administration	5	5	5	5	6	6	6	6	7
County Attorney's Office	2	2	2	3	3	3	3	3	3
Office of the Comissioner of Revenue	10	10	10	10	10	10	10	10	10
Reassessment	0	0	0	0	0	0	0	0	0
Treasurer's Office	6	6	6	6	7	7	7	7	7
Finance and Purchasing	3	3	4	4	4	4	4	4	5
Elections	1	1	2	2	2	2	2	2	2
Judicial administration	**15**	**16**	**17**	**16**	**15**	**15**	**16**	**16**	**16**
Circuit Court	0	0	0	0	0	0	0	0	0
General District Court	0	0	0	0	0	0	0	0	0
Magistrates	0	0	0	0	0	0	0	0	0
Juvenile and Domestic Court	0	0	0	0	0	0	0	0	0
Clerk of Circuit Court	8	9	9	8	7	7	8	8	8
Law Library	0	0	0	0	0	0	0	0	0
Commonwealth's Attorney	7	7	8	8	8	8	8	8	8
Public safety	**118**	**124**	**124**	**126**	**125**	**125**	**128**	**130**	**109**
Sheriff's Office	51	53	53	55	53	53	54	54	53
Court Security	0	0	0	0	2	2	2	2	0
E-911 System	6	6	6	6	6	6	6	6	6
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0	0
Corrections	31	31	31	31	31	31	31	31	10
Work Release	0	0	0	0	0	0	0	0	0
Probation	1	1	1	1	1	1	1	1	1
Building Inspections	8	9	9	7	6	6	6	6	6
Animal Control	4	4	4	4	4	4	4	4	4
Medical Examiner	0	0	0	0	0	0	0	0	0
Fire and Rescue Department	17	20	20	22	22	22	24	26	29
Cost Recovery	0	0	0	0	0	0	0	0	0
Public works	**6**	**6**	**8**	**6**	**5**	**5**	**7**	**8**	**10**
Streets and Highways	0	0	0	0	0	0	0	0	0
Refuse Collection	2	2	4	2	1	0	0	0	0
Refuse Disposal	2	2	2	2	2	3	3	4	5
Building and Grounds	2	2	2	2	2	2	4	4	5

COUNTY OF WARREN, VIRGINIA

Table 16

Full-Time County Government Employees By Function
Last Nine Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government: (Continued)									
Department: (Continued)									
Health and welfare	**39**	**39**	**39**	**39**	**39**	**39**	**39**	**39**	**42**
Health	0	0	0	0	0	0	0	0	0
Mental Health and Retardation	0	0	0	0	0	0	0	0	0
Social Services	38	38	38	38	38	38	38	38	41
Other Social Services	0	0	0	0	0	0	0	0	0
Comprehensive Youth Service Act	1	1	1	1	1	1	1	1	1
Education	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Community College	0	0	0	0	0	0	0	0	0
Parks, recreation and cultural	**11**	**14**	**15**	**15**	**15**	**14**	**14**	**16**	**18**
Parks and recreation	11	14	15	15	15	14	14	16	18
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0	0
Community development	**6**	**6**	**5**	**5**	**5**	**5**	**4**	**4**	**5**
Planning and Zoning	5	5	4	4	4	4	3	3	4
Economic Development	0	0	0	0	0	0	0	0	0
Front Royal/Warren County Airport	0	0	0	0	0	0	0	0	0
Environmental Management	0	0	0	0	0	0	0	0	0
Gypsy Moth Control	0	0	0	0	0	0	0	0	0
VPI Extension Service	1	1	1	1	1	1	1	1	1
Total	222	232	237	237	236	235	240	245	234
Component Unit - School Board									
Function:									
Education - full-time	728	763	759	754	754	754	748	750	750
Total Full-Time Employees	**950**	**995**	**996**	**991**	**990**	**989**	**988**	**995**	**995**

Source: Warren County Fiscal Year Budget Documents and other payroll reports

Note: Ten years of data is unavailable. As information is available the data will be reported.

COUNTY OF WARREN, VIRGINIA **Table 17**

Operating Indicators By Function
Last Nine Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety									
Sheriffs department:									
Physical arrests	573	753	749	534	603	779	467	454	369
Parking violations	not avail	not avail	not avail	not avail	not avail	not avail	not avail	not avail	not avail
Traffic violations	974	1,508	1,507	1,097	853	1,358	1,163	1,523	1,385
Court security manhours worked	3,335	3,858	4,228	7,538	7,506	7,520	7,420	7,419	5,083
Prisoner transports	1,249	900	694	856	826	959	1,315	579	579
Code enforcement violations									
DUIs	80	94	92	68	64	84	61	64	73
Fire and rescue:									
Number of calls answered****	7,845	7,860	8,241	7,745	8,357	7,163	5,666	8,137	5,526
Building Inspections:									
Permits issued	4,069	3,525	2,403	1,793	1,827	1,815	2,106	2,097	2,178
Public works									
General maintenance:									
Trucks/vehicles	2	2	2	2	2	3	3	3	3
Landfill:									
Refuse collected (tons/day)	98.17	86.77	84.69	78.41	76.44	78.51	78.51	89.96	94.11
Parks, recreation and cultural									
Parks and recreation attendees/participants:									
Youth sports participants	943	1,815	1,552	1,640	2,439	2,134	2,663	2,254	3,453
Adult sports participants (individuals)	351	1,067	403	172	281	237	241	360	443
Adult sports participants (teams)	20	23	26	32	26	26	20	22	18
Dance and crafts - youth and adult	n/a	50	50	50	50	50	50	50	160
Trips	206	293	322	228	336	102	108	431	178
CPR, Lifeguard, Dog Obedience classes	52	55	38	57	43	26	26	101	30
Open special events	92	123	73	109	112	423	1,942	2,351	1,793
Component Unit - School Board									
Education:									
School age population***	N/A	6,953	N/A	7,922	7,847	7,847	7,706	7,675	7,567
Sept. 30 K-12 school membership	5,332	5,273	5,319	5,339	5,340	5,329	5,414	5,408	5,398

Source: Recreation & Parks, Fire and Rescue, Sheriff's Department annual report, Soild Waste receiving facilities' record, and Warren County Fiscal Year 2012-2013 and 2014-2015 Budget Book.
*** Source from Virginia Department of Education and the Weldon Cooper Center, 2008, and 2010-2015 numbers available.
**** 2013 does not include all CAD sheets from dispatch

N/A - Not Applicable

Note: Ten years of data is unavailable. As information is available the data will be reported.

Table 18

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Vehicles	4	4	4	4	3	6	6	6	6	6
Public safety - insured vehicles										
Law enforcement										
Vehicles	50	47	53	52	55	61	57	57	65	67
Other public safety										
Vehicles	2	3	3	3	2	3	3	3	3	3
Building inspections										
Vehicles	6	6	7	6	5	5	5	5	5	6
Animal control										
Vehicles	3	4	4	4	5	5	4	4	4	5
Emergency services										
Vehicles	10	10	10	11	12	13	13	13	14	15
Public works										
Refuse										
Vehicles	2	2	2	2	2	2	1	1	1	2
Buildings and Grounds										
Vehicles	0	0	0	0	0	0	2	2	2	2
Health and welfare										
Department of Social Services										
Vehicles	9	8	8	8	8	8	8	8	8	8
Parks, recreation and cultural										
Parks and recreation										
Vehicles	11	12	12	13	12	13	13	13	14	17
Community development										
Planning and Zoning										
Vehicles	1	1	1	1	1	1	1	1	1	1
Other										
Vehicles	0	0	1	1	1	1	1	1	1	1

Source: Finance Department motor vehicle insurance reports

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

To the Honorable Members of
the Board of Supervisors
County of Warren, 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, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Warren, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Warren, Virginia's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of Industrial Development Authority, of Warren County as described in our report on the County of Warren, Virginia's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Warren, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Warren, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Warren, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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, Farmer, Cox Associates

Charlottesville, Virginia
December 18, 2015

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Warren, 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 Warren, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Warren, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 18, 2015

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950113/0950114	$ 4,515
Temporary Assistance for Needy Families	93.558	0400115/0400114	264,003
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500114	423
Low-Income Home Energy Assistance	93.568	0600415/0600414	25,988
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760114	37,957
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900114	1,785
Children's Health Insurance Program	93.767	0540115/0540114	11,046
Foster Care - Title IV-E	93.658	1100115/1100114	202,265
Adoption Assistance	93.659	1120115/1120114	186,921
Social Services Block Grant	93.667	1000115/1000114	202,483
Chafee Education and Training Vouchers Program	93.599	9160113/9160114	1,754
Chafee Foster Care Independence Program	93.674	9150115/9150114	2,284
Medical Assistance Program	93.778	1200115/1200114	374,685
Total Department Health and Human Services			$ 1,316,109
Department of Agriculture:			
Pass-Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution - Summer Food Service Program for Children	10.559	10.559/2015	$ 1,372
School Breakfast Program	10.553	2015IN109941	300,418
Food distribution - National School Lunch Program	10.555	2015IN109941	186,307
Department of Education:			
National School Lunch Program	10.555	2015IN109941	968,777
Subtotal CFDA 10.555			$ 1,155,084
Schools and Roads - Grants to states	10.665	10.665/2014	1,200
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010114/0040114/0040114/0050115	323,442
Total Department of Agriculture			$ 1,781,516
Department of Housing and Urban Development:			
Pass-Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants States Program and Non-entitlement Grants in Hawaii	14.228	N/A	$ 72,500

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Equitable Sharing Program	16.922		$ 10,500
ATF overtime grant	16.000		2,434
Pass-Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	13VAGX0025	$ 74,785
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11DJBX2177/12DJBX0272	984
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	11JFFX0023	3,005
Total Department of Justice			$ 91,708
Department of Transportation:			
Direct Payments:			
Airport improvement program	20.106		$ 233,710
Total Department of Transportation			$ 233,710
Department of the Treasury			
Direct Payments:			
Equitable Sharing Program	21.000		$ 102,887
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A140046	$ 1,136,573
Special Education Cluster:			
Title VI-B: Special Education Grants to States	84.027	H027A1240107	1,125,688
Title VI-B: Special Education Preschool Grants	84.173	H173A140112	28,040
Career and Technical Education: Basic Grants to States	84.048	V048A140046	88,987
English Language Acquisition Grants	84.365	S365A130046	21,920
Improving Teacher Quality State Grants	84.367	S367A140044/S367A130044	166,999
Advanced Placement Programs	84.330	S330B140008	2,553
Total Department of Education			$ 2,570,760
Total Expenditures of Federal Awards			$ 6,169,190

See accompanying notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

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		$ 2,073,986
Less: Department of the Interior - Payments in lieu of taxes	15.226	(47,017)
Drug forfeiture fund		113,387
Total Primary Government		$ 2,140,356
Component Unit - Warren County School Board:		
School operating fund		$ 4,028,834
Total Component Unit - Warren County School Board		$ 4,028,834
Total expenditures of federal awards per basic financial statements		$ 6,169,190
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards		$ 6,169,190

COUNTY OF WARREN, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State administration matching grants for the supplemental nutrition program
93.558	Temporary assistance for needy family
84.010	Title I: Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None