

COUNTY OF LUNENBURG, VIRGINIA



ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF LUNENBURG, VIRGINIA

Board of Supervisors

Edward W. Pennington, Chairperson

Robert G. Zava
Dr. Frank W. Bacon
David E. Wingold, Sr.

Charles R. Slayton
Alvester L. Edmonds
T. Wayne Hoover

Department of Social Services

Gail Berkley
Gordon Ashworth
Charles R. Slayton
Sheila Hawthorne-Loum

Jacqueline Moore
Louise T. Callis
Mary Beth Gregory

County School Board

Donald B. Carnes, Chairperson

Kathy P. Coffee
James W. Duffy
Ada A. Whitehead

Janis T. Whitehead
Beverley P. Hawthorne
Elizabeth R. Williams

Other Officials

| | |
|-----------------------------------|--------------------|
| Judge of the Circuit Court | Richard S. Blanton |
| Clerk of the Circuit Court | Gordon F. Erby |
| Commonwealth's Attorney | Robert E. Clement |
| Commissioner of the Revenue | Patricia M. Adams |
| Treasurer | Amona Currin |
| Sheriff | Arthur Townsend |
| Superintendent of Schools | Dora G. Wynn |
| Director of Social Services | Dorothy A. Newcomb |
| County Administrator | Tracy M. Gee |

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1-3 |
| Management's Discussion and Analysis | 4-10 |
| <u>Basic Financial Statements</u> | |
| Government-wide Financial Statements: | |
| Exhibit 1 Statement of Net Position | 11 |
| Exhibit 2 Statement of Activities | 12 |
| Fund Financial Statements: | |
| Exhibit 3 Balance Sheet--Governmental Funds | 13 |
| Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 14 |
| Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds | 15 |
| Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 16 |
| Exhibit 7 Statement of Fiduciary Net Position --Fiduciary Funds | 17 |
| Notes to Financial Statements | 18-48 |

**COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| <u>Required Supplementary Information:</u> | |
| Exhibit 8 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund | 49 |
| Exhibit 9 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Special Revenue Fund | 50 |
| Exhibit 10 Schedule of Pension Funding Progress | 51 |
| Exhibit 11 Schedule of OPEB Funding Progress–Retiree Healthcare Plan | 52 |
| <u>Other Supplementary Information:</u> | |
| Combining and Individual Fund Statements and Schedules: | |
| Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Debt Service Fund | 53 |
| Exhibit 13 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund | 54 |
| Exhibit 14 Combining Statement of Changes in Assets and Liabilities–Agency Funds | 55 |
| Discretely Presented Component Unit School Board: | |
| Exhibit 15 Combining Balance Sheet | 56 |
| Exhibit 16 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds | 57 |
| Exhibit 17 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual | 58-59 |
| Discretely Presented Component Unit Industrial Development Authority: | |
| Exhibit 18 Statement of Net Position | 60 |
| Exhibit 19 Statement of Revenues, Expenses and Changes in Net Position | 61 |
| Exhibit 20 Statement of Cash Flows | 62 |

COUNTY OF LUNENBURG, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Other Supplementary Information: (Continued)

Supporting Schedules:

| | | |
|------------|---|-------|
| Schedule 1 | Schedule of Revenues–Budget and Actual–Governmental Funds | 63-68 |
| Schedule 2 | Schedule of Expenditures–Budget and Actual–Governmental Funds | 69-72 |

Other Statistical Information:

| | | |
|---------|--|----|
| Table 1 | Government-Wide Expenses by Function—Last Ten Fiscal Years | 73 |
| Table 2 | Government-Wide Revenues—Last Ten Fiscal Years | 74 |
| Table 3 | General Governmental Expenditures by Function—Last Ten Fiscal Years | 75 |
| Table 4 | General Governmental Revenues by Source—Last Ten Fiscal Years | 76 |
| Table 5 | Property Tax Levies and Collections—Last Ten Fiscal Years | 77 |
| Table 6 | Assessed Value of Taxable Property—Last Ten Fiscal Years | 78 |
| Table 7 | Property Tax Rates—Last Ten Fiscal Years | 79 |
| Table 8 | Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita | 80 |

Compliance:

| | |
|---|-------|
| 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 <i>Government Auditing Standards</i> | 81-82 |
| Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 | 83-84 |
| Schedule of Expenditures of Federal Awards | 85-86 |
| Notes to Schedule of Expenditures of Federal Awards | 87 |
| Schedule of Findings and Questioned Costs | 88-89 |
| Schedule of Prior Year Findings | 90 |

THIS PAGE LEFT BLANK INTENTIONALLY

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 Lunenburg
Lunenburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lunenburg, 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 Lunenburg, 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 other 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 31, 2014, on our consideration of the County of Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
January 31, 2014

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Lunenburg, 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 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 \$15,145,743 (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 \$2,312,054 (Exhibit 5) after making contributions totaling \$3,219,792 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$7,357,610, a decrease of \$2,312,054 in comparison with the prior year. The decrease was due in large part to the completion of ongoing capital projects.
- < .
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,272,850, or 43% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$4,390,486 during the current fiscal year. Of that amount, \$3,191,511 was due to the sale of the landfill and elimination of the related closure and post-closure care liability.

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 Lunenburg, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Lunenburg, 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 Lunenburg, 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 two categories: governmental 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 four major governmental funds – the General Fund, the County Special Revenue Fund, the County Debt Service Fund and the County Capital Projects Fund.

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 units - School Board and Industrial Development Authority. Neither 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 \$15,145,743 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

| County of Lunenburg, Virginia's Net Position | | | |
|---|--------------------------------|---------------|--|
| | Governmental Activities | | |
| | 2013 | 2012 | |
| Current and other assets | \$ 10,745,254 | \$ 13,576,988 | |
| Capital assets | 20,954,176 | 19,953,154 | |
| Total assets | \$ 31,699,430 | \$ 33,530,142 | |
| Current liabilities | \$ 474,045 | \$ 3,448,221 | |
| Long-term liabilities outstanding | 15,949,778 | 20,340,264 | |
| Total liabilities | \$ 16,423,823 | \$ 23,788,485 | |
| Deferred inflows of resources | \$ 129,864 | \$ - | |
| Net assets: | | | |
| Net investment in capital assets | \$ 5,211,158 | \$ 5,055,665 | |
| Unrestricted | 9,934,585 | 4,685,992 | |
| Total net position | \$ 15,145,743 | \$ 9,741,657 | |

Government-wide Financial Analysis (Continued)

The County's net position increased by \$5,404,086 during the current fiscal year. The following table summarizes the County's Statement of Activities:

| County of Lunenburg, Virginia's Changes in Net Position | | | |
|--|----|--------------------------------|---------------|
| | | Governmental Activities | |
| | | 2013 | 2012 |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ | 176,037 | \$ 221,790 |
| Operating grants and contributions | | 3,824,968 | 4,638,023 |
| Capital grants and contributions | | 150,000 | - |
| General property taxes | | 7,754,953 | 8,451,150 |
| Other local taxes | | 870,733 | 781,842 |
| Grants and other contributions not restricted | | 1,300,097 | 1,281,254 |
| Other general revenues | | 159,315 | 150,752 |
| Payment from Lunenburg County School Board | | 105,162 | - |
| Gain on disposal of capital assets | | 3,479,802 | - |
| Total revenues | \$ | 17,821,067 | \$ 15,524,811 |
| Expenses: | | | |
| General government administration | | | |
| | \$ | 938,136 | \$ 1,202,736 |
| Judicial administration | | 852,876 | 842,594 |
| Public safety | | 2,167,835 | 1,839,792 |
| Public works | | 727,699 | 1,490,600 |
| Health and welfare | | 2,740,797 | 2,587,965 |
| Education | | 3,791,866 | 3,853,703 |
| Community development | | 571,048 | 833,964 |
| Interest and other fiscal charges | | 626,724 | 808,152 |
| Total expenses | \$ | 12,416,981 | \$ 13,459,506 |
| Change in net position | \$ | 5,404,086 | \$ 2,065,305 |
| Net position, beginning of year | | 9,741,657 | 7,676,352 |
| Net position, end of year | \$ | 15,145,743 | \$ 9,741,657 |

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 \$7,357,610, a decrease of \$2,312,054 in comparison with the prior year. The decrease was due in large part to the completion of ongoing capital projects. Approximately 72% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$586,340 and budgetary estimates were greater than expenditures and other uses by \$227,142. The resulting positive variance for change in fund balance was \$813,482.

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 \$20,954,176 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, 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 \$15,548,620. Of this amount, \$10,103,692 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 \$1,280,873 during the current fiscal year.

Additional information on the County of Lunenburg, 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 was 8.8 percent compared to the state's average unemployment rate of 5.5 percent.

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

The fiscal year 2014 budget decreased approximately 1 percent and all 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 Lunenburg, 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, 11413 Courthouse Road, Lunenburg, Virginia 23952.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

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

| | Primary Government Governmental Activities | Component Units School Board | IDA |
|--|---|---|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,178,058 | \$ 343,557 | \$ 20,109 |
| Investments | 1,138,867 | - | - |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes receivable | 3,186,595 | - | - |
| Accounts receivable | 37,733 | 13,653 | - |
| Leases receivable | - | - | 712,830 |
| Due from other governmental units | 1,055,024 | 400,221 | - |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 148,977 | - | - |
| Capital assets (net of accumulated depreciation): | | | |
| Land | 202,968 | 37,807 | - |
| Buildings and improvements | 9,495,682 | - | - |
| Equipment | 1,180,943 | 447,790 | - |
| Jointly owned assets | 8,113,693 | 3,988,116 | - |
| Construction in progress | 1,960,890 | - | - |
| Total assets | <u>\$ 31,699,430</u> | <u>\$ 5,231,144</u> | <u>\$ 732,939</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 150,263 | \$ 32,608 | \$ - |
| Retainage payable | 71,523 | - | - |
| Accrued interest payable | 204,826 | - | - |
| Due to other governmental units | - | 381,266 | 630,000 |
| Unearned revenue | 47,433 | - | - |
| Long-term liabilities: | | | |
| Due within one year | 1,022,817 | - | - |
| Due in more than one year | 14,926,961 | 94,782 | - |
| Total liabilities | <u>\$ 16,423,823</u> | <u>\$ 508,656</u> | <u>\$ 630,000</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | \$ 129,864 | \$ - | \$ - |
| Total deferred inflows of resources | <u>\$ 129,864</u> | <u>\$ -</u> | <u>\$ -</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 5,211,158 | \$ 4,473,713 | \$ - |
| Unrestricted | 9,934,585 | 248,775 | 102,939 |
| Total net position | <u>\$ 15,145,743</u> | <u>\$ 4,722,488</u> | <u>\$ 102,939</u> |
| Total Liabilities, Deferred inflows of resources and Net Position | <u>\$ 31,699,430</u> | <u>\$ 5,231,144</u> | <u>\$ 732,939</u> |

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

County of Lunenburg, 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 | Component Units | |
| | | | | | Government | School Board | IDA |
| | | | | | Governmental Activities | | |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government administration | \$ 938,136 | \$ - | \$ 184,855 | \$ - | \$ (753,281) | \$ - | \$ - |
| Judicial administration | 852,876 | 89,271 | 356,238 | - | (407,367) | - | - |
| Public safety | 2,167,835 | 2,222 | 1,093,849 | 150,000 | (921,764) | - | - |
| Public works | 727,699 | 81,632 | - | - | (646,067) | - | - |
| Health and welfare | 2,740,797 | - | 2,035,339 | - | (705,458) | - | - |
| Education | 3,791,866 | - | - | - | (3,791,866) | - | - |
| Community development | 571,048 | 2,912 | 9,641 | - | (558,495) | - | - |
| Interest on long-term debt | 626,724 | - | 145,046 | - | (481,678) | - | - |
| Total governmental activities | \$ 12,416,981 | \$ 176,037 | \$ 3,824,968 | \$ 150,000 | \$ (8,265,976) | \$ - | \$ - |
| Total primary government | \$ 12,416,981 | \$ 176,037 | \$ 3,824,968 | \$ 150,000 | \$ (8,265,976) | \$ - | \$ - |
| COMPONENT UNITS: | | | | | | | |
| School Board | \$ 16,512,684 | \$ 391,033 | \$ 12,387,231 | \$ - | \$ - | \$ (3,734,420) | \$ - |
| IDA | 42,110 | 41,610 | - | - | - | - | (500) |
| Total component units | \$ 16,554,794 | \$ 432,643 | \$ 12,387,231 | \$ - | \$ - | \$ (3,734,420) | \$ (500) |
| General revenues: | | | | | | | |
| General property taxes | | | | | \$ 7,754,953 | \$ - | \$ - |
| Local sales and use taxes | | | | | 357,261 | - | - |
| Motor vehicle licenses | | | | | 235,444 | - | - |
| Utility taxes | | | | | 190,507 | - | - |
| Other local taxes | | | | | 87,521 | - | - |
| Unrestricted revenues from use of money and property | | | | | 95,930 | 345 | 18 |
| Miscellaneous | | | | | 63,385 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 1,300,097 | - | - |
| Gain on disposal of capital assets | | | | | 3,479,802 | - | - |
| Payment from Lunenburg County | | | | | - | 3,712,931 | - |
| Payment from Lunenburg County School Board | | | | | 105,162 | - | - |
| Total general revenues | | | | | \$ 13,670,062 | \$ 3,713,276 | \$ 18 |
| Change in net position | | | | | \$ 5,404,086 | \$ (21,144) | \$ (482) |
| Net position - beginning, as restated | | | | | 9,741,657 | 4,743,632 | 103,421 |
| Net position - ending | | | | | \$ 15,145,743 | \$ 4,722,488 | \$ 102,939 |

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

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

| | <u>General</u> | <u>County Special Revenue</u> | <u>County Capital Projects</u> | <u>Total</u> |
|---|----------------------|---------------------------------------|--|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,971,442 | \$ 180,263 | \$ 26,353 | \$ 5,178,058 |
| Investments | 1,138,867 | - | - | 1,138,867 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes receivable | 3,186,595 | - | - | 3,186,595 |
| Accounts receivable | 37,703 | 30 | - | 37,733 |
| Due from other governmental units | 1,055,024 | - | - | 1,055,024 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | - | - | 148,977 | 148,977 |
| Total assets | <u>\$ 10,389,631</u> | <u>\$ 180,293</u> | <u>\$ 175,330</u> | <u>\$ 10,745,254</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 129,795 | \$ - | \$ 20,468 | \$ 150,263 |
| Retainage payable | - | - | 71,523 | 71,523 |
| Unearned revenue | 47,433 | - | - | 47,433 |
| Total liabilities | <u>\$ 177,228</u> | <u>\$ -</u> | <u>\$ 91,991</u> | <u>\$ 269,219</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 3,118,425 | \$ - | \$ - | \$ 3,118,425 |
| Total deferred inflows of resources | <u>\$ 3,118,425</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,118,425</u> |
| FUND BALANCES | | | | |
| Restricted | \$ - | \$ 180,293 | \$ 83,339 | \$ 263,632 |
| Committed | 1,821,128 | - | - | 1,821,128 |
| Unassigned | 5,272,850 | - | - | 5,272,850 |
| Total fund balances | <u>\$ 7,093,978</u> | <u>\$ 180,293</u> | <u>\$ 83,339</u> | <u>\$ 7,357,610</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 10,389,631</u> | <u>\$ 180,293</u> | <u>\$ 175,330</u> | <u>\$ 10,745,254</u> |

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

County of Lunenburg, 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 | \$ 7,357,610 |
|--|--------------|

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

| | | |
|--------------------------------|--------------------|------------|
| Capital assets, cost | \$29,757,957 | |
| Less: accumulated depreciation | <u>(8,803,781)</u> | 20,954,176 |

| | |
|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 2,988,561 |
|--|-----------|

Long-term liabilities, including bonds payable, 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:

| | | |
|--------------------------|------------------|--------------|
| Lease revenue bonds | \$ (5,327,000) | |
| General obligation bonds | (10,338,576) | |
| Capital leases | (117,928) | |
| Net pension obligation | (88,832) | |
| Compensated absences | (77,442) | |
| Accrued interest payable | <u>(204,826)</u> | (16,154,604) |

| | |
|---|-----------------------------|
| Net position of governmental activities | <u><u>\$ 15,145,743</u></u> |
|---|-----------------------------|

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

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

| | <u>General</u> | <u>County Special Revenue</u> | <u>County Debt Service</u> | <u>County Capital Projects</u> | <u>Total</u> |
|--|---------------------|---------------------------------------|------------------------------------|--|-----------------------|
| REVENUES | | | | | |
| General property taxes | \$ 5,459,029 | \$ - | \$ - | \$ - | \$ 5,459,029 |
| Other local taxes | 870,733 | - | - | - | 870,733 |
| Permits, privilege fees, and regulatory licenses | 33,417 | - | - | - | 33,417 |
| Fines and forfeitures | 28,770 | - | - | - | 28,770 |
| Revenue from the use of money and property | 74,111 | 18,938 | - | 2,881 | 95,930 |
| Charges for services | 112,841 | 1,009 | - | - | 113,850 |
| Miscellaneous | 63,349 | 36 | - | - | 63,385 |
| Intergovernmental revenues: | | | | | |
| Lunenburg School Board | - | - | 105,162 | - | 105,162 |
| Commonwealth | 4,242,912 | 2,994 | - | - | 4,245,906 |
| Federal | 884,113 | - | 145,046 | - | 1,029,159 |
| Total revenues | <u>\$11,769,275</u> | <u>\$ 22,977</u> | <u>\$ 250,208</u> | <u>\$ 2,881</u> | <u>\$ 12,045,341</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government administration | \$ 874,407 | \$ - | \$ - | \$ - | \$ 874,407 |
| Judicial administration | 608,687 | - | - | - | 608,687 |
| Public safety | 2,138,274 | 2,077 | - | - | 2,140,351 |
| Public works | 669,769 | - | - | - | 669,769 |
| Health and welfare | 2,678,632 | - | - | - | 2,678,632 |
| Education | 3,219,792 | - | - | - | 3,219,792 |
| Community development | 443,073 | 165,510 | - | - | 608,583 |
| Capital projects | 132,377 | - | - | 1,838,685 | 1,971,062 |
| Debt service: | | | | | |
| Principal retirement | 85,695 | - | 1,195,178 | - | 1,280,873 |
| Interest and other fiscal charges | 5,243 | - | 664,975 | - | 670,218 |
| Total expenditures | <u>\$10,855,949</u> | <u>\$ 167,587</u> | <u>\$ 1,860,153</u> | <u>\$ 1,838,685</u> | <u>\$ 14,722,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 913,326</u> | <u>\$ (144,610)</u> | <u>\$ (1,609,945)</u> | <u>\$ (1,835,804)</u> | <u>\$ (2,677,033)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ 13,000 | \$ 3,566 | \$ 1,309,945 | \$ - | \$ 1,326,511 |
| Transfers out | (1,313,511) | (13,000) | - | - | (1,326,511) |
| Sale of general capital assets | 364,979 | - | - | - | 364,979 |
| Total other financing sources (uses) | <u>\$ (935,532)</u> | <u>\$ (9,434)</u> | <u>\$ 1,309,945</u> | <u>\$ -</u> | <u>\$ 364,979</u> |
| Net change in fund balances | \$ (22,206) | \$ (154,044) | \$ (300,000) | \$ (1,835,804) | \$ (2,312,054) |
| Fund balances - beginning, as restated | 7,116,184 | 334,337 | 300,000 | 1,919,143 | 9,669,664 |
| Fund balances - ending | <u>\$ 7,093,978</u> | <u>\$ 180,293</u> | <u>\$ -</u> | <u>\$ 83,339</u> | <u>\$ 7,357,610</u> |

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

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

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

| | | |
|--|----|-------------|
| Net change in fund balances - total governmental funds | \$ | (2,312,054) |
|--|----|-------------|

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. The following is a summary of items supporting this adjustment:

| | | |
|----------------------------------|------------------|-----------|
| Capital asset additions | \$ 2,533,522 | |
| Transfer of joint tenancy assets | (493,139) | |
| Depreciation expense | <u>(962,673)</u> | 1,077,710 |

| | | |
|--|--|-----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | | 3,114,823 |
|--|--|-----------|

| | | |
|--|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 2,295,924 |
|--|--|-----------|

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

| | | |
|--|---------------|-----------|
| Principal retirement on lease revenue bonds | \$ 260,000 | |
| Principal retirement on general obligation bonds | 935,178 | |
| Increase in net pension obligation | (88,832) | |
| Principal retirement on capital leases | <u>85,695</u> | 1,192,041 |

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 accrued interest payable | \$ 28,708 | |
| Amortization of bond issuance premium | 14,786 | |
| (Increase) decrease in compensated absences | <u>(7,852)</u> | 35,642 |

| | | |
|---|----|------------------|
| Change in net position of governmental activities | \$ | <u>5,404,086</u> |
|---|----|------------------|

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

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

| | <u>Agency Funds</u> |
|--|--------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 23,815 |
| | <hr/> |
| LIABILITIES | |
| Amounts held for others | \$ 18,974 |
| Amounts held for social services clients | 4,841 |
| Total liabilities | <hr/> \$ 23,815 <hr/> |

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

THIS PAGE LEFT BLANK INTENTIONALLY

NOTES TO THE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2013

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Lunenburg, 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 units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display 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.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds 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 Lunenburg (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 that it is legally separate from the government.

COUNTY OF LUNENBURG, VIRGINIA

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

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

B. Individual Component Unit Disclosures

Blended Component Units. 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 Lunenburg 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 Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members 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 Industrial Development Authority of Lunenburg County does not issue a separate financial report.

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

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$51,000 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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 LUNENBURG, VIRGINIA

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

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, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

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

Special Revenue Fund - The County Special Revenue Fund account for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - The County 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.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

The County reports the following nonmajor governmental funds:

2. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. 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. The County reports the following Fiduciary Funds: Special Welfare and Cell Tower Escrow.

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 LUNENBURG, VIRGINIA

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

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" (i.e. the noncurrent portion of the interfund loans).

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 \$329,325 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 | December 5/June 5 (50% each date) | December 5 |
| Lien Date | January 1 | January 1 |

The County bills and collects its own property taxes.

H. Capital Assets

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

H. Capital Assets (Continued)

Property, plant and equipment 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 |
| Furniture, Vehicles, and Office Equipment | 5-20 |
| Buses | 10 |

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 expenses in the Statement of Activities and long-term obligations 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 receive 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 costs over a 30-year period. The County's policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

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

M. 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 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 was not changed as a result of implementing this Statement and no restatement of prior balances was required.

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) 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 reported a deferred inflows of resources for property taxes unavailable at June 30, 2013. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the government funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources.

O. 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.

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

P. 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.

Q. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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 LUNENBURG, VIRGINIA

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

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

Q. Fund Equity (Continued)

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

| | | | Major Special Revenue Fund | Major Capital Projects Fund | |
|--------------------------------------|---------------------|-------------------|-------------------------------|--------------------------------|-------|
| | | | County | County | |
| | General Fund | | Special Revenue Fund | Capital Projects | Total |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Airport commission | \$ - | \$ 8,002 | \$ - | \$ 8,002 | |
| Law library | - | 17,418 | - | 17,418 | |
| Asset forfeiture | - | 14,110 | - | 14,110 | |
| Economic development | - | 105,926 | - | 105,926 | |
| School Construction | - | - | 83,339 | 83,339 | |
| Tobacco grant | - | 34,837 | - | 34,837 | |
| Total Restricted Fund Balance | \$ - | \$ 180,293 | \$ 83,339 | \$ 263,632 | |
| Committed: | | | | | |
| Landfill | \$ 1,355,720 | \$ - | \$ - | \$ 1,355,720 | |
| Voting machines | 12,763 | - | - | 12,763 | |
| E-911 | 452,645 | - | - | 452,645 | |
| Total Committed Fund Balance | \$ 1,821,128 | \$ - | \$ - | \$ 1,821,128 | |
| Unassigned | \$ 5,272,850 | \$ - | \$ - | \$ 5,272,850 | |
| Total Fund Balances | \$ 7,093,978 | \$ 180,293 | \$ 83,339 | \$ 7,357,610 | |

R. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF LUNENBURG, VIRGINIA

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

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

S. Restricted Assets

Restricted assets of \$148,977 represent unspent bond proceeds held by the State Non-Arbitrage Program related to a VPSA bond issue to fund renovations at Central High School.

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 department or category 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).
6. All appropriations expire as of June 30 each year.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2013:

| | | |
|--------------------------|----|---------|
| General | \$ | 152,900 |
| County Debt Service Fund | | 185,114 |

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.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 3—Deposits and Investments: (Continued)

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.

| Rated Debt Investments | Fair Quality Ratings | | | | |
|--------------------------|----------------------|--------|------------|------------|-----------|
| | AAAm | AAA | AA | AA+ | AA- |
| State Non-Arbitrage Pool | \$ 148,977 | - | \$ - | \$ - | - |
| Money Market Mutual Fund | 7,969 | - | - | - | - |
| Corporate Debt | - | - | - | - | 50,518 |
| Municipal/Public Bonds | - | 40,756 | 255,189 | 773,346 | - |
| Total | \$ 156,946 | 40,756 | \$ 255,189 | \$ 773,346 | \$ 50,518 |

Interest Rate Risk

Investment Maturities (in years)

| Investment Type | Fair Value | Less Than | |
|------------------------|--------------|------------|------------|
| | | 1 Year | 1-5 Years |
| Municipal/Public Bonds | \$ 1,069,291 | \$ 665,902 | \$ 403,389 |
| Corporate Debt | 50,518 | - | 50,518 |
| Total | \$ 1,119,809 | \$ 665,902 | \$ 453,907 |

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP is the same as the value of the pool shares.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 4—Due to/from Other Governments:

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

| | Primary Government | Component Unit School Board | Component Unit IDA |
|---------------------------------------|-----------------------|-----------------------------------|--------------------------|
| Other Local Governments: | | | |
| Lunenburg County School Board | \$ 381,266 | \$ - | \$ - |
| Commonwealth of Virginia: | | | |
| Local sales tax | 62,792 | - | - |
| Welfare | 31,147 | - | - |
| Rolling stock tax | 5,030 | - | - |
| Mobile home titling tax | 8,241 | - | - |
| State Sales Tax | - | 281,962 | - |
| E911 grant | 3,975 | - | - |
| Constitutional officer reimbursements | 101,387 | - | - |
| Recordation tax | 3,497 | - | - |
| Victim witness grant | 19,349 | - | - |
| DMV grant | 2,411 | - | - |
| Juror payments | 180 | - | - |
| Comprehensive services act | 362,625 | - | - |
| Communications tax | 33,389 | - | - |
| Federal Government: | | | |
| School fund grants | - | 118,259 | - |
| Welfare | 39,735 | - | - |
| Total due from other governments | \$ 1,055,024 | \$ 400,221 | \$ - |

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

| | | | |
|----------------------------------|------|------------|------------|
| Other Local Governments: | | | |
| County of Lunenburg | \$ - | \$ 381,266 | \$ - |
| Commonwealth of Virginia: | | | |
| Virginia Tobacco Commission | - | - | 630,000 |
| Total due from other governments | \$ - | \$ 381,266 | \$ 630,000 |

COUNTY OF LUNENBURG, VIRGINIA

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

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 | \$ 279,656 | \$ - | \$ 76,688 | \$ 202,968 |
| Construction in progress | 1,044,103 | 1,960,890 | 1,044,103 | 1,960,890 |
| Total capital assets not subject to depreciation | \$ 1,323,759 | \$ 1,960,890 | \$ 1,120,791 | \$ 2,163,858 |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 11,777,046 | \$ 115,300 | \$ - | \$ 11,892,346 |
| Machinery and equipment | 3,185,891 | 320,871 | - | 3,506,762 |
| Jointly owned assets | 11,565,584 | 1,180,564 | 551,157 | 12,194,991 |
| Total capital assets subject to depreciation | \$ 26,528,521 | \$ 1,616,735 | \$ 551,157 | \$ 27,594,099 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 2,064,911 | \$ 331,753 | \$ - | \$ 2,396,664 |
| Machinery and equipment | 2,032,500 | 293,319 | - | 2,325,819 |
| Jointly owned assets | 3,801,715 | 337,601 | 58,018 | 4,081,298 |
| Total accumulated depreciation | \$ 7,899,126 | \$ 962,673 | \$ 58,018 | \$ 8,803,781 |
| Total capital assets being depreciated, net | \$ 18,629,395 | \$ 654,062 | \$ 493,139 | \$ 18,790,318 |
| Governmental capital assets, net | \$ 19,953,154 | \$ 2,614,952 | \$ 1,613,930 | \$ 20,954,176 |

Component Unit - School Board:

| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 |
|--|-------------------------|--------------|--------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land | \$ 37,807 | \$ - | \$ - | \$ 37,807 |
| Total capital assets not subject to depreciation | \$ 37,807 | \$ - | \$ - | \$ 37,807 |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 16,824 | \$ - | \$ 16,824 | \$ - |
| Machinery and equipment | 2,850,646 | 21,664 | 281,720 | 2,590,590 |
| Jointly owned assets | 5,443,037 | - | (551,157) | 5,994,194 |
| Total capital assets subject to depreciation | \$ 8,310,507 | \$ 21,664 | \$ (252,613) | \$ 8,584,784 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 6,730 | \$ 10,094 | \$ 16,824 | \$ - |
| Machinery and equipment | 2,258,425 | 166,095 | 281,720 | 2,142,800 |
| Jointly owned assets | 1,789,177 | 158,883 | (58,018) | 2,006,078 |
| Total accumulated depreciation | \$ 4,054,332 | \$ 335,072 | \$ 240,526 | \$ 4,148,878 |
| Total capital assets being depreciated, net | \$ 4,256,175 | \$ (313,408) | \$ (493,139) | \$ 4,435,906 |
| Governmental capital assets, net | \$ 4,293,982 | \$ (313,408) | \$ (493,139) | \$ 4,473,713 |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

| | | |
|-----------------------------------|----|---------------|
| General government administration | \$ | 48,543 |
| Judicial administration | | 234,717 |
| Public safety | | 193,147 |
| Public works | | 55,797 |
| Health and welfare | | 21,019 |
| Education | | 337,601 |
| Community development | | <u>71,849</u> |

| | | |
|-------------------------------|----|-----------------------|
| Total Governmental activities | \$ | <u><u>962,673</u></u> |
|-------------------------------|----|-----------------------|

| | | |
|-----------------------------|----|-----------------------|
| Component Unit School Board | \$ | <u><u>335,072</u></u> |
|-----------------------------|----|-----------------------|

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: | | |
| General | \$ 13,000 | \$ 1,313,511 |
| County special revenue | 3,566 | 13,000 |
| County debt service fund | <u>1,309,945</u> | <u>-</u> |
| Total Primary Government | \$ <u><u>1,326,511</u></u> | \$ <u><u>1,326,511</u></u> |
| Component Unit: | | |
| School operating | \$ - | \$ 50,000 |
| School special revenue | <u>50,000</u> | <u>-</u> |
| Total Component Unit School Board | \$ <u><u>50,000</u></u> | \$ <u><u>50,000</u></u> |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 6—Interfund Transfers: (Continued)

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

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2013:

| | Balance at July 1, 2012 | Issuances/ Increases | Retirements/ Decreases | Balance at June 30, 2013 | Amounts Due Within One Year |
|--------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|-----------------------------------|
| Governmental Obligations: | | | | | |
| Incurring by County: | | | | | |
| Compensated absences | \$ 69,590 | \$ 14,811 | \$ 6,959 | \$ 77,442 | \$ 7,744 |
| Net pension obligation | - | 88,832 | - | 88,832 | - |
| Capital leases | 203,623 | - | 85,695 | 117,928 | 94,365 |
| Lease revenue bonds | 5,587,000 | - | 260,000 | 5,327,000 | 396,000 |
| Landfill post closure care | 3,191,511 | - | 3,191,511 | - | - |
| Total incurred by County | \$ 9,051,724 | \$ 103,643 | \$ 3,544,165 | \$ 5,611,202 | \$ 498,109 |
| Incurring by School Board: | | | | | |
| General obligation bonds | \$ 11,038,870 | \$ - | 935,178 | \$ 10,103,692 | \$ 524,708 |
| Add deferred amounts for: | | | | | |
| Issuance premium | 249,670 | - | 14,786 | 234,884 | - |
| Total incurred by School Board | \$ 11,288,540 | \$ - | \$ 949,964 | \$ 10,338,576 | \$ 524,708 |
| Total Governmental Obligations | \$ 20,340,264 | \$ 103,643 | \$ 4,494,129 | \$ 15,949,778 | \$ 1,022,817 |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

| Year Ending June 30 | County Obligations | |
|---------------------------|-----------------------|-------------------|
| | Lease Revenue Bond | |
| | Principal | Interest |
| 2014 | \$ 396,000 | \$ 132,110 |
| 2015 | 404,000 | 122,289 |
| 2016 | 415,000 | 112,270 |
| 2017 | 426,000 | 101,978 |
| 2018 | 436,000 | 91,413 |
| 2019 | 446,000 | 80,600 |
| 2020 | 457,000 | 69,539 |
| 2021 | 468,000 | 58,205 |
| 2022 | 1,879,000 | 46,599 |
| Total | \$ <u>5,327,000</u> | \$ <u>815,003</u> |

The remainder of this page left blank intentionally.

COUNTY OF LUNENBURG, VIRGINIA

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

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 | \$ 524,708 | \$ 450,762 |
| 2015 | 539,489 | 430,653 |
| 2016 | 560,168 | 409,078 |
| 2017 | 581,002 | 386,683 |
| 2018 | 602,009 | 363,270 |
| 2019 | 708,209 | 337,101 |
| 2020 | 729,722 | 308,270 |
| 2021 | 751,771 | 278,484 |
| 2022 | 774,177 | 247,717 |
| 2023 | 721,765 | 217,729 |
| 2024 | 743,859 | 189,219 |
| 2025 | 760,678 | 160,287 |
| 2026 | 777,735 | 130,635 |
| 2027 | 414,500 | 109,451 |
| 2028 | 336,200 | 34,128 |
| 2029 | 347,700 | 20,945 |
| 2030 | 115,000 | 7,331 |
| 2031 | 115,000 | 2,444 |
| Total | \$ 10,103,692 | \$ 4,084,188 |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by County:

Capital Leases:

| | | |
|---|----|----------------|
| \$67,800 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$1,991 (principal plus interest) at 3.64% interest rate. | \$ | 31,048 |
| \$51,670 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$1,482 (principal plus interest) at 2.09% interest rate. | | 23,364 |
| \$83,325 Capital lease issued August 10, 2011, secured by a leasehold interest in the equipment. Due in monthly installments of \$2,505 (principal plus interest) at 3.64% interest rate. | | 39,073 |
| \$115,300 Capital lease issued July 21, 2008, secured by a leasehold interest in the equipment. Due in annual installments of \$25,176 (principal plus interest) at 3.00% interest rate. | | <u>24,443</u> |
| Total Capital Leases | \$ | <u>117,928</u> |

Lease Revenue Bond:

| | | |
|--|----|-------------------------|
| \$5,587,000 public facility lease revenue bond, Series 2013, issued January 31, 2013 due on varying installments of principal plus interest through February 1, 2022, interest at 2.48%. | \$ | <u>5,327,000</u> |
| Net pension obligation | \$ | <u>88,832</u> |
| Compensated absences (payable from the General Fund) | \$ | <u>77,442</u> |
| Total incurred by County | \$ | <u><u>5,611,202</u></u> |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term indebtedness are as follows: (Continued)

General Obligations: (continued)

Incurred by School Board:

General Obligation Bonds:

| | | |
|--|----|-------------------|
| \$5,856,256 School Bonds 2005A Series issued October 25, 2005, due in varying annual installments through January 15, 2006, interest at various rates. | \$ | 4,118,292 |
| \$3,020,000 School Bonds 2005B Series issued October 25, 2005, due in varying annual installments through February 1, 2029, interest at 3.75%. | | 2,845,400 |
| \$1,175,000 School Bonds issued July 8, 2010, due in varying annual installments through June 1, 2027. | | 1,150,000 |
| \$2,100,000 Virginia Public School Authority bonds issued December 15, 2011, due in varying annual installments of principal and interest through December 1, 2030, interest at 4.25%. | | 1,990,000 |
| Bond premium | | <u>234,884</u> |
| Total General Obligation Bonds | \$ | <u>10,338,576</u> |
| Total Incurred by School Board | \$ | <u>10,338,576</u> |
| Total General Obligations, Primary Government | \$ | <u>15,949,778</u> |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Component Unit-School Board:

| | Balance at July 1, 2012 | Increases | Decreases | Balance at June 30, 2013 | Amounts Due Within One Year |
|-----------------------------------|-------------------------------|-----------|-----------|--------------------------------|-----------------------------------|
| Component Unit-School Board: | | | | | |
| Net OPEB obligation | \$ 48,420 | \$ 90,062 | 43,700 | \$ 94,782 | \$ - |
| Total Component Unit-School Board | \$ 48,420 | \$ 90,062 | \$ 43,700 | \$ 94,782 | \$ - |

Note 8—Capital Leases:

The government has entered into two lease agreements as lessee for financing the acquisition of Landfill equipment and the AS400 System. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

| | Primary Government |
|--------------------------------|-----------------------|
| Asset: | |
| Equipment | \$ 320,095 |
| Less: accumulated depreciation | 139,568 |
| Total | \$ 180,527 |

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 | \$ 96,917 |
| 2015 | 23,913 |
| Total minimum lease payments | \$ 120,830 |
| Less: amount representing interest | (2,902) |
| Present value of minimum lease payments | \$ 117,928 |

COUNTY OF LUNENBURG, VIRGINIA

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

Note 9—Closure and Postclosure Costs:

The County sold its sanitary landfill on February 21, 2013 to RWG5, LLC for \$365,000. All future landfill closure and postclosure costs have been assumed by the purchaser.

Note 10—Unearned and Unavailable Revenue:

Unearned and unavailable revenue represent 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. The County reports unavailable revenue totaling \$3,118,425 and unearned revenue of \$47,433 at June 30, 2013 which is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$129,864 at June 30, 2013.

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$2,988,561 at June 30, 2013.

Unearned Revenue - Unearned revenue represent unclaimed taxpayer land sale funds not available for funding of current expenditures totaled \$47,433.

Note 11—Commitments and Contingent Liabilities:

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

While no matters of noncompliance were disclosed by 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.

Note 12—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 LUNENBURG, VIRGINIA

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

Note 13 –Risk Management:

The County and 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; injuries to employees; and natural disasters. The County participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 14 –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 ten years of service credit.
- 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.

Note 14 – Defined Benefit Pension Plan (Continued):

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

A. Plan Description (Continued)

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 most recent 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.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2013 were 9.84% and 6.08% of annual covered payroll, respectively.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 14 – Defined Benefit Pension Plan (Continued):

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

B. Funding Policy (Continued)

The Lunenburg County School Board professional employees current rate is 11.66%, 6.33% for 2012 and 3.93% for 2011. The contribution requirements of plan members and Lunenburg County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2013, 2012, and 2011 were \$919,305, \$517,162, and \$317,915, respectively, and equal to the required contributions for each year.

C. Annual Pension Cost

The following table shows the components of the County's annual pension cost for the year, the amount actually contributed to the plan, and the changes in the County's net pension obligation.

| | | |
|---|----|----------------------|
| Annual required contribution (ARC) | \$ | 296,459 |
| Contributions made | | <u>207,627</u> |
| Increase (decrease) in net pension obligation | \$ | 88,832 |
| Net pension obligation - beginning of year | | - |
| Net pension obligation - end of year | \$ | <u><u>88,832</u></u> |

For fiscal year 2013, the School Board's annual pension cost for non-professional employees of \$37,719 was equal to the School Board's required and actual contributions. There was no net pension obligation at the end of the year.

Three Year Trend Information

| <u>Fiscal Year Ending</u> | | <u>Annual Pension Cost (APC) (1)</u> | <u>Percentage of APC Contributed</u> | | <u>Net Pension Obligation</u> |
|-------------------------------|----|--|--|----|---------------------------------------|
| County: | | | | | |
| June 30, 2013 | \$ | 207,627 | 100% | \$ | 88,832 |
| June 30, 2012 | | 199,056 | 100% | | - |
| June 30, 2011 | | 204,076 | 100% | | - |
| School Board: | | | | | |
| Non-Professional: | | | | | |
| June 30, 2013 | \$ | 37,719 | 100% | \$ | - |
| June 30, 2012 | | 38,544 | 100% | | - |
| June 30, 2011 | | 38,365 | 100% | | - |

(1) Employer portion only

COUNTY OF LUNENBURG, VIRGINIA

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

Note 14 – 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 is 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 71.11% funded. The actuarial accrued liability for benefits was \$11,848,466, and the actuarial value of assets was \$8,425,843, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,422,623. The covered payroll (annual payroll of active employees covered by the plan) was \$2,159,600, and ratio of the UAAL to the covered payroll was 158.48%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's Non-Professional plan was 88.69% funded. The actuarial accrued liability for benefits was \$2,128,832, and the actuarial value of assets was \$1,887,975, resulting in an unfunded actuarial accrued liability (UAAL) of \$240,857. The covered payroll (annual payroll of active employees covered by the plan) was \$625,063, and ratio of the UAAL to the covered payroll was 38.53%.

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 LUNENBURG, VIRGINIA

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

Note 15 – Surety Bonds:

The following surety bonds covered constitutional officers and County employees at June 30, 2013:

| | <u>Amount</u> |
|--|---------------|
| Division of Risk Management Surety Bond: | |
| Commonwealth Funds | |
| Gordon F. Erby, Clerk of the Circuit Court | \$ 150,000 |
| Amona Currin, Treasurer | 400,000 |
| Patricia M. Adams, Commissioner of the Revenue | 3,000 |
| Arthur Townsend, Sheriff | 30,000 |
| Fidelity and Deposit Company of Maryland-Surety: | |
| Thomas Palmore, Clerk of the Board | 10,000 |
| Linda Brame, Clerk of Textbook Fund | 10,000 |
| Mary B. Leistra, Deputy Clerk of the Board | 10,000 |
| Dora Wynn, School Superintendent | 10,000 |
| All School Board Employees-blanket bond | 2,500 |
| Western Surety Company: | |
| Dorothy A. Newcomb, Director of Social Services | 100,000 |
| VA Risk Pool: | |
| All Social Services Employees-Blanket Bond | 1,000,000 |

Note 16-Other Postemployment Benefits-Health Insurance:

A. Plan Description

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

B. Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 10 retirees and dependents on their plan.

COUNTY OF LUNENBURG, VIRGINIA

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

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

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 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 School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

| | | |
|--|----|----------|
| Annual required contribution | \$ | 91,000 |
| Interest on net OPEB obligation | | 1,695 |
| Adjustment to annual required contribution | | (2,633) |
| Annual OPEB cost (expense) | \$ | 90,062 |
| Contributions made | | (43,700) |
| Increase in net OPEB obligation | | 46,362 |
| Net OPEB obligation-beginning of year | | 48,420 |
| Net OPEB obligation-end of year | \$ | 94,782 |

The 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 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> |
|----------------------------------|-----------------------------|---|------------------------------------|
| Schools: | | | |
| 6/30/2011 | \$ 67,020 | 72.07% | \$ 34,420 |
| 6/30/2012 | 69,200 | 79.77% | 48,420 |
| 6/30/2013 | 90,062 | 48.52% | 94,782 |

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

D. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$850,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,681,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.80%.

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.

E. Actuarial Methods and Assumptions

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

Cost Method

In the January 1, 2013, the most recent actuarial valuation, the projected unit credit method with level dollar amount amortization was used.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using scale AA.

Coverage elections-The actuary assumed that 30% of eligible retirees who qualify will elect coverage and 30% of employees who elect coverage will elect to cover a spouse.

COUNTY OF LUNENBURG, VIRGINIA

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

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

E. Actuarial Methods and Assumptions (Continued)

Cost Method (Continued)

Healthcare cost trend rate -Medical trend rates consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines* and actuarial judgment were used. These trend rates do not include the effects of changes in demographics of the covered group. Health Cost trend assumptions under the Getzen Trend model include a 7.70% rate graded to 4.80% over 70 years.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount rate of 3.50% 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 January 1, 2013 was thirty years.

Note 17-Other PostEmployment Benefits-Health Insurance Credit:

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$87,515, \$49,020 and \$48,537, respectively and equaled the required contributions for each year.

COUNTY OF LUNENBURG, VIRGINIA

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

Note 18-Lease Receivable:

During the fiscal year ended June 30, 2012, the Component Unit Industrial Development Authority (IDA) purchased and leased manufacturing equipment to Safety Technologies, Inc. (STI). The balance of the lease outstanding at June 30, 2013, including issuance costs, was \$712,830. The lease bears no interest and is payable through the fiscal year ended June 30, 2020. Upon the final payment by STI, title to the equipment transfers from the IDA to STI. No payments were received by the IDA in fiscal year 2013.

Note 19-The Virginia Tobacco Commission:

The equipment leased to STI by the component unit IDA was financed in part by a \$630,000 loan from the Virginia Tobacco Commission. The loan bears no interest and is due to the Virginia Tobacco Commission upon payoff of the equipment lease receivable by STI. In the event of default by STI, the IDA is responsible for principal paid to date by STI. The balance would be forgiven by the Virginia Tobacco Commission. No payments were made by the IDA to the Virginia Tobacco Commission in fiscal year 2013.

Note 20-Restatement of Beginning Net Position and Fund Balance:

The following adjustment was made to beginning net position and fund balance at June 30, 2012:

| | Primary Government | |
|---|--------------------|--------------|
| | Governmental | General |
| | Activities | Fund |
| Net position/fund balance as previously reported at June 30, 2012 | \$ 9,783,098 | \$ 7,157,625 |
| Adjustment to correct prior year accounts payable | (41,441) | (41,441) |
| Net position/fund balance as restated at July 1, 2012 | \$ 9,741,657 | \$ 7,116,184 |

Note 21-Upcoming Pronouncements:

The GASB has issued Statement No. 60, "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 Statements 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 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

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.

THIS PAGE LEFT BLANK INTENTIONALLY

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

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------------|-----------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUES | | | | |
| General property taxes | \$ 5,554,000 | \$ 5,554,000 | \$ 5,459,029 | \$ (94,971) |
| Other local taxes | 712,000 | 712,000 | 870,733 | 158,733 |
| Permits, privilege fees, and regulatory licenses | 38,675 | 38,675 | 33,417 | (5,258) |
| Fines and forfeitures | 35,562 | 35,562 | 28,770 | (6,792) |
| Revenue from the use of money and property | 96,524 | 96,524 | 74,111 | (22,413) |
| Charges for services | 133,000 | 133,000 | 112,841 | (20,159) |
| Miscellaneous | 52,746 | 52,746 | 63,349 | 10,603 |
| Intergovernmental revenues: | | | | |
| Commonwealth | 3,570,904 | 3,579,629 | 4,242,912 | 663,283 |
| Federal | 790,899 | 980,799 | 884,113 | (96,686) |
| Total revenues | <u>\$ 10,984,310</u> | <u>\$ 11,182,935</u> | <u>\$ 11,769,275</u> | <u>\$ 586,340</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 908,871 | \$ 914,354 | \$ 874,407 | \$ 39,947 |
| Judicial administration | 614,385 | 623,110 | 608,687 | 14,423 |
| Public safety | 2,017,576 | 2,354,280 | 2,138,274 | 216,006 |
| Public works | 917,811 | 917,811 | 669,769 | 248,042 |
| Health and welfare | 1,834,551 | 1,834,551 | 2,678,632 | (844,081) |
| Education | 3,239,616 | 3,239,616 | 3,219,792 | 19,824 |
| Community development | 471,151 | 484,151 | 443,073 | 41,078 |
| Capital projects | 235,000 | 235,000 | 132,377 | 102,623 |
| Debt service: | | | | |
| Principal retirement | 85,695 | 85,695 | 85,695 | - |
| Interest and other fiscal charges | 14,481 | 14,481 | 5,243 | 9,238 |
| Total expenditures | <u>\$ 10,339,137</u> | <u>\$ 10,703,049</u> | <u>\$ 10,855,949</u> | <u>\$ (152,900)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 645,173</u> | <u>\$ 479,886</u> | <u>\$ 913,326</u> | <u>\$ 433,440</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 13,000 | \$ 13,000 | \$ - |
| Transfers out | (1,321,000) | (1,693,553) | (1,313,511) | 380,042 |
| Sale of general capital assets | - | 364,979 | 364,979 | - |
| Total other financing sources (uses) | <u>\$ (1,321,000)</u> | <u>\$ (1,315,574)</u> | <u>\$ (935,532)</u> | <u>\$ 380,042</u> |
| Net change in fund balances | \$ (675,827) | \$ (835,688) | \$ (22,206) | \$ 813,482 |
| Fund balances - beginning, as restated | 675,827 | 835,688 | 7,116,184 | 6,280,496 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,093,978</u> | <u>\$ 7,093,978</u> |

County of Lunenburg, Virginia
County Special Revenue 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</u> | <u>Variance with</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 19,000 | \$ 19,000 | \$ 18,938 | \$ (62) |
| Charges for services | 1,000 | 1,000 | 1,009 | 9 |
| Miscellaneous | 11,065 | 11,065 | 36 | (11,029) |
| Intergovernmental revenues: | | | | |
| Commonwealth | 801,631 | 801,631 | 2,994 | (798,637) |
| Federal | 104,000 | 104,000 | - | (104,000) |
| Total revenues | <u>\$ 936,696</u> | <u>\$ 936,696</u> | <u>\$ 22,977</u> | <u>\$ (913,719)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Judicial administration | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,000 |
| Public safety | 15,000 | 15,000 | 2,077 | 12,923 |
| Community development | 1,002,603 | 1,002,603 | 165,510 | 837,093 |
| Total expenditures | <u>\$ 1,018,603</u> | <u>\$ 1,018,603</u> | <u>\$ 167,587</u> | <u>\$ 851,016</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (81,907)</u> | <u>\$ (81,907)</u> | <u>\$ (144,610)</u> | <u>\$ (62,703)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 81,907 | \$ 81,907 | \$ 3,566 | \$ (78,341) |
| Transfers out | - | - | (13,000) | (13,000) |
| Total other financing sources (uses) | <u>\$ 81,907</u> | <u>\$ 81,907</u> | <u>\$ (9,434)</u> | <u>\$ (91,341)</u> |
| Net change in fund balances | \$ - | \$ - | \$ (154,044) | \$ (154,044) |
| Fund balances - beginning | - | - | 334,337 | 334,337 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 180,293</u> | <u>\$ 180,293</u> |

County of Lunenburg, Virginia

Schedule of Pension Funding Progress

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 Percentage of Covered Payroll |
|---------------------------------|--|--|--|-----------------|--------------------|--|
| County: | | | | | | |
| 6/30/2012 | \$ 8,425,843 | \$ 11,848,466 | \$ 3,422,623 | 71.11% | \$ 2,159,600 | 158.48% |
| 6/30/2011 | 8,591,601 | 11,298,845 | 2,707,244 | 76.04% | 2,073,550 | 130.56% |
| 6/30/2010 | 8,476,586 | 10,960,885 | 2,484,299 | 77.33% | 2,151,666 | 115.46% |
| 6/30/2009 | 8,661,357 | 10,119,407 | 1,458,050 | 85.59% | 2,295,316 | 63.52% |
| 6/30/2008 | 8,597,453 | 9,808,123 | 1,210,670 | 87.66% | 2,305,173 | 52.52% |
| 6/30/2007 | 7,803,838 | 8,694,484 | 890,646 | 89.76% | 2,484,267 | 35.85% |
| 6/30/2006 | 6,937,067 | 6,824,870 | (112,197) | 101.64% | 1,989,633 | -5.64% |
| 6/30/2005 | 6,444,066 | 6,921,374 | 477,308 | 93.10% | 1,904,059 | 25.07% |
| 6/30/2004 | 6,207,632 | 5,860,399 | (347,233) | 105.93% | 2,022,227 | -17.17% |
| 6/30/2003 | 6,061,282 | 5,587,357 | (473,925) | 108.48% | 1,968,288 | -24.08% |
| School Board Non-Professionals: | | | | | | |
| 6/30/2012 | \$ 1,887,975 | \$ 2,128,832 | \$ 240,857 | 88.69% | \$ 625,063 | 38.53% |
| 6/30/2011 | 1,861,218 | 1,996,153 | 134,935 | 93.24% | 631,482 | 21.37% |
| 6/30/2010 | 1,819,679 | 2,037,276 | 217,597 | 89.32% | 676,124 | 32.18% |
| 6/30/2009 | 1,788,680 | 1,838,302 | 49,622 | 97.30% | 697,500 | 7.11% |
| 6/30/2008 | 1,806,988 | 1,835,642 | 28,654 | 98.44% | 724,927 | 3.95% |
| 6/30/2007 | 1,608,962 | 1,613,978 | 5,016 | 99.69% | 709,429 | 0.71% |
| 6/30/2006 | 1,391,349 | 1,460,314 | 68,965 | 95.28% | 676,728 | 10.19% |
| 6/30/2005 | 1,271,916 | 1,372,535 | 100,619 | 92.67% | 651,643 | 15.44% |
| 6/30/2004 | 1,257,074 | 1,205,371 | (51,703) | 104.29% | 644,622 | -8.02% |
| 6/30/2003 | 1,206,800 | 1,082,201 | (124,599) | 111.51% | 592,662 | -21.02% |

County of Lunenburg, Virginia
Schedule of OPEB Funding Progress - Retiree Healthcare Plan
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 Percentage of Covered Payroll |
|---|--|--|--|-------------------------|----------------------------|--|
| School Board: | | | | | | |
| 1/1/2013 | \$ - | \$ 850,600 | \$ 850,600 | 0.00% | \$ 8,681,400 | 9.80% |
| 1/1/2011 | - | 571,600 | 571,600 | 0.00% | 6,051,700 | 9.45% |
| 1/1/2009 | - | 648,500 | 648,500 | 0.00% | 6,281,700 | 10.32% |

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, Virginia
County Debt Service 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</u> | <u>Variance with</u> |
|---|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Lunenburg School Board | \$ - | \$ - | \$ 105,162 | \$ 105,162 |
| Federal | 62,393 | 62,393 | 145,046 | 82,653 |
| Total revenues | <u>\$ 62,393</u> | <u>\$ 62,393</u> | <u>\$ 250,208</u> | <u>\$ 187,815</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 1,195,178 | \$ 1,195,178 | \$ 1,195,178 | \$ - |
| Interest and other fiscal charges | 107,308 | 479,861 | 664,975 | (185,114) |
| Total expenditures | <u>\$ 1,302,486</u> | <u>\$ 1,675,039</u> | <u>\$ 1,860,153</u> | <u>\$ (185,114)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,240,093)</u> | <u>\$ (1,612,646)</u> | <u>\$ (1,609,945)</u> | <u>\$ 2,701</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 1,240,093 | \$ 1,612,646 | \$ 1,309,945 | \$ (302,701) |
| Total other financing sources (uses) | <u>\$ 1,240,093</u> | <u>\$ 1,612,646</u> | <u>\$ 1,309,945</u> | <u>\$ (302,701)</u> |
| Net change in fund balances | \$ - | \$ - | \$ (300,000) | \$ (300,000) |
| Fund balances - beginning | - | - | 300,000 | 300,000 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

County of Lunenburg, Virginia
County Capital Projects 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> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| Total revenues | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| EXPENDITURES | | | | |
| Capital projects | \$ - | \$ 2,021,500 | \$ 1,838,685 | \$ 182,815 |
| Total expenditures | \$ - | \$ 2,021,500 | \$ 1,838,685 | \$ 182,815 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (2,021,500) | \$ (1,835,804) | \$ 185,696 |
| Net change in fund balances | \$ - | \$ (2,021,500) | \$ (1,835,804) | \$ 185,696 |
| Fund balances - beginning | - | 2,021,500 | 1,919,143 | (102,357) |
| Fund balances - ending | \$ - | \$ - | \$ 83,339 | \$ 83,339 |

County of Lunenburg, 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 | \$ <u>6,064</u> | \$ <u>34,128</u> | \$ <u>35,351</u> | \$ <u>4,841</u> |
| Liabilities: | | | | |
| Amounts held for social services clients | \$ <u>6,064</u> | \$ <u>34,128</u> | \$ <u>35,351</u> | \$ <u>4,841</u> |
| Cell Tower Escrow: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ <u>820</u> | \$ <u>34,000</u> | \$ <u>15,846</u> | \$ <u>18,974</u> |
| Liabilities: | | | | |
| Amounts held for others | \$ <u>820</u> | \$ <u>34,000</u> | \$ <u>15,846</u> | \$ <u>18,974</u> |
| Total liabilities | \$ <u>820</u> | \$ <u>34,000</u> | \$ <u>15,846</u> | \$ <u>18,974</u> |
| Totals -- All Agency Funds | | | | |
| Assets: | | | | |
| Cash | \$ <u>6,884</u> | \$ <u>68,128</u> | \$ <u>51,197</u> | \$ <u>23,815</u> |
| Total assets | \$ <u>6,884</u> | \$ <u>68,128</u> | \$ <u>51,197</u> | \$ <u>23,815</u> |
| Liabilities: | | | | |
| Amounts held for others | \$ <u>820</u> | \$ <u>34,000</u> | \$ <u>15,846</u> | \$ <u>18,974</u> |
| Amounts held for social services clients | <u>6,064</u> | <u>34,128</u> | <u>35,351</u> | <u>4,841</u> |
| Total liabilities | \$ <u>6,884</u> | \$ <u>68,128</u> | \$ <u>51,197</u> | \$ <u>23,815</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

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

| | <u>School Operating Fund</u> | <u>School Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|--------------------------------------|--|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 343,557 | \$ 343,557 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts receivable | 13,653 | - | 13,653 |
| Due from other governmental units | 400,221 | - | 400,221 |
| Total assets | <u>\$ 413,874</u> | <u>\$ 343,557</u> | <u>\$ 757,431</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 32,608 | \$ - | \$ 32,608 |
| Due to other governmental units | 381,266 | - | 381,266 |
| Total liabilities | <u>\$ 413,874</u> | <u>\$ -</u> | <u>\$ 413,874</u> |
| Fund balances: | | | |
| Assigned | \$ - | \$ 343,557 | \$ 343,557 |
| Total fund balances | <u>\$ -</u> | <u>\$ 343,557</u> | <u>\$ 343,557</u> |
| Total liabilities and fund balances | <u>\$ 413,874</u> | <u>\$ 343,557</u> | <u>\$ 757,431</u> |

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

| | |
|-------------------------------|------------|
| Total fund balances per above | \$ 343,557 |
|-------------------------------|------------|

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

| | | |
|--------------------------|--------------------|-----------|
| Capital assets, cost | \$ 8,622,591 | |
| Accumulated depreciation | <u>(4,148,878)</u> | 4,473,713 |

| | |
|---|----------|
| Long-term liabilities, including OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds. | (94,782) |
|---|----------|

| | |
|---|---------------------|
| Net position of governmental activities | <u>\$ 4,722,488</u> |
|---|---------------------|

THIS PAGE LEFT BLANK INTENTIONALLY

County of Lunenburg, 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 | \$ - | \$ 345 | \$ 345 |
| Charges for services | 146,832 | 244,201 | 391,033 |
| Intergovernmental revenues: | | | |
| Local government | 3,219,792 | - | 3,219,792 |
| Commonwealth | 10,007,565 | 17,892 | 10,025,457 |
| Federal | 1,703,005 | 658,769 | 2,361,774 |
| Total revenues | <u>\$ 15,077,194</u> | <u>\$ 921,207</u> | <u>\$ 15,998,401</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 15,027,194 | \$ 1,125,720 | \$ 16,152,914 |
| Total expenditures | <u>\$ 15,027,194</u> | <u>\$ 1,125,720</u> | <u>\$ 16,152,914</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 50,000</u> | <u>\$ (204,513)</u> | <u>\$ (154,513)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ 50,000 | \$ 50,000 |
| Transfers out | (50,000) | - | (50,000) |
| Total other financing sources (uses) | <u>\$ (50,000)</u> | <u>\$ 50,000</u> | <u>\$ -</u> |
| Net change in fund balances | \$ - | \$ (154,513) | \$ (154,513) |
| Fund balances - beginning | - | 498,070 | 498,070 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 343,557</u> | <u>\$ 343,557</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 \$ (154,513)

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 outlay | \$ 21,664 | |
| Transfer of joint tenancy assets | 493,139 | |
| Depreciation expense | <u>(335,072)</u> | 179,731 |

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. (46,362)

Change in net position of governmental activities \$ (21,144)

County of Lunenburg, 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 | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|----------------------|----------------------|---|
| | Budgeted Amounts | | | |
| | Original | Final | Actual | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 100 | \$ 100 | \$ - | \$ (100) |
| Charges for services | 2,000 | 2,000 | 146,832 | 144,832 |
| Miscellaneous | 96,550 | 96,550 | - | (96,550) |
| Intergovernmental revenues: | | | | |
| Local government | 3,239,616 | 3,239,616 | 3,219,792 | (19,824) |
| Commonwealth | 10,310,701 | 10,310,701 | 10,007,565 | (303,136) |
| Federal | 1,820,526 | 1,820,526 | 1,703,005 | (117,521) |
| Total revenues | <u>\$ 15,469,493</u> | <u>\$ 15,469,493</u> | <u>\$ 15,077,194</u> | <u>\$ (392,299)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 15,469,493 | \$ 15,469,493 | \$ 15,027,194 | \$ 442,299 |
| Total expenditures | <u>\$ 15,469,493</u> | <u>\$ 15,469,493</u> | <u>\$ 15,027,194</u> | <u>\$ 442,299</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 50,000</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ - | \$ - |
| Transfers out | - | - | (50,000) | (50,000) |
| Total other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (50,000)</u> | <u>\$ (50,000)</u> |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| School Special Revenue Fund | | | | |
|-----------------------------|--------------|---------------|---|----------|
| Budgeted Amounts | | | Variance with Final Budget Positive (Negative) | |
| <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| \$ - | \$ - | \$ 345 | \$ | 345 |
| 283,084 | 283,084 | 244,201 | | (38,883) |
| - | - | - | | - |
| - | - | - | | - |
| 16,448 | 16,448 | 17,892 | | 1,444 |
| 603,208 | 603,208 | 658,769 | | 55,561 |
| \$ 902,740 | \$ 902,740 | \$ 921,207 | \$ | 18,467 |
| | | | | |
| \$ 902,740 | \$ 1,137,740 | \$ 1,125,720 | \$ | 12,020 |
| \$ 902,740 | \$ 1,137,740 | \$ 1,125,720 | \$ | 12,020 |
| | | | | |
| \$ - | \$ (235,000) | \$ (204,513) | \$ | 30,487 |
| | | | | |
| \$ - | \$ - | \$ 50,000 | \$ | 50,000 |
| - | - | - | | - |
| \$ - | \$ - | \$ 50,000 | \$ | 50,000 |
| | | | | |
| \$ - | \$ (235,000) | \$ (154,513) | \$ | 80,487 |
| - | 235,000 | 498,070 | | 263,070 |
| \$ - | \$ - | \$ 343,557 | \$ | 343,557 |

THIS PAGE LEFT BLANK INTENTIONALLY

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

THIS PAGE LEFT BLANK INTENTIONALLY

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

ASSETS

Current assets:

| | |
|-------------------------------------|------------------|
| Cash and cash equivalents | \$ 20,109 |
| Leases receivable - current portion | 37,998 |
| Total current assets | <u>\$ 58,107</u> |

Noncurrent assets:

| | |
|--|-------------------|
| Leases receivable - noncurrent portion | \$ 674,832 |
| Total noncurrent assets | <u>\$ 674,832</u> |
| Total assets | <u>\$ 732,939</u> |

LIABILITIES

Noncurrent liabilities:

| | |
|---------------------------------|-------------------|
| Due to other governmental units | \$ 630,000 |
| Total noncurrent liabilities | <u>\$ 630,000</u> |
| Total liabilities | <u>\$ 630,000</u> |

NET POSITION

| | |
|--------------------|--------------------------|
| Unrestricted | \$ 102,939 |
| Total net position | <u><u>\$ 102,939</u></u> |

County of Lunenburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2013

OPERATING REVENUES

Charges for services:

Contributions from local government

\$ 41,610

Total operating revenues

\$ 41,610**OPERATING EXPENSES**

Other charges

\$ 500

Tax incentives

41,610

Total operating expenses

\$ 42,110

Operating income (loss)

\$ (500)**NONOPERATING REVENUES (EXPENSES)**

Investment income

\$ 18

Total nonoperating revenues (expenses)

\$ 18

Change in net position

\$ (482)

Total net position - beginning

103,421

Total net position - ending

\$ 102,939

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

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-----------------|
| Receipts from customers and users | \$ 41,610 |
| Payments for operating activities | (42,110) |
| Net cash provided by (used for) operating activities | <u>\$ (500)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|--------------|
| Interest income | \$ 18 |
| Net cash provided by (used for) investing activities | <u>\$ 18</u> |

| | |
|--|----------|
| Net increase (decrease) in cash and cash equivalents | \$ (482) |
|--|----------|

| | |
|---------------------------------------|-------------------------|
| Cash and cash equivalents - beginning | 20,591 |
| Cash and cash equivalents - ending | <u><u>\$ 20,109</u></u> |

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

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

**Schedule 1
Page 1 of 6**

| <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 | \$ 3,297,000 | \$ 3,297,000 | \$ 3,220,774 | \$ (76,226) |
| Real and personal public service corporation taxes | 115,000 | 115,000 | 71,204 | (43,796) |
| Personal property taxes | 2,056,000 | 2,056,000 | 1,697,444 | (358,556) |
| Mobile home taxes | 5,000 | 5,000 | 22,747 | 17,747 |
| Machinery and tools taxes | 5,000 | 5,000 | 244,478 | 239,478 |
| Merchant's capital taxes | 1,000 | 1,000 | 68,471 | 67,471 |
| Penalties | 50,000 | 50,000 | 80,213 | 30,213 |
| Interest | 25,000 | 25,000 | 53,698 | 28,698 |
| Total general property taxes | <u>\$ 5,554,000</u> | <u>\$ 5,554,000</u> | <u>\$ 5,459,029</u> | <u>\$ (94,971)</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 350,000 | \$ 350,000 | \$ 357,261 | \$ 7,261 |
| Utility taxes | 170,000 | 170,000 | 190,507 | 20,507 |
| Consumption tax | 25,000 | 25,000 | 24,929 | (71) |
| Motor vehicle licenses | 125,000 | 125,000 | 235,444 | 110,444 |
| Taxes on recordation and wills | 42,000 | 42,000 | 62,592 | 20,592 |
| Total other local taxes | <u>\$ 712,000</u> | <u>\$ 712,000</u> | <u>\$ 870,733</u> | <u>\$ 158,733</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 8,000 | \$ 8,000 | \$ 6,275 | \$ (1,725) |
| Transfer fees | 375 | 375 | 449 | 74 |
| Permits and other licenses | 30,300 | 30,300 | 26,693 | (3,607) |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 38,675</u> | <u>\$ 38,675</u> | <u>\$ 33,417</u> | <u>\$ (5,258)</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 35,562 | \$ 35,562 | \$ 28,770 | \$ (6,792) |
| Total fines and forfeitures | <u>\$ 35,562</u> | <u>\$ 35,562</u> | <u>\$ 28,770</u> | <u>\$ (6,792)</u> |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 60,524 | \$ 60,524 | \$ 37,842 | \$ (22,682) |
| Revenue from use of property | 36,000 | 36,000 | 36,269 | 269 |
| Total revenue from use of money and property | <u>\$ 96,524</u> | <u>\$ 96,524</u> | <u>\$ 74,111</u> | <u>\$ (22,413)</u> |
| Charges for services: | | | | |
| Excess fees of clerk | \$ - | \$ - | \$ 7,681 | \$ 7,681 |
| Sheriff's fees | 500 | 500 | 646 | 146 |
| Courthouse security fees | 16,000 | 16,000 | 16,889 | 889 |
| Law library fees | 1,000 | 1,000 | - | (1,000) |
| Landfill fees | 111,500 | 111,500 | 81,632 | (29,868) |
| Charges for Commonwealth's Attorney | 800 | 800 | 1,505 | 705 |
| Charges for correction and detention | 1,200 | 1,200 | 1,576 | 376 |
| Document reproduction costs | 2,000 | 2,000 | 2,912 | 912 |
| Total charges for services | <u>\$ 133,000</u> | <u>\$ 133,000</u> | <u>\$ 112,841</u> | <u>\$ (20,159)</u> |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 52,746 | \$ 52,746 | \$ 63,349 | \$ 10,603 |
| Total miscellaneous revenue | <u>\$ 52,746</u> | <u>\$ 52,746</u> | <u>\$ 63,349</u> | <u>\$ 10,603</u> |
| Total revenue from local sources | <u>\$ 6,622,507</u> | <u>\$ 6,622,507</u> | <u>\$ 6,642,250</u> | <u>\$ 19,743</u> |

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

**Schedule 1
Page 2 of 6**

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental revenues: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Communications tax | \$ 168,000 | \$ 168,000 | \$ 211,181 | \$ 43,181 |
| Mobile home titling tax | 18,000 | 18,000 | 27,317 | 9,317 |
| Rolling stock tax | - | - | 5,030 | 5,030 |
| Recordation tax | 3,000 | 3,000 | 8,247 | 5,247 |
| Auto rental tax | 100 | 100 | 90 | (10) |
| Personal property tax relief funds | 1,048,232 | 1,048,232 | 1,048,232 | - |
| Total noncategorical aid | <u>\$ 1,237,332</u> | <u>\$ 1,237,332</u> | <u>\$ 1,300,097</u> | <u>\$ 62,765</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 195,989 | \$ 195,989 | \$ 173,729 | \$ (22,260) |
| Sheriff | 665,639 | 665,639 | 620,666 | (44,973) |
| Commissioner of revenue | 72,207 | 72,207 | 72,556 | 349 |
| Treasurer | 70,320 | 70,320 | 72,190 | 1,870 |
| Registrar/electoral board | 34,890 | 34,890 | 35,109 | 219 |
| Clerk of the Circuit Court | 160,018 | 168,743 | 182,509 | 13,766 |
| Total shared expenses | <u>\$ 1,199,063</u> | <u>\$ 1,207,788</u> | <u>\$ 1,156,759</u> | <u>\$ (51,029)</u> |
| Other categorical aid: | | | | |
| Public assistance and welfare administration | \$ 379,960 | \$ 379,960 | \$ 389,176 | \$ 9,216 |
| VJCCA juvenile reimbursement | - | - | 8,328 | 8,328 |
| Voting machine | - | - | 5,000 | 5,000 |
| Animal friendly plates | - | - | 138 | 138 |
| Comprehensive services act | 510,127 | 510,127 | 1,143,357 | 633,230 |
| School resource officer | 15,502 | 15,502 | - | (15,502) |
| Emergency medical services | 11,500 | 11,500 | 11,649 | 149 |
| Victim-witness grant | 37,420 | 37,420 | 27,690 | (9,730) |
| E-911 wireless | - | - | 42,239 | 42,239 |
| E-911 equipment grant | 150,000 | 150,000 | 150,000 | - |
| Litter control | 6,000 | 6,000 | 8,479 | 2,479 |
| Fire programs fund | 24,000 | 24,000 | - | (24,000) |
| Total other categorical aid | <u>\$ 1,134,509</u> | <u>\$ 1,134,509</u> | <u>\$ 1,786,056</u> | <u>\$ 651,547</u> |
| Total categorical aid | <u>\$ 2,333,572</u> | <u>\$ 2,342,297</u> | <u>\$ 2,942,815</u> | <u>\$ 600,518</u> |
| Total revenue from the Commonwealth | <u>\$ 3,570,904</u> | <u>\$ 3,579,629</u> | <u>\$ 4,242,912</u> | <u>\$ 663,283</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Public assistance and welfare administration | \$ 490,899 | \$ 490,899 | \$ 502,806 | \$ 11,907 |
| Victim witness grant | - | - | 9,730 | 9,730 |
| Byrne JAG funds | - | 49,900 | 49,449 | (451) |
| Interoperable emergency communication grant | - | - | 10,000 | 10,000 |
| FEMA/Homeland Security grants | 300,000 | 440,000 | 286,061 | (153,939) |
| Transportation safety grant | - | - | 26,067 | 26,067 |
| Total categorical aid | <u>\$ 790,899</u> | <u>\$ 980,799</u> | <u>\$ 884,113</u> | <u>\$ (96,686)</u> |
| Total revenue from the federal government | <u>\$ 790,899</u> | <u>\$ 980,799</u> | <u>\$ 884,113</u> | <u>\$ (96,686)</u> |
| Total General Fund | <u>\$ 10,984,310</u> | <u>\$ 11,182,935</u> | <u>\$ 11,769,275</u> | <u>\$ 586,340</u> |

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

**Schedule 1
Page 3 of 6**

| <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: | | | | |
| County Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 100 | \$ 100 |
| Revenue from the use of property | 19,000 | 19,000 | 18,838 | (162) |
| Total revenue from use of money and property | <u>\$ 19,000</u> | <u>\$ 19,000</u> | <u>\$ 18,938</u> | <u>\$ (62)</u> |
| Charges for services: | | | | |
| Law Library | \$ 1,000 | \$ 1,000 | \$ 1,009 | \$ 9 |
| Total charges for services | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ 1,009</u> | <u>\$ 9</u> |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 11,065 | \$ 11,065 | \$ 36 | \$ (11,029) |
| Total miscellaneous revenue | <u>\$ 11,065</u> | <u>\$ 11,065</u> | <u>\$ 36</u> | <u>\$ (11,029)</u> |
| Total revenue from local sources | <u>\$ 31,065</u> | <u>\$ 31,065</u> | <u>\$ 19,983</u> | <u>\$ (11,082)</u> |
| Intergovernmental revenues: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Aviation fees | \$ 7,500 | \$ 7,500 | \$ 1,024 | \$ (6,476) |
| Tobacco funds | 779,131 | 779,131 | - | (779,131) |
| Forfeited assets | 15,000 | 15,000 | 1,970 | (13,030) |
| Total categorical aid | <u>\$ 801,631</u> | <u>\$ 801,631</u> | <u>\$ 2,994</u> | <u>\$ (798,637)</u> |
| Total revenue from the Commonwealth | <u>\$ 801,631</u> | <u>\$ 801,631</u> | <u>\$ 2,994</u> | <u>\$ (798,637)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| TEA 21 grant | \$ 104,000 | \$ 104,000 | \$ - | \$ (104,000) |
| Total categorical aid | <u>\$ 104,000</u> | <u>\$ 104,000</u> | <u>\$ -</u> | <u>\$ (104,000)</u> |
| Total revenue from the federal government | <u>\$ 104,000</u> | <u>\$ 104,000</u> | <u>\$ -</u> | <u>\$ (104,000)</u> |
| Total County Special Revenue Fund | <u><u>\$ 936,696</u></u> | <u><u>\$ 936,696</u></u> | <u><u>\$ 22,977</u></u> | <u><u>\$ (913,719)</u></u> |
| Debt Service Fund: | | | | |
| County Debt Service Fund: | | | | |
| Intergovernmental revenue: | | | | |
| Revenues from local governments: | | | | |
| Contribution from Lunenburg School Board | \$ - | \$ - | \$ 105,162 | \$ 105,162 |
| Total revenues from local governments | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 105,162</u> | <u>\$ 105,162</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| QZAB subsidy | \$ 62,393 | \$ 62,393 | \$ 145,046 | \$ 82,653 |
| Total categorical aid | <u>\$ 62,393</u> | <u>\$ 62,393</u> | <u>\$ 145,046</u> | <u>\$ 82,653</u> |
| Total revenue from the federal government | <u>\$ 62,393</u> | <u>\$ 62,393</u> | <u>\$ 145,046</u> | <u>\$ 82,653</u> |
| Total County Debt Service Fund | <u><u>\$ 62,393</u></u> | <u><u>\$ 62,393</u></u> | <u><u>\$ 250,208</u></u> | <u><u>\$ 187,815</u></u> |

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

**Schedule 1
Page 4 of 6**

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|-------------------------|---------------|---|
| Capital Projects Fund: | | | | |
| County Capital Projects Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| Total revenue from use of money and property | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| Total revenue from local sources | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| Total County Capital Projects Fund | \$ - | \$ - | \$ 2,881 | \$ 2,881 |
| Total Primary Government | \$ 11,983,399 | \$ 12,182,024 | \$ 12,045,341 | \$ (136,683) |
| 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 | \$ 100 | \$ 100 | \$ - | \$ (100) |
| Total revenue from use of money and property | \$ 100 | \$ 100 | \$ - | \$ (100) |
| Charges for services: | | | | |
| Charges for education | \$ 2,000 | \$ 2,000 | \$ 146,832 | \$ 144,832 |
| Total charges for services | \$ 2,000 | \$ 2,000 | \$ 146,832 | \$ 144,832 |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 96,550 | \$ 96,550 | \$ - | \$ (96,550) |
| Total miscellaneous revenue | \$ 96,550 | \$ 96,550 | \$ - | \$ (96,550) |
| Total revenue from local sources | \$ 98,650 | \$ 98,650 | \$ 146,832 | \$ 48,182 |
| Intergovernmental revenues: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Lunenburg, Virginia | \$ 3,239,616 | \$ 3,239,616 | \$ 3,219,792 | \$ (19,824) |
| Total revenues from local governments | \$ 3,239,616 | \$ 3,239,616 | \$ 3,219,792 | \$ (19,824) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 1,619,270 | \$ 1,619,270 | \$ 1,624,704 | \$ 5,434 |
| Basic school aid | 5,036,208 | 5,036,208 | 4,946,397 | (89,811) |
| Remedial summer education | 78,034 | 78,034 | 79,799 | 1,765 |
| Regular foster care | 2,583 | 2,583 | 2,789 | 206 |
| Gifted and talented | 52,758 | 52,758 | 51,294 | (1,464) |
| Remedial education | 268,380 | 268,380 | 260,931 | (7,449) |
| Special education | 683,566 | 683,566 | 664,595 | (18,971) |
| Textbook payment | 102,913 | 102,913 | 100,057 | (2,856) |
| GED funding | 7,859 | 7,859 | 7,859 | - |
| Vocational education | 196,124 | 196,124 | 190,681 | (5,443) |
| School fringes | 891,158 | 891,158 | 866,427 | (24,731) |
| Early reading intervention | 30,299 | 30,299 | 20,976 | (9,323) |

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

**Schedule 1
Page 5 of 6**

| <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 Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Homebound | \$ 50,130 | \$ 50,130 | \$ 21,864 | \$ (28,266) |
| Supplemental support for schools | 94,046 | 94,046 | - | (94,046) |
| Vocational education - equipment | 6,109 | 6,109 | 5,256 | (853) |
| Adult education | 2,754 | 2,754 | - | (2,754) |
| Mentor teacher program | 1,347 | 1,347 | - | (1,347) |
| At risk payments | 336,110 | 336,110 | 326,724 | (9,386) |
| Technology funds | 180,000 | 180,000 | 180,000 | - |
| Primary class size | 371,999 | 371,999 | 361,339 | (10,660) |
| Standards of Learning algebra readiness | 35,736 | 35,736 | 33,405 | (2,331) |
| Tobacco settlement | 19,000 | 19,000 | - | (19,000) |
| Occupation preparation | - | - | 2,097 | 2,097 |
| Preschool initiative | 214,992 | 214,992 | 214,992 | - |
| English as a second language | 28,932 | 28,932 | 42,285 | 13,353 |
| Other state funds | 394 | 394 | 3,094 | 2,700 |
| Total categorical aid | <u>\$ 10,310,701</u> | <u>\$ 10,310,701</u> | <u>\$ 10,007,565</u> | <u>\$ (303,136)</u> |
| Total revenue from the Commonwealth | <u>\$ 10,310,701</u> | <u>\$ 10,310,701</u> | <u>\$ 10,007,565</u> | <u>\$ (303,136)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 793,664 | \$ 793,664 | \$ 698,669 | \$ (94,995) |
| School improvement grant | - | - | 500 | 500 |
| Drug free schools | 6,000 | 6,000 | 10,041 | 4,041 |
| Title VI-Rural | 39,580 | 39,580 | 29,518 | (10,062) |
| Title VIB | 418,530 | 418,530 | 421,359 | 2,829 |
| Title IIIA LEP | 5,731 | 5,731 | - | (5,731) |
| Preschool special education | 12,385 | 12,385 | 19,628 | 7,243 |
| 21st century learning grant | 298,300 | 298,300 | 338,757 | 40,457 |
| Title II, part a-teacher quality | 129,000 | 129,000 | 112,480 | (16,520) |
| Education technology state grants | 5,571 | 5,571 | - | (5,571) |
| Carl Perkins Grant | 41,765 | 41,765 | 31,357 | (10,408) |
| JROTC | 70,000 | 70,000 | 40,696 | (29,304) |
| Total categorical aid | <u>\$ 1,820,526</u> | <u>\$ 1,820,526</u> | <u>\$ 1,703,005</u> | <u>\$ (117,521)</u> |
| Total revenue from the federal government | <u>\$ 1,820,526</u> | <u>\$ 1,820,526</u> | <u>\$ 1,703,005</u> | <u>\$ (117,521)</u> |
| Total School Operating Fund | <u>\$ 15,469,493</u> | <u>\$ 15,469,493</u> | <u>\$ 15,077,194</u> | <u>\$ (392,299)</u> |

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

**Schedule 1
Page 6 of 6**

| <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: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 345 | \$ 345 |
| Total revenue from use of money and property | \$ - | \$ - | \$ 345 | \$ 345 |
| Charges for services: | | | | |
| Cafeteria sales | \$ 283,084 | \$ 283,084 | \$ 242,372 | \$ (40,712) |
| Textbook fees | - | - | 1,829 | 1,829 |
| Total charges for services | \$ 283,084 | \$ 283,084 | \$ 244,201 | \$ (38,883) |
| Total revenue from local sources | \$ 283,084 | \$ 283,084 | \$ 244,546 | \$ (38,538) |
| Intergovernmental revenues: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 16,448 | \$ 16,448 | \$ 17,892 | \$ 1,444 |
| Total categorical aid | \$ 16,448 | \$ 16,448 | \$ 17,892 | \$ 1,444 |
| Total revenue from the Commonwealth | \$ 16,448 | \$ 16,448 | \$ 17,892 | \$ 1,444 |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 603,208 | \$ 603,208 | \$ 602,889 | \$ (319) |
| Commodities | - | - | 55,880 | 55,880 |
| Total categorical aid | \$ 603,208 | \$ 603,208 | \$ 658,769 | \$ 55,561 |
| Total revenue from the federal government | \$ 603,208 | \$ 603,208 | \$ 658,769 | \$ 55,561 |
| Total School Special Revenue Fund | \$ 902,740 | \$ 902,740 | \$ 921,207 | \$ 18,467 |
| Total Discretely Presented Component Unit - School Board | \$ 16,372,233 | \$ 16,372,233 | \$ 15,998,401 | \$ (373,832) |

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

Schedule 2
Page 1 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 46,120 | \$ 46,120 | \$ 44,694 | \$ 1,426 |
| General and financial administration: | | | | |
| County administrator | \$ 199,950 | \$ 199,950 | \$ 180,849 | \$ 19,101 |
| Professional services | 110,000 | 110,000 | 79,189 | 30,811 |
| Commissioner of revenue | 189,981 | 189,981 | 187,320 | 2,661 |
| Treasurer | 210,546 | 216,029 | 221,689 | (5,660) |
| Other general and financial administration | 58,640 | 58,640 | 68,219 | (9,579) |
| Total general and financial administration | \$ 769,117 | \$ 774,600 | \$ 737,266 | \$ 37,334 |
| Board of elections: | | | | |
| Electoral board and officials | \$ 22,714 | \$ 22,714 | \$ 24,044 | \$ (1,330) |
| Voting machine | 5,000 | 5,000 | 3,432 | 1,568 |
| Registrar | 65,920 | 65,920 | 64,971 | 949 |
| Total board of elections | \$ 93,634 | \$ 93,634 | \$ 92,447 | \$ 1,187 |
| Total general government administration | \$ 908,871 | \$ 914,354 | \$ 874,407 | \$ 39,947 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 12,242 | \$ 12,242 | \$ 12,585 | \$ (343) |
| General district court | 4,350 | 4,350 | 5,261 | (911) |
| Special Magistrates | 1,400 | 1,400 | 1,121 | 279 |
| Juvenile and domestic relations court | 47,547 | 47,547 | 61,334 | (13,787) |
| Victim witness | 37,615 | 37,615 | 37,477 | 138 |
| Sheriff | 14,042 | 14,042 | 20,388 | (6,346) |
| Clerk of the circuit court | 245,371 | 254,096 | 251,821 | 2,275 |
| Total courts | \$ 362,567 | \$ 371,292 | \$ 389,987 | \$ (18,695) |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 251,818 | \$ 251,818 | \$ 218,700 | \$ 33,118 |
| Total commonwealth's attorney | \$ 251,818 | \$ 251,818 | \$ 218,700 | \$ 33,118 |
| Total judicial administration | \$ 614,385 | \$ 623,110 | \$ 608,687 | \$ 14,423 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 1,074,348 | \$ 1,124,248 | \$ 1,099,844 | \$ 24,404 |
| Total law enforcement and traffic control | \$ 1,074,348 | \$ 1,124,248 | \$ 1,099,844 | \$ 24,404 |
| Fire and rescue services: | | | | |
| Fire department | \$ 459,596 | \$ 599,596 | \$ 424,040 | \$ 175,556 |
| Total fire and rescue services | \$ 459,596 | \$ 599,596 | \$ 424,040 | \$ 175,556 |
| Correction and detention: | | | | |
| Payments to Regional Jail | \$ 26,800 | \$ 173,604 | \$ 173,604 | \$ - |
| Total correction and detention | \$ 26,800 | \$ 173,604 | \$ 173,604 | \$ - |
| Inspections: | | | | |
| Building | \$ 82,249 | \$ 82,249 | \$ 78,639 | \$ 3,610 |
| Total inspections | \$ 82,249 | \$ 82,249 | \$ 78,639 | \$ 3,610 |

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

Schedule 2
Page 2 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Other protection: | | | | |
| Animal control | \$ 56,423 | \$ 56,423 | \$ 58,349 | \$ (1,926) |
| E-911 | 318,000 | 318,000 | 303,738 | 14,262 |
| Medical examiner | 160 | 160 | 60 | 100 |
| Total other protection | <u>\$ 374,583</u> | <u>\$ 374,583</u> | <u>\$ 362,147</u> | <u>\$ 12,436</u> |
| Total public safety | <u>\$ 2,017,576</u> | <u>\$ 2,354,280</u> | <u>\$ 2,138,274</u> | <u>\$ 216,006</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Refuse collection | \$ 340,522 | \$ 340,522 | \$ 173,626 | \$ 166,896 |
| Convenience sites | 350,804 | 350,804 | 276,400 | 74,404 |
| Total sanitation and waste removal | <u>\$ 691,326</u> | <u>\$ 691,326</u> | <u>\$ 450,026</u> | <u>\$ 241,300</u> |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 226,485 | \$ 226,485 | \$ 219,743 | \$ 6,742 |
| Total maintenance of general buildings and grounds | <u>\$ 226,485</u> | <u>\$ 226,485</u> | <u>\$ 219,743</u> | <u>\$ 6,742</u> |
| Total public works | <u>\$ 917,811</u> | <u>\$ 917,811</u> | <u>\$ 669,769</u> | <u>\$ 248,042</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 118,100 | \$ 118,100 | \$ 85,877 | \$ 32,223 |
| Total health | <u>\$ 118,100</u> | <u>\$ 118,100</u> | <u>\$ 85,877</u> | <u>\$ 32,223</u> |
| Mental health and mental retardation: | | | | |
| Crossroads Board | \$ 51,000 | \$ 51,000 | \$ 51,000 | \$ - |
| Total mental health and mental retardation | <u>\$ 51,000</u> | <u>\$ 51,000</u> | <u>\$ 51,000</u> | <u>\$ -</u> |
| Welfare: | | | | |
| Public assistance and welfare administration | \$ 1,009,324 | \$ 1,009,324 | \$ 1,014,173 | \$ (4,849) |
| Comprehensive services act | 656,127 | 656,127 | 1,527,582 | (871,455) |
| Total welfare | <u>\$ 1,665,451</u> | <u>\$ 1,665,451</u> | <u>\$ 2,541,755</u> | <u>\$ (876,304)</u> |
| Total health and welfare | <u>\$ 1,834,551</u> | <u>\$ 1,834,551</u> | <u>\$ 2,678,632</u> | <u>\$ (844,081)</u> |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contribution to County School Board | \$ 3,239,616 | \$ 3,239,616 | \$ 3,219,792 | \$ 19,824 |
| Total education | <u>\$ 3,239,616</u> | <u>\$ 3,239,616</u> | <u>\$ 3,219,792</u> | <u>\$ 19,824</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning and community development | \$ 332,885 | \$ 345,885 | \$ 347,245 | \$ (1,360) |
| Contribution to IDA - tax incentives | 70,000 | 70,000 | 41,610 | 28,390 |
| Total planning and community development | <u>\$ 402,885</u> | <u>\$ 415,885</u> | <u>\$ 388,855</u> | <u>\$ 27,030</u> |

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

Schedule 2
Page 3 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Community development: (Continued) | | | | |
| Cooperative extension program: | | | | |
| Extension office | \$ 68,266 | \$ 68,266 | \$ 54,218 | \$ 14,048 |
| Total cooperative extension program | \$ 68,266 | \$ 68,266 | \$ 54,218 | \$ 14,048 |
| Total community development | \$ 471,151 | \$ 484,151 | \$ 443,073 | \$ 41,078 |
| Capital projects: | | | | |
| Capital improvements | \$ 235,000 | \$ 235,000 | \$ 132,377 | \$ 102,623 |
| Total capital projects | \$ 235,000 | \$ 235,000 | \$ 132,377 | \$ 102,623 |
| Debt service: | | | | |
| Principal retirement | \$ 85,695 | \$ 85,695 | \$ 85,695 | \$ - |
| Interest and other fiscal charges | 14,481 | 14,481 | 5,243 | 9,238 |
| Total debt service | \$ 100,176 | \$ 100,176 | \$ 90,938 | \$ 9,238 |
| Total General Fund | \$ 10,339,137 | \$ 10,703,049 | \$ 10,855,949 | \$ (152,900) |
| Special Revenue Fund: | | | | |
| County Special Revenue Fund: | | | | |
| Judicial Administration: | | | | |
| Law Library | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,000 |
| Total judicial administration | \$ 1,000 | \$ 1,000 | \$ - | \$ 1,000 |
| Public Safety: | | | | |
| Sheriff: | | | | |
| Asset forfeiture | \$ 15,000 | \$ 15,000 | \$ 2,077 | \$ 12,923 |
| Total Sheriff | \$ 15,000 | \$ 15,000 | \$ 2,077 | \$ 12,923 |
| Total public safety | \$ 15,000 | \$ 15,000 | \$ 2,077 | \$ 12,923 |
| Community Development: | | | | |
| Airport | \$ 33,000 | \$ 33,000 | \$ 23,427 | \$ 9,573 |
| Other Tobacco grant | 969,603 | 969,603 | 142,083 | 827,520 |
| Total community development | \$ 1,002,603 | \$ 1,002,603 | \$ 165,510 | \$ 837,093 |
| Total County Special Revenue Fund | \$ 1,018,603 | \$ 1,018,603 | \$ 167,587 | \$ 851,016 |
| Debt Service Fund: | | | | |
| County Debt Service Fund: | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 1,195,178 | \$ 1,195,178 | \$ 1,195,178 | \$ - |
| Interest and other fiscal charges | 107,308 | 479,861 | 664,975 | (185,114) |
| Total debt service | \$ 1,302,486 | \$ 1,675,039 | \$ 1,860,153 | \$ (185,114) |
| Total County Debt Service Fund | \$ 1,302,486 | \$ 1,675,039 | \$ 1,860,153 | \$ (185,114) |

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

Schedule 2
Page 4 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Capital Projects Fund: | | | | |
| County Capital Projects Fund: | | | | |
| Capital projects expenditures: | | | | |
| School capital projects | \$ - | \$ 2,021,500 | \$ 1,838,685 | \$ 182,815 |
| Total capital projects | \$ - | \$ 2,021,500 | \$ 1,838,685 | \$ 182,815 |
| Total County Capital Projects Fund | \$ - | \$ 2,021,500 | \$ 1,838,685 | \$ 182,815 |
| Total Primary Government | \$ 12,660,226 | \$ 15,418,191 | \$ 14,722,374 | \$ 695,817 |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Instruction | \$ 11,872,555 | \$ 11,927,555 | \$ 11,863,134 | \$ 64,421 |
| Administration, health, and attendance | 784,485 | 784,485 | 706,579 | 77,906 |
| Pupil transportation | 1,203,277 | 1,203,277 | 1,075,126 | 128,151 |
| Operation and maintenance of school plant | 1,498,935 | 1,428,935 | 1,277,193 | 151,742 |
| Contribution to County of Lunenburg, Virginia | 110,241 | 125,241 | 105,162 | 20,079 |
| Total education | \$ 15,469,493 | \$ 15,469,493 | \$ 15,027,194 | \$ 442,299 |
| Total School Operating Fund | \$ 15,469,493 | \$ 15,469,493 | \$ 15,027,194 | \$ 442,299 |
| School Special Revenue Fund: | | | | |
| Education: | | | | |
| Textbooks purchased | \$ - | \$ 235,000 | \$ 212,103 | \$ 22,897 |
| Administration of school food program | 902,740 | 902,740 | 857,737 | 45,003 |
| Commodities | - | - | 55,880 | (55,880) |
| Total school food services | \$ 902,740 | \$ 1,137,740 | \$ 1,125,720 | \$ 12,020 |
| Total education | \$ 902,740 | \$ 1,137,740 | \$ 1,125,720 | \$ 12,020 |
| Total School Special Revenue Fund | \$ 902,740 | \$ 1,137,740 | \$ 1,125,720 | \$ 12,020 |
| Total Discretely Presented Component Unit - School Board | \$ 16,372,233 | \$ 16,607,233 | \$ 16,152,914 | \$ 454,319 |

OTHER STATISTICAL INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

County of Lunenburg, 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 | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|------------|---------------------------------|-----------------------|----------------------------|--------------|
| 2004 | \$ 856,745 | \$ 477,155 | \$ 1,333,319 | \$ 850,686 | \$ 4,330,538 | \$ 515,230 | \$ - | \$ 426,708 | \$ 667,045 | \$ 9,457,426 |
| 2005 | 821,357 | 301,582 | 1,402,678 | 643,099 | 1,678,087 | 5,099,231 | - | 229,148 | 897,251 | 11,072,433 |
| 2006 | 872,726 | 552,728 | 1,539,548 | 691,477 | 1,424,581 | 5,193,378 | - | 717,798 | 1,115,450 | 12,107,686 |
| 2007 | 1,047,248 | 749,998 | 1,548,950 | 57,215 | 1,629,418 | 3,762,143 | 138,242 | 486,207 | 815,530 | 10,234,951 |
| 2008 | 1,267,311 | 788,780 | 1,589,530 | 1,066,336 | 2,139,340 | 3,722,611 | - | 1,178,275 | 743,397 | 12,495,580 |
| 2009 | 1,060,810 | 1,012,121 | 1,680,314 | 1,813,739 | 2,345,844 | 3,343,586 | - | 1,150,648 | 706,413 | 13,113,475 |
| 2010 | 1,158,659 | 770,596 | 1,851,410 | 1,434,191 | 2,058,065 | 3,622,849 | 133,242 | 487,960 | 677,615 | 12,194,587 |
| 2011 | 993,543 | 786,302 | 1,796,683 | 1,349,351 | 2,426,380 | 3,687,691 | 138,749 | 408,819 | 705,728 | 12,293,246 |
| 2012 | 1,202,736 | 842,594 | 1,855,943 | 1,490,600 | 2,530,373 | 3,853,703 | - | 833,964 | 808,152 | 13,418,065 |
| 2013 | 938,136 | 852,876 | 2,167,835 | 727,699 | 2,740,797 | 3,791,866 | - | 571,048 | 626,724 | 12,416,981 |

Table 2

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

| Fiscal Year | PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | |
|-------------|----------------------|------------------------------------|----------------------------------|----|------------------------|-------------------|----------------------------------|---------------|--|---------------|
| | 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 | Total |
| 2004 | \$ 275,220 | \$ 6,001,724 | \$ - | \$ | \$ 3,762,956 | \$ 1,001,498 | \$ 321,493 | \$ 187,169 | \$ 1,193,145 | \$ 12,743,205 |
| 2005 | 205,685 | 2,483,908 | - | - | 3,925,402 | 1,068,937 | 298,052 | 91,906 | 1,495,288 | 9,569,178 |
| 2006 | 229,564 | 2,984,437 | 126,231 | | 4,148,559 | 1,021,693 | 531,082 | 144,720 | 2,613,337 | 11,799,623 |
| 2007 | 177,896 | 3,488,400 | 126,669 | | 4,930,611 | 1,135,295 | 563,960 | 533,121 | 1,153,669 | 12,109,621 |
| 2008 | 192,836 | 4,197,951 | 126,396 | | 5,141,240 | 1,104,475 | 373,171 | 507,423 | 1,115,543 | 12,759,035 |
| 2009 | 152,202 | 3,524,726 | - | | 5,558,933 | 889,096 | 260,983 | 87,021 | 1,099,010 | 11,571,971 |
| 2010 | 287,780 | 4,197,527 | - | | 5,394,155 | 640,729 | 166,291 | 144,487 | 1,287,101 | 12,118,070 |
| 2011 | 206,780 | 3,614,913 | - | | 5,355,045 | 611,393 | 120,417 | 349,526 | 1,311,378 | 11,569,452 |
| 2012 | 221,790 | 4,638,023 | - | | 8,451,150 | 781,842 | 81,293 | 69,459 | 1,281,254 | 15,524,811 |
| 2013 | 176,037 | 3,824,968 | 150,000 | | 7,754,953 | 870,733 | 95,930 | 63,385 | 1,300,097 | 14,236,103 |

Table 3

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education (2) | Parks, Recreation, and Cultural | Community Development | Debt Service | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|--------------|---------------|
| 2004 | \$ 806,869 | \$ 516,912 | \$ 1,324,524 | \$ 575,132 | \$ 4,656,079 | \$ 14,089,461 | \$ - | \$ 411,214 | \$ 876,869 | \$ 23,257,060 |
| 2005 | 819,600 | 501,053 | 1,443,311 | 642,081 | 1,713,322 | 15,514,113 | 133,242 | 232,576 | 1,065,081 | 22,064,379 |
| 2006 | 863,887 | 551,471 | 1,427,408 | 744,635 | 1,432,282 | 16,567,203 | - | 700,643 | 1,421,129 | 23,708,658 |
| 2007 | 997,795 | 606,384 | 1,654,741 | 756,233 | 1,616,950 | 17,269,676 | 138,242 | 469,824 | 1,711,642 | 25,221,487 |
| 2008 | 1,061,929 | 535,879 | 1,599,390 | 1,027,727 | 2,161,754 | 17,049,964 | - | 1,158,703 | 1,678,318 | 26,273,664 |
| 2009 | 994,533 | 574,202 | 1,696,089 | 1,159,999 | 2,294,238 | 17,553,259 | - | 1,144,920 | 1,613,638 | 27,030,878 |
| 2010 | 1,106,845 | 563,350 | 2,556,889 | 1,036,023 | 2,058,513 | 16,871,972 | 133,242 | 484,086 | 1,638,396 | 26,449,316 |
| 2011 | 963,722 | 551,585 | 1,754,985 | 1,033,137 | 2,433,176 | 16,977,943 | 138,749 | 388,843 | 1,672,947 | 25,915,087 |
| 2012 | 1,345,432 | 607,878 | 1,782,118 | 1,021,773 | 2,518,865 | 16,977,828 | - | 1,699,913 | 7,360,005 | 33,313,812 |
| 2013 | 874,407 | 608,687 | 2,140,351 | 669,769 | 2,678,632 | 16,047,752 | - | 608,583 | 1,951,091 | 25,579,272 |

(1) Includes General, Special Revenue, and Debt Service 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.

(3) Excludes Capital Projects.

Table 4

County of Lunenburg, 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 | \$ 3,739,096 | \$ 948,964 | \$ 50,904 | \$ 5,686 | \$ 252,810 | \$ 553,807 | \$ 187,169 | \$ 406,813 | \$ 18,162,589 | \$ 24,307,838 |
| 2005 | 4,210,219 | 1,026,258 | 44,038 | 4,993 | 190,128 | 698,101 | 91,906 | 133,292 | 15,115,748 | 21,514,683 |
| 2006 | 4,320,849 | 1,021,693 | 45,875 | 10,885 | 531,082 | 690,619 | 144,720 | 101,053 | 18,132,238 | 24,999,014 |
| 2007 | 4,802,442 | 1,089,242 | 43,599 | 10,135 | 406,627 | 683,611 | 33,121 | 120,700 | 18,431,238 | 25,620,715 |
| 2008 | 5,037,134 | 1,104,475 | 37,001 | 10,642 | 281,880 | 763,611 | 507,573 | 77,972 | 18,885,606 | 26,705,894 |
| 2009 | 5,490,039 | 845,816 | 44,260 | 12,235 | 247,754 | 526,005 | 188,646 | 68,324 | 19,037,845 | 26,460,924 |
| 2010 | 5,311,432 | 640,729 | 30,566 | 22,632 | 165,380 | 540,584 | 242,927 | 38,257 | 18,997,195 | 25,989,702 |
| 2011 | 5,321,103 | 611,393 | 27,228 | 39,532 | 117,435 | 504,953 | 349,526 | 29,765 | 18,113,790 | 25,114,725 |
| 2012 | 8,206,738 | 781,842 | 25,682 | 35,644 | 77,669 | 653,868 | 69,459 | 41,436 | 19,627,967 | 29,520,305 |
| 2013 | 5,459,029 | 870,733 | 33,417 | 28,770 | 93,394 | 504,883 | 63,385 | - | 17,662,296 | 24,715,907 |

(1) Includes General, Special Revenue, and Debt Service 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 contribution from the Discretely Presented Component Unit - School Board to the Primary Government.

(3) Excludes Capital Projects.

Table 5

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

| Fiscal Year | Total Tax Levy (1,3) | Current Tax Collections (1,3) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|-------------|----------------------|-------------------------------|---------------------------|--------------------------------|-----------------------|--|------------------------------------|---|
| 2004 | \$ 4,918,609 | \$ 4,622,055 | 93.97% | \$ 127,219 | \$ 4,749,274 | 96.56% | \$ 633,455 | 12.88% |
| 2005 | 5,189,115 | 4,852,095 | 93.51% | 293,097 | 5,145,192 | 99.15% | 533,038 | 10.27% |
| 2006 | 5,441,786 | 5,229,548 | 96.10% | 147,596 | 5,377,144 | 98.81% | 452,639 | 8.32% |
| 2007 | 5,742,724 | 5,717,372 | 99.56% | 161,591 | 5,878,963 | 102.37% | 421,739 | 7.34% |
| 2008 | 5,008,531 | 4,787,234 | 95.58% | 118,147 | 4,905,381 | 97.94% | 361,653 | 7.22% |
| 2009 | 5,519,039 | 5,305,586 | 96.13% | 161,618 | 5,467,204 | 99.06% | 541,743 | 9.82% |
| 2010 | 6,330,617 | 6,103,459 | 96.41% | 248,538 | 6,351,997 | 100.34% | 588,010 | 9.29% |
| 2011 | 6,370,760 | 6,092,933 | 95.64% | 263,411 | 6,356,344 | 99.77% | 625,605 | 9.82% |
| 2012 | 9,659,019 | 8,782,078 | 90.92% | 334,995 | 9,117,073 | 94.39% | 815,009 | 8.44% |
| 2013 | 6,438,614 | 6,180,897 | 96.00% | 192,453 | 6,373,350 | 98.99% | 635,351 | 9.87% |

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year beginning in 2012.

(3) Includes Personal Property Tax Relief

Table 6

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

| Fiscal Year | Real Estate (1) | Personal Property and Mobile Homes | Machinery and Tools | Merchant's Capital | Public Utility (2) | | | Total |
|-------------|-----------------|------------------------------------|---------------------|--------------------|--------------------|-------------|-------------------|----------------|
| | | | | | Real Estate | Real Estate | Personal Property | |
| 2004 | \$ 410,718,368 | \$ 73,298,813 | \$ 14,726,550 | \$ 3,155,910 | \$ 26,913,753 | \$ - | - | \$ 528,813,394 |
| 2005 | 555,524,533 | 72,186,971 | 16,474,960 | 3,842,560 | 31,591,620 | - | - | 679,620,644 |
| 2006 | 561,941,100 | 79,390,477 | 17,569,810 | 4,181,950 | 30,228,596 | - | - | 693,311,933 |
| 2007 | 575,891,527 | 91,503,605 | 8,434,150 | 5,477,320 | 26,527,334 | - | - | 707,833,936 |
| 2008 | 588,071,913 | 92,209,376 | 9,725,364 | 5,572,380 | 26,479,654 | - | - | 722,058,687 |
| 2009 | 863,350,500 | 97,694,733 | 11,243,016 | 5,074,250 | 35,750,483 | - | - | 1,013,112,982 |
| 2010 | 871,988,824 | 86,504,098 | 12,637,030 | 4,588,940 | 34,579,627 | - | - | 1,010,298,519 |
| 2011 | 879,151,906 | 87,813,973 | 13,991,880 | 4,841,700 | 35,132,126 | - | - | 1,020,931,585 |
| 2012 | 843,252,361 | 91,125,404 | 14,272,974 | 5,751,715 | 40,076,714 | - | - | 994,479,168 |
| 2013 | 846,178,987 | 82,009,152 | 14,174,109 | 5,896,290 | 40,076,714 | - | - | 988,335,252 |

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

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

Table 7

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

| Fiscal Year | Real Estate | Personal Property | Machinery and Tools | Merchant's Capital |
|----------------|-------------|----------------------|---------------------------|-----------------------|
| 2004 | \$ 0.50 | \$ 3.50 | \$ 1.80 | \$ 1.20 |
| 2005 | 0.42 | 3.50 | 1.80 | 1.20 |
| 2006 | 0.42 | 3.50 | 1.80 | 1.20 |
| 2007 | 0.44 | 3.50 | 1.80 | 1.20 |
| 2008 | 0.46 | 3.60 | 1.80 | 1.20 |
| 2009 | 0.33 | 3.60 | 1.80 | 1.20 |
| 2010 | 0.33 | 3.60 | 1.80 | 1.20 |
| 2011 | 0.33 | 3.60 | 1.80 | 1.20 |
| 2012 | 0.38 | 3.60 | 1.80 | 1.20 |
| 2013 | 0.38 | 3.60 | 1.80 | 1.20 |

(1) Per \$100 of assessed value.

Table 8

County of Lunenburg, 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 | 13,146 | \$ 528,813,394 | \$ 13,790,034 | \$ 13,790,034 | 2.61% | \$ 1,049 |
| 2005 | 13,146 | 679,620,644 | 13,451,833 | 13,451,833 | 1.98% | 1,023 |
| 2006 | 13,146 | 693,311,933 | 11,784,293 | 11,784,293 | 1.70% | 896 |
| 2007 | 13,146 | 707,833,936 | 11,182,568 | 11,182,568 | 1.58% | 851 |
| 2008 | 13,146 | 722,058,687 | 10,544,174 | 10,544,174 | 1.46% | 802 |
| 2009 | 13,146 | 1,013,112,982 | 9,888,846 | 9,888,846 | 0.98% | 752 |
| 2010 | 13,146 | 1,010,298,519 | 9,207,323 | 9,207,323 | 0.91% | 700 |
| 2011 | 12,914 | 1,020,931,585 | 9,674,469 | 9,674,469 | 0.95% | 749 |
| 2012 | 12,914 | 994,479,168 | 11,038,870 | 11,038,870 | 1.11% | 855 |
| 2013 | 12,914 | 988,335,252 | 10,103,692 | 10,103,692 | 1.02% | 782 |

(1) Weidon 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 related premiums on bonds, revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE

THIS PAGE LEFT BLANK INTENTIONALLY

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 Lunenburg
Lunenburg, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg 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 Lunenburg, Virginia's basic financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 31, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, County of Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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.

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

Richmond, Virginia
January 31, 2014

County of Lunenburg, 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: | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 0400109/0400110 | \$ 91,245 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 0500109/0500110 | 305 |
| Low Income Home Energy Assistance | 93.568 | 0600409/0600410 | 11,240 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 0760109/0760110 | 16,760 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900109/0900110 | 484 |
| Foster Care - Title IV-E | 93.658 | 1100109/1100110 | 111,313 |
| Adoption Assistance | 93.659 | 1120109/1120110 | 37,568 |
| Social Services Block Grant | 93.667 | 1000109/1000110 | 61,125 |
| Chafee Foster Care Independence Program | 93.674 | 9150109/9150110 | 445 |
| Children's Health Insurance Program | 93.767 | 0540109/0540110 | 2,522 |
| Medical Assistance Program | 93.778 | 1200109/1200110 | 63,615 |
| Total Department of Health and Human Services | | | <u>\$ 396,622</u> |
| Department of Homeland Security: | | | |
| Pass Through Payments: | | | |
| Department of Emergency Services: | | | |
| Interoperable Emergency Communications | 97.055 | 77501-52910 | \$ 10,000 |
| State Homeland Security Program | 97.073 | 77501-52708 | 286,061 |
| Total Department of Homeland Security | | | <u>\$ 296,061</u> |
| Department of Agriculture: | | | |
| Pass Through Payments: | | | |
| Child nutrition cluster: | | | |
| Department of Agriculture and Consumer Services: | | | |
| Food Distribution | 10.555 | 17901-45707 | \$ 55,880 |
| Department of Education: | | | |
| National school lunch program | 10.555 | 17901-40623 | 431,657 |
| Total CFDA# 10.555 | | | <u>\$ 487,537</u> |
| Department of Education: | | | |
| School breakfast program | 10.553 | 17901-40591 | \$ 171,232 |
| Department of Agriculture: | | | |
| Pass Through Payments: | | | |
| Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 0010109/0010100 | 106,184 |
| Total Department of Agriculture | | | <u>\$ 764,953</u> |

County of Lunenburg, 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 Justice: | | | |
| Pass Through Payments: | | | |
| Department of Criminal Justice Service: | | | |
| Crime Victim Assistance | 16.575 | 39001-76000 | \$ 9,730 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 39001-71100/71200 | 49,449 |
| Total Department of Justice | | | \$ 59,179 |
| Department of Transportation: | | | |
| Pass Through Payments: | | | |
| Department of Motor Vehicles: | | | |
| State and Community Highway Safety | 20.600 | 60507-59393/50184 | \$ 26,067 |
| Total Department of Transportation | | | \$ 26,067 |
| Department of Defense: | | | |
| Direct Payments: | | | |
| JROTC | 12.xxx | N/A | \$ 40,696 |
| Total Department of Defense | | | \$ 40,696 |
| Department of Education: | | | |
| Pass Through Payments: | | | |
| Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 17901-42901 | \$ 698,669 |
| Special Education Cluster: | | | |
| Special Education Grants to States | 84.027 | 17901-43071 | 421,359 |
| Special Education Preschool Grants | 84.173 | 17901-62521 | 19,628 |
| Career and Technical Education - Basic Grants to States | 84.048 | 17901-61095 | 31,357 |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | 17901-60511 | 10,041 |
| Twenty-First Century Community Learning Centers | 84.287 | 17901-60565 | 338,757 |
| Improving Teacher Quality - State Grants | 84.367 | 17901-61480 | 112,480 |
| School Improvement Grants | 84.377 | 17901-43040 | 500 |
| Rural Education | 84.358 | 17901-43481 | 29,518 |
| Total Department of Education | | | \$ 1,662,309 |
| Total Expenditures of Federal Awards | | | \$ 3,245,887 |

See accompanying notes to schedule of expenditures of federal awards.

County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Lunenburg, 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 | \$ 884,113 |
| County Debt Service Fund | <u>145,046</u> |
| Total primary government | \$ <u>1,029,159</u> |

Component Unit School Board:

| | |
|-----------------------------------|---------------------|
| School Operating Fund | \$ 1,703,005 |
| School Special Revenue Fund | <u>658,769</u> |
| Total component unit school board | \$ <u>2,361,774</u> |

Total federal expenditures per basic financial
statements

\$ 3,390,933

BAB's subsidy

\$ (145,046)

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 3,245,887

County of Lunenburg, 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:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified? _____ yes ☒ none reported

Noncompliance material to financial statements noted? _____ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified? _____ yes ☒ none reported

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

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

Identification of major programs:

CFDA Number(s)
10.553/10.555
84.010
84.027/84.173

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I Grants to Local Educational Agencies
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? _____ yes ☒ no

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

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

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

There were no prior year Federal Award Findings and Questioned Costs. Financial Statement Finding 2012-1 was corrected in FY13 thru the installation and implementation of an integrated general ledger system and the assistance of a governmental accounting consultant.