

COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014

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 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

Karen Hodock, Vice-Chair	Randy Johnson, Chair Henry Blessing	Nick Asbury
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COUNTY SCHOOL BOARD

Roger Morehead, Vice-Chair	Jerri Harman, Chair Sandra Harman	Rob Brizendine
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SOCIAL SERVICES BOARD

Karen Hodock Lanny Lindamood	Margaret Harless, Chair	Stephen Kelly Cathy Stroock
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OTHER OFFICIALS

Clerk of the Circuit Court	Rebecca I. Johnson
Commonwealth's Attorney	Erin DeHart
Commissioner of the Revenue	Cindy U. Wright
Treasurer	John F. Goins
Sheriff	Jerry Thompson
Superintendent of Schools	Christopher Stacy, Ed. D.
Director of Social Services	Kim Brintle
County Administrator	Eric Workman
County Attorney	Paul Cassell

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule of pension and OPEB funding progress on pages 58 and 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Bland, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of County of Bland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Bland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 17, 2014

Basic Financial Statements

County of Bland, Virginia
Statement of Net Position
June 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	\$ 3,162,072	\$ 85,897	\$ 3,247,969	\$ 2,455,852	\$ 440,362	\$ 1,426
Cash in custody of others	-	-	-	106,333	12,309	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,457,833	-	5,457,833	-	-	-
Accounts receivable	111,793	79,825	191,618	-	-	-
Grants receivable	500,070	-	500,070	-	-	-
Notes receivable	-	-	-	-	1,238,218	-
Interest receivable	-	-	-	-	3,121	-
Due from other governmental units	383,765	-	383,765	223,503	-	-
Due from component unit	228,955	-	228,955	-	-	-
Internal balances	473,855	(473,855)	-	-	-	-
Prepaid items	35,587	1,172	36,759	-	-	-
Restricted assets:						
Cash and cash equivalents	-	85,897	85,897	-	-	-
Capital assets, net of accumulated depreciation:						
Land	259,103	255,156	514,259	603,897	390,159	-
Buildings and utility plant	2,992,483	11,254,055	14,246,538	1,433,809	248,364	-
Improvements other than buildings	-	-	-	-	1,126,023	-
Machinery and equipment	282,612	9,941	292,553	377,843	1,818	-
Infrastructure	-	-	-	-	-	352,803
Construction in progress	257,281	2,661,163	2,918,444	-	51,673	-
Total Assets	\$ 14,145,409	\$ 13,959,251	\$ 28,104,660	\$ 5,201,237	\$ 3,512,047	\$ 354,229
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 50,141	\$ 276,912	\$ 327,053	\$ 40,845	\$ -	\$ 4
Accrued payroll	-	-	-	745,143	-	-
Customers' deposits	-	8,209	8,209	-	-	-
Accrued interest payable	25,908	12,736	38,644	-	-	-
Due to primary government	-	-	-	182,382	46,573	-
Noncurrent liabilities:						
Due within one year	234,238	109,938	344,176	123,600	34,852	-
Due in more than one year	3,263,611	3,866,431	7,130,042	151,708	1,200,983	-
Total Liabilities	\$ 3,573,898	\$ 4,274,226	\$ 7,848,124	\$ 1,243,678	\$ 1,282,408	\$ 4
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 4,760,035	\$ -	\$ 4,760,035	\$ -	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 851,663	\$ 10,213,634	\$ 11,065,297	\$ 2,415,549	\$ 1,818,037	\$ 352,803
Restricted:						
Asset forfeiture funds	28,379	-	28,379	-	-	-
Restricted for debt service and bond covenants	-	85,897	85,897	-	-	-
School cafeteria	-	-	-	106,333	-	-
Unrestricted (deficit)	4,931,434	(614,506)	4,316,928	1,435,677	411,602	1,422
Total Net Position	\$ 5,811,476	\$ 9,685,025	\$ 15,496,501	\$ 3,957,559	\$ 2,229,639	\$ 354,225

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

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating		Total	Component Units			
			Grants and Contributions	Capital Grants and Contributions		Primary Government	EDA	Wireless Authority	
					Governmental Activities	Business-type Activities	School Board	EDA	Wireless Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 938,433	\$ -	\$ 273,961	\$ -	\$ (664,472)	\$ (664,472)			
Judicial administration	452,885	1,632	303,477	-	(147,776)	(147,776)			
Public safety	1,700,060	217,958	776,521	-	(705,581)	(705,581)			
Public works	748,735	312,597	6,366	-	(429,772)	(429,772)			
Health and welfare	1,539,871	-	1,175,657	-	(364,214)	(364,214)			
Education	1,925,993	-	-	-	(1,925,993)	(1,925,993)			
Parks, recreation, and cultural	354,602	5,682	-	-	(348,920)	(348,920)			
Community development	343,923	2,401	-	100,000	(241,522)	(241,522)			
Interest on long-term debt	87,939	-	-	-	(87,939)	(87,939)			
Total governmental activities	\$ 8,092,441	\$ 540,270	\$ 2,535,982	\$ 100,000	\$ (4,916,189)	\$ (4,916,189)			
Business-type activities:									
Service Authority	\$ 997,642	\$ 402,887	\$ -	\$ 100,740	\$ (494,015)	\$ (494,015)			
Total primary government	\$ 9,090,083	\$ 943,157	\$ 2,535,982	\$ 200,740	\$ (4,916,189)	\$ (4,916,189)			
COMPONENT UNITS:									
School Board	\$ 9,180,107	\$ 222,030	\$ 5,931,663	\$ -	\$ (3,026,414)	\$ (3,026,414)			
Economic Development Authority (EDA)	553,880	-	-	231,758				(322,122)	
Wireless Authority	20,578	-	-	-					(20,578)
Total component units	\$ 9,754,565	\$ 222,030	\$ 5,931,663	\$ 231,758	\$ (3,026,414)	\$ (3,026,414)			
General revenues:									
General property taxes	\$ 4,265,515	\$ -	\$ 4,265,515	\$ -	\$ -	\$ -			
Other local taxes:									
Local sales and use taxes	316,834	-	316,834	-	-	-			
Consumers' utility taxes	163,861	-	163,861	-	-	-			
Restaurant food taxes	95,020	-	95,020	-	-	-			
Motor vehicle licenses	99,404	-	99,404	-	-	-			
Other local taxes	88,908	-	88,908	-	-	-			
Unrestricted revenues from use of money and property	9,384	-	10,134	19,518	2,439	2,439		128,087	
Miscellaneous	249,023	-	2,306	-	251,329	251,329		245,352	12,075
Contributions from Bland County	-	-	-	-	-	-		1,936,708	147,646
Grants and contributions not restricted to specific programs	595,694	-	-	-	595,694	595,694		-	-
Transfers	(273,902)	-	273,902	-	-	-		-	-
Total general revenues and transfers	\$ 5,609,741	\$ 286,342	\$ 5,896,083	\$ 2,184,191	\$ 275,733	\$ 275,733		\$ 12,075	\$ (8,503)
Change in net position	\$ 693,552	\$ (207,673)	\$ 485,879	\$ (842,223)	\$ (46,389)	\$ (46,389)		\$ 362,728	\$ (354,225)
Net position - beginning, as restated	5,117,924	9,892,698	15,010,622	4,799,782	3,957,559	3,957,559		2,276,028	354,225
Net position - ending	\$ 5,811,476	\$ 9,685,025	\$ 15,496,501	\$ 3,957,559	\$ 2,276,639	\$ 2,276,639		\$ 354,225	\$ -

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

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,162,072
Receivables (net of allowance for uncollectibles):	
Taxes receivable	5,457,833
Accounts receivable	111,793
Grants receivable	500,070
Due from other funds	473,855
Due from component unit	228,955
Due from other governmental units	383,765
Prepaid items	35,587
Total assets	<u>\$ 10,353,930</u>
LIABILITIES	
Accounts payable	<u>\$ 50,141</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>\$ 5,450,029</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 35,587
Restricted:	
Asset forfeiture funds	28,379
Committed:	
Law library	1,225
Courthouse maintenance	67,962
Courtroom security	158,899
Selective enforcement	617
Emergency 911	58,597
Assigned:	
Dare program	51
Patrol fund	12,163
Recreation reserves	6,160
General reserves	2,080,005
Unassigned	<u>2,404,115</u>
Total fund balances	<u>\$ 4,853,760</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,353,930</u>

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

County of Bland, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 4,853,760
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 259,103	
Buildings and system	2,992,483	
Machinery, equipment, and vehicles	282,612	
Construction in progress	257,281	3,791,479
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes		689,994
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease revenue bonds	\$ (2,555,000)	
General obligation bonds	(65,000)	
Unamortized bond premium	(319,816)	
Landfill accrued post-closure costs	(117,920)	
Net OPEB obligation	(364,494)	
Compensated absences	(75,619)	
Accrued interest payable	(25,908)	(3,523,757)
Net position of governmental activities		\$ 5,811,476

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

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>
REVENUES	
General property taxes	\$ 4,222,834
Other local taxes	764,027
Permits, privilege fees, and regulatory licenses	21,115
Fines and forfeitures	190,822
Revenue from the use of money and property	9,384
Charges for services	328,333
Miscellaneous	249,023
Recovered costs	564,159
Intergovernmental:	
Commonwealth	2,354,866
Federal	876,810
Total revenues	<u>\$ 9,581,373</u>
EXPENDITURES	
Current:	
General government administration	\$ 1,037,305
Judicial administration	457,972
Public safety	1,557,278
Public works	839,446
Health and welfare	1,545,538
Education	1,944,220
Parks, recreation, and cultural	319,309
Community development	549,524
Capital projects	209,277
Debt service:	
Principal retirement	155,000
Interest and other fiscal charges	107,157
Total expenditures	<u>\$ 8,722,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 859,347</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>\$ (273,902)</u>
Total other financing sources (uses)	<u>\$ (273,902)</u>
Net change in fund balances	\$ 585,445
Fund balances - beginning, as restated	<u>4,268,315</u>
Fund balances - ending	<u><u>\$ 4,853,760</u></u>

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

County of Bland, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	585,445
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 286,626	
Depreciation expense	<u>(299,564)</u>	(12,938)

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

(Increase) decrease in unavailable revenue-property taxes		42,681
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Payments of principal:		
Revenue bonds	\$ 65,000	
General obligation bonds	90,000	
Decrease in landfill accrued closure and post-closure monitoring costs	<u>21,631</u>	176,631

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 compensated absences	\$ 1,602	
(Increase) decrease in net OPEB obligation	(119,087)	
(Increase) decrease in accrued interest payable	1,694	
Amortization of bond premium	<u>17,524</u>	<u>(98,267)</u>

Change in net position of governmental activities	\$	<u><u>693,552</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 85,897	\$ 440,362	\$ 1,426
Cash in custody of others	-	12,309	-
Note receivable	-	1,238,218	-
Interest receivable	-	3,121	-
Accounts receivable, net of allowance for uncollectibles	79,825	-	-
Prepaid items	1,172	-	-
Total current assets	<u>\$ 166,894</u>	<u>\$ 1,694,010</u>	<u>\$ 1,426</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents (in custody of others)	\$ 85,897	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 390,159	\$ -
Buildings and utility plant in service	11,254,055	248,364	-
Improvements other than buildings	-	1,126,023	-
Machinery and equipment	9,941	1,818	-
Infrastructure	-	-	352,803
Construction in progress	2,661,163	51,673	-
Total capital assets	<u>\$ 14,180,315</u>	<u>\$ 1,818,037</u>	<u>\$ 352,803</u>
Total noncurrent assets	<u>\$ 14,266,212</u>	<u>\$ 1,818,037</u>	<u>\$ 352,803</u>
Total assets	<u>\$ 14,433,106</u>	<u>\$ 3,512,047</u>	<u>\$ 354,229</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 276,912	\$ 46,573	\$ 4
Customers' deposits	8,209	-	-
Accrued interest payable	12,736	-	-
Due to primary government	473,855	-	-
Compensated absences - current portion	7,266	-	-
Bonds payable - current portion	102,672	-	-
Note payable - current portion	-	34,852	-
Total current liabilities	<u>\$ 881,650</u>	<u>\$ 81,425</u>	<u>\$ 4</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 3,864,009	\$ -	\$ -
Compensated absences - net of current portion	2,422	-	-
Note payable - net of current portion	-	1,200,983	-
Total noncurrent liabilities	<u>\$ 3,866,431</u>	<u>\$ 1,200,983</u>	<u>\$ -</u>
Total liabilities	<u>\$ 4,748,081</u>	<u>\$ 1,282,408</u>	<u>\$ 4</u>
NET POSITION			
Net investment in capital assets	\$ 10,213,634	\$ 1,818,037	\$ 352,803
Restricted for debt service and bond covenants	85,897	-	-
Unrestricted	(614,506)	411,602	1,422
Total net position	<u>\$ 9,685,025</u>	<u>\$ 2,229,639</u>	<u>\$ 354,225</u>

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

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 297,687	\$ -	\$ -
Sewer revenues	101,285	-	-
Connection fees	3,915	-	-
Rental income	-	73,556	12,075
Other revenues	9,920	-	-
Miscellaneous	2,306	-	-
Total operating revenues	<u>\$ 415,113</u>	<u>\$ 73,556</u>	<u>\$ 12,075</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 187,428	\$ 4,183	\$ 1,182
Utilities	47,061	-	3,958
Rent of Equipment	-	-	2,676
Purchase of water	132,155	-	-
Maintenance and repairs	67,079	-	-
Equipment and repairs	-	-	2,837
Office expense	14,309	4,256	-
Insurance	5,521	-	-
Permits	4,688	-	-
Professional services	5,487	-	-
Indian Village	-	179,918	-
Miscellaneous	2,739	1,182	-
Depreciation	428,687	51,910	9,925
Total operating expenses	<u>\$ 895,154</u>	<u>\$ 241,449</u>	<u>\$ 20,578</u>
Operating income (loss)	<u>\$ (480,041)</u>	<u>\$ (167,893)</u>	<u>\$ (8,503)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 214	\$ 54,531	\$ -
Interest expense	(102,488)	(49,006)	-
Total nonoperating revenues (expenses)	<u>\$ (102,274)</u>	<u>\$ 5,525</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (582,315)</u>	<u>\$ (162,368)</u>	<u>\$ (8,503)</u>
Capital contributions and construction grants	\$ 100,740	\$ 231,758	\$ -
Capital contributions and construction grant payments	-	(263,425)	-
Transfers in (Contributions from primary government)	273,902	147,646	-
Change in net position	<u>\$ (207,673)</u>	<u>\$ (46,389)</u>	<u>\$ (8,503)</u>
Net position - beginning, as retated	9,892,698	2,276,028	362,728
Net position - ending	<u>\$ 9,685,025</u>	<u>\$ 2,229,639</u>	<u>\$ 354,225</u>

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

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 396,153	\$ 102,982	\$ 12,075
Payments to suppliers	(220,625)	(188,117)	(9,467)
Payments to and for employees	(187,428)	(4,183)	(1,182)
Net cash provided by (used for) operating activities	<u>\$ (11,900)</u>	<u>\$ (89,318)</u>	<u>\$ 1,426</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 273,902	\$ -	\$ -
Contributions from primary government	-	147,646	-
Advances from other funds	441,510	-	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 715,412</u>	<u>\$ 147,646</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (2,061,600)	\$ -	\$ -
Proceeds from indebtedness	1,406,035	-	-
Principal payments on bonds	(84,634)	(31,450)	-
Capital contributions received	100,740	231,758	-
Capital contributions disbursed	-	(263,425)	-
Interest payments	(104,752)	(52,201)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (744,211)</u>	<u>\$ (115,318)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 214	\$ 54,605	\$ -
Net cash provided by (used for) investing activities	<u>\$ 214</u>	<u>\$ 54,605</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ (40,485)	\$ (2,385)	\$ 1,426
Cash and cash equivalents - beginning	212,279	455,056	-
Cash and cash equivalents - ending	<u>\$ 171,794</u>	<u>\$ 452,671</u>	<u>\$ 1,426</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (480,041)	\$ (167,893)	\$ (8,503)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 428,687	\$ 51,910	\$ 9,925
(Increase) decrease in accounts receivable	(18,960)	-	-
(Increase) decrease in notes receivables	-	29,426	-
(Increase) decrease in prepaid items	8,760	-	-
Increase (decrease) in accounts payable	49,654	(2,761)	4
Total adjustments	<u>\$ 468,141</u>	<u>\$ 78,575</u>	<u>\$ 9,929</u>
Net cash provided by (used for) operating activities	<u>\$ (11,900)</u>	<u>\$ (89,318)</u>	<u>\$ 1,426</u>

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

County of Bland, Virginia
 Statement of Net Position
 Fiduciary Fund
 June 30, 2014

	<u>Agency Fund</u> <u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 18,789
Total assets	<u>\$ 18,789</u>
 LIABILITIES	
Amounts held for social services clients	\$ 18,789
Total liabilities	<u>\$ 18,789</u>

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

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

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

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

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

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County of Bland and the County of Smyth participate in supporting the Smyth/Bland Regional Library. The respective governing bodies of the participating jurisdictions appoint the governing body of this organization. For the year ended June 30, 2014, the County contributed \$126,085 to the Regional Library.

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

A. Financial Reporting Entity (Continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act").

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

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

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

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

2. Receivables and Payables (Continued)

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$169,547 at June 30, 2014. The allowance consists of delinquent taxes in the amount of \$143,125, delinquent garbage bills of \$21,985, and delinquent water and sewer bills of \$4,437.

5. Use of Estimates

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

6. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

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

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

6. Capital Assets (Continued)

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

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

7. Compensated Absences

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

8. Long-Term Obligations

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

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

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

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

9. Fund Equity

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

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

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

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

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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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

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

10. Deferred Outflows/Inflows of Resources (Continued)

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 one type of item that qualifies 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 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

11. 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.

12. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary Information (Continued)

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

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, the Rescue Squads Department had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2014, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3-Deposits and Investments: (Continued)

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2014.

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Local Government:</u>		
Due from SREC, Inc	\$ 14,737	\$ -
Due from Wythe-Bland Foundation	-	32,559
<u>Commonwealth of Virginia:</u>		
Local sales tax	122,791	-
State sales tax	-	147,087
Shared expenses	77,279	-
Categorical aid	27,831	-
Non-categorical aid	21,009	-
Virginia public assistance funds	24,880	-
Community services act	53,609	-
<u>Federal Government:</u>		
Virginia public assistance funds	41,629	-
School grants	-	43,857
	<u> </u>	<u> </u>
Totals	<u>\$ 383,765</u>	<u>\$ 223,503</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 273,902
Water and Sewer Fund	273,902	-
Total	<u>\$ 273,902</u>	<u>\$ 273,902</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 5-Interfund Transfers and Balances: (Continued)

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

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 228,955
Component Unit:		
School Board	\$ 182,382	\$ -
Economic Development Authority (EDA)	46,573	-
Total	\$ 228,955	\$ -

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2014.

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 130,000	\$ -	\$ (65,000)	\$ 65,000
Lease revenue bond	2,645,000	-	(90,000)	2,555,000
Deferred Amounts:				
Bond premium	337,340	-	(17,524)	319,816
Landfill post-closure monitoring liability	139,551	-	(21,631)	117,920
Net OPEB obligation	245,407	130,984	(11,897)	364,494
Compensated absences	77,221	56,314	(57,916)	75,619
Total	\$ 3,574,519	\$ 187,298	\$ (263,968)	\$ 3,497,849

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Bond	
	Principal	Interest	Principal	Interest
2015	\$ 65,000	\$ 1,788	\$ 95,000	\$ 99,228
2016	-	-	95,000	96,284
2017	-	-	100,000	92,413
2018	-	-	105,000	87,809
2019	-	-	110,000	83,000
2020-2024	-	-	640,000	329,338
2025-2029	-	-	775,000	191,206
2030-2033	-	-	635,000	41,391
Totals	\$ 65,000	\$ 1,788	\$ 2,555,000	\$ 1,020,669

Details of long-term indebtedness:

	Amount	Within One Year
General Obligation Bonds:		
\$710,000 general obligation bonds issued September 15, 1999 with principal payments due annually on September 15th varying from \$35,000 to \$65,000. Interest is payable semi-annually on September 15th and March 15th at rates varying from 5.0% to 5.5%.	\$ 65,000	\$ 65,000
Lease Revenue Bond:		
\$2,645,000 revenue bond issued December 6, 2012 with principal payments due annually on October 1st varying from \$90,000 to \$185,000. Interest is payable semi-annually on April 1st and October 1st at rates varying from 2.163% to 4.821%.	\$ 2,555,000	\$ 95,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Amount</u>	<u>Within One Year</u>
Deferred Amounts:		
Unamortized premium	\$ 319,816	\$ 17,524
Other Obligations:		
Landfill post-closure monitoring liability	\$ 117,920	\$ -
Net OPEB obligation	364,494	-
Compensated absences	75,619	56,714
Total Other Obligations	<u>\$ 558,033</u>	<u>\$ 56,714</u>
Total Governmental Activities Long-Term Obligations	<u><u>\$ 3,497,849</u></u>	<u><u>\$ 234,238</u></u>

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2014.

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Revenue Bonds	\$ 2,645,280	\$ 1,406,035	\$ (84,634)	\$ 3,966,681
Compensated Absences	9,688	7,266	(7,266)	9,688
Total	<u>\$ 2,654,968</u>	<u>\$ 1,413,301</u>	<u>\$ (91,900)</u>	<u>\$ 3,976,369</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2015	\$ 102,672	\$ 90,944
2016	98,733	94,883
2017	101,942	91,674
2018	105,295	88,321
2019	108,799	84,818
2020-2024	552,312	365,769
2025-2029	496,519	259,196
2030-2034	518,650	152,549
2035-2039	407,874	53,092
2040-2041	68,590	2,537
Totals	\$ 2,561,386	\$ 1,283,783

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Revenue Bonds:		
\$222,165 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,074 through August 17, 2025	\$ 110,575	\$ 7,531
\$200,700 Rural Development revenue bond, issued July 17, 1986, with interest accruing at 4.5%, due in monthly principal and interest installments of \$904 through November 17, 2025	96,777	6,629
\$54,600 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$269 through July 10, 2031	37,072	1,407
\$293,000 Rural Development revenue bond, issued February 10, 1992, with interest accruing at 5.0%, due in monthly principal and interest installments of \$1,439 through November 10, 2031	200,850	7,394

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue Bonds: (Continued)		
\$475,000 Rural Development revenue bond, issued January 15, 1996, with interest accruing at 4.5%, due in monthly principal and interest installments of \$2,181 through July 14, 2035	\$ 356,806	\$ 10,327
\$344,600 Rural Development revenue bond, issued August 13, 1998, with interest accruing at 4.5%, due in monthly principal and interest installments of \$1,582 through May 13, 2038	278,001	6,610
\$832,650 Rural Development revenue bond, issued May 22, 2001, with interest accruing at 4.5%, due in monthly principal and interest installments of \$3,822 through December 28, 2040	709,938	14,208
\$500,000 Revolving Loan, issued February 1, 2001, through the Virginia Resource Authority with semi-annual payments of \$12,500 beginning August 1, 2002 and continuing through February 1, 2022, with the loan bearing no interest	200,000	25,000
\$579,359 loan, issued June 26, 2012, through the Virginia Resource Authority, interest accruing at 3.00% with semi-annual payments of \$16,682 beginning February 1, 2014 and continuing through February 1, 2043	571,367	23,566
\$6,590,000 Rural Development Bond issued August 1, 2012 bearing interest at 2.125%. As of June 30, 2014, the loan was still in draw-down phase with a balance of \$1,405,295.**	1,405,295	-
Total Revenue Bonds	<u>\$ 3,966,681</u>	<u>\$ 102,672</u>
Other Obligations:		
Compensated absences	<u>\$ 9,688</u>	<u>\$ 7,266</u>
Total Business-type Activities Long-Term Obligations	<u>\$ 3,976,369</u>	<u>\$ 109,938</u>

** This bond is early in the draw-down phase and no amortization is provided.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7-Long-Term Obligations-Component Units:

Discretely Presented Component Unit - Economic Development Authority (EDA):

The following is a summary of long-term obligation transactions of the EDA for the year ended June 30, 2014.

	<u>Balance</u> <u>July 1, 2013</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
SBA Note Payable	\$ 1,267,285	\$ -	\$ (31,450)	\$ 1,235,835

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

<u>Year Ending</u> <u>June 30,</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 34,852	\$ 48,799
2016	36,272	47,379
2017	37,749	45,901
2018	1,126,962	14,962
Totals	\$ 1,235,835	\$ 157,041

Details of long-term indebtedness:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
<u>Note Payable:</u>		
\$1,450,000 Small Business Administration Loan, issued July 1, 2008, through the SBA with interest accruing at 4.074%, due in monthly principal and interest installments of \$6,971 beginning August 7, 2008 and continuing through November 1, 2017.	\$ 1,235,835	\$ 34,852
Total EDA Long-Term Obligations	\$ 1,235,835	\$ 34,852

Note 7-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit - School Board Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2014.

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Compensated absences	\$ 167,825	\$ 122,844	\$ (125,869)	\$ 164,800
Net OPEB obligation	84,274	66,934	(40,700)	110,508
Total	<u>\$ 252,099</u>	<u>\$ 189,778</u>	<u>\$ (166,569)</u>	<u>\$ 275,308</u>

Details of long-term indebtedness:

<u>Other Obligations:</u>	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
Compensated absences	\$ 164,800	\$ 123,600
Net OPEB obligation	110,508	-
Total School Board Long-Term Obligations	<u>\$ 275,308</u>	<u>\$ 123,600</u>

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Note 8-Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

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

VRS - PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. 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 VRS 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.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS - PLAN 1 (Continued)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **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.
6. **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.

7. **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.

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.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

- 13. 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%.

- 14. 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.

- 15. 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.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

16. **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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **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.

VRS – PLAN 2

1. **Plan Overview** - VRS 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 VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS 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.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

4. **Retirement Contributions** - Same as VRS Plan 1-Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1- Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1-Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1-Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **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%.
14. **Eligibility** - Same as VRS Plan 1-Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1-Refer to Section 15.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

- 16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **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 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

5. 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 Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. 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. VRS Plan 1 or VRS 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 Contribution 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.

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.

Note 8 Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1–Refer to Section 7.

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.

8. Average Final Compensation - Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2-Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2-Refer to Section 17.

Defined Contribution Component - Not Applicable.

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/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8-Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 17.17% and 10.50% (excluding the 5% member contribution) of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$483,046, \$473,850, and \$251,494, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$338,724 was equal to the required and actual contributions for the County. For fiscal year 2014, the School Board's annual pension cost of \$48,884 was equal to the required and actual contributions for the School Board non-professional employees.

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) ¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	6/30/2014	\$ 338,724	100.00%	\$ -
	6/30/2013	382,691	100.00%	-
	6/30/2012	291,959	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2014	\$ 48,884	100.00%	\$ -
	6/30/2013	69,734	100.00%	-
¹ Employer portion only	6/30/2012	37,116	100.00%	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 8-Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 65.53% funded. The actuarial accrued liability for benefits was \$8,121,873, and the actuarial value of assets was \$5,322,619, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,799,254. The covered payroll (annual payroll of active employees covered by the plan) was \$1,800,966 and ratio of the UAAL to the covered payroll was 155.43%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 87.37% funded. The actuarial accrued liability for benefits was \$1,467,723, and the actuarial value of assets was \$1,282,333, resulting in an unfunded actuarial accrued liability (UAAL) of \$185,390. The covered payroll (annual payroll of active employees covered by the plan) was \$446,111 and ratio of the UAAL to the covered payroll was 41.56%.

Note 9-Deferred Inflows of Resources:

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

	<u>Unavailable</u>
Delinquent property taxes receivable	\$ 5,407,553
Prepaid taxes	<u>42,476</u>
Total unavailable revenue for governmental funds	<u>\$ 5,450,029</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 259,103	\$ -	\$ -	\$ 259,103
Construction in progress	-	257,281	-	257,281
Total capital assets not being depreciated	<u>\$ 259,103</u>	<u>\$ 257,281</u>	<u>\$ -</u>	<u>\$ 516,384</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,951,108	\$ 10,194	\$ -	\$ 4,961,302
Machinery and equipment	2,624,815	19,151	(19,224)	2,624,742
Total capital assets being depreciated	<u>\$ 7,575,923</u>	<u>\$ 29,345</u>	<u>\$ (19,224)</u>	<u>\$ 7,586,044</u>
Accumulated depreciation:				
Buildings and improvements	\$ (1,812,261)	\$ (156,558)	\$ -	\$ (1,968,819)
Machinery and equipment	(2,218,348)	(143,006)	19,224	(2,342,130)
Total accumulated depreciation	<u>\$ (4,030,609)</u>	<u>\$ (299,564)</u>	<u>\$ 19,224</u>	<u>\$ (4,310,949)</u>
Total capital assets being depreciated, net	<u>\$ 3,545,314</u>	<u>\$ (270,219)</u>	<u>\$ -</u>	<u>\$ 3,275,095</u>
Governmental activities capital assets, net	<u>\$ 3,804,417</u>	<u>\$ (12,938)</u>	<u>\$ -</u>	<u>\$ 3,791,479</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10-Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	471,986	2,189,177	-	2,661,163
Total capital assets not being depreciated	<u>\$ 727,142</u>	<u>\$ 2,189,177</u>	<u>\$ -</u>	<u>\$ 2,916,319</u>
Capital assets, being depreciated:				
Utility plant	\$ 16,823,061	\$ -	\$ -	\$ 16,823,061
Machinery and equipment	143,362	-	-	143,362
Total capital assets being depreciated	<u>\$ 16,966,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,966,423</u>
Accumulated depreciation:				
Utility plant	\$ (5,143,633)	\$ (425,373)	\$ -	\$ (5,569,006)
Machinery and equipment	(130,107)	(3,314)	-	(133,421)
Total accumulated depreciation	<u>\$ (5,273,740)</u>	<u>\$ (428,687)</u>	<u>\$ -</u>	<u>\$ (5,702,427)</u>
Total capital assets being depreciated, net	<u>\$ 11,692,683</u>	<u>\$ (428,687)</u>	<u>\$ -</u>	<u>\$ 11,263,996</u>
Business-type activities capital assets, net	<u>\$ 12,419,825</u>	<u>\$ 1,760,490</u>	<u>\$ -</u>	<u>\$ 14,180,315</u>

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

Governmental activities:

General government administration	\$ 127,265
Judicial administration	281
Public safety	114,819
Public works	19,103
Health and welfare	2,803
Parks, recreation, and cultural	35,293

Total depreciation expense-governmental activities \$ 299,564

Business-type activities:

Service authority	<u>\$ 428,687</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10-Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 603,897	\$ -	\$ -	\$ 603,897
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,709,065	\$ -	\$ -	\$ 3,709,065
Machinery and equipment	1,742,268	120,347	(75,150)	1,787,465
Total capital assets being depreciated	<u>\$ 5,451,333</u>	<u>\$ 120,347</u>	<u>\$ (75,150)</u>	<u>\$ 5,496,530</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,170,083)	\$ (105,173)	\$ -	\$ (2,275,256)
Machinery and equipment	(1,346,457)	(138,007)	74,842	(1,409,622)
Total accumulated depreciation	<u>\$ (3,516,540)</u>	<u>\$ (243,180)</u>	<u>\$ 74,842</u>	<u>\$ (3,684,878)</u>
Total capital assets being depreciated, net	<u>\$ 1,934,793</u>	<u>\$ (122,833)</u>	<u>\$ (308)</u>	<u>\$ 1,811,652</u>
Governmental activities capital assets, net	<u>\$ 2,538,690</u>	<u>\$ (122,833)</u>	<u>\$ (308)</u>	<u>\$ 2,415,549</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10-Capital Assets: (Continued)

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 390,159	\$ -	\$ -	\$ 390,159
Construction in progress	51,673	-	-	51,673
Total capital assets not being depreciated	<u>\$ 441,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,832</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 299,636	\$ -	\$ -	\$ 299,636
Land improvements	1,196,154	-	-	1,196,154
Machinery and equipment	4,546	-	-	4,546
Total capital assets being depreciated	<u>\$ 1,500,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,336</u>
Accumulated depreciation:				
Buildings and improvements	\$ (39,688)	\$ (11,584)	\$ -	\$ (51,272)
Land improvements	(30,259)	(39,872)	-	(70,131)
Machinery and equipment	(2,274)	(454)	-	(2,728)
Total accumulated depreciation	<u>\$ (72,221)</u>	<u>\$ (51,910)</u>	<u>\$ -</u>	<u>\$ (124,131)</u>
Total capital assets being depreciated, net	<u>\$ 1,428,115</u>	<u>\$ (51,910)</u>	<u>\$ -</u>	<u>\$ 1,376,205</u>
Business-type activities capital assets, net	<u>\$ 1,869,947</u>	<u>\$ (51,910)</u>	<u>\$ -</u>	<u>\$ 1,818,037</u>

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Note 10-Capital Assets: (Continued)

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 397,018	\$ -	\$ -	\$ 397,018
Accumulated depreciation:				
Infrastructure	\$ (34,290)	\$ (9,925)		\$ (44,215)
Business-type activities capital assets, net	\$ 362,728	\$ (9,925)	\$ -	\$ 352,803

Note 11-Risk Management:

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

Note 12-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 13-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Rebecca I. Johnson, Clerk of the Circuit Court	\$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Jerry Thompson, Sheriff	30,000

Note 14-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$117,920. These amounts are based on what it would cost to perform all post-closure care in 2014. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the Department of Environmental Quality’s assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 15 - School Board Early Retirement Incentive Program:

The Component Unit - School Board offered a one-time retirement plan in an attempt to balance the 2010-2011 budget. This policy expired on July 1, 2010 and was deleted for future retirees after the deadline. Early retirement was available to those employees with a minimum of thirty years of service in public education covered by the Virginia Retirement System (VRS). To participate, the employee must be a vested member of the VRS, not presently receiving VRS benefits. The retiree must work fourteen days per year prior to June 1st in order to receive payment. In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 16% of an employee’s final contracted salary, earned before the effective date of retirement, for a period of 7 years or until death or acceptance of disability retirement. At June 30, 2014, the remaining commitment amounted to \$162,816.

Note 16-Other Postemployment Benefits - Health Insurance:

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. The County recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the County’s future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the fiscal year 2013 liability.

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

A. Plan Description

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

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

B. Funding Policy

The County and School Board currently pay for the post-retirement health care benefits on a pay-as-you-go basis. The County and School Board currently have 53 and 138 employees that are eligible, respectively, for the program. County retirees must pay the full premium. Any additional premium to cover a spouse and dependents is also paid by the retiree. In addition, the School Board pays for retirees under age 65 who have at least 15 years of service with the System, the System contributes \$1.50 per year of VRS service per month up to \$45.00. Retirees with less than 15 years of service are responsible for 100% of their premiums. All retirees are responsible for providing the difference between the premium and the amount contributed by the System.

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

	Premiums
Employee Only	\$ 475.00
Employee & Spouse	879.00
Employee & Family	1,283.00

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

	Anthem Key Care 15	Anthem Key Care 20
Employee Only	\$ 563.21	\$ 541.07
Employee & Spouse	1,260.04	1,210.44
Employee & Child	765.52	735.40
Employee & Family	1,666.34	1,600.73
Family	1,437.84	1,308.44

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

B. Funding Policy (Continued)

The County and School Board are required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost and Net OPEB Obligation

For 2014, the County's annual OPEB cost (expense) of \$130,984 was not equal to the ARC of \$130,616. The obligation calculation is as follows:

Annual required contribution	\$ 130,616
Interest on net OPEB obligation	368
Annual OPEB cost (expense)	<u>130,984</u>
Contributions made	<u>(11,897)</u>
Increase in net OPEB obligation	119,087
Net OPEB obligation - beginning of year	<u>245,407</u>
Net OPEB obligation - end of year	<u>\$ 364,494</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 130,984	9.08%	\$ 364,494
6/30/2013	130,806	9.10%	245,407
6/30/2012	53,047	20.37%	126,498

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Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

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

For 2014, the School Board's annual OPEB cost (expense) of \$66,934 was not equal to the ARC of \$67,100. The obligation calculation is as follows:

Annual required contribution	\$ 67,100
Interest on net OPEB obligation	2,950
Adjustment to annual required contribution	<u>(3,116)</u>
Annual OPEB cost (expense)	66,934
Contributions made	<u>(40,700)</u>
Increase in net OPEB obligation	26,234
Net OPEB obligation - beginning of year	84,274
Net OPEB obligation - end of year	<u>\$ 110,508</u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2014	\$ 66,934	60.81%	\$ 110,508
6/30/2013	64,681	62.92%	84,274
6/30/2012	60,893	58.63%	60,293

D. Funded Status and Funding Progress

The funded status of the Plan for the County as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 756,056
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 756,056
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 1,811,419
UAAL as a percentage of covered payroll	41.74%

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

D. Funded Status and Funding Progress: (Continued)

The funded status of the Plan for the School Board as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	700,700
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	700,700
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	4,338,800
UAAL as a percentage of covered payroll		16.15%

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

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

E. Actuarial Methods and Assumptions

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

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

As of June 30, 2013, the most recent actuarial valuation date of the County, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 1.80 percent, plus productivity component of 1.25 percent, investment rate of return at 1.62 percent, and a health care trend rate of 7.20 percent graded to 7.00 percent over 9 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013 was 30 years.

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

As of June 30, 2013, the most recent actuarial valuation date of the Schools, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.50 percent, plus productivity component of 1.25 percent, investment rate of return at 3.50 percent, and a health care trend rate of 7.00 percent graded to 4.80 percent over 70 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2013 was 30 years.

Note 17-Other Postemployment Benefits - VRS Health Insurance Credit:

County:

A. Plan Description

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2014 was 0.47% of annual covered payroll.

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

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

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

For 2014, the County's contribution of \$2,570 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years are as follows:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
County	6/30/2014	\$ 2,570	100.00%	\$ -
	6/30/2013	1,101	100.00%	-
	6/30/2012	2,048	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 31,251
Actuarial value of plan assets	\$ 5,041
Unfunded actuarial accrued liability (UAAL)	\$ 26,210
Funded ratio (actuarial value of plan assets/AAL)	16.13%
Covered payroll (active plan members)	\$ 498,302
UAAL as a percentage of covered payroll	5.26%

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

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

Note 17-Other Post-Employment Benefits - VRS Health Insurance Credit: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2013 was 30 years.

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

Professional Employees - Discretely Presented Component Unit School Board:

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2014, 2013, and 2012 were \$45,357, \$45,109, and \$23,838 respectively and equaled the required contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 18-Litigation:

As of June 30, 2014, there were no matters of litigation involving the County which would materially affect the County's financial position should an court decisions on pending matters not be favorable.

Note 19-Commitments and Contingencies:

The County has obligated funds for the project described below as of June 30, 2014:

	Original Contract	Amount Paid As of 6/30/2014	Remaining Contract Amount	Retainage Payable
Bland Sewer Project	\$ 3,410,326	\$ 1,901,203	\$ 1,509,123	\$ 90,806

Note 20-Restatement of Net Position/Fund Balance:

The beginning equity amounts were restated as demonstrated below:

	Primary Government		
	Net Position		Fund Balance
	Governmental Activities	Business-type Activities	General Fund
As previously reported 6/30/13	\$ 5,270,939	\$ 9,925,043	\$ 4,421,330
Adjustment for Service Authority loan	32,345	(32,345)	32,345
Adjustment for grants receivable	(185,360)	-	(185,360)
As restated 6/30/13	<u>\$ 5,117,924</u>	<u>\$ 9,892,698</u>	<u>\$ 4,268,315</u>

Note 21-Upcoming Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 will require governments with defined benefit pension plans to disclose a "net pension liability" on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. This standard will be effective for the fiscal year ending June 30, 2015. The County believes the implementation of Statement No. 68 will significantly impact the County and Component Unit School Board's net position; however, no formal study or estimate of the impact of this standard has been performed.

Required Supplementary Information

County of Bland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$ 4,345,047	\$ 4,345,047	\$ 4,222,834	\$ (122,213)
Other local taxes	640,542	640,542	764,027	123,485
Permits, privilege fees, and regulatory licenses	25,825	25,825	21,115	(4,710)
Fines and forfeitures	350,160	350,160	190,822	(159,338)
Revenue from the use of money and property	10,765	10,765	9,384	(1,381)
Charges for services	358,576	358,576	328,333	(30,243)
Miscellaneous	59,335	255,115	249,023	(6,092)
Recovered costs	666,103	669,133	564,159	(104,974)
Intergovernmental:				
Commonwealth	2,583,953	2,805,243	2,354,866	(450,377)
Federal	660,970	858,924	876,810	17,886
Total revenues	<u>\$ 9,701,276</u>	<u>\$ 10,319,330</u>	<u>\$ 9,581,373</u>	<u>\$ (737,957)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,108,905	\$ 1,087,279	\$ 1,037,305	\$ 49,974
Judicial administration	465,852	466,012	457,972	8,040
Public safety	1,494,773	1,666,482	1,557,278	109,204
Public works	931,512	918,970	839,446	79,524
Health and welfare	1,792,930	1,867,204	1,545,538	321,666
Education	2,009,599	2,009,599	1,944,220	65,379
Parks, recreation, and cultural	318,491	342,396	319,309	23,087
Community development	588,706	789,904	549,524	240,380
Capital projects	460,000	678,856	209,277	469,579
Debt service:				
Principal retirement	254,360	254,360	155,000	99,360
Interest and other fiscal charges	16,003	16,003	107,157	(91,154)
Total expenditures	<u>\$ 9,441,131</u>	<u>\$ 10,097,065</u>	<u>\$ 8,722,026</u>	<u>\$ 1,375,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 260,145</u>	<u>\$ 222,265</u>	<u>\$ 859,347</u>	<u>\$ 637,082</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(260,145)	(275,425)	(273,902)	1,523
Total other financing sources (uses)	<u>\$ (260,145)</u>	<u>\$ (275,425)</u>	<u>\$ (273,902)</u>	<u>\$ 1,523</u>
Net change in fund balances	\$ -	\$ (53,160)	\$ 585,445	\$ 638,605
Fund balances - beginning, as restated	-	53,160	4,268,315	4,215,155
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853,760</u>	<u>\$ 4,853,760</u>

County of Bland, Virginia
Schedule of Pension and OPEB Funding Progress

Primary Government: County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 5,322,619	\$ 8,121,873	\$ 2,799,254	65.53%	\$ 1,800,966	155.43%
6/30/2012	5,141,834	8,301,874	3,160,040	61.94%	1,811,419	174.45%
6/30/2011	5,070,572	7,902,264	2,831,692	64.17%	1,830,097	154.73%

Discretely Presented Component Unit: School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 1,282,333	\$ 1,467,723	\$ 185,390	87.37%	\$ 446,111	41.56%
6/30/2012	1,209,873	1,460,067	250,194	82.86%	435,010	57.51%
6/30/2011	1,176,989	1,404,541	227,552	83.80%	495,852	45.89%

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

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

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

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

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

Primary Government: Other Postemployment Benefit-VRS Health Insurance Credit

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 5,041	\$ 31,251	\$ 26,210	16.13%	\$ 498,302	5.26%
6/30/2012	6,270	34,043	27,773	18.42%	542,162	5.12%
6/30/2011	7,357	30,519	23,162	24.11%	511,159	4.53%

Other Supplementary Information

FIDUCIARY FUND

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

County of Bland, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2014

<u>Agency Fund - Special Welfare</u>				
	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Assets				
Cash and cash equivalents	\$ 20,247	\$ 19,798	\$ (21,256)	\$ 18,789
Liabilities				
Amounts held for social services clients	\$ 20,247	\$ 19,798	\$ (21,256)	\$ 18,789

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

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

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,455,852
Cash in custody of others		106,333
Due from other governmental units		223,503
Total assets		<u>\$ 2,785,688</u>
LIABILITIES		
Accounts payable	\$	40,845
Accrued payroll		745,143
Due to primary government		182,382
Total liabilities		<u>\$ 968,370</u>
FUND BALANCES		
Restricted:		
School cafeteria	\$	106,333
Assigned:		
Textbook payments		36,677
Future school construction		1,595,251
Unassigned		
Total fund balances		<u>\$ 1,817,318</u>
Total liabilities and fund balances		<u>\$ 2,785,688</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	1,817,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	603,897
Buildings and system		1,433,809
Machinery and equipment		<u>377,843</u>
		2,415,549
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB obligation	\$	(110,508)
Compensated absences		<u>(164,800)</u>
		(275,308)
Net position of governmental activities		<u>\$ 3,957,559</u>

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

		<u>School Operating Fund</u>
REVENUES		
Revenue from the use of money and property	\$	2,439
Charges for services		222,030
Miscellaneous		245,352
Recovered costs		40,708
Intergovernmental:		
Local government		1,936,708
Commonwealth		5,190,310
Federal		741,353
Total revenues	\$	<u>8,378,900</u>
EXPENDITURES		
Current:		
Education	\$	<u>9,074,773</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(695,873)</u>
Net change in fund balances	\$	(695,873)
Fund balances - beginning		<u>2,513,191</u>
Fund balances - ending	\$	<u><u>1,817,318</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Net change in fund balances - total governmental funds - per above	\$	(695,873)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	\$	120,347
Depreciation expense		<u>(243,180)</u>
		(122,833)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(308)
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 compensated absences	\$	3,025
(Increase) decrease in net OPEB obligation		<u>(26,234)</u>
		(23,209)
Change in net position of governmental activities	\$	<u><u>(842,223)</u></u>

County of Bland, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,439	\$ 2,439
Charges for services	-	-	222,030	222,030
Miscellaneous	109,920	109,920	245,352	135,432
Recovered costs	35,000	35,000	40,708	5,708
Intergovernmental:				
Local government	2,002,086	2,002,086	1,936,708	(65,378)
Commonwealth	5,382,970	5,382,970	5,190,310	(192,660)
Federal	706,036	706,036	741,353	35,317
Total revenues	<u>\$ 8,236,012</u>	<u>\$ 8,236,012</u>	<u>\$ 8,378,900</u>	<u>\$ 142,888</u>
EXPENDITURES				
Current:				
Education	<u>\$ 8,924,927</u>	<u>\$ 8,924,927</u>	<u>\$ 9,074,773</u>	<u>\$ (149,846)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (688,915)</u>	<u>\$ (688,915)</u>	<u>\$ (695,873)</u>	<u>\$ (6,958)</u>
Net change in fund balances	\$ (688,915)	\$ (688,915)	\$ (695,873)	\$ (6,958)
Fund balances - beginning	688,915	688,915	2,513,191	1,824,276
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,817,318</u>	<u>\$ 1,817,318</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,517,141	\$ 2,517,141	\$ 2,524,712	\$ 7,571
Real and personal public service corporation taxes	365,426	365,426	378,230	12,804
Personal property taxes	964,601	964,601	919,264	(45,337)
Mobile home taxes	28,855	28,855	23,444	(5,411)
Machinery and tools taxes	367,924	367,924	184,580	(183,344)
Merchant's capital taxes	84,100	84,100	135,248	51,148
Penalties	15,000	15,000	25,323	10,323
Interest	2,000	2,000	32,033	30,033
Total general property taxes	<u>\$ 4,345,047</u>	<u>\$ 4,345,047</u>	<u>\$ 4,222,834</u>	<u>\$ (122,213)</u>
Other local taxes:				
Local sales and use taxes	\$ 247,664	\$ 247,664	\$ 316,834	\$ 69,170
Consumers' utility taxes	160,000	160,000	163,861	3,861
Consumption taxes	20,000	20,000	22,029	2,029
Gross receipts taxes	-	-	7,333	7,333
Franchise license tax	-	-	17,050	17,050
Motor vehicle licenses	102,000	102,000	99,404	(2,596)
Taxes on recordation and wills	27,778	27,778	38,931	11,153
Hotel and motel room taxes	3,100	3,100	3,565	465
Restaurant food taxes	80,000	80,000	95,020	15,020
Total other local taxes	<u>\$ 640,542</u>	<u>\$ 640,542</u>	<u>\$ 764,027</u>	<u>\$ 123,485</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,200	\$ 4,200	\$ 3,810	\$ (390)
Land use application fees	1,000	1,000	2,101	1,101
Transfer fees	225	225	259	34
Building permits	20,000	20,000	14,645	(5,355)
Permits and other licenses	400	400	300	(100)
Total permits, privilege fees, and regulatory licenses	<u>\$ 25,825</u>	<u>\$ 25,825</u>	<u>\$ 21,115</u>	<u>\$ (4,710)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 350,135	\$ 350,135	\$ 190,822	\$ (159,313)
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	<u>\$ 350,160</u>	<u>\$ 350,160</u>	<u>\$ 190,822</u>	<u>\$ (159,338)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 7,165	\$ 7,165	\$ 5,964	\$ (1,201)
Revenue from use of property	3,600	3,600	3,420	(180)
Total revenue from use of money and property	<u>\$ 10,765</u>	<u>\$ 10,765</u>	<u>\$ 9,384</u>	<u>\$ (1,381)</u>
Charges for services:				
Charges for sheriff's fees	\$ 325	\$ 325	\$ 357	\$ 32
Charges for courthouse maintenance	16,430	16,430	13,591	(2,839)
Charges for law library	1,500	1,500	778	(722)
Charges for Commonwealth's Attorney	250	250	595	345
Charges for sanitation and waste removal	330,000	330,000	299,006	(30,994)
Charges for cannery	4,796	4,796	5,682	886

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services: (Continued)				
Charges for forest service coop law enforcement	\$ 3,000	\$ 3,000	\$ 2,318	\$ (682)
Other charges for services	2,275	2,275	6,006	3,731
Total charges for services	<u>\$ 358,576</u>	<u>\$ 358,576</u>	<u>\$ 328,333</u>	<u>\$ (30,243)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 59,335	\$ 255,115	\$ 249,023	\$ (6,092)
Recovered costs:				
Insurance reimbursement	\$ 15,000	\$ 15,000	\$ 17,311	\$ 2,311
Social services	122,699	122,699	28,975	(93,724)
Utilities	1,500	1,709	1,641	(68)
Schools	16,193	16,193	18,227	2,034
Tipping fees	-	-	80,000	80,000
Crossroads Industrial Facilities Authority	200,000	200,000	190,000	(10,000)
Other recovered costs	310,711	313,532	228,005	(85,527)
Total recovered costs	<u>\$ 666,103</u>	<u>\$ 669,133</u>	<u>\$ 564,159</u>	<u>\$ (104,974)</u>
Total revenue from local sources	<u>\$ 6,456,353</u>	<u>\$ 6,655,163</u>	<u>\$ 6,349,697</u>	<u>\$ (305,466)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 566	\$ 66
Mobile home titling tax	20,000	20,000	22,177	2,177
Motor vehicle rental tax	-	-	101	101
State recordation tax	6,000	6,000	7,251	1,251
Communications taxes	105,000	105,000	105,121	121
Personal property tax relief funds	353,035	353,035	354,561	1,526
Total noncategorical aid	<u>\$ 484,535</u>	<u>\$ 484,535</u>	<u>\$ 489,777</u>	<u>\$ 5,242</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 155,542	\$ 155,542	\$ 155,762	\$ 220
Sheriff	486,087	486,087	486,140	53
Commissioner of revenue	80,135	80,135	80,476	341
Treasurer	61,507	61,507	61,312	(195)
Registrar/electoral board	30,000	30,000	30,434	434
Clerk of the Circuit Court	135,728	135,728	147,715	11,987
Total shared expenses	<u>\$ 948,999</u>	<u>\$ 948,999</u>	<u>\$ 961,839</u>	<u>\$ 12,840</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 345,524	\$ 345,524	\$ 300,973	\$ (44,551)
Comprehensive Services Act program	368,864	389,191	301,396	(87,795)
Litter control grant	7,000	7,000	6,366	(634)
Two-for-life	6,530	6,530	6,288	(242)
Virginia Tobacco Commission	-	100,000	100,000	-
DMV grant	1,250	1,250	-	(1,250)

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
VDOT grant	\$ 340,000	\$ 340,000	\$ -	\$ (340,000)
E-911 state revenue	42,844	42,844	43,458	614
Victim-witness grant	5,572	5,572	21,679	16,107
Fire program	18,500	19,463	18,495	(968)
Juvenile justice grant	6,585	6,585	306	(6,279)
Governor's Opportunity Funds	-	100,000	100,000	-
Mining royalties	2,750	2,750	1,739	(1,011)
Department of justice grants	5,000	5,000	2,550	(2,450)
Total other categorical aid	<u>\$ 1,150,419</u>	<u>\$ 1,371,709</u>	<u>\$ 903,250</u>	<u>\$ (468,459)</u>
Total categorical aid	<u>\$ 2,099,418</u>	<u>\$ 2,320,708</u>	<u>\$ 1,865,089</u>	<u>\$ (455,619)</u>
Total revenue from the Commonwealth	<u>\$ 2,583,953</u>	<u>\$ 2,805,243</u>	<u>\$ 2,354,866</u>	<u>\$ (450,377)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 32,250</u>	<u>\$ 32,250</u>	<u>\$ 105,917</u>	<u>\$ 73,667</u>
Categorical aid:				
Victim-witness grant	\$ 16,716	\$ 16,716	\$ -	\$ (16,716)
State and community highway safety funds	-	16,600	13,545	(3,055)
Public assistance and welfare administration	612,004	612,004	533,094	(78,910)
Comprehensive Services Act program	-	-	40,194	40,194
Equitable sharing program	-	178,856	181,562	2,706
Other federal categorical aid	-	2,498	2,498	-
Total categorical aid	<u>\$ 628,720</u>	<u>\$ 826,674</u>	<u>\$ 770,893</u>	<u>\$ (55,781)</u>
Total revenue from the federal government	<u>\$ 660,970</u>	<u>\$ 858,924</u>	<u>\$ 876,810</u>	<u>\$ 17,886</u>
Total General Fund	<u>\$ 9,701,276</u>	<u>\$ 10,319,330</u>	<u>\$ 9,581,373</u>	<u>\$ (737,957)</u>
Total Primary Government	<u>\$ 9,701,276</u>	<u>\$ 10,319,330</u>	<u>\$ 9,581,373</u>	<u>\$ (737,957)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,439</u>	<u>\$ 2,439</u>
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 162,552	\$ 162,552
Textbook rental	-	-	59,478	\$ 59,478
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,030</u>	<u>\$ 222,030</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Other miscellaneous	\$ 109,920	\$ 109,920	\$ 245,352	\$ 135,432
Recovered costs:				
Miscellaneous recovered costs	\$ 35,000	\$ 35,000	\$ 40,708	\$ 5,708
Total revenue from local sources	\$ 144,920	\$ 144,920	\$ 510,529	\$ 365,609
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	\$ 2,002,086	\$ 2,002,086	\$ 1,936,708	\$ (65,378)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 894,887	\$ 894,887	\$ 859,779	\$ (35,108)
Basic school aid	2,970,882	2,970,882	2,844,000	(126,882)
Remedial summer education	2,968	2,968	659	(2,309)
Regular foster care	13,161	13,161	15,036	1,875
Adult secondary education	7,859	7,859	7,859	-
Gifted and talented	28,539	28,539	27,405	(1,134)
Remedial education	68,246	68,246	65,535	(2,711)
Special education	358,602	358,602	344,430	(14,172)
Textbook payment	55,670	55,670	53,458	(2,212)
Vocational SOQ payments	75,071	75,071	72,088	(2,983)
Kindergarten camp grant	-	-	3,674	3,674
VA workplace readiness skills	-	-	868	868
Vocational adult education	4,869	4,869	-	(4,869)
School food	7,942	7,942	1,758	(6,184)
Social security fringe benefits	178,060	178,060	170,986	(7,074)
Retirement fringe benefits	297,181	297,181	285,374	(11,807)
Group life insurance benefits	11,168	11,168	10,724	(444)
Early reading intervention	13,058	13,058	21,764	8,706
Dropout prevention	-	-	8,801	8,801
Homebound education	2,651	2,651	5,434	2,783
Vocation education - equipment	3,000	3,000	3,349	349
Vocational occupational preparedness	-	-	1,308	1,308
Local history grant	-	-	8,518	8,518
At risk payments	54,876	54,876	52,820	(2,056)
Primary class size	78,703	78,703	71,359	(7,344)
Standards of Learning algebra readiness	8,912	8,912	8,912	-
Mentor teacher program	-	-	682	682
At risk four year olds	20,913	20,913	20,730	(183)
Technology initiative	154,000	154,000	154,000	-
Other state funds	71,752	71,752	69,000	(2,752)
Total categorical aid	\$ 5,382,970	\$ 5,382,970	\$ 5,190,310	\$ (192,660)
Total revenue from the Commonwealth	\$ 5,382,970	\$ 5,382,970	\$ 5,190,310	\$ (192,660)

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 161,878	\$ 161,878	\$ 185,421	\$ 23,543
Title VI-B, flow-through	219,577	219,577	210,294	(9,283)
Title VI-B, preschool	-	-	12,921	12,921
Title II Part A	30,890	30,890	22,908	(7,982)
School food program	180,000	180,000	212,076	32,076
Schools and roads	100,000	100,000	78,053	(21,947)
Career and technical education	13,691	13,691	19,680	5,989
Total categorical aid	<u>\$ 706,036</u>	<u>\$ 706,036</u>	<u>\$ 741,353</u>	<u>\$ 35,317</u>
Total revenue from the federal government	<u>\$ 706,036</u>	<u>\$ 706,036</u>	<u>\$ 741,353</u>	<u>\$ 35,317</u>
Total School Operating Fund	<u>\$ 8,236,012</u>	<u>\$ 8,236,012</u>	<u>\$ 8,378,900</u>	<u>\$ 142,888</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 8,236,012</u>	<u>\$ 8,236,012</u>	<u>\$ 8,378,900</u>	<u>\$ 142,888</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 144,402	\$ 132,690	\$ 121,019	\$ 11,671
General and financial administration:				
County administrator	\$ 363,492	\$ 368,834	\$ 369,097	\$ (263)
Commissioner of revenue	200,029	187,769	179,664	8,105
Treasurer	145,415	157,675	156,830	845
Legal services	34,275	34,275	33,240	1,035
Information technology	41,970	41,970	29,589	12,381
Auditors	75,562	60,282	58,396	1,886
Employee added benefit pool	4,000	4,000	800	3,200
Local government dues	14,250	14,274	9,253	5,021
Total general and financial administration	<u>\$ 878,993</u>	<u>\$ 869,079</u>	<u>\$ 836,869</u>	<u>\$ 32,210</u>
Board of elections:				
Electoral board and officials	\$ 23,674	\$ 23,674	\$ 19,680	\$ 3,994
Registrar	61,836	61,836	59,737	2,099
Total board of elections	<u>\$ 85,510</u>	<u>\$ 85,510</u>	<u>\$ 79,417</u>	<u>\$ 6,093</u>
Total general government administration	<u>\$ 1,108,905</u>	<u>\$ 1,087,279</u>	<u>\$ 1,037,305</u>	<u>\$ 49,974</u>
Judicial administration:				
Courts:				
Circuit court	\$ 4,930	\$ 4,930	\$ 3,505	\$ 1,425
General district court	1,982	1,982	1,697	285
Magistrates	275	158	-	158
Juvenile and domestic relations court	6,758	6,758	6,232	526
Victim and witness assistance	24,458	24,458	23,586	872
Clerk of the circuit court	215,387	215,387	210,718	4,669
Law Library	1,500	1,500	1,450	50
Total courts	<u>\$ 255,290</u>	<u>\$ 255,173</u>	<u>\$ 247,188</u>	<u>\$ 7,985</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 210,562	\$ 210,839	\$ 210,784	\$ 55
Total judicial administration	<u>\$ 465,852</u>	<u>\$ 466,012</u>	<u>\$ 457,972</u>	<u>\$ 8,040</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 828,241	\$ 824,143	\$ 748,398	\$ 75,745
Ticket enforcement	59,253	65,598	66,206	(608)
Transportation safety	-	16,600	16,068	532
School resource officer	55,607	58,460	59,029	(569)
Total law enforcement and traffic control	<u>\$ 943,101</u>	<u>\$ 964,801</u>	<u>\$ 889,701</u>	<u>\$ 75,100</u>
Fire and rescue services:				
Fire department	\$ 104,420	\$ 254,069	\$ 254,069	\$ -
Ambulance and rescue services	12,284	12,284	14,180	(1,896)
Other fire and rescue services	14,530	14,620	14,618	2
Total fire and rescue services	<u>\$ 131,234</u>	<u>\$ 280,973</u>	<u>\$ 282,867</u>	<u>\$ (1,894)</u>
Correction and detention:				
Regional jail	\$ 220,000	\$ 207,130	\$ 179,635	\$ 27,495
Inspections:				
Building	\$ 73,007	\$ 85,272	\$ 85,773	\$ (501)

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (continued)				
Other protection:				
Animal control	\$ 55,155	\$ 55,910	\$ 56,743	\$ (833)
Medical examiner	100	220	220	-
E-911	72,176	72,176	62,339	9,837
Total other protection	<u>\$ 127,431</u>	<u>\$ 128,306</u>	<u>\$ 119,302</u>	<u>\$ 9,004</u>
Total public safety	<u>\$ 1,494,773</u>	<u>\$ 1,666,482</u>	<u>\$ 1,557,278</u>	<u>\$ 109,204</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 2,750	\$ 2,987	\$ 2,987	\$ -
Sanitation and waste removal:				
Refuse collection and disposal	\$ 341,413	\$ 341,413	\$ 334,332	\$ 7,081
Landfill closure	37,000	37,000	34,843	2,157
Total sanitation and waste removal	<u>\$ 378,413</u>	<u>\$ 378,413</u>	<u>\$ 369,175</u>	<u>\$ 9,238</u>
Maintenance of general buildings and grounds:				
General properties	\$ 356,453	\$ 353,953	\$ 301,712	\$ 52,241
Canneries	74,220	74,220	55,176	19,044
Public works administration	119,676	109,397	110,396	(999)
Total maintenance of general buildings and grounds	<u>\$ 550,349</u>	<u>\$ 537,570</u>	<u>\$ 467,284</u>	<u>\$ 70,286</u>
Total public works	<u>\$ 931,512</u>	<u>\$ 918,970</u>	<u>\$ 839,446</u>	<u>\$ 79,524</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 79,027	\$ 79,027	\$ 79,027	\$ -
Mental health and mental retardation:				
Community services board	\$ 13,250	\$ 13,250	\$ 13,250	\$ -
Welfare:				
Welfare administration	\$ 768,454	\$ 740,147	\$ 662,940	\$ 77,207
Public assistance	500,518	528,825	336,916	191,909
Elderly and handicapped services	9,096	9,096	9,096	-
Comprehensive services	411,500	484,697	439,732	44,965
Other welfare	11,085	12,162	4,577	7,585
Total welfare	<u>\$ 1,700,653</u>	<u>\$ 1,774,927</u>	<u>\$ 1,453,261</u>	<u>\$ 321,666</u>
Total health and welfare	<u>\$ 1,792,930</u>	<u>\$ 1,867,204</u>	<u>\$ 1,545,538</u>	<u>\$ 321,666</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 7,513	\$ 7,513	\$ 7,512	\$ 1
Contribution to County School Board	2,002,086	2,002,086	1,936,708	65,378
Total education	<u>\$ 2,009,599</u>	<u>\$ 2,009,599</u>	<u>\$ 1,944,220</u>	<u>\$ 65,379</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 8,328	\$ 28,003	\$ 24,589	\$ 3,414
Cultural enrichment:				
Indian Village	\$ 185,267	\$ 185,267	\$ 166,906	\$ 18,361
Youth enrichment program	-	1,730	1,729	1
Other cultural enrichment	250	250	-	250
Total cultural enrichment	<u>\$ 185,517</u>	<u>\$ 187,247</u>	<u>\$ 168,635</u>	<u>\$ 18,612</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 124,646	\$ 127,146	\$ 126,085	\$ 1,061
Total parks, recreation, and cultural	\$ 318,491	\$ 342,396	\$ 319,309	\$ 23,087
Community development:				
Planning and community development:				
Community development	\$ 5,880	\$ 5,880	\$ 4,118	\$ 1,762
Planning	110,550	111,650	73,398	38,252
Contribution to EDA	130,000	130,000	130,077	(77)
Economic development	283,236	483,236	290,653	192,583
Total planning and community development	\$ 529,666	\$ 730,766	\$ 498,246	\$ 232,520
Environmental management:				
Contribution to soil and water district	\$ 11,000	\$ 11,000	\$ 9,000	\$ 2,000
Cooperative extension program:				
Extension office	\$ 48,040	\$ 48,138	\$ 42,278	\$ 5,860
Total community development	\$ 588,706	\$ 789,904	\$ 549,524	\$ 240,380
Capital projects:				
Sheriff's building	\$ -	\$ 178,856	\$ 157,163	\$ 21,693
Other capital projects	460,000	500,000	52,114	447,886
Total capital projects	\$ 460,000	\$ 678,856	\$ 209,277	\$ 469,579
Debt service:				
Principal retirement	\$ 254,360	\$ 254,360	\$ 155,000	\$ 99,360
Interest and other fiscal charges	16,003	16,003	107,157	(91,154)
Total debt service	\$ 270,363	\$ 270,363	\$ 262,157	\$ 8,206
Total General Fund	\$ 9,441,131	\$ 10,097,065	\$ 8,722,026	\$ 1,375,039
Total Primary Government	\$ 9,441,131	\$ 10,097,065	\$ 8,722,026	\$ 1,375,039
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 6,733,373	\$ 6,733,373	\$ 6,783,862	\$ (50,489)
Operating costs:				
Administration and health services	\$ 510,954	\$ 510,954	\$ 534,447	\$ (23,493)
Pupil transportation	721,332	721,332	624,184	97,148
Operation and maintenance of school plant	743,059	743,059	708,898	34,161
Facilities	3,122	3,122	3,731	(609)
Total operating costs	\$ 1,978,467	\$ 1,978,467	\$ 1,871,260	\$ 107,207
School food services:				
Administration of school food program	\$ 213,087	\$ 213,087	\$ 419,651	\$ (206,564)
Total Discretely Presented Component Unit - School Board	\$ 8,924,927	\$ 8,924,927	\$ 9,074,773	\$ (149,846)

(1) School Board appropriations are approved at the fund level; therefore, appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of \$188,115. These amounts are not subject to appropriation and accordingly are not budgeted.

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
2013-14	\$ 938,433	\$ 452,885	\$ 1,700,060	\$ 748,735	\$ 1,539,871	\$ 1,925,993	\$ 354,602	\$ 343,923	\$ 87,939	\$ 997,642	\$ 9,090,083	
2012-13	766,053	380,935	1,529,359	913,032	1,542,730	2,190,433	330,798	216,174	188,081	933,851	8,991,446	
2011-12	801,053	370,921	1,743,094	774,316	1,364,061	2,568,469	377,449	1,190,443	151,503	874,131	10,215,440	
2010-11	809,520	351,881	1,706,549	797,124	1,472,938	2,089,162	427,167	117,950	154,670	848,184	8,775,145	
2009-10	899,026	339,747	1,634,918	793,257	1,349,766	2,073,276	374,658	127,203	178,482	836,366	8,606,699	
2008-09	874,209	341,475	1,698,669	762,499	989,548	1,741,599	277,656	240,035	182,319	846,734	7,954,743	
2007-08	949,279	328,350	1,535,649	765,844	994,735	2,184,946	162,006	392,417	193,525	879,490	8,386,241	
2006-07	840,399	297,365	1,481,054	728,774	1,544,378	2,084,371	142,065	291,841	201,620	826,285	8,438,152	
2005-06	778,866	309,714	1,404,672	638,453	815,065	1,885,195	154,734	136,704	219,003	839,822	7,182,228	
2004-05	610,090	308,198	1,585,787	452,403	849,638	1,813,666	132,256	149,572	205,861	825,247	6,932,718	

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2013-14	\$ 943,157	\$ 2,535,982	\$ 200,740	\$ 4,265,515	\$ 764,027	\$ 19,518	\$ 251,329	\$ 595,694	\$ 9,575,962		
2012-13	976,316	2,183,202	796,843	4,193,169	627,514	18,954	169,917	557,649	9,523,564		
2011-12	876,079	2,113,461	1,148,852	4,125,826	665,523	19,267	95,830	541,478	9,586,316		
2010-11	894,969	2,379,513	88,338	4,163,002	652,227	35,828	213,488	518,508	8,945,873		
2009-10	1,025,159	2,113,469	-	3,871,685	770,784	17,115	91,386	409,725	8,299,323		
2008-09	1,028,168	1,884,067	-	4,248,680	795,467	64,337	31,940	571,623	8,624,282		
2007-08	1,074,480	1,921,241	-	3,623,286	844,536	160,451	21,841	465,491	8,111,326		
2006-07	1,109,941	2,818,405	-	3,496,273	826,622	156,285	8,065	507,610	8,923,201		
2005-06	965,640	1,821,778	-	3,340,366	808,111	90,115	33,980	535,336	7,595,326		
2004-05	1,092,738	1,732,905	-	3,107,948	746,668	31,870	12,235	395,801	7,120,165		

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2013-14	\$ 1,037,305	\$ 457,972	\$ 1,557,278	\$ 839,446	\$ 1,545,538	\$ 9,082,285	\$ 319,309	\$ 549,524	\$ 262,157	\$ 15,650,814
2012-13	1,010,885	368,217	1,391,861	899,867	1,548,060	8,717,138	295,215	363,820	258,655	14,853,718
2011-12	1,002,258	367,021	1,589,152	798,604	1,414,624	8,572,309	336,448	1,339,106	459,652	15,879,174
2010-11	977,100	348,294	1,515,813	837,104	1,566,107	8,507,058	387,194	397,984	350,197	14,886,851
2009-10	941,426	334,519	1,561,234	790,800	1,414,492	8,939,212	335,437	381,951	446,279	15,145,350
2008-09	919,303	340,198	1,613,833	750,964	1,075,093	9,224,652	356,527	661,825	433,329	15,375,724
2007-08	934,887	325,807	1,390,396	755,811	1,042,904	8,860,586	128,473	476,732	472,674	14,388,270
2006-07	817,094	299,335	1,335,075	736,940	946,016	8,201,233	126,888	351,578	586,148	13,400,307
2005-06	710,820	315,639	1,202,639	646,999	893,987	7,545,042	129,560	235,497	476,839	12,157,022
2004-05	657,733	306,197	1,527,395	596,176	912,423	8,441,212	138,078	199,116	464,170	13,242,500

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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2013-14	\$ 4,222,834	\$ 764,027	\$ 21,115	\$ 190,822	\$ 11,823	\$ 550,363	\$ 494,375	\$ 604,867	\$ 9,163,339	\$ 16,023,565
2012-13	4,105,564	627,514	20,412	203,469	13,326	525,289	275,748	513,742	8,764,107	15,049,171
2011-12	3,962,106	665,523	19,018	216,931	14,082	450,866	199,164	613,146	10,209,881	16,350,717
2010-11	4,083,994	652,227	20,868	232,830	18,871	459,679	282,896	601,186	8,756,229	15,108,780
2009-10	3,972,657	770,784	20,815	344,934	24,593	501,753	120,800	630,550	9,071,887	15,458,773
2008-09	4,157,760	795,467	31,301	362,801	109,069	480,020	90,797	719,694	9,734,423	16,481,332
2007-08	3,617,018	844,536	30,020	360,871	251,858	504,072	36,576	438,259	8,779,504	14,862,714
2006-07	3,351,678	826,622	28,040	296,394	258,917	578,721	69,426	269,480	9,363,593	15,042,871
2005-06	3,273,790	808,111	29,033	330,548	169,423	426,461	50,744	362,505	8,038,739	13,489,354
2004-05	3,138,006	746,668	30,202	344,252	74,899	500,266	55,308	351,753	7,908,701	13,150,055

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)		
2013-14	\$ 4,584,884	\$ 4,358,792	95.07%	\$ 161,247	\$ 4,520,039	98.59%	\$ 803,089	17.52%	
2012-13	4,500,576	4,306,124	95.68%	104,023	4,410,147	97.99%	745,283	16.56%	
2011-12	4,387,975	4,263,643	97.17%	89,554	4,353,197	99.21%	685,219	15.62%	
2010-11	4,499,124	4,279,115	95.11%	103,780	4,382,895	97.42%	547,951	12.18%	
2009-10	4,393,072	4,174,315	95.02%	101,925	4,276,240	97.34%	453,569	10.32%	
2008-09	4,572,954	4,351,121	95.15%	107,837	4,458,958	97.51%	417,952	9.14%	
2007-08	3,933,705	3,830,011	97.36%	95,322	3,925,333	99.79%	392,206	9.97%	
2006-07	3,733,925	3,579,896	95.87%	88,682	3,668,578	98.25%	342,624	9.18%	
2005-06	3,663,193	3,562,454	97.25%	91,914	3,654,368	99.76%	266,586	7.28%	
2004-05	3,482,487	3,266,798	93.81%	95,997	3,362,795	96.56%	218,913	6.29%	

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2013-14	\$ 474,248,200	\$ 61,457,778	\$ 22,065,463	\$ 18,517,645	\$ 68,896,268	\$ 645,185,354
2012-13	470,653,400	60,989,159	18,487,011	14,460,538	66,422,045	631,012,153
2011-12	468,060,900	58,142,279	18,755,542	11,520,518	64,969,827	621,449,066
2010-11	464,944,700	59,715,654	19,441,218	19,501,019	67,478,296	631,080,887
2009-10	462,097,800	56,044,649	19,321,771	17,708,818	66,929,253	622,102,291
2008-09	460,617,400	63,124,074	20,572,309	16,411,741	68,693,487	629,419,011
2007-08	270,659,200	63,916,186	25,878,004	19,288,259	50,582,512	430,324,161
2006-07	265,110,100	61,738,795	25,452,487	15,108,640	35,833,223	403,243,245
2005-06	258,944,800	60,157,418	25,043,406	21,483,898	30,787,455	396,416,977
2004-05	253,943,800	56,014,094	23,222,618	27,616,238	22,036,848	382,833,598

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2013-14	\$ 0.55	\$ 2.29	\$ 0.55	\$ 0.73	\$ 0.89
2012-13	0.55	2.29	0.55	0.73	0.89
2011-12	0.55	2.29	0.55	0.73	0.89
2010-11	0.55	2.29	0.55	0.73	0.89
2009-10	0.55	2.29	0.55	0.73	0.89
2008-09	0.55	2.29	0.55	0.73	0.89
2007-08	0.69	2.29	0.69	0.73	0.89
2006-07	0.69	2.29	0.69	0.73	0.89
2005-06	0.69	2.29	0.69	0.73	0.89
2004-05	0.69	2.29	0.69	0.73	0.89

(1) Per \$100 of assessed value.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2013-14	6,824	\$ 645,185	\$ 65,000	65,000	0.01%	10
2012-13	6,824	631,012	130,000	130,000	0.02%	19
2011-12	6,824	621,449	190,000	190,000	0.03%	28
2010-11	6,824	631,081	425,501	425,501	0.07%	62
2009-10	6,871	622,102	549,101	549,101	0.09%	80
2008-09	6,871	629,419	747,768	747,768	0.12%	109
2007-08	6,871	430,324	903,867	903,867	0.21%	132
2006-07	6,871	403,243	1,053,420	1,053,420	0.26%	153
2005-06	6,871	396,417	1,201,525	1,201,525	0.30%	175
2004-05	6,871	382,834	1,364,859	1,364,859	0.36%	199

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

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2013-14	\$ 155,000	\$ 107,157	\$ 262,157	\$ 15,650,814	1.68%
2012-13	78,173	180,482	258,655	14,853,718	1.74%
2011-12	188,664	161,533	350,197	15,879,174	2.21%
2010-11	188,664	161,533	350,197	14,886,851	2.35%
2009-10	263,449	182,830	446,279	15,145,350	2.95%
2008-09	248,722	184,607	433,329	15,375,724	2.82%
2007-08	276,561	196,113	472,674	14,388,270	3.29%
2006-07	379,126	207,022	586,148	13,400,307	4.37%
2005-06	261,416	215,423	476,839	12,157,022	3.92%
2004-05	206,152	258,018	464,170	13,242,500	3.51%

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

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Bland, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 17, 2014.

Internal Control over Financial Reporting

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

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2014-001).

Compliance and Other Matters

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

County of Bland, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Faimer, Co. Associates

Blacksburg, Virginia
December 17, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Bland, 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 Bland, Virginia's major federal programs for the year ended June 30, 2014. County of Bland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of County of Bland, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Bland, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Bland, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Co. Associates

Blacksburg, Virginia
December 17, 2014

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950113	\$ 6,362
Temporary Assistance for Needy Families	93.558	0400113, 0400114	81,285
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113, 0500114	604
Low-Income Home Energy Assistance	93.568	0600413, 0600414	8,629
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113, 0760114	15,026
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113, 0900114	602
Foster Care - Title IV-E	93.658	1100113, 1100114	68,087
Adoption Assistance	93.659	1120113, 1120114	70,608
Social Services Block Grant	93.667	1000113, 1000114	122,264
Chafee Foster Care Independence Program	93.674	9150113, 9150114	645
Children's Health Insurance Program	93.767	0540113, 0540114	2,895
Medical Assistance Program	93.778	1200113, 1200114	90,441
Total Department of Health and Human Services			<u>\$ 467,448</u>
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	Not available	\$ 1,405,295
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
National School Lunch Program - Food Distribution (3)	10.555	Not available	\$ 23,379
Department of Education:			
National School Lunch Program	10.555	40623	142,165
School Breakfast Program	10.553	40591	46,532
Schools and Roads - Grants to States	10.665	43841	78,053
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113, 0010114, 0040113, 0040114	105,840
Total Department of Agriculture			<u>\$ 1,801,264</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2013-53347, 154AL-2014-54453	\$ 13,545
Environmental Protection Agency:			
Pass Through Payments:			
Department of Conservation and Recreation			
Nonpoint Source Implementation Grants	66.460	Not available	\$ 2,498
Department of Treasury:			
Direct Payments:			
Equitable Sharing Program	21.000	Not available	\$ 181,562
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 185,421
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	210,294
Special Education - Preschool Grants	84.173	62521	12,921
Career and Technical Education - Basic Grants to States	84.048	61095	19,680
Improving Teacher Quality - State Grants	84.367	61480	22,908
Total Department of Education			<u>\$ 451,224</u>
Total Expenditures of Federal Awards			<u>\$ 2,917,541</u>

County of Bland, Virginia
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2014

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2014. 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 Bland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the Bland County School Board had food commodities totaling \$0 in inventory.

Note 4 -- Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 876,810
Less: Payment in Lieu of Taxes	<u>(105,917)</u>
Total General Fund	\$ 770,893
Service Authority	<u>1,405,295</u>
Total primary government	<u>\$ 2,176,188</u>
Component Unit:	
School Board	<u>\$ 741,353</u>
Total Component Unit	<u>\$ 741,353</u>
Total federal expenditures per the basic financial statements	<u>\$ 2,917,541</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 2,917,541</u>

County of Bland, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

County of Bland, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001

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

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

Financial statement finding 2013-1 is recurring in the current year as 2014-001. Financial statement finding 2013-2 was resolved during the current year.