

COUNTY OF APPOMATTOX, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF APPOMATTOX, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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COUNTY OF APPOMATTOX, VIRGINIA

Board of Supervisors

Gary W. Tanner, Chairperson

Samuel E. Carter
Sara E. Carter

William H. Craft
Ronald C. Spiggle

School Board

Bobby K. Waddell, Chairperson

Amy M. Martin
Gregory A. Smith

Wyatt Torrence
Rev. J. Wesley Williams

Board of Social Services

Nelson Mann, Chairperson

Sammy Carter

Roberta F. Womack

Other Officials

Judge of the Circuit Court Kimberly S. White
Clerk of the Circuit Court Janet A. Hix
Judge of the General District Court Robert Woodson, Jr.
Judge of the Juvenile and Domestic Relations Court Marvin Dunkam
Commonwealth's Attorney Darrel W. Puckett
Commissioner of the Revenue Sara R. Henderson
Treasurer Alice F. Gillette
Sheriff Barry E. Letterman
Superintendent of Schools Dorinda G. Grasty
Director of Social Services Brad Burdette
County Administrator Aileen T. Ferguson

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To The Honorable Members of the Board of Supervisors
County of Appomattox
Appomattox, 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 Appomattox, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Appomattox, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

The statistical information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, on our consideration of the County of Appomattox, 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 Appomattox, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
January 15, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Appomattox, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,028,273 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$1,681,960 (Exhibit 5) after making contributions totaling \$4,679,873 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$11,678,079, a decrease of \$1,681,960 in comparison with the prior year, due primarily to the completion of prior year construction projects.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,595,515, or 37.46% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,545,132 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

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

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Appomattox, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Appomattox, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Appomattox, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, business-type funds, and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds – the General Fund, and the County Capital Projects Fund and one non-major governmental fund - the County Special Revenue Fund.

Proprietary funds – Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting similar to private sector business.

The Utility Fund provides a centralized source for water services to County residents.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board and the component unit – Economic Development Authority. Neither the School Board nor the Economic Development Authority issues separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$10,028,273 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Appomattox, Virginia's Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 19,955,629	\$ 20,981,419	\$ 25,776	\$ -	\$ 19,981,405	\$ 20,981,419
Capital assets	<u>26,517,674</u>	<u>27,809,419</u>	<u>5,598,035</u>	<u>5,673,378</u>	<u>32,115,709</u>	<u>33,482,797</u>
Total assets	<u>\$ 46,473,303</u>	<u>\$ 48,790,838</u>	<u>\$ 5,623,811</u>	<u>\$ 5,673,378</u>	<u>\$ 52,097,114</u>	<u>\$ 54,464,216</u>
Current liabilities	\$ 3,005,068	\$ 6,498,931	\$ 12,280	\$ 57,979	\$ 3,017,348	\$ 6,556,910
Long-term liabilities outstanding	<u>32,547,225</u>	<u>34,174,173</u>	<u>2,749,182</u>	<u>2,749,182</u>	<u>35,296,407</u>	<u>36,923,355</u>
Total liabilities	<u>\$ 35,552,293</u>	<u>\$ 40,673,104</u>	<u>\$ 2,761,462</u>	<u>\$ 2,807,161</u>	<u>\$ 38,313,755</u>	<u>\$ 43,480,265</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	<u>\$ 3,755,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,755,086</u>	<u>\$ -</u>
Net investment in capital assets	\$ (2,904,026)	\$ 606,733	\$ 2,848,853	\$ 2,866,217	\$ (55,173)	\$ 3,472,950
Restricted for:						
Veterans wall of honor	3,038	3,038	-	-	3,038	3,038
Comprehensive services	30,309	30,309	-	-	30,309	30,309
Asset forfeiture	201,518	214,294	-	-	201,518	214,294
Courthouse maintenance	9,617	13,332	-	-	9,617	13,332
Courthouse security fund	94,689	89,690	-	-	94,689	89,690
Law library	20,586	23,668	-	-	20,586	23,668
Unrestricted	<u>9,710,193</u>	<u>7,136,670</u>	<u>13,496</u>	<u>-</u>	<u>9,723,689</u>	<u>7,136,670</u>
Total net position	<u>\$ 7,165,924</u>	<u>\$ 8,117,734</u>	<u>\$ 2,862,349</u>	<u>\$ 2,866,217</u>	<u>\$ 10,028,273</u>	<u>\$ 10,983,951</u>

Government-wide Financial Analysis (Continued)

The County's net position decreased by \$955,678 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Appomattox, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Charges for services	\$ 298,464	\$ 329,026	\$ 95,276	\$ -	\$ 393,740	\$ 329,026
Operating grants and contributions	4,069,886	3,927,784	-	-	4,069,886	3,927,784
Capital grants and contributions	-	-	38,903	864,313	38,903	864,313
General property taxes	10,628,797	10,135,261	-	-	10,628,797	10,135,261
Other local taxes	1,960,774	1,888,209	-	-	1,960,774	1,888,209
Grants and other contributions not restricted	1,916,356	1,701,262	-	-	1,916,356	1,701,262
Other general revenues	306,420	694,633	-	-	306,420	694,633
Transfers	(241,433)	-	241,433	-	-	-
Total revenues	\$ 18,939,264	\$ 18,676,175	\$ 375,612	\$ 864,313	\$ 19,314,876	\$ 19,540,488
General government administration	\$ 1,747,040	\$ 1,700,248	\$ -	\$ -	\$ 1,747,040	\$ 1,700,248
Judicial administration	1,209,655	1,159,940	-	-	1,209,655	1,159,940
Public safety	3,736,293	3,916,496	-	-	3,736,293	3,916,496
Public works	2,186,994	1,620,988	379,480	-	2,566,474	1,620,988
Health and welfare	2,533,327	2,409,182	-	-	2,533,327	2,409,182
Education	6,312,633	4,906,079	-	-	6,312,633	4,906,079
Parks, recreation, and cultural	494,248	444,176	-	-	494,248	444,176
Community development	389,577	402,100	-	-	389,577	402,100
Interest and other fiscal charges	1,281,307	1,325,342	-	-	1,281,307	1,325,342
Total expenses	\$ 19,891,074	\$ 17,884,551	\$ 379,480	\$ -	\$ 20,270,554	\$ 17,884,551
Change in net position	\$ (951,810)	\$ 791,624	\$ (3,868)	\$ 864,313	\$ (955,678)	\$ 1,655,937
Net position, beginning of year	8,117,734	7,326,110	2,866,217	2,001,904	10,983,951	9,328,014
Net position, end of year	<u>\$ 7,165,924</u>	<u>\$ 8,117,734</u>	<u>\$ 2,862,349</u>	<u>\$ 2,866,217</u>	<u>\$ 10,028,273</u>	<u>\$ 10,983,951</u>

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$11,678,079, a decrease of \$1,681,960 in comparison with the prior year. Approximately 65.04% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion. The decrease was primarily due to completion of both the renovations to the Appomattox Primary School and construction of the Concord Waterline.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$3,456,115, all of which was either restricted or committed for current or future capital projects.

Proprietary Funds – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$13,496. The total decrease in net position was \$3,868. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$954,313. Budgetary estimates exceeded expenditures and other uses by \$3,442,625 resulting in a positive variance of \$4,396,938.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2013 amounts to \$26,517,674 (net of accumulated depreciation). The County's investment in capital assets for its proprietary fund as of June 30, 2013 amounted to \$5,598,035. This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$31,884,683. Of this amount, \$15,185,562 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and capital leases).

The County's total debt decreased by \$1,482,534 during the current fiscal year.

Additional information on the County of Appomattox, Virginia's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County of 6.4 percent compared to the state's average unemployment rate of 5.5 percent.
- < Inflationary trends in the region compare favorably to national indexes.

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

The fiscal year 2014 budget increased by 0.8% and the tax rates remained the same as in 2013.

Requests for Information

This financial report is designed to provide a general overview of the County of Appomattox, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 863, Appomattox, Virginia 24522.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Appomattox, Virginia
 Statement of Net Position
 June 30, 2013

	Primary Government				
	Governmental	Business-type	Total	Component Units	
	Activities	Activities		School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 11,934,125	\$ -	\$ 11,934,125	\$ 717,536	\$ 85,626
Cash in custody of others	-	-	-	4,000	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	7,189,624	-	7,189,624	-	-
Accounts receivable	78,994	25,776	104,770	-	-
Due from other governmental units	752,886	-	752,886	3,098,403	-
Capital assets (net of accumulated depreciation):					
Land	1,316,010	-	1,316,010	211,370	1,386,773
Buildings and improvements	23,211,925	-	23,211,925	10,398,651	-
Utility plant in service	-	5,598,035	5,598,035	-	-
Equipment	1,416,595	-	1,416,595	749,991	-
Infrastructure	33,474	-	33,474	-	1,361,533
Intangibles	539,670	-	539,670	-	-
Total assets	<u>\$ 46,473,303</u>	<u>\$ 5,623,811</u>	<u>\$ 52,097,114</u>	<u>\$ 15,179,951</u>	<u>\$ 2,833,932</u>
LIABILITIES					
Accounts payable	\$ 287,057	\$ -	\$ 287,057	\$ 24,163	\$ -
Accrued liabilities	-	-	-	1,671,382	-
Accrued interest payable	223,724	12,280	236,004	-	-
Due to other governmental units	2,494,287	-	2,494,287	-	-
Long-term liabilities:					
Due within one year	1,857,670	116,062	1,973,732	26,806	-
Due in more than one year	30,689,555	2,633,120	33,322,675	571,484	-
Total liabilities	<u>\$ 35,552,293</u>	<u>\$ 2,761,462</u>	<u>\$ 38,313,755</u>	<u>\$ 3,579,100</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 3,755,086	\$ -	\$ 3,755,086	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 3,755,086</u>	<u>\$ -</u>	<u>\$ 3,755,086</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITON					
Net investment in capital assets	\$ (2,904,026)	\$ 2,848,853	\$ (55,173)	\$ 11,360,012	\$ 2,748,306
Restricted:					
Veterans wall of honor	3,038	-	3,038	-	-
Comprehensive services	30,309	-	30,309	-	-
Asset forfeiture	201,518	-	201,518	-	-
Courthouse maintenance	9,617	-	9,617	-	-
Courthouse security fund	94,689	-	94,689	-	-
Law library	20,586	-	20,586	-	-
Unrestricted	9,710,193	13,496	9,723,689	240,839	85,626
Total net position	<u>\$ 7,165,924</u>	<u>\$ 2,862,349</u>	<u>\$ 10,028,273</u>	<u>\$ 11,600,851</u>	<u>\$ 2,833,932</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 46,473,303</u>	<u>\$ 5,623,811</u>	<u>\$ 52,097,114</u>	<u>\$ 15,179,951</u>	<u>\$ 2,833,932</u>

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

County of Appomattox, Virginia
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	School Board	EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,747,040	\$ -	\$ 202,694	\$ -	\$ (1,544,346)	\$ -	\$ (1,544,346)	\$ -	\$ -
Judicial administration	1,209,655	76,287	522,761	-	(610,607)	-	(610,607)	-	-
Public safety	3,736,293	83,603	1,006,643	-	(2,646,047)	-	(2,646,047)	-	-
Public works	2,186,994	97,223	136,524	-	(1,953,247)	-	(1,953,247)	-	-
Health and welfare	2,533,327	-	1,700,905	-	(832,422)	-	(832,422)	-	-
Education	6,312,633	-	-	-	(6,312,633)	-	(6,312,633)	-	-
Parks, recreation, and cultural	494,248	41,351	37,898	-	(414,999)	-	(414,999)	-	-
Community development	389,577	-	32,036	-	(357,541)	-	(357,541)	-	-
Interest on long-term debt	1,281,307	-	430,425	-	(850,882)	-	(850,882)	-	-
Total governmental activities	\$ 19,891,074	\$ 298,464	\$ 4,069,886	\$ -	\$ (15,522,724)	\$ -	\$ (15,522,724)	\$ -	\$ -
Business-type activities:									
Sanitary District	\$ 379,480	\$ 95,276	\$ -	\$ 38,903	\$ -	\$ (245,301)	\$ (245,301)	\$ -	\$ -
Total business-type activities	379,480	95,276	-	38,903	-	(245,301)	(245,301)	-	-
Total primary government	\$ 20,270,554	\$ 393,740	\$ 4,069,886	\$ 38,903	\$ (15,522,724)	\$ (245,301)	\$ (15,768,025)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 21,822,676	\$ 478,064	\$ 15,062,523	\$ -	\$ -	\$ -	\$ -	\$ (6,282,089)	\$ -
Economic Development Authority	57,746	1,180	-	-	-	-	-	-	(56,566)
Total component units	\$ 21,880,422	\$ 479,244	\$ 15,062,523	\$ -	\$ -	\$ -	\$ -	\$ (6,282,089)	\$ (56,566)
General revenues:									
General property taxes					\$ 10,628,797	\$ -	\$ 10,628,797	\$ -	\$ -
Local sales and use taxes					1,165,466	-	1,165,466	-	-
Consumer utility taxes					354,511	-	354,511	-	-
Motor vehicle taxes					313,838	-	313,838	-	-
Other local taxes					126,959	-	126,959	-	-
Unrestricted revenues from use of money and property					111,603	-	111,603	4,034	329
Miscellaneous					194,817	-	194,817	74,213	7,698
Grants and contributions not restricted to specific programs					1,741,356	-	1,741,356	-	-
Payment from Appomattox County School Board					175,000	-	175,000	-	-
Payment from Appomattox County					-	-	-	6,096,989	-
Transfers					(241,433)	241,433	-	-	-
Total general revenues					\$ 14,570,914	\$ 241,433	\$ 14,812,347	\$ 6,175,236	\$ 8,027
Change in net position					\$ (951,810)	\$ (3,868)	\$ (955,678)	\$ (106,853)	\$ (48,539)
Net position - beginning - as restated					8,117,734	2,866,217	10,983,951	11,707,704	2,882,471
Net position - ending					\$ 7,165,924	\$ 2,862,349	\$ 10,028,273	\$ 11,600,851	\$ 2,833,932

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

FUND FINANCIAL STATEMENTS

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County of Appomattox, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,876,789	\$ 3,456,115	\$ 601,221	\$ 11,934,125
Receivables (net of allowance for uncollectibles):				
Taxes receivable	7,189,624	-	-	7,189,624
Accounts receivable	78,919	-	75	78,994
Due from other governmental units	748,744	-	4,142	752,886
Total assets	<u>\$ 15,894,076</u>	<u>\$ 3,456,115</u>	<u>\$ 605,438</u>	<u>\$ 19,955,629</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 287,057	\$ -	\$ -	\$ 287,057
Due to other governmental units	2,494,287	-	-	2,494,287
Total liabilities	<u>\$ 2,781,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,781,344</u>
Deferred inflows of resources:				
Unavailable revenues - property taxes	\$ 5,496,206	\$ -	\$ -	\$ 5,496,206
Total deferred inflows of resources	<u>\$ 5,496,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,496,206</u>
Fund balances:				
Restricted	\$ 3,038	\$ -	\$ 356,719	\$ 359,757
Committed	17,973	3,456,115	248,719	3,722,807
Unassigned	7,595,515	-	-	7,595,515
Total fund balances	<u>\$ 7,616,526</u>	<u>\$ 3,456,115</u>	<u>\$ 605,438</u>	<u>\$ 11,678,079</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,894,076</u>	<u>\$ 3,456,115</u>	<u>\$ 605,438</u>	<u>\$ 19,955,629</u>

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

County of Appomattox, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 11,678,079
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 44,242,064	
Accumulated depreciation	<u>(17,724,390)</u>	26,517,674
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		1,741,120
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (29,131,761)	
Capital lease	(289,939)	
Compensated absences	(335,839)	
Net OPEB obligation	(42,900)	
Landfill postclosure care liability	(2,746,786)	
Accrued interest payable	<u>(223,724)</u>	(32,770,949)
Net position of governmental activities		<u><u>\$ 7,165,924</u></u>

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

County of Appomattox, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 10,114,251	\$ -	\$ -	\$ 10,114,251
Other local taxes	1,960,774	-	-	1,960,774
Permits, privilege fees, and regulatory licenses	78,952	-	-	78,952
Fines and forfeitures	37,628	-	-	37,628
Revenue from the use of money and property	111,214	389	-	111,603
Charges for services	143,225	-	38,659	181,884
Miscellaneous	185,115	-	9,702	194,817
Recovered costs	166,764	-	-	166,764
Intergovernmental revenues:				
Appomattox School Board	-	175,000	-	175,000
Commonwealth	4,205,561	-	263,934	4,469,495
Federal	1,341,747	-	-	1,341,747
Total revenues	<u>\$ 18,345,231</u>	<u>\$ 175,389</u>	<u>\$ 312,295</u>	<u>\$ 18,832,915</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,649,007	\$ -	\$ -	\$ 1,649,007
Judicial administration	1,058,263	-	-	1,058,263
Public safety	3,348,333	-	20,676	3,369,009
Public works	1,520,202	-	-	1,520,202
Health and welfare	2,665,954	-	-	2,665,954
Education	4,680,249	-	-	4,680,249
Parks, recreation, and cultural	557,741	-	-	557,741
Community development	340,710	-	-	340,710
Capital projects	1,470,113	218,249	-	1,688,362
Debt service:				
Principal retirement	1,424,555	-	-	1,424,555
Interest and other fiscal charges	1,319,390	-	-	1,319,390
Total expenditures	<u>\$ 20,034,517</u>	<u>\$ 218,249</u>	<u>\$ 20,676</u>	<u>\$ 20,273,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,689,286)</u>	<u>\$ (42,860)</u>	<u>\$ 291,619</u>	<u>\$ (1,440,527)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,112,626	\$ -	\$ 1,526	\$ 3,114,152
Transfers out	(242,959)	(2,822,262)	(290,364)	(3,355,585)
Total other financing sources (uses)	<u>\$ 2,869,667</u>	<u>\$ (2,822,262)</u>	<u>\$ (288,838)</u>	<u>\$ (241,433)</u>
Net change in fund balances	\$ 1,180,381	\$ (2,865,122)	\$ 2,781	\$ (1,681,960)
Fund balances - beginning - as restated	6,436,145	6,321,237	602,657	13,360,039
Fund balances - ending	<u>\$ 7,616,526</u>	<u>\$ 3,456,115</u>	<u>\$ 605,438</u>	<u>\$ 11,678,079</u>

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

County of Appomattox, 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, 2013

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

Net change in fund balances - total governmental funds \$ (1,681,960)

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

Capital asset additions	\$ 1,074,993	
Jointly owned asset allocation	(1,417,116)	
Depreciation expense	<u>(949,622)</u>	(1,291,745)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 514,546

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.

Principal payments	\$ 1,424,555	
Amortization of bond premium	17,887	
(Increase) decrease in landfill closure liability	<u>13,079</u>	1,455,521

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	\$ 22,362	
(Increase) decrease in net OPEB obligation	9,270	
(Increase) decrease in accrued interest payable	<u>20,196</u>	51,828

Change in net position of governmental activities \$ (951,810)

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

County of Appomattox, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Fund
	Utility Fund
ASSETS	
Current assets:	
Accounts receivable, net of allowances for uncollectibles	\$ 25,776
Total current assets	\$ 25,776
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 5,712,281
accumulated depreciation	(114,246)
Total capital assets	\$ 5,598,035
Total noncurrent assets	\$ 5,598,035
Total assets	\$ 5,623,811
LIABILITIES	
Current liabilities:	
Accrued interest payable	\$ 12,280
Bonds payable - current portion	116,062
Total current liabilities	\$ 128,342
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 2,633,120
Total noncurrent liabilities	\$ 2,633,120
Total liabilities	\$ 2,761,462
NET POSITION	
Net investment in capital assets	\$ 2,848,853
Unrestricted	13,496
Total net position	\$ 2,862,349

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

County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Fund
	Utility Fund
OPERATING REVENUES	
Miscellaneous	\$ 95,276
Total operating revenues	\$ 95,276
OPERATING EXPENSES	
Other supplies and expenses	\$ 152,925
Depreciation	114,246
Total operating expenses	\$ 267,171
Operating income (loss)	\$ (171,895)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (112,309)
Total nonoperating revenues (expenses)	\$ (112,309)
Income before contributions and transfers	(284,204)
Capital contributions	\$ 38,903
Transfers in	241,433
Change in net position	\$ (3,868)
Total net position - beginning - as restated	2,866,217
Total net position - ending	\$ 2,862,349

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

County of Appomattox, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Fund
	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for materials and supplies	\$ (152,925)
Other receipts (payments)	69,500
Net cash provided by (used for) operating activities	\$ (83,425)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 241,433
Net cash provided by (used for) noncapital financing activities	\$ 241,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (38,903)
Principal payments on bonds	(57,979)
Contributions in aid of construction	38,903
Interest payments	(100,029)
Net cash provided by (used for) capital and related financing activities	\$ (158,008)
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (171,895)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	114,246
(Increase) decrease in accounts receivable	(25,776)
Total adjustments	\$ 88,470
Net cash provided by (used for) operating activities	\$ (83,425)

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

County of Appomattox, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 24,115
LIABILITIES	
Amounts held for social services clients	\$ 10,878
Amounts held for others	13,237
Total liabilities	<u>\$ 24,115</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013

Note 1—Summary of Significant Accounting Policies:

The County of Appomattox, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation service, recreational activities, cultural events, education, and social services.

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2013.

Discretely Presented Component Units.

The School Board members are elected by the citizens of Appomattox County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.

The Economic Development Authority of Appomattox County is responsible for industrial and commercial development in the County. The Authority consists of members that are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2013. The Economic Development Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

1. Governmental Funds

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

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

Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County also reports the County Capital Projects Fund as a major Capital Projects Fund.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund reports the following activities: Asset Forfeiture, E-911, Courthouse Security, Courthouse Maintenance, Jail Keep, Law Library and CSA.

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

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

3. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Special Welfare Fund, Jail Inmate Fund, Sheriff Drug Fund, C. Austin Special Welfare Fund and Swim Team Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. 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 portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$262,352 at June 30, 2013 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2013.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Utility plant	50
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Infrastructure	5-10
Intangibles	5-20

I. 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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

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

K. 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.

L. Net Position

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

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds 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 and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Deferred Outflow/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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

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

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

O. Fund Equity

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

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

O. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Non-Major Special Revenue Fund Other Governmental Funds	Major Capital Projects Fund County Capital Projects Fund	Total
Fund Balances:				
Restricted:				
Veterans wall of honor	\$ 3,038	\$ -	\$ -	\$ 3,038
Comprehensive services	-	30,309	-	30,309
Asset forfeiture	-	201,518	-	201,518
Courthouse maintenance	-	9,617	-	9,617
Courthouse security fund	-	94,689	-	94,689
Law library	-	20,586	-	20,586
Total Restricted Fund Balance	\$ 3,038	\$ 356,719	\$ -	\$ 359,757
Committed:				
Sports complex	\$ 13,334	\$ -	\$ -	\$ 13,334
Rev max	4,605	-	-	4,605
Ballpark fund	34	-	-	34
Capital Improvements	-	-	3,456,115	3,456,115
Jail keep fund	-	10	-	10
150th Sesquicentennial	-	7,256	-	7,256
E-911	-	241,453	-	241,453
Total Committed Fund Balance	\$ 17,973	\$ 248,719	\$ 3,456,115	\$ 3,722,807
Unassigned	\$ 7,595,515	\$ -	\$ -	\$ 7,595,515
Total Fund Balances	\$ 7,616,526	\$ 605,438	\$ 3,456,115	\$ 11,678,079

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

P. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County has implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements has not changed as a result of implementing this Statement and no restatement of prior balances is required.

Q. Items Previously Reported as Assets and Liabilities, Statement No. 65 of Governmental Accounting Standards Board

The County early implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not charged as a result of implementing this Statement and no restatement of prior balances is required.

R. Net Position Flow Assumption

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. 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. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

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

Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2013.

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

Investments

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2013 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County will minimize credit risk by limiting investments to the safest type of securities.

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Local Government Investment Pool	\$	100,008
Total	\$	100,008

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 3—Deposits and Investments: (Continued)

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4—Due to/from Other Governments:

At June 30, 2013, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Appomattox	\$ -	\$ 2,494,287
Commonwealth of Virginia:		
Local sales tax	230,864	-
Welfare	35,247	-
Comprehensive services	153,149	-
State Sales Tax	-	377,385
Wireless grant	4,142	-
Auto rental	191	-
Constitutional officer reimbursements	152,778	-
Recordation tax	7,500	-
Mobile home titling tax	3,551	-
Department of Forestry	22,354	-
Communications tax	91,150	-
Federal Government:		
School fund grants	-	226,731
Welfare	51,960	-
Total due from other governments	\$ <u>752,886</u>	\$ <u>3,098,403</u>

At June 30, 2013, amounts due to other local governments are as follows:

Other Local Governments:		
Appomattox County School Board	\$ <u>2,494,287</u>	\$ <u>-</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Primary Government:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Total capital assets not subject to depreciation	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,742,901	\$ -	\$ -	\$ 12,742,901
Equipment	5,434,786	341,195	107,626	5,668,355
Infrastructure	72,109	-	-	72,109
Intangibles	1,810,216	-	-	1,810,216
Jointly owned assets	22,677,753	733,798	779,078	22,632,473
Total capital assets being depreciated	\$ 42,737,765	\$ 1,074,993	\$ 886,704	\$ 42,926,054
Accumulated depreciation:				
Buildings and improvements	\$ 4,237,520	\$ 479,017	\$ -	\$ 4,716,537
Equipment	3,994,199	365,187	107,626	4,251,760
Infrastructure	28,819	9,816	-	38,635
Intangibles	1,174,944	95,602	-	1,270,546
Jointly owned assets	6,808,874	803,309	165,271	7,446,912
Total accumulated depreciation	\$ 16,244,356	\$ 1,752,931	\$ 272,897	\$ 17,724,390
Total capital assets being depreciated, net	\$ 26,493,409	\$ (677,938)	\$ 613,807	\$ 25,201,664
Governmental capital assets, net	\$ 27,809,419	\$ (677,938)	\$ 613,807	\$ 26,517,674

Component Unit - School Board:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 211,370	\$ -	\$ -	\$ 211,370
Total capital assets not subject to depreciation	\$ 211,370	\$ -	\$ -	\$ 211,370
Capital assets subject to depreciation:				
Buildings and improvements	\$ 513,281	\$ 208,701	\$ -	\$ 721,982
Equipment	3,807,474	234,151	18,500	4,023,125
Jointly owned assets	13,735,025	-	(779,078)	14,514,103
Total capital assets being depreciated	\$ 18,055,780	\$ 442,852	\$ (760,578)	\$ 19,259,210
Accumulated depreciation:				
Buildings and improvements	\$ 25,664	\$ 36,099	\$ -	\$ 61,763
Equipment	3,021,284	270,350	18,500	3,273,134
Jointly owned assets	4,123,867	486,533	(165,271)	4,775,671
Total accumulated depreciation	\$ 7,170,815	\$ 792,982	\$ (146,771)	\$ 8,110,568
Total capital assets being depreciated, net	\$ 10,884,965	\$ (350,130)	\$ (613,807)	\$ 11,148,642
Governmental capital assets, net	\$ 11,096,335	\$ (350,130)	\$ (613,807)	\$ 11,360,012

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Enterprise Fund:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Business-Type activities:				
Capital assets not subject to depreciation:				
Construction in progress	\$ 5,673,378	\$ 38,903	\$ 5,712,281	\$ -
Total capital assets not subject to depreciation	\$ 5,673,378	\$ 38,903	\$ 5,712,281	\$ -
Capital assets subject to depreciation:				
Utility plant in service	\$ -	\$ 5,712,281	\$ -	\$ 5,712,281
Total capital assets being depreciated	\$ -	\$ 5,712,281	\$ -	\$ 5,712,281
Accumulated depreciation:				
Utility plant in service	\$ -	\$ 114,246	\$ -	\$ 114,246
Total accumulated depreciation	\$ -	\$ 114,246	\$ -	\$ 114,246
Total capital assets being depreciated, net	\$ -	\$ 5,598,035	\$ -	\$ 5,598,035
Business-Type capital assets, net	<u>\$ 5,673,378</u>	<u>\$ 5,636,938</u>	<u>\$ -</u>	<u>\$ 5,598,035</u>

Component Unit - Economic Development Authority:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Business-Type activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,386,773	\$ -	\$ -	\$ 1,386,773
Total capital assets not subject to depreciation	\$ 1,386,773	\$ -	\$ -	\$ 1,386,773
Capital assets subject to depreciation:				
Infrastructure	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Total capital assets being depreciated	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Accumulated depreciation:				
Infrastructure	\$ 503,428	\$ 52,118	\$ -	\$ 555,546
Total accumulated depreciation	\$ 503,428	\$ 52,118	\$ -	\$ 555,546
Total capital assets being depreciated, net	\$ 1,413,651	\$ (52,118)	\$ -	\$ 1,361,533
Business-Type capital assets, net	<u>\$ 2,800,424</u>	<u>\$ (52,118)</u>	<u>\$ -</u>	<u>\$ 2,748,306</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	151,691
Judicial administration		152,111
Public safety		251,570
Public works		251,079
Health and welfare		22,122
Education		807,428
Parks, recreation and cultural		69,612
Community development		<u>47,318</u>

Total Governmental activities	\$	<u><u>1,752,931</u></u>
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Component Unit School Board	\$	<u><u>792,982</u></u>
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Component Unit Economic Development Authority	\$	<u><u>52,118</u></u>
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Business-Type Activities	\$	<u><u>114,246</u></u>
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Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 3,112,626	\$ 242,959
County Special Revenue Fund	1,526	290,364
County Capital Projects Fund	<u>-</u>	<u>2,822,262</u>
Total Governmental Funds	\$ <u><u>3,114,152</u></u>	\$ <u><u>3,355,585</u></u>
Enterprise Funds:		
Sanitary District	\$ <u>241,133</u>	\$ <u>-</u>
Total Enterprise Funds	\$ <u><u>241,133</u></u>	\$ <u><u>-</u></u>
Total All Funds	\$ <u><u><u>3,355,285</u></u></u>	\$ <u><u><u>3,355,585</u></u></u>

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.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the fiscal year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 358,201	\$ 13,458	\$ 35,820	\$ 335,839	\$ 33,584
Lease revenue bond	14,365,000	-	705,000	13,660,000	740,000
Issuance premium	304,086	-	17,887	286,199	17,887
Capital lease	326,175	-	36,236	289,939	37,765
Net OPEB obligation	52,170	29,480	38,750	42,900	-
Landfill postclosure care liability	<u>2,759,865</u>	<u>-</u>	<u>13,079</u>	<u>2,746,786</u>	<u>-</u>
Total incurred by County	<u>\$ 18,165,497</u>	<u>\$ 42,938</u>	<u>\$ 846,772</u>	<u>\$ 17,361,663</u>	<u>\$ 829,236</u>
Incurred by School Board:					
General obligation bonds	<u>\$ 15,868,881</u>	<u>\$ -</u>	<u>\$ 683,319</u>	<u>\$ 15,185,562</u>	<u>\$ 1,028,434</u>
Total incurred by School Board	<u>\$ 15,868,881</u>	<u>\$ -</u>	<u>\$ 683,319</u>	<u>\$ 15,185,562</u>	<u>\$ 1,028,434</u>
Total Governmental Activities	<u>\$ 34,034,378</u>	<u>\$ 42,938</u>	<u>\$ 1,530,091</u>	<u>\$ 32,547,225</u>	<u>\$ 1,857,670</u>
Business-type Activities:					
Lease revenue bond	<u>\$ 2,807,161</u>	<u>\$ -</u>	<u>\$ 57,979</u>	<u>\$ 2,749,182</u>	<u>\$ 116,062</u>
Total Business-type Activities	<u>\$ 2,807,161</u>	<u>\$ -</u>	<u>\$ 57,979</u>	<u>\$ 2,749,182</u>	<u>\$ 116,062</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government:

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

Year Ending June 30,	County Obligations			
	Lease Revenue Bond		Capital Lease	
	Principal	Interest	Principal	Interest
2014	\$ 740,000	\$ 567,463	\$ 37,765	\$ 12,235
2015	830,000	545,262	39,359	10,641
2016	875,000	519,312	41,019	8,981
2017	915,000	493,063	42,751	7,249
2018	1,215,000	461,037	44,554	5,446
2019	1,270,000	415,763	46,435	3,565
2020	1,330,000	364,962	38,056	1,605
2021	1,405,000	298,463	-	-
2022	1,490,000	228,213	-	-
2023	2,090,000	153,712	-	-
2024	150,000	67,500	-	-
2025	155,000	60,750	-	-
2026	165,000	53,775	-	-
2027	170,000	46,350	-	-
2028	420,000	38,700	-	-
2029	440,000	19,800	-	-
Total	\$ 13,660,000	\$ 4,334,125	\$ 289,939	\$ 49,722

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2014	\$ 1,028,434	\$ 688,028
2015	995,839	652,825
2016	1,013,903	618,283
2017	1,499,327	582,793
2018	1,264,676	552,957
2019	1,276,431	528,959
2020	1,293,541	504,224
2021	1,302,253	483,854
2022	1,344,493	463,035
2023	833,333	450,000
2024	833,333	450,000
2025	833,333	450,000
2026	833,333	450,000
2027	833,333	450,000
Total	\$ <u>15,185,562</u>	\$ <u>7,324,958</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30,	Enterprise Obligations	
	Lease Revenue	
	Bond	
	Principal	Interest
2014	\$ 116,062	\$ 75,128
2015	119,194	71,996
2016	122,409	68,781
2017	125,712	65,478
2018	129,103	62,086
2019	132,587	58,603
2020	136,164	55,026
2021	139,837	51,352
2022	143,610	47,580
2023	147,485	43,705
2024	151,464	39,726
2025	155,550	35,640
2026	159,747	31,443
2027	164,057	27,133
2028	168,483	22,707
2029	173,028	18,161
2030	177,697	13,493
2031	182,491	8,699
2032	104,502	3,775
Total	\$ <u>2,749,182</u>	\$ <u>800,512</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Long-term obligations at June 30, 2013 are as follows:

Governmental Activities:

Incurred by County:

Lease Revenue Bond:

\$14,605,000 lease revenue bond issued April 27, 2010, payable in varying annual installments, interest at 1.00% to 5.00%, through May 1, 2029. \$ 13,660,000

Capital Lease:

\$326,175 capital lease issued July 15, 2011, payable in annual installments of principal and interest in the amount of \$50,000, through July 15, 2019. \$ 289,939

Issuance premium \$ 286,199

Net OPEB obligation (payable by the general fund) \$ 42,900

Landfill postclosure care liability (payable by the general fund) \$ 2,746,786

Compensated absences (payable by the general fund) \$ 335,839

Total Incurred by County \$ 17,361,663

Incurred by School Board:

General Obligation bonds

\$1,000,000 school bond issued May 5, 1994, payable in varying amounts and interest rates (6.19%-6.30%) through July 15, 2013. \$ 50,000

\$3,789,949 school bond issued November 1, 1996, payable in varying amounts and interest rates through July 15, 2017. 939,882

\$1,850,000 school bond issued October 26, 2001, payable in varying amounts and interest rates through July 15, 2021. 1,050,000

\$6,512,513 school bond issued October 26, 2001, payable in varying amounts and rates through July 15, 2021. 3,145,680

\$10,000,000 school bond issued June 26, 2011, payable in varying amounts through June 1, 2027. 10,000,000

Total General Obligation Bonds \$ 15,185,562

Total Incurred by School Board \$ 15,185,562

Total Governmental Activities \$ 32,547,225

Business-type Activities:

Lease Revenue Bond:

\$2,807,161 VRA lease revenue bond issued June 16, 2011, payable in varying annual installments, interest at 2.18%, through May 1, 2032. \$ 2,749,182

Total Business-type Activities \$ 2,749,182

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component - Unit School Board:

The following is a summary of long-term obligation transactions of the Component Unit School Board for the fiscal year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Early retirement liability	\$ 471,010	\$ -	\$ 24,820	\$ 446,190	\$ 26,806
Net OPEB obligation	<u>118,830</u>	<u>104,520</u>	<u>71,250</u>	<u>152,100</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 589,840</u>	<u>\$ 104,520</u>	<u>\$ 96,070</u>	<u>\$ 598,290</u>	<u>\$ 26,806</u>

<u>Year Ending June 30</u>	<u>Early Retirement Liability</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 26,806	\$ 35,695
2015	28,950	33,551
2016	31,266	31,235
2017	33,767	28,734
2018	36,468	26,033
2019	39,386	23,115
2020	42,537	19,964
2021	45,940	16,561
2022	49,615	12,886
2023	53,584	8,917
2024	<u>57,871</u>	<u>4,630</u>
Total	<u>\$ 446,190</u>	<u>\$ 241,321</u>

\$703,618 VRS early retirement incentive issued July 1, 1994, payable in annual amounts of principal and interest of \$62,501 through July 1, 2024.

\$446,190

Net OPEB obligation (payable from the School Fund)

152,100

Total Debt Incurred by the School Board (payable from the School Fund)

\$598,290

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 8—Capital Lease:

The government has entered into a lease agreement as lessee for financing the acquisition of a fire truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Primary Government
Building	\$ 501,567
Less: Accumulated depreciation	(100,313)
Total	\$ 401,254

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2013, are as follows:

Year Ended June 30	Primary Government
2014	\$ 50,000
2015	50,000
2016	50,000
2017	50,000
2018	50,000
2019	50,000
2020	39,661
Total minimum lease payments	\$ 339,661
Less: amount representing interest	(49,722)
Present value of minimum lease payments	\$ 289,939

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 9—Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$5,496,206 is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$5,345,676 (including 2nd half tax billings of \$3,604,556 not due until December 5) at June 30, 2013.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$150,530 at June 30, 2013.

Note 10— Commitments and Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of 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 disallowance of current grant program expenditures, if any, would be immaterial.

A memorandum of understanding was issued on April 12, 1999 between the County and the Town of Appomattox for the purchase of water rights. The Town entered in a financing agreement with the VRA and the County agreed to pay the Town 48.67% of the debt for the use of 146,000 gallons of water per day.

Note 11—Litigation:

At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 12 –Risk Management:

The County and the 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 for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The County also participates with other localities in a public entity risk pool for their coverage of general liability and auto insurance with Virginia Municipal League and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for general insurance through member premiums. The County continues to carry commercial insurance for all other risks of loss. The Component Unit School Board carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 –Defined Benefit Pension Plan:

Primary Government and Discretely Presented Component Unit School Board:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit 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. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the 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.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 – Defined Benefit Pension Plan: (Continued)

Primary Government and Discretely Presented Component Unit School Board: (Continued)

A. Plan Description (Continued)

- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1, of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at: <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 – Defined Benefit Pension Plan: (Continued)

Primary Government and Discretely Presented Component Unit School Board: (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, 2013 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 their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2013 were 13.49% and 8.00% of annual covered payroll, respectively.

The School Board's professional employees contributed \$1,194,413, \$601,804, and \$387,595, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011 respectively, and these contributions represented 11.66%, 6.33% and 3.93%, respectively, of current covered payroll.

C. Annual Pension Cost

For the fiscal year 2013, the County's annual pension cost of \$523,794 was equal to the County's required and actual contributions.

For the fiscal year 2013, the County School Board's annual pension cost for the Board's non-professional employees was \$57,525 was equal to the Board's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2013	\$ 523,794	100%	\$ -
June 30, 2012	430,137	100%	-
June 30, 2011	452,841	100%	-
School Board:			
Non-Professional:			
June 30, 2013	\$ 57,525	100%	\$ -
June 30, 2012	21,115	100%	-
June 30, 2011	21,311	100%	-

(1) Employer portion only

Note 13 – Defined Benefit Pension Plan: (Continued)

Primary Government and Discretely Presented Component Unit School Board: (Continued)

C. Annual Pension Cost (Continued)

The fiscal year 2013 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 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 and School Board's unfunded actuarial accrued liability are being amortized as a level percentage of projected payroll 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, 2012, the most recent actuarial valuation date, the plan was 70.14% funded. The actuarial accrued liability for benefits was \$21,499,122, and the actuarial value of assets was \$15,079,938, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,419,184. The covered payroll (annual payroll of active employees covered by the plan) was \$3,655,424, and ratio of the UAAL to the covered payroll was 175.61%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's non-professional plan was 87.46% funded. The actuarial accrued liability for benefits was \$2,587,262, and the actuarial value of assets was \$2,262,859, resulting in an unfunded actuarial accrued liability (UAAL) of \$324,403. The covered payroll (annual payroll of active employees covered by the plan) was \$666,466, and ratio of the UAAL to the covered payroll was 48.68%.

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 14 –Landfill Closure and Postclosure Costs:

The County closed its landfill and is liable for postclosure monitoring for a period of thirty years. In addition, the County participates in a Regional Landfill and is liable for its portion of closure and postclosure monitoring costs. In conjunction with both, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and State Regulations. The \$2,746,786 reported as landfill postclosure liability at June 30, 2013, represents the estimated liability for postclosure monitoring over the remaining twenty-seven years for the County Landfill and the closure and postclosure costs of the Regional Landfill. These amounts are based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action cost through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 15–Surety Bonds:

The Commonwealth of Virginia has established a Faithful Performance of Duty Bond Plan to cover the following positions:

	<u>Amount</u>
Division of Risk Management, Faithful Performance of Duty Schedule Position Bond: Commonwealth Funds	
Janet A. Hix, Clerk of the Circuit Court	\$ 115,430
Alice F. Gillette, Treasurer	400,000
Sara R. Henderson, Commissioner of the Revenue	3,000
Barry E. Letterman, Sheriff	30,000
The above constitutional officers and subordinate employees - blanket bond	50,000

Note 16–Other Postemployment Benefits - Health Insurance:

A. Post-retirement Health Insurance for Employee

Plan Description

The County of Appomattox and the County of Appomattox School Board offer eligible retirees post-retirement medical and dental coverage if they retire directly from the County or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical, disability and dental coverage.

Funding Policy

The County and the School Board in Appomattox allow retirees and their spouses continue to participate in the County's medical, dental and disability coverage plans. The retiree pays 100% of all premiums. Medical and dental coverage stops at age 65 or when eligible for Medicare. Disability coverage changes to a carveout class at eligibility for Medicare and stops at age 65.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

A. Post-retirement Health Insurance for Employee (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County and School Board’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board’s annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the County and School Board’s net OPEB obligation to the Retiree Health Insurance Plan:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual required contribution	\$ 29,480	\$ 104,520
Interest on net OPEB obligation	1,100	7,000
Adjustment to annual required contribution	(1,100)	(7,000)
Annual OPEB cost (expense)	<u>\$ 29,480</u>	<u>\$ 104,520</u>
Contributions made	<u>(38,750)</u>	<u>(71,250)</u>
Increase in net OPEB obligation	(9,270)	33,270
Net OPEB obligation-beginning of year	52,170	118,830
Net OPEB obligation-end of year	<u><u>\$ 42,900</u></u>	<u><u>\$ 152,100</u></u>

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2011	\$ 29,260	72.93%	\$ 46,670
6/30/2012	30,140	81.75%	52,170
6/30/2013	29,480	131.45%	42,900
Schools:			
6/30/2011	\$ 103,740	72.93%	\$ 99,330
6/30/2012	106,860	81.75%	118,830
6/30/2013	104,520	68.17%	152,100

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

A. Post-retirement Health Insurance for Employee (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the County's most recent actuarial date, accrued liability for benefits was \$289,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,447,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.82 percent.

As of July 1, 2012, the School Board's most recent actuarial date, accrued liability for benefits was \$1,025,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,677,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.82 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and 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 liabilities for benefits.

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees-Retirement eligible for medical benefits are assumed to occur beginning once a participant attains age 50 and completes 15 or more years of service. In no event is an active participant assumed to work beyond age 70.

Mortality-Life expectancies were based on mortality tables from the 1994 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

Coverage elections - The actuary assumed that 50% of active participants who retire at age 50 or greater are assumed to continue their coverage into retirement. 25% of their spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled (and 25% of their spouses) are assumed to continue their coverage.

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

A. Post-retirement Health Insurance for Employee (Continued)

Actuarial Methods and Assumptions (Continued)

Based on the historical and expected returns of the County and School Board’s short-term investment portfolio, a discount of 4.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was thirty years.

B. Health Insurance Credit Program Through Virginia Retirement System

Plan Description

The Appomattox County Public Schools 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.

The non-professional employees of the Appomattox County Public Schools (School Board), who retire under VRS with at least 15 years of total creditable service under the System and are enrolled in a health insurance plan, are 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 13.

Funding Policy

As a participating local political subdivision, the School Board 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 School Board’s contribution rate for the fiscal year ended 2013 was .55% of annual covered payroll.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

B. Health Insurance Credit Program Through Virginia Retirement System (Continued)

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 School Board 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.

Funded Status and Funding Progress

For 2013, the School Board’s contribution of \$3,955 was equal to the ARC and OPEB cost. The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding years are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB</u> <u>Cost (ARC)</u>	<u>Percentage of ARC</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 3,955	100%	\$ -
June 30, 2012	3,734	100%	-

* Only two years available

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 55,643
Actuarial value of plan assets	\$ 25,713
Unfunded actuarial accrued liability (UAAL)	\$ 29,925
Funded ratio (actuarial value of plan assets/AAL)	46.22%
Covered payroll (active plan members)	\$ 666,466
UAAL as a percentage of covered payroll	4.49%

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

B. Health Insurance Credit Program Through Virginia Retirement System (Continued)

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.

Retiree postemployment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% 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 amortization period at June 30, 2012 was 29 years using an open amortization period.

Professional Employees - Discretely Presented Component Unit School Board

The School Board professional employees participate 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.

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 years ended June 30, 2013 and 2012 were \$113,705 and \$57,878, respectively and equaled the required contributions for each year.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 17-Restatement of Beginning Fund Balances and Net Position:

The following restatement was made to beginning fund balances:

	<u>County Capital Projects Fund</u>
Fund balance at June 30, 2012, as previously reported	\$ 6,403,053
Remove amount not drawdown on VRA loan	<u>(81,816)</u>
Fund balance at June 30, 2012, as restated	<u><u>\$ 6,321,237</u></u>

The following restatement was made to beginning net position:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Component Unit- School Board</u>
Net position at June 30, 2012, as previously reported	\$ 11,550,821	\$ -	\$ 10,657,009
Remove amount not drawdown on VRA loan	(81,816)	-	-
Reclassify debt related to business type activities	2,888,977	(2,807,161)	-
Reclassify capital assets associated with business type activities	(5,673,378)	5,673,378	-
To adjust for APS asset not capitalized in prior year	-	-	1,050,695
To expense bond issuance costs in accordance with GASB 65	<u>(566,870)</u>	<u>-</u>	<u>-</u>
Net position at June 30, 2012, as restated	<u><u>\$ 8,117,734</u></u>	<u><u>\$ 2,866,217</u></u>	<u><u>\$ 11,707,704</u></u>

Note 18-Upcoming Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statement No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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County of Appomattox, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 10,873,439	\$ 10,873,439	\$ 10,114,251	\$ (759,188)
Other local taxes	1,769,979	1,769,979	1,960,774	190,795
Permits, privilege fees, and regulatory licenses	81,000	81,000	78,952	(2,048)
Fines and forfeitures	100,000	100,000	37,628	(62,372)
Revenue from the use of money and property	149,248	149,248	111,214	(38,034)
Charges for services	127,844	127,844	143,225	15,381
Miscellaneous	101,789	101,789	185,115	83,326
Recovered costs	69,356	69,356	166,764	97,408
Intergovernmental revenues:				
Commonwealth	4,554,399	4,554,399	4,205,561	(348,838)
Federal	1,154,600	1,154,600	1,341,747	187,147
Total revenues	<u>\$ 18,981,654</u>	<u>\$ 18,981,654</u>	<u>\$ 18,345,231</u>	<u>\$ (636,423)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,699,980	\$ 1,656,005	\$ 1,649,007	\$ 6,998
Judicial administration	1,040,083	1,106,597	1,058,263	48,334
Public safety	3,462,771	3,540,264	3,348,333	191,931
Public works	1,570,175	1,618,440	1,520,202	98,238
Health and welfare	2,595,528	2,701,148	2,665,954	35,194
Education	4,838,935	4,838,935	4,680,249	158,686
Parks, recreation, and cultural	421,675	588,038	557,741	30,297
Community development	441,580	583,732	340,710	243,022
Capital projects	766,897	4,109,135	1,470,113	2,639,022
Debt service:				
Principal retirement	1,424,555	1,424,555	1,424,555	-
Interest and other fiscal charges	1,309,341	1,309,341	1,319,390	(10,049)
Total expenditures	<u>\$ 19,571,520</u>	<u>\$ 23,476,190</u>	<u>\$ 20,034,517</u>	<u>\$ 3,441,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (589,866)</u>	<u>\$ (4,494,536)</u>	<u>\$ (1,689,286)</u>	<u>\$ 2,805,250</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 809,266	\$ 1,521,890	\$ 3,112,626	\$ 1,590,736
Transfers out	(219,400)	(243,911)	(242,959)	952
Total other financing sources (uses)	<u>\$ 589,866</u>	<u>\$ 1,277,979</u>	<u>\$ 2,869,667</u>	<u>\$ 1,591,688</u>
Net change in fund balances	\$ -	\$ (3,216,557)	\$ 1,180,381	\$ 4,396,938
Fund balances - beginning	-	3,216,557	6,436,145	3,219,588
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,616,526</u>	<u>\$ 7,616,526</u>

County of Appomattox, Virginia

Schedule of Pension Funding Progress-Virginia Retirement System

For the Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Payroll
County:						
6/30/2012	\$ 15,079,938	\$ 21,499,122	6,419,184	70.14%	\$ 3,655,424	175.61%
6/30/2011	15,272,838	20,407,533	5,134,695	74.84%	4,124,776	124.48%
6/30/2010	14,835,744	19,789,685	4,953,941	74.97%	4,102,025	120.77%
6/30/2009	14,840,973	18,118,217	3,277,244	81.91%	4,110,786	79.72%
6/30/2008	14,528,854	16,884,274	2,355,420	86.05%	3,862,711	60.98%
6/30/2007	13,009,420	15,181,452	2,172,032	85.69%	3,716,487	58.44%
6/30/2006	11,422,045	12,970,976	1,548,931	88.06%	3,204,187	48.34%
6/30/2005	10,567,651	12,474,514	1,906,863	84.71%	2,936,907	64.93%
6/30/2004	10,108,022	11,350,662	1,242,640	89.05%	2,855,983	43.51%
6/30/2003	9,776,261	10,406,571	630,310	93.94%	2,816,707	22.38%
School Board Non-Professionals:						
6/30/2012	\$ 2,262,859	\$ 2,587,262	324,403	87.46%	\$ 666,466	48.68%
6/30/2011	2,286,326	2,522,531	236,205	90.64%	696,815	33.90%
6/30/2010	2,285,549	2,256,293	(29,256)	101.30%	654,259	-4.47%
6/30/2009	2,261,362	2,051,266	(210,096)	110.24%	669,727	-31.37%
6/30/2008	2,241,335	2,040,746	(200,589)	109.83%	622,331	-32.23%
6/30/2007	2,033,380	2,070,542	37,162	98.21%	795,331	4.67%
6/30/2006	1,792,492	1,875,955	83,463	95.55%	780,958	10.69%
6/30/2005	1,710,788	1,891,413	180,625	90.45%	736,895	24.51%
6/30/2004	1,678,809	1,570,229	(108,580)	106.91%	660,514	-16.44%
6/30/2003	1,669,062	1,439,863	(229,199)	115.92%	599,423	-38.24%

County of Appomattox, Virginia

Schedule of OPEB Funding Progress for Retiree Health Insurance Plan
and Health Insurance Credit Program

For the Year Ended June 30, 2013

Primary Government:

County Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2012	\$ -	\$ 289,300	\$ 289,300	0.00%	\$ 2,447,500	11.82%
7/1/2010	-	287,320	287,320	0.00%	2,599,960	11.05%
7/1/2008	-	311,100	311,100	0.00%	3,688,800	8.43%

Discretely Presented Component Unit:

School Board Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2012	\$ -	\$ 1,025,700	\$ 1,025,700	0.00%	\$ 8,677,500	11.82%
7/1/2010	-	1,018,680	1,018,680	0.00%	9,218,040	11.05%
7/1/2008	-	725,900	725,900	0.00%	8,607,200	8.43%

Discretely Presented Component Unit School Board:

Health Insurance Credit Program Through Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2012	\$ 25,718	\$ 55,643	\$ 29,925	46.22%	\$ 666,466	4.49%
6/30/2011	24,444	51,325	26,881	47.63%	696,815	3.86%
6/30/2010	19,066	48,557	29,491	39.27%	654,259	4.51%
6/30/2009	12,260	44,090	31,830	27.81%	669,727	4.75%
6/30/2008	11,586	80,813	69,227	14.34%	622,331	11.12%
6/30/2007	5,382	103,254	97,872	5.21%	795,331	12.31%

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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County of Appomattox, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 389	\$ 389
Intergovernmental revenues:				
Appomattox County School Board	-	-	175,000	175,000
Total revenues	\$ -	\$ -	\$ 175,389	\$ 175,389
EXPENDITURES				
Capital Projects	\$ 49,608	\$ 249,608	\$ 218,249	\$ 31,359
Total expenditures	\$ 49,608	\$ 249,608	\$ 218,249	\$ 31,359
Excess (deficiency) of revenues over (under) expenditures	\$ (49,608)	\$ (249,608)	\$ (42,860)	\$ 206,748
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (709,332)	\$ (1,421,956)	\$ (2,822,262)	\$ (1,400,306)
Total other financing sources (uses)	\$ (709,332)	\$ (1,421,956)	\$ (2,822,262)	\$ (1,400,306)
Net change in fund balances	\$ (758,940)	\$ (1,671,564)	\$ (2,865,122)	\$ (1,193,558)
Fund balances - beginning - as restated	758,940	1,671,564	6,321,237	4,649,673
Fund balances - ending	\$ -	\$ -	\$ 3,456,115	\$ 3,456,115

County of Appomattox, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	County Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 38,659	\$ 38,659
Miscellaneous	-	-	9,702	9,702
Intergovernmental revenues:				
Commonwealth	9,200	9,200	263,934	254,734
Total revenues	\$ 9,200	\$ 9,200	\$ 312,295	\$ 303,095
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 20,676	\$ (20,676)
Total expenditures	\$ -	\$ -	\$ 20,676	\$ (20,676)
Excess (deficiency) of revenues over (under) expenditures	\$ 9,200	\$ 9,200	\$ 291,619	\$ 282,419
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,526	\$ 1,526
Transfers out	(99,934)	(99,934)	(290,364)	(190,430)
Total other financing sources (uses)	\$ (99,934)	\$ (99,934)	\$ (288,838)	\$ (188,904)
Net change in fund balances	\$ (90,734)	\$ (90,734)	\$ 2,781	\$ 93,515
Fund balances - beginning	90,734	90,734	602,657	511,923
Fund balances - ending	\$ -	\$ -	\$ 605,438	\$ 605,438

County of Appomattox, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	Agency Funds			
	<u>Special Welfare</u>	<u>Sheriff Drug</u>	<u>Swim Team</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,878	\$ 12,018	\$ 1,219	\$ 24,115
Total assets	\$ 10,878	\$ 12,018	\$ 1,219	\$ 24,115
LIABILITIES				
Amounts held for social services clients	\$ 10,878	\$ -		\$ 10,878
Amounts held for others	-	12,018	1,219	13,237
Total liabilities	\$ 10,878	\$ 12,018	\$ 1,219	\$ 24,115

County of Appomattox, Virginia

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 14,295	\$ 14,217	\$ 17,634	\$ 10,878
Liabilities:				
Amounts held for social services clients	\$ 14,295	\$ 14,217	\$ 17,634	\$ 10,878
Jail Inmate:				
Assets:				
Cash and cash equivalents	\$ 861	\$ -	\$ 861	\$ -
Liabilities:				
Amounts held for inmates	\$ 861	\$ -	\$ 861	\$ -
Sheriff Drug:				
Assets:				
Cash and cash equivalents	\$ 11,238	\$ 780	\$ -	\$ 12,018
Liabilities:				
Amounts held for others	\$ 11,238	\$ 780	\$ -	\$ 12,018
C. Austin Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 34,010	\$ 4	\$ 34,014	\$ -
Liabilities:				
Amounts held for social services clients	\$ 34,010	\$ 4	\$ 34,014	\$ -
Swim Team:				
Assets:				
Cash and cash equivalents	\$ -	\$ 6,000	\$ 4,781	\$ 1,219
Liabilities:				
Amounts held for others	\$ -	\$ 6,000	\$ 4,781	\$ 1,219
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 60,404	\$ 21,001	\$ 57,290	\$ 24,115
Liabilities:				
Amounts held for others	\$ 11,238	\$ 6,780	\$ 4,781	\$ 13,237
Amounts held for inmates	861	-	861	-
Amounts held for social services clients	48,305	14,221	51,648	10,878
Total liabilities	\$ 60,404	\$ 21,001	\$ 57,290	\$ 24,115

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Appomattox, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2013

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 717,536	\$ 717,536
Cash in custody of others	-	4,000	4,000
Due from other funds	60,195	-	60,195
Due from other governmental units	3,098,403	-	3,098,403
Total assets	<u>\$ 3,158,598</u>	<u>\$ 721,536</u>	<u>\$ 3,880,134</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 24,163	\$ -	\$ 24,163
Accrued liabilities	1,671,382	-	1,671,382
Reconciled overdraft	1,285,265	-	1,285,265
Due to other funds	-	60,195	60,195
Total liabilities	<u>\$ 2,980,810</u>	<u>\$ 60,195</u>	<u>\$ 3,041,005</u>
Fund balances:			
Committed	\$ 175,788	\$ 661,341	\$ 837,129
Unassigned	2,000	-	2,000
Total fund balances	<u>\$ 177,788</u>	<u>\$ 661,341</u>	<u>\$ 839,129</u>
Total liabilities and fund balances	<u>\$ 3,158,598</u>	<u>\$ 721,536</u>	<u>\$ 3,880,134</u>

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

Total fund balances per above	\$ 839,129
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 19,470,580	
Less: accumulated depreciation	<u>(8,110,568)</u>	11,360,012

Long-term liabilities, including VRS early retirement incentive, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Early retirement liability	\$ (446,190)	
Net OPEB obligation	<u>(152,100)</u>	(598,290)

Net position of governmental activities	<u>\$ 11,600,851</u>
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County of Appomattox, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 4,034	\$ -	\$ 4,034
Charges for services	146,288	331,776	478,064
Miscellaneous	74,213	-	74,213
Recovered costs	46,381	-	46,381
Intergovernmental revenues:			
Local government	4,679,873	-	4,679,873
Commonwealth	13,050,425	14,001	13,064,426
Federal	1,411,264	586,833	1,998,097
Total revenues	<u>\$ 19,412,478</u>	<u>\$ 932,610</u>	<u>\$ 20,345,088</u>
EXPENDITURES			
Current:			
Education	\$ 19,024,076	\$ 1,419,690	\$ 20,443,766
Capital projects	200,901	-	200,901
Debt service:			
Principal retirement	24,820	-	24,820
Interest and other fiscal charges	37,681	-	37,681
Total expenditures	<u>\$ 19,287,478</u>	<u>\$ 1,419,690</u>	<u>\$ 20,707,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 125,000</u>	<u>\$ (487,080)</u>	<u>\$ (362,080)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 125,000	\$ 125,000
Transfers out	(125,000)	-	(125,000)
Total other financing sources (uses)	<u>\$ (125,000)</u>	<u>\$ 125,000</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (362,080)	\$ (362,080)
Fund balances - beginning	177,788	1,023,421	1,201,209
Fund balances - ending	<u>\$ 177,788</u>	<u>\$ 661,341</u>	<u>\$ 839,129</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 \$ (362,080)

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

Capital asset additions	\$ 442,852	
Jointly owned asset allocation	1,417,116	
Depreciation expense	<u>(1,596,291)</u>	263,677

The issuance of long-term obligations 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.

Principal payments	<u>\$ 24,820</u>	24,820
--------------------	------------------	--------

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

(Increase) decrease in net OPEB obligation	<u>\$ (33,270)</u>	(33,270)
--	--------------------	----------

Change in net position of governmental activities	<u>\$ (106,853)</u>
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County of Appomattox, 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, 2013

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,000	\$ 3,000	\$ 4,034	\$ 1,034
Charges for services	129,000	129,000	146,288	17,288
Miscellaneous	116,000	116,000	74,213	(41,787)
Recovered costs	17,700	17,700	46,381	28,681
Intergovernmental revenues:				
Local government	4,838,559	4,838,559	4,679,873	(158,686)
Commonwealth	13,101,732	13,101,732	13,050,425	(51,307)
Federal	1,440,929	1,488,662	1,411,264	(77,398)
Total revenues	<u>\$ 19,646,920</u>	<u>\$ 19,694,653</u>	<u>\$ 19,412,478</u>	<u>\$ (282,175)</u>
EXPENDITURES				
Current:				
Education	\$ 19,740,207	\$ 19,787,940	\$ 19,024,076	\$ 763,864
Capital projects	20,000	20,000	200,901	(180,901)
Debt service:				
Principal retirement	24,820	24,820	24,820	-
Interest and other fiscal charges	37,681	37,681	37,681	-
Total expenditures	<u>\$ 19,822,708</u>	<u>\$ 19,870,441</u>	<u>\$ 19,287,478</u>	<u>\$ 582,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (175,788)</u>	<u>\$ (175,788)</u>	<u>\$ 125,000</u>	<u>\$ 300,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (125,000)	\$ (125,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (125,000)</u>	<u>\$ (125,000)</u>
Net change in fund balances	\$ (175,788)	\$ (175,788)	\$ -	\$ 175,788
Fund balances - beginning	175,788	175,788	177,788	2,000
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,788</u>	<u>\$ 177,788</u>

County of Appomattox, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Special Revenue Fund			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 30	\$ 30	\$ -	\$ (30)
Charges for services	405,000	405,000	331,776	(73,224)
Miscellaneous	4,500	4,500	-	(4,500)
Intergovernmental revenues:				
Commonwealth	15,290	15,290	14,001	(1,289)
Federal	575,000	639,872	586,833	(53,039)
Total revenues	<u>\$ 999,820</u>	<u>\$ 1,064,692</u>	<u>\$ 932,610</u>	<u>\$ (132,082)</u>
EXPENDITURES				
Current:				
Education	\$ 1,176,494	\$ 1,531,366	\$ 1,419,690	\$ 111,676
Total expenditures	<u>\$ 1,176,494</u>	<u>\$ 1,531,366</u>	<u>\$ 1,419,690</u>	<u>\$ 111,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (176,674)</u>	<u>\$ (466,674)</u>	<u>\$ (487,080)</u>	<u>\$ (20,406)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 125,000	\$ 125,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>
Net change in fund balances	\$ (176,674)	\$ (466,674)	\$ (362,080)	\$ 104,594
Fund balances - beginning	176,674	466,674	1,023,421	556,747
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,341</u>	<u>\$ 661,341</u>

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Appomattox, Virginia
Statement of Net Position
Discretely Presented Component Unit-Economic Development Authority
June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 85,626
---------------------------	-----------

Noncurrent assets:

Capital assets:

Land	\$ 1,386,773
------	--------------

Infrastructure	1,917,079
----------------	-----------

Less accumulated depreciation	(555,546)
-------------------------------	-----------

Total capital assets	<u>\$ 2,748,306</u>
----------------------	---------------------

Total noncurrent assets	<u>\$ 2,748,306</u>
-------------------------	---------------------

Total assets	<u>\$ 2,833,932</u>
--------------	---------------------

NET POSITION

Net investment in capital assets	\$ 2,748,306
----------------------------------	--------------

Unrestricted	85,626
--------------	--------

Total net position	<u><u>\$ 2,833,932</u></u>
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County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2013

OPERATING REVENUES

Charges for services:

Rent	\$ 1,180
Miscellaneous	7,698
Total operating revenues	\$ 8,878

OPERATING EXPENSES

Other supplies and expenses	\$ 5,628
Depreciation	52,118
Total operating expenses	\$ 57,746

Operating income (loss)	\$ (48,868)
-------------------------	-------------

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 329
Total nonoperating revenues (expenses)	\$ 329

Change in net position	\$ (48,539)
------------------------	-------------

Total net position - beginning	2,882,471
Total net position - ending	\$ 2,833,932

County of Appomattox, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	8,878
Payments for operating activities		<u>(5,628)</u>
Net cash provided by (used for) operating activities	\$	<u>3,250</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$	329
Net cash provided by (used for) investing activities	\$	<u>329</u>

Net increase (decrease) in cash and cash equivalents 3,579

Cash and cash equivalents - beginning		82,047
Cash and cash equivalents - ending	\$	<u><u>85,626</u></u>

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$	(48,868)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		52,118
Total adjustments	\$	<u>52,118</u>
Net cash provided by (used for) operating activities	\$	<u><u>3,250</u></u>

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SUPPORTING SCHEDULES

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County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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	\$ 7,599,270	\$ 7,599,270	\$ 6,767,076	\$ (832,194)
Real and personal public service corporation taxes	503,075	503,075	543,882	40,807
Personal property taxes	2,489,727	2,489,727	2,495,877	6,150
Machinery and tools taxes	50,269	50,269	35,237	(15,032)
Merchant's capital taxes	131,098	131,098	131,768	670
Penalties	65,000	65,000	80,530	15,530
Interest	35,000	35,000	59,881	24,881
Total general property taxes	<u>\$ 10,873,439</u>	<u>\$ 10,873,439</u>	<u>\$ 10,114,251</u>	<u>\$ (759,188)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,165,466	\$ 165,466
Consumers' utility taxes	330,000	330,000	354,511	24,511
Consumption tax	34,000	34,000	36,624	2,624
Gross Receipts	1,000	1,000	1,669	669
Motor vehicle licenses	337,979	337,979	313,838	(24,141)
Taxes on recordation and wills	67,000	67,000	88,666	21,666
Total other local taxes	<u>\$ 1,769,979</u>	<u>\$ 1,769,979</u>	<u>\$ 1,960,774</u>	<u>\$ 190,795</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 6,307	\$ (1,193)
Permits and other licenses	73,500	73,500	72,645	(855)
Total permits, privilege fees, and regulatory licenses	<u>\$ 81,000</u>	<u>\$ 81,000</u>	<u>\$ 78,952</u>	<u>\$ (2,048)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 100,000	\$ 100,000	\$ 37,628	\$ (62,372)
Total fines and forfeitures	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 37,628</u>	<u>\$ (62,372)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 70,200	\$ 70,200	\$ 68,860	\$ (1,340)
Revenue from use of property	79,048	79,048	42,354	(36,694)
Total revenue from use of money and property	<u>\$ 149,248</u>	<u>\$ 149,248</u>	<u>\$ 111,214</u>	<u>\$ (38,034)</u>
Charges for services:				
Sheriff's fees	\$ 794	\$ 794	\$ 1,506	\$ 712
Charges for Commonwealth's Attorney	450	450	-	(450)
Charges for sanitation and waste removal	82,600	82,600	97,223	14,623
Charges for correction and detention	-	-	1,510	1,510
Charges for other protection	4,000	4,000	1,635	(2,365)
Charges for recreation	26,000	26,000	27,686	1,686
Charges for library	14,000	14,000	13,665	(335)
Total charges for services	<u>\$ 127,844</u>	<u>\$ 127,844</u>	<u>\$ 143,225</u>	<u>\$ 15,381</u>

County of Appomattox, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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)				
Miscellaneous revenue:				
Miscellaneous	\$ 101,789	\$ 101,789	\$ 185,115	\$ 83,326
Total miscellaneous revenue	<u>\$ 101,789</u>	<u>\$ 101,789</u>	<u>\$ 185,115</u>	<u>\$ 83,326</u>
Recovered costs:				
Social services VRS & GLIF	\$ -	\$ -	\$ 103,518	\$ 103,518
Town recoveries	69,356	69,356	51,523	(17,833)
Health department	-	-	11,723	11,723
Total recovered costs	<u>\$ 69,356</u>	<u>\$ 69,356</u>	<u>\$ 166,764</u>	<u>\$ 97,408</u>
Total revenue from local sources	<u>\$ 13,272,655</u>	<u>\$ 13,272,655</u>	<u>\$ 12,797,923</u>	<u>\$ (474,732)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Mobile home titling tax	20,000	20,000	27,163	7,163
Rolling stock tax	35,000	35,000	41,105	6,105
Auto rental tax	-	-	233	233
Additional tax on deeds	27,000	27,000	27,461	461
State recordation tax	17,340	17,340	22,061	4,721
Communications tax	600,000	600,000	576,516	(23,484)
Personal property tax relief funds	1,023,636	1,023,636	1,023,637	1
Total noncategorical aid	<u>\$ 1,724,976</u>	<u>\$ 1,724,976</u>	<u>\$ 1,718,176</u>	<u>\$ (6,800)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 260,220	\$ 260,220	\$ 280,309	\$ 20,089
Sheriff	624,694	624,694	683,198	58,504
Commissioner of revenue	90,396	90,396	91,145	749
Treasurer	77,588	77,588	78,021	433
Medical examiner	500	500	-	(500)
Registrar/electoral board	38,385	38,385	33,528	(4,857)
Clerk of the Circuit Court	163,488	163,488	179,765	16,277
Total shared expenses	<u>\$ 1,255,271</u>	<u>\$ 1,255,271</u>	<u>\$ 1,345,966</u>	<u>\$ 90,695</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 414,078	\$ 414,078	\$ 418,388	\$ 4,310
Comprehensive services act	693,000	693,000	543,178	(149,822)
Emergency medical services	15,572	15,572	15,391	(181)
Tobacco revitalization	112,255	112,255	-	(112,255)
Fire programs fund	33,933	33,933	-	(33,933)
VDOT revenue sharing	-	-	31,817	31,817
Spay/neuter pets	-	-	24	24
Library grant	39,175	39,175	37,898	(1,277)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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 revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of forestry grant	\$ 17,000	\$ 17,000	\$ 22,354	\$ 5,354
Victim witness grant	22,139	22,139	22,687	548
Litter control grant	7,000	7,000	9,682	2,682
Virginia domestic violence victims fund	40,000	40,000	40,000	-
PSAP	180,000	180,000	-	(180,000)
Total other categorical aid	<u>\$ 1,574,152</u>	<u>\$ 1,574,152</u>	<u>\$ 1,141,419</u>	<u>\$ (432,733)</u>
Total categorical aid	<u>\$ 2,829,423</u>	<u>\$ 2,829,423</u>	<u>\$ 2,487,385</u>	<u>\$ (342,038)</u>
Total revenue from the Commonwealth	<u>\$ 4,554,399</u>	<u>\$ 4,554,399</u>	<u>\$ 4,205,561</u>	<u>\$ (348,838)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 4,000	\$ 4,000	\$ 23,180	\$ 19,180
Categorical aid:				
Federal interest rate subsidy	\$ 450,000	\$ 450,000	\$ 430,425	\$ (19,575)
Public assistance and welfare administration	700,600	700,600	707,892	7,292
Comprehensive services act	-	-	22,246	22,246
Transportation safety	-	-	9,148	9,148
STAG grant	-	-	49,624	49,624
ISTEA funds	-	-	86,900	86,900
Sheriff's overtime grant	-	-	12,332	12,332
Total categorical aid	<u>\$ 1,150,600</u>	<u>\$ 1,150,600</u>	<u>\$ 1,318,567</u>	<u>\$ 167,967</u>
Total revenue from the federal government	<u>\$ 1,154,600</u>	<u>\$ 1,154,600</u>	<u>\$ 1,341,747</u>	<u>\$ 187,147</u>
Total General Fund	<u>\$ 18,981,654</u>	<u>\$ 18,981,654</u>	<u>\$ 18,345,231</u>	<u>\$ (636,423)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Court costs- law library	\$ -	\$ -	\$ 2,592	\$ 2,592
Courthouse security fees	-	-	29,770	29,770
Courthouse maintenance fees	-	-	6,297	6,297
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,659</u>	<u>\$ 38,659</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 9,702	\$ 9,702
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,702</u>	<u>\$ 9,702</u>

County of Appomattox, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ -	\$ -	\$ 48,167	\$ 48,167
PSAP grant	-	-	202,640	202,640
Forfeited assets	-	-	3,926	3,926
Comprehensive services	9,200	9,200	9,201	1
Total categorical aid	<u>\$ 9,200</u>	<u>\$ 9,200</u>	<u>\$ 263,934</u>	<u>\$ 254,734</u>
Total revenue from the Commonwealth	<u>\$ 9,200</u>	<u>\$ 9,200</u>	<u>\$ 263,934</u>	<u>\$ 254,734</u>
Total County Special Revenue Fund	<u>\$ 9,200</u>	<u>\$ 9,200</u>	<u>\$ 312,295</u>	<u>\$ 303,095</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 389	\$ 389
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389</u>	<u>\$ 389</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389</u>	<u>\$ 389</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Appomattox County School Board	\$ -	\$ -	\$ 175,000	\$ 175,000
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,389</u>	<u>\$ 175,389</u>
Total Primary Government	<u>\$ 18,990,854</u>	<u>\$ 18,990,854</u>	<u>\$ 18,832,915</u>	<u>\$ (157,939)</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 property	\$ 3,000	\$ 3,000	\$ 4,034	\$ 1,034
Total revenue from use of money and property	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 4,034</u>	<u>\$ 1,034</u>
Charges for services:				
Charges for education	\$ 129,000	\$ 129,000	\$ 146,288	\$ 17,288
Miscellaneous revenue:				
Miscellaneous	\$ 116,000	\$ 116,000	\$ 74,213	\$ (41,787)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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)				
Recovered costs:				
Tuition from state agencies	\$ 8,500	\$ 8,500	\$ 213	\$ (8,287)
Special education regional tuition	-	-	42,625	42,625
Tuition - other localities	9,200	9,200	3,543	(5,657)
Total recovered costs	<u>\$ 17,700</u>	<u>\$ 17,700</u>	<u>\$ 46,381</u>	<u>\$ 28,681</u>
 Total revenue from local sources	 <u>\$ 265,700</u>	 <u>\$ 265,700</u>	 <u>\$ 270,916</u>	 <u>\$ 5,216</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ 4,838,559	\$ 4,838,559	\$ 4,679,873	\$ (158,686)
Total revenues from local governments	<u>\$ 4,838,559</u>	<u>\$ 4,838,559</u>	<u>\$ 4,679,873</u>	<u>\$ (158,686)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,236,938	\$ 2,236,938	\$ 2,232,314	\$ (4,624)
Basic school aid	6,808,500	6,808,500	6,823,787	15,287
English as a second language	4,207	4,207	2,945	(1,262)
Adult secondary education	3,386	3,386	1,405	(1,981)
Gifted and talented	70,748	70,748	70,949	201
Remedial education	224,547	224,547	225,185	638
Special education	1,020,807	1,020,807	971,357	(49,450)
Textbook payment	138,004	138,004	138,396	392
ISAEF	7,859	7,859	7,859	-
Vocational education	316,826	316,826	322,826	6,000
School fringes	1,267,332	1,267,332	1,270,574	3,242
Foster care	16,905	16,905	11,761	(5,144)
Career and technical education	21,604	21,604	22,613	1,009
Early reading intervention	24,229	24,229	24,229	-
Remedial Ed-Summer School	100,110	100,110	78,086	(22,024)
Homebound	20,924	20,924	29,867	8,943
SOL Algebra readiness	33,773	33,773	36,081	2,308
K-3 initiative	257,901	257,901	248,901	(9,000)
At risk payments	369,506	369,506	370,224	718
Technology grant	154,000	154,000	154,000	-
Mentor teachers	3,232	3,232	1,472	(1,760)
Other state aid	394	394	5,594	5,200
Total categorical aid	<u>\$ 13,101,732</u>	<u>\$ 13,101,732</u>	<u>\$ 13,050,425</u>	<u>\$ (51,307)</u>
 Total revenue from the Commonwealth	 <u>\$ 13,101,732</u>	 <u>\$ 13,101,732</u>	 <u>\$ 13,050,425</u>	 <u>\$ (51,307)</u>

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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 revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 490,000	\$ 539,192	\$ 503,300	\$ (35,892)
Vocational education	42,221	42,221	42,376	155
Title II Part A	96,309	94,850	87,236	(7,614)
Title VIB	450,000	450,000	404,943	(45,057)
Title II Part D	4,005	4,005	2,505	(1,500)
Preschool grant	17,177	17,177	17,231	54
Title I - ARRA	-	-	12,045	12,045
Education jobs fund - ARRA	341,217	341,217	341,217	-
Education technology - ARRA	-	-	411	411
Total categorical aid	<u>\$ 1,440,929</u>	<u>\$ 1,488,662</u>	<u>\$ 1,411,264</u>	<u>\$ (77,398)</u>
Total revenue from the federal government	<u>\$ 1,440,929</u>	<u>\$ 1,488,662</u>	<u>\$ 1,411,264</u>	<u>\$ (77,398)</u>
Total School Operating Fund	<u>\$ 19,646,920</u>	<u>\$ 19,694,653</u>	<u>\$ 19,412,478</u>	<u>\$ (282,175)</u>
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30	\$ 30	\$ -	\$ (30)
Charges for services:				
Cafeteria sales	\$ 405,000	\$ 405,000	\$ 331,606	\$ (73,394)
Textbook fees	-	-	170	170
Total charges for services	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ 331,776</u>	<u>\$ (73,224)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Total miscellaneous revenue	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ (4,500)</u>
Total revenue from local sources	<u>\$ 409,530</u>	<u>\$ 409,530</u>	<u>\$ 331,776</u>	<u>\$ (77,754)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 15,290	\$ 15,290	\$ 14,001	\$ (1,289)
Total revenue from the Commonwealth	<u>\$ 15,290</u>	<u>\$ 15,290</u>	<u>\$ 14,001</u>	<u>\$ (1,289)</u>

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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 Special Revenue Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 575,000	\$ 575,000	\$ 521,961	\$ (53,039)
Commodities	-	64,872	64,872	-
Total categorical aid	<u>\$ 575,000</u>	<u>\$ 639,872</u>	<u>\$ 586,833</u>	<u>\$ (53,039)</u>
Total revenue from the federal government	<u>\$ 575,000</u>	<u>\$ 639,872</u>	<u>\$ 586,833</u>	<u>\$ (53,039)</u>
Total School Special Revenue Fund	<u>\$ 999,820</u>	<u>\$ 1,064,692</u>	<u>\$ 932,610</u>	<u>\$ (132,082)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,646,740</u>	<u>\$ 20,759,345</u>	<u>\$ 20,345,088</u>	<u>\$ (414,257)</u>

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County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Expenditure Source</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	\$ 228,827	\$ 171,528	\$ 170,773	\$ 755
General and financial administration:				
County administrator	\$ 400,051	\$ 399,102	\$ 378,687	\$ 20,415
Legal services	43,688	43,260	41,284	1,976
Commissioner of revenue	447,749	453,859	483,045	(29,186)
Independent auditor	38,500	38,500	34,850	3,650
Treasurer	284,358	288,376	289,990	(1,614)
Information technology	113,950	117,580	117,579	1
Total general and financial administration	<u>\$ 1,328,296</u>	<u>\$ 1,340,677</u>	<u>\$ 1,345,435</u>	<u>\$ (4,758)</u>
Board of elections:				
Electoral board and officials	\$ 55,674	\$ 58,341	\$ 48,836	\$ 9,505
Registrar	87,183	85,459	83,963	1,496
Total board of elections	<u>\$ 142,857</u>	<u>\$ 143,800</u>	<u>\$ 132,799</u>	<u>\$ 11,001</u>
Total general government administration	<u>\$ 1,699,980</u>	<u>\$ 1,656,005</u>	<u>\$ 1,649,007</u>	<u>\$ 6,998</u>
Judicial administration:				
Courts:				
Circuit court	\$ 21,534	\$ 27,207	\$ 20,732	\$ 6,475
General district court	3,598	3,598	3,597	1
Special Magistrates	1,000	1,000	867	133
Court services unit	201,032	249,124	220,017	29,107
Juvenile and domestic relations court	5,250	5,250	4,273	977
Sheriff	72,437	72,189	71,566	623
Witness advocate grant	23,048	23,611	23,341	270
VA domestic victim grant	40,042	40,042	35,688	4,354
Clerk of the circuit court	262,673	275,449	269,059	6,390
Total courts	<u>\$ 630,614</u>	<u>\$ 697,470</u>	<u>\$ 649,140</u>	<u>\$ 48,330</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 409,469	\$ 409,127	\$ 409,123	\$ 4
Total commonwealth's attorney	<u>\$ 409,469</u>	<u>\$ 409,127</u>	<u>\$ 409,123</u>	<u>\$ 4</u>
Total judicial administration	<u>\$ 1,040,083</u>	<u>\$ 1,106,597</u>	<u>\$ 1,058,263</u>	<u>\$ 48,334</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,450,179	\$ 1,500,130	\$ 1,389,961	\$ 110,169
School resource officer	93,339	92,843	85,300	7,543
DMV traffic control grant	-	6,300	4,064	2,236
Total law enforcement and traffic control	<u>\$ 1,543,518</u>	<u>\$ 1,599,273</u>	<u>\$ 1,479,325</u>	<u>\$ 119,948</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

Schedule 2
 Page 2 of 5

<u>Fund, Major and Minor Expenditure Source</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)				
Fire and rescue services:				
Fire department	\$ 182,879	\$ 186,477	\$ 132,957	\$ 53,520
Ambulance and rescue services	40,551	40,732	40,308	424
Forestry service	10,000	10,000	9,959	41
Total fire and rescue services	<u>\$ 233,430</u>	<u>\$ 237,209</u>	<u>\$ 183,224</u>	<u>\$ 53,985</u>
Correction and detention:				
Sheriff	\$ 600,470	\$ 600,470	\$ 598,496	\$ 1,974
Total correction and detention	<u>\$ 600,470</u>	<u>\$ 600,470</u>	<u>\$ 598,496</u>	<u>\$ 1,974</u>
Inspections:				
Building	\$ 71,567	\$ 71,567	\$ 70,397	\$ 1,170
Total inspections	<u>\$ 71,567</u>	<u>\$ 71,567</u>	<u>\$ 70,397</u>	<u>\$ 1,170</u>
Other protection:				
Animal control	\$ 147,801	\$ 149,485	\$ 147,227	\$ 2,258
Emergency services	15,375	15,375	14,715	660
E-911	850,110	866,385	854,729	11,656
Medical examiner	500	500	220	280
Total other protection	<u>\$ 1,013,786</u>	<u>\$ 1,031,745</u>	<u>\$ 1,016,891</u>	<u>\$ 14,854</u>
Total public safety	<u>\$ 3,462,771</u>	<u>\$ 3,540,264</u>	<u>\$ 3,348,333</u>	<u>\$ 191,931</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 415,810	\$ 415,066	\$ 394,659	\$ 20,407
Tire security	33,367	33,119	32,720	399
Refuse collection	527,672	532,301	497,440	34,861
Total sanitation and waste removal	<u>\$ 976,849</u>	<u>\$ 980,486</u>	<u>\$ 924,819</u>	<u>\$ 55,667</u>
Maintenance of general buildings and grounds:				
General properties	\$ 593,326	\$ 637,954	\$ 595,383	\$ 42,571
Total maintenance of general buildings and grounds	<u>\$ 593,326</u>	<u>\$ 637,954</u>	<u>\$ 595,383</u>	<u>\$ 42,571</u>
Total public works	<u>\$ 1,570,175</u>	<u>\$ 1,618,440</u>	<u>\$ 1,520,202</u>	<u>\$ 98,238</u>
Health and welfare:				
Health:				
Local health department	\$ 114,669	\$ 114,669	\$ 112,249	\$ 2,420
Total health	<u>\$ 114,669</u>	<u>\$ 114,669</u>	<u>\$ 112,249</u>	<u>\$ 2,420</u>
Mental health and mental retardation:				
Central VA Community Services	\$ 40,228	\$ 40,228	\$ 40,228	\$ -
Central VA Commission on Aging	5,768	5,768	5,768	-
Total mental health and mental retardation	<u>\$ 45,996</u>	<u>\$ 45,996</u>	<u>\$ 45,996</u>	<u>\$ -</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,475,808	\$ 1,579,785	\$ 1,499,304	\$ 80,481
Comprehensive services act	959,055	960,698	1,008,405	(47,707)
Total welfare	<u>\$ 2,434,863</u>	<u>\$ 2,540,483</u>	<u>\$ 2,507,709</u>	<u>\$ 32,774</u>
 Total health and welfare	 <u>\$ 2,595,528</u>	 <u>\$ 2,701,148</u>	 <u>\$ 2,665,954</u>	 <u>\$ 35,194</u>
 Education:				
Other instructional costs:				
Contributions to Community College	\$ 376	\$ 376	\$ 376	\$ -
Contribution to County School Board	4,838,559	4,838,559	4,679,873	158,686
Total education	<u>\$ 4,838,935</u>	<u>\$ 4,838,935</u>	<u>\$ 4,680,249</u>	<u>\$ 158,686</u>
 Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 202,865	\$ 346,252	\$ 337,563	\$ 8,689
Total parks and recreation	<u>\$ 202,865</u>	<u>\$ 346,252</u>	<u>\$ 337,563</u>	<u>\$ 8,689</u>
 Cultural enrichment:				
Contributions	\$ 28,666	\$ 29,766	\$ 29,573	\$ 193
Total cultural enrichment	<u>\$ 28,666</u>	<u>\$ 29,766</u>	<u>\$ 29,573</u>	<u>\$ 193</u>
 Library:				
Public library	\$ 190,144	\$ 212,020	\$ 190,605	\$ 21,415
Total library	<u>\$ 190,144</u>	<u>\$ 212,020</u>	<u>\$ 190,605</u>	<u>\$ 21,415</u>
 Total parks, recreation, and cultural	 <u>\$ 421,675</u>	 <u>\$ 588,038</u>	 <u>\$ 557,741</u>	 <u>\$ 30,297</u>
 Community development:				
Planning and community development:				
Planning and zoning	\$ 127,941	\$ 127,869	\$ 109,547	\$ 18,322
Tourism	18,000	18,000	21,704	(3,704)
Economic development	109,068	258,360	101,208	157,152
Total planning and community development	<u>\$ 255,009</u>	<u>\$ 404,229</u>	<u>\$ 232,459</u>	<u>\$ 171,770</u>
 Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Erosion and sediment control	12,061	2,061	563	1,498
Litter control program	7,000	9,682	9,682	-
Recycling	110,650	110,900	44,450	66,450
Total environmental management	<u>\$ 139,711</u>	<u>\$ 132,643</u>	<u>\$ 64,695</u>	<u>\$ 67,948</u>

County of Appomattox, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 46,860	\$ 46,860	\$ 43,556	\$ 3,304
Total cooperative extension program	<u>\$ 46,860</u>	<u>\$ 46,860</u>	<u>\$ 43,556</u>	<u>\$ 3,304</u>
 Total community development	 <u>\$ 441,580</u>	 <u>\$ 583,732</u>	 <u>\$ 340,710</u>	 <u>\$ 243,022</u>
 Capital projects:				
Town/County Sewer Project	\$ 76,573	\$ 76,573	\$ 76,573	\$ -
Waterline project	-	230,079	38,903	191,176
Other capital projects	-	-	340,815	(340,815)
Regional jail	278,069	278,069	278,069	-
School capital projects	300,000	3,412,159	733,798	2,678,361
STAG	112,255	112,255	1,955	110,300
Total capital projects	<u>\$ 766,897</u>	<u>\$ 4,109,135</u>	<u>\$ 1,470,113</u>	<u>\$ 2,639,022</u>
 Debt service:				
Principal retirement	\$ 1,424,555	\$ 1,424,555	\$ 1,424,555	\$ -
Interest and other fiscal charges	1,309,341	1,309,341	1,319,390	(10,049)
Total debt service	<u>\$ 2,733,896</u>	<u>\$ 2,733,896</u>	<u>\$ 2,743,945</u>	<u>\$ (10,049)</u>
 Total General Fund	 <u>\$ 19,571,520</u>	 <u>\$ 23,476,190</u>	 <u>\$ 20,034,517</u>	 <u>\$ 3,441,673</u>
 Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Sheriff:				
Asset forfeiture	\$ -	\$ -	\$ 20,676	\$ (20,676)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,676</u>	<u>\$ (20,676)</u>
 Total County Special Revenue Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 20,676</u>	 <u>\$ (20,676)</u>
 Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects:				
School capital projects	\$ 49,608	\$ 249,608	\$ 218,249	\$ 31,359
Total capital projects	<u>\$ 49,608</u>	<u>\$ 249,608</u>	<u>\$ 218,249</u>	<u>\$ 31,359</u>
 Total County Capital Projects Fund	 <u>\$ 49,608</u>	 <u>\$ 249,608</u>	 <u>\$ 218,249</u>	 <u>\$ 31,359</u>
 Total Primary Government	 <u>\$ 19,621,128</u>	 <u>\$ 23,725,798</u>	 <u>\$ 20,273,442</u>	 <u>\$ 3,452,356</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Expenditure 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:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,050,592	\$ 1,058,543	\$ 958,491	\$ 100,052
Instruction costs	14,854,148	14,893,930	14,549,202	344,728
Pupil transportation	1,364,843	1,364,843	1,342,109	22,734
Operation and maintenance of school plant	2,470,624	2,470,624	2,174,274	296,350
Total education	\$ 19,740,207	\$ 19,787,940	\$ 19,024,076	\$ 763,864
Capital projects:				
Architectural and engineering fees	\$ 20,000	\$ 20,000	\$ 25,901	\$ (5,901)
Contribution to County Construction Fund	-	-	175,000	(175,000)
Total capital projects	\$ 20,000	\$ 20,000	\$ 200,901	\$ (180,901)
Debt service:				
Principal retirement	\$ 24,820	\$ 24,820	\$ 24,820	\$ -
Interest and other fiscal charges	37,681	37,681	37,681	-
Total debt service	\$ 62,501	\$ 62,501	\$ 62,501	\$ -
Total School Operating Fund	\$ 19,822,708	\$ 19,870,441	\$ 19,287,478	\$ 582,963
School Special Revenue Fund:				
Education:				
School food services	\$ 1,076,494	\$ 1,076,494	\$ 987,328	\$ 89,166
Purchase of textbooks	100,000	390,000	367,490	22,510
Commodities	-	64,872	64,872	-
Total education	\$ 1,176,494	\$ 1,531,366	\$ 1,419,690	\$ 111,676
Total School Special Revenue Fund	\$ 1,176,494	\$ 1,531,366	\$ 1,419,690	\$ 111,676
Total Discretely Presented Component Unit - School Board	\$ 20,999,202	\$ 21,401,807	\$ 20,707,168	\$ 694,639

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STATISTICAL INFORMATION

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Table 1

County of Appomattox, 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	Sanitary District	Total
2004	\$ 828,232	\$ 532,887	\$ 2,521,928	\$ 962,971	\$ 1,505,196	\$ 4,016,627	\$ 346,118	\$ 204,635	\$ 893,530	\$ -	\$ 11,812,124
2005	1,170,807	583,153	2,835,043	1,352,780	1,660,989	4,469,140	487,671	146,870	855,233	-	13,561,686
2006	1,339,431	815,114	2,865,601	1,666,280	1,797,968	4,359,925	247,760	446,936	986,249	-	14,525,264
2007	1,306,507	1,052,434	3,177,263	1,346,568	2,309,238	4,548,847	(76,008)	546,808	958,613	-	15,170,270
2008	1,717,318	1,059,914	3,568,696	1,854,655	2,790,885	4,778,638	377,658	285,603	862,965	-	17,296,332
2009	1,475,556	1,138,050	3,796,542	3,482,208	2,967,988	4,986,375	408,633	761,056	945,374	-	19,961,782
2010	1,646,500	1,022,139	3,754,255	2,164,106	2,787,948	4,241,135	597,432	401,701	1,212,065	-	17,827,281
2011	1,546,970	1,039,084	3,271,440	2,260,607	2,437,086	4,483,112	534,829	382,584	938,409	-	16,894,121
2012	1,700,248	1,159,940	3,916,496	1,620,988	2,409,182	4,906,079	444,176	402,100	1,325,342	-	17,884,551
2013	1,747,040	1,209,655	3,736,293	2,186,994	2,533,327	6,312,633	494,248	389,577	1,281,307	379,480	20,270,554

Table 2

County of Appomattox, 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	Gain on Transfer of Capital Assets	Payment from Appomattox School Board		
2004	\$ 370,207	\$ 2,973,267	\$ -	\$ -	\$ 5,900,440	\$ 1,893,037	\$ 133,187	\$ 113,922	\$ 1,132,562	\$ -	\$ -	\$ 12,516,622	
2005	415,174	3,125,215	-	-	6,053,467	2,034,091	217,978	124,788	1,097,634	557,600	-	13,625,947	
2006	361,753	3,908,749	-	-	6,698,006	2,340,139	448,053	130,250	1,184,428	-	-	15,071,378	
2007	457,380	4,511,884	-	-	7,958,743	2,184,586	591,753	135,756	1,182,599	-	-	17,022,701	
2008	448,455	4,330,058	-	-	8,329,989	2,241,637	516,691	140,251	1,153,964	-	-	17,161,045	
2009	351,290	5,162,798	-	-	8,900,236	2,146,757	145,117	229,763	1,149,963	-	-	18,085,924	
2010	368,957	4,379,627	-	-	8,848,772	1,513,826	156,937	387,633	1,649,452	-	-	17,305,204	
2011	411,946	3,951,153	-	-	9,681,328	1,776,533	238,840	314,834	1,584,930	-	59,065	18,018,629	
2012	329,026	3,927,784	864,313	864,313	10,135,261	1,888,209	165,373	329,260	1,701,262	-	200,000	19,540,488	
2013	393,740	4,069,886	38,903	38,903	10,628,797	1,960,774	111,603	194,817	1,741,356	-	175,000	19,314,876	

County of Appomattox, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration				Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
	Government Administration	Judicial Administration	Public Safety	Public Works								
2004	\$ 983,619	\$ 533,588	\$ 2,469,062	\$ 799,778	\$ 1,380,790	\$ 15,867,065	\$ 296,380	\$ 204,635	\$ 1,677,438	\$ 24,212,355		
2005	1,120,819	633,237	2,897,984	1,252,657	1,615,123	17,502,540	369,805	146,870	2,043,195	27,582,230		
2006	1,167,158	669,675	3,101,684	1,336,192	1,780,349	18,194,723	326,808	475,711	2,440,045	29,492,345		
2007	1,268,483	906,995	3,427,456	1,382,337	2,282,361	19,561,871	374,171	739,616	2,022,901	31,966,191		
2008	1,568,371	930,864	3,543,957	1,456,118	2,772,020	20,243,682	380,070	267,413	2,542,673	33,705,168		
2009	1,384,164	991,963	3,557,126	1,368,486	2,973,560	21,228,578	380,600	720,109	2,518,022	35,122,608		
2010	1,538,230	884,246	3,581,419	1,504,094	2,752,940	20,064,495	577,436	382,205	1,754,323	33,039,388		
2011	1,429,400	945,288	3,496,344	1,362,547	2,459,627	19,645,192	519,294	339,135	1,797,034	31,993,861		
2012	1,395,395	1,029,684	3,301,417	1,440,829	2,446,196	19,513,421	401,728	373,872	2,209,857	32,112,399		
2013	1,649,007	1,058,263	3,369,009	1,520,202	2,665,954	20,444,142	557,741	340,710	2,806,446	34,411,474		

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

County of Appomattox, Virginia
General Governmental Revenues by Source (1,3)
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
2004	\$ 5,869,017	\$ 1,893,037	\$ 71,729	\$ 26,734	\$ 137,106	\$ 718,925	\$ 166,892	\$ 151,772	\$ 16,175,565	\$ 25,210,777
2005	6,130,568	2,034,091	72,227	49,260	203,383	762,336	253,940	101,006	17,507,953	27,114,764
2006	6,368,207	2,340,139	89,291	20,577	331,075	700,935	318,742	139,128	19,185,569	29,493,663
2007	8,034,012	2,184,586	146,111	27,627	469,715	850,405	252,284	86,399	21,118,177	33,169,316
2008	8,360,316	2,241,637	145,356	27,689	423,312	902,716	354,902	146,311	21,156,951	33,759,190
2009	8,739,210	2,146,757	159,932	19,785	133,462	664,326	433,390	110,548	23,200,143	35,607,553
2010	8,912,978	1,513,826	129,010	39,162	150,955	610,879	465,200	425,471	21,781,178	34,028,659
2011	9,186,947	1,776,533	83,338	111,412	238,463	714,369	417,017	265,393	21,101,521	33,894,993
2012	10,161,980	1,888,209	79,753	57,411	152,624	707,268	478,975	134,543	21,617,716	35,278,479
2013	10,114,251	1,960,774	78,952	37,628	115,248	659,948	269,030	213,145	20,873,765	34,322,741

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

Table 5

County of Appomattox, 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 (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2004	\$ 6,847,001	\$ 6,654,480	97.19%	\$ 53,039	\$ 6,707,519	97.96%	\$ 561,276	8.20%	
2005	7,075,747	6,841,320	96.69%	133,161	6,974,481	98.57%	591,500	8.36%	
2006	7,646,351	7,104,961	92.92%	201,541	7,306,502	95.56%	901,390	11.79%	
2007	8,879,016	8,701,949	98.01%	223,258	8,925,207	100.52%	1,033,820	11.64%	
2008	9,337,425	9,061,026	97.04%	213,449	9,274,475	99.33%	1,026,411	10.99%	
2009	9,883,252	9,473,285	95.85%	166,644	9,639,929	97.54%	1,403,813	14.20%	
2010	10,306,054	9,388,466	91.10%	420,791	9,809,257	95.18%	937,266	9.09%	
2011	10,557,842	9,734,329	92.20%	352,324	10,086,653	95.54%	1,115,842	10.57%	
2012	11,164,343	10,815,808	96.88%	243,720	11,059,528	99.06%	1,105,238	9.90%	
2013	11,728,977	10,668,816	90.96%	328,661	10,997,477	93.76%	1,729,110	14.74%	

(1) Exclusive of penalties and interest. Does not include land redemptions.

(2) Includes three most current delinquent tax years and first half of current tax year.

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

Fiscal Year	Real Estate (1)	Mobile Homes	Personal Property (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
						Real Estate	Real Estate	Personal Property	
2004	\$ 632,023,124	\$ 10,513,918	\$ 56,455,559	\$ 6,001,429	\$ 7,392,798	\$ 53,105,336	\$ 306,743	\$ 765,798,907	
2005	644,164,177	10,044,582	56,273,912	6,204,367	7,845,555	43,841,289	260,634	768,634,516	
2006	666,911,618	10,069,168	61,162,572	6,326,572	7,956,118	47,957,589	358,642	800,742,279	
2007	686,406,667	9,902,270	64,423,605	6,270,659	8,138,852	48,261,121	242,610	823,645,784	
2008	982,560,682	9,774,752	65,524,137	6,593,214	8,205,633	48,091,865	273,006	1,121,023,289	
2009	1,253,862,991	9,171,318	70,408,129	7,879,731	9,520,696	78,282,888	572,286	1,429,698,039	
2010	1,251,566,318	9,236,759	66,335,031	7,372,601	9,939,614	75,647,770	502,244	1,420,600,337	
2011	1,272,092,722	8,915,938	70,028,002	5,839,518	10,070,429	81,689,647	468,481	1,449,104,737	
2012	1,288,374,551	8,380,513	74,218,221	5,414,772	13,109,819	84,347,967	392,933	1,474,238,776	
2013	1,307,962,007	8,948,070	74,684,745	933,944	13,440,191	89,781,508	600,833	1,496,351,298	

(1) Real estate and personal property are assessed at 100% of fair market value.

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2004	\$ 0.66	\$ 0.66	\$ 3.50	\$ 3.50	\$ 1.00
2005	0.66/0.72	0.66	3.50	3.50	1.00
2006	0.72	0.72	3.50	3.50	1.00
2007	0.72/0.77	0.72	4.60	4.60	1.00
2008	0.77/0.44	0.77	4.60	4.60	1.00
2009	0.44/0.48	0.44	4.60	4.60	1.00
2010	0.48	0.48	4.60	4.60	1.00
2011	0.495/0.48	0.48	4.60	4.60	1.00
2012	0.575/0.495	0.495	4.60	4.60	1.00
2013	0.575	0.575	4.60	4.60	1.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	13,705	\$ 765,798,907	\$ 11,113,342	\$ 11,113,342	1.45%	\$ 811
2005	13,705	768,634,516	10,431,245	10,431,245	1.36%	761
2006	13,705	800,742,279	9,756,085	9,756,085	1.22%	712
2007	13,705	823,645,784	9,384,347	9,384,347	1.14%	685
2008	13,705	1,121,023,289	8,696,470	8,696,470	0.78%	635
2009	13,705	1,429,698,039	7,985,636	7,985,636	0.56%	583
2010	14,973	1,420,600,337	7,265,938	7,265,938	0.51%	485
2011	14,973	1,449,104,737	16,532,171	16,532,171	1.14%	1,104
2012	14,973	1,474,238,776	15,868,881	15,868,881	1.08%	1,060
2013	14,973	1,496,351,298	15,185,562	15,185,562	1.01%	1,014

(1) Weldon Cooper Center for Public Service for 2000 and 2010 census.

(2) From Table 6.

(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.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Appomattox
Appomattox, 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 Appomattox Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Appomattox, Virginia's basic financial statements, and have issued our report thereon dated January 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Appomattox 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 Appomattox, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Appomattox, 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 questions 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, 2013-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Appomattox, 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 Appomattox, Virginia's Response to Findings

County of Appomattox, Virginia's response to the findings identified in our audit is described in the accompany schedule of findings and questions costs. County of Appomattox, 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.

A handwritten signature in black ink, appearing to read "R. F. Clark", followed by a horizontal line extending to the right.

Richmond, Virginia
January 15, 2014

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

To The Honorable Members of the Board of Supervisors
County of Appomattox
Appomattox, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Appomattox, 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 Appomattox, Virginia's major federal programs for the year ended June 30, 2013. County of Appomattox, 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 Appomattox, 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 Appomattox, 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 Appomattox, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Appomattox, 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, 2013.

Report on Internal Control Over Compliance

Management of County of Appomattox, 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 Appomattox, 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 Appomattox, 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.



Richmond, Virginia
January 15, 2014

County of Appomattox, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950112/0950113	\$ 11,016
Temporary Assistance for Needy Families	93.558	0400112/0400113	171,821
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	510
Low-Income Home Energy Assistance	93.568	0600412/00600413	12,046
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	27,663
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/090113	960
Foster Care - Title IV-E	93.658	1100112/1100113	102,148
Adoption Assistance	93.659	1120112/1120113	4,746
Social Services Block Grant	93.667	1000112/1000113	128,061
Chafee Foster Care Independence Program	93.674	9150112/9150113	956
Children's Health Insurance Program	93.767	0540112/0540113	4,018
Medical Assistance Program	93.778	1200112/1200113	<u>100,214</u>
Total Department of Health and Human Services			<u>\$ 564,159</u>
Environmental Protection Agency:			
Direct Payments:			
Congressionally Mandated Projects	66.202	N/A	<u>\$ 49,624</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 64,872
Department of Education:			
National School Lunch Program	10.555	17901-40623	410,412
Total CFDA# 10.555			<u>\$ 475,284</u>
School Breakfast Program	10.553	17901-40591	<u>\$ 111,549</u>
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010112/0010103	<u>165,979</u>
Total Department of Agriculture			<u>\$ 752,812</u>
Department of Justice:			
Direct payments:			
Sheriff's Overtime Grant	16.xxx	N/A	<u>\$ 12,332</u>

County of Appomattox, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50252/51222	\$ 9,148
Department of Transportation:			
Highway and Planning Construction	20.205	51011-60302	\$ 86,900
Total Department of Transportation			<u>\$ 96,048</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I: Grants to Local Educational Agencies	84.010	17901-42901	\$ 503,300
ARRA - Title I: Grants to Local Educational Agencies	84.389	17901-42913	12,045
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	404,943
Special Education Preschool Grants	84.173	17901-62521	17,231
Career and Technical Education: Basic Grants to States	84.048	17901-61095	42,376
Improving Teacher Quality State Grants	84.367	17901-61480	87,236
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	17901-61600	2,505
ARRA - Educational Technology State Grants	84.386	17901-60897	411
ARRA - Education Jobs Fund	84.410	17901-62700	<u>341,217</u>
Total Department of Education			<u>\$ 1,411,264</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,886,239</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

County of Appomattox, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Appomattox, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the 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 Appomattox, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Appomattox, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

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

Note D - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,341,747
Total primary government	\$ 1,341,747
Component Unit - School Board:	
School Operating Fund	\$ 1,411,264
School Cafeteria Fund	586,833
Total component unit School Board	\$ 1,998,097
Total federal expenditures per basic financial statements	\$ 3,339,844
Less: Federal interest rate subsidy not included in Schedule of Expenditures of Federal Awards	(430,425)
Less: Payment in Lieu of Taxes	(23,180)
Total federal expenditures per the Schedule of Expenditures of Federal Awards, as adjusted	\$ 2,886,239

County of Appomattox, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

a. Material weakness(es) identified? ✓ yes no

b. Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

a. Material weakness(es) identified? yes ✓ no

b. Significant deficiency(ies) identified? yes ✓ no

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

Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.410	ARRA - Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ✓ yes no

County of Appomattox, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Section II-Financial Statement Findings

2013-01

Financial Reporting

Criteria: Per Statement on Auditing Standards 115, the identification of adjustments to the financial statements by the auditor indicates that a deficiency exists. Internal controls should be in place to ensure that audited financial statements reconcile to the County's internal documents.

Condition: The auditor recommended adjustments to the general ledger to post revenue and expenditure accruals.

Effect of Condition: There is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls over financial reporting.

Cause of Condition: Procedures were not in place to provide the necessary internal controls over financial reporting and year-end adjusting entries were not identified prior to the auditors' arrival to conduct the audit.

Recommendation: The County maintains its general ledger on a cash basis during the fiscal year. In the past, after the close of the fiscal year, County staff converted the ledger to a reporting basis by recording current year accruals and reversing accruals from the previous year. For FY13, procedures were not in place to accomplish these tasks. Therefore, the County's year-end general ledger reports did not reconcile to the FY13 audited financial statements. We recommend the County consider employing a governmental accounting consultant, that is independent of the County's Auditor, to assist with preparation of year end working trial balances.

Management's Response: The County is considering corrective action for FY14.

Section III-Federal Award Findings and Questioned Costs

None

County of Appomattox, Virginia
Schedule of Prior Year Findings
For the Year Ended June 30, 2013

There were no prior year findings.