County of Culpeper, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2013

County of Culpeper, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2013

PREPARED BY:

Valerie H. Lamb, Finance Director

COUNTY OF CULPEPER, VIRGINIA

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For The Fiscal Year Ended June 30, 2013

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County of Culpeper
Frank T. Bossio, County Administrator
302 North Main Street, Culpeper, Virginia 22701
Telephone: (540) 727-3427 Fax: (540) 727-3460
Email: fbossio@culpepercounty.gov

December 4, 2013

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

We are pleased to present the Comprehensive Annual Financial Report of the County of Culpeper, Virginia, (the "County"), for the fiscal year which ended June 30, 2013. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

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

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2013 has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.

The County adopts an annual budget by July 1 of each year as required by Section 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

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

THE REPORTING ENTITY AND ITS SERVICES

The Culpeper County Comprehensive Annual Financial Report includes all funds and account groups of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. Additionally, the County operates an airport, water and wastewater utility system and a Municipal Solid Waste Transfer Station. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Piedmont Regional Control Board, Rappahannock-Rapidan Regional Commission, and the Rappahannock-Rapidan Community Services Board are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Culpeper County is located in north central Virginia, 75 miles southwest of Washington, D.C. and 75 miles northwest of Richmond, Virginia. The County encompasses a land area of 381 square miles. Three U.S. primary and one State primary route traverse the County. Culpeper has a diversified economy with strong manufacturing, trade services, and agricultural sectors. Manufacturing activity includes: auto parts, kitchen cabinets, wire cable, fiber optics, building components and iron castings. Major service industries include: international financial telecommunications, electronic data center, Library of Congress Film Archive, uniform rentals, health care, education, and government. International firms have a significant presence in the community. Agriculture remains important in Culpeper's economy, with beef cattle the principal livestock and soy beans, hay and corn are the major cash crops.

Culpeper remains an attractive location for businesses. The County's population has begun to level out, but the County maintains its commitment to maintaining a stable tax base fairly split between residential and commercial use, and its cost-effective approach towards service delivery.

The Consumer Price Index in the United States for 2012 rose by 1.7% from 2011. On the state level, the unemployment rate for Virginia as of June 2013 was 5.8% compared to 5.7% as of June 2012 and the unemployment rate for Culpeper County as of June 2013 is 6.3% vs. a year ago when the rate was only 6.5%. On a national level, unemployment exceeds both the state and local unemployment level at 7.6%.

MAJOR INITIATIVES

For fiscal year 2013: Following the goals and objectives established by the County of Culpeper Board of Supervisors, and with the assistance and guidance of the County's Administrator, County staff and agencies implemented and continued a number of specific "***programs***" designed to provide County residents with cost efficient government while enhancing their home and employment environment.

Major initiatives begun, continued, or completed during this fiscal year are:

- Continued renovation of former VDOT Residency Building for Department of Human Services relocation
- Implementation of electronic document management system
- Design and right-of-way for the Western Outer Loop Road
- Secondary Road Paving Projects
- Lenn Park
- Library Expansion
- Renovation of the Culpeper County High School

Renovation of former VDOT Residency Building

The Board of Supervisors purchased the vacated VDOT Residency Building in May 2011 for the relocation of the Department of Human Services. The Department was renting multiple locations in town and with the purchase of this building the entire department was then able to house all departments under one roof. The rent that was paid to the prior landlord is being used to offset the cost of debt service and once paid in full, the County will retain ownership of the building. Further the building provides better parking for staff and clients. During fiscal year 2012, the County began renovation of the building for occupancy in May of 2012. Upgrades on the building have continued into FY13 and will continue until FY14.

Implementation of Electronic Document Management System

The Board of Supervisors authorized as part of the FY08 budget, $282,000 for the implementation of an Electronic Document Management System (EDMS). The first phase of this implementation was email archiving to ensure compliance with the records retention guidelines for correspondence outlined by the Library of Virginia. The second phase is to improve processes in departments by utilizing workflow, automated forms, and existing software integration, this phase has been completed in the Finance Department for the Accounts Payable process. The next department to utilize the EDMS will be Human Resources beginning with Onboarding of new employees. The third phase will be an automated Records Management platform to ensure all documents maintained in the EDMS are retained for the period of time specified by the Library of Virginia and then disposed of accordingly.

Design and right-of-way for the Western Outer Loop Road

The County, through VDOT's Revenue Sharing Program, has compiled approximately $15M for the construction of the Western Outer Loop, a connector road from Route 729 to Route 522 West of the Town of Culpeper. The project will be administered by VDOT. It is believed that the full funding is now in place. Currently, the design is essentially complete and purchase of the right-of-way for the road is underway.

Secondary Road Paving Projects

Due to an ongoing shortage of state funds for secondary road improvements, the County has begun to utilize the VDOT Revenue Sharing Program to fund the hard surfacing of a number of unpaved secondary roads throughout the County. An initial application to VDOT yielded $1,071,246 which was matched by the County to improve five different secondary roads - Route numbers 681, 751, 716, 626 and 746.

Lenn Park

The County received a donation of approximately 84 acres of land in 2006 along with a donation of approximately $400,000 in 2010. The County named the land Lenn Park. The funding donation paid for the creation of softball fields and other enmities at the park. In 2012 the same donors paid for the construction of a pavilion at the park which was completed in FY13, as well as adding 2 playgrounds complete with equipment for toddlers and youth.

Library Expansion

The Board of Supervisors approved a 1,456 square foot addition to the Library in FY13. The project is totally funded with donations and will provide reading and study rooms, a meeting space, and an area for processing books. The County plans to bid the project in December 2013 and complete construction in 2014.

Renovation of Culpeper County High School

The voters of Culpeper County approved a referendum in November 2011 for the issuance of $21M General Obligation Bonds for the renovation of the Culpeper County High School. Architectural and engineering began during FY12 with construction to begin during the summer of 2013. The first phase of the project was completed in August 2013 in time for the school year to begin. Renovation will continue throughout the school year, without intruding on student space.

Prospects for the Future. For the fiscal year 2013-2014, the Board of Supervisors has approved a General Fund Operating Budget of $75,342,729. During fiscal year 2008, the County realized that it would be realizing about a $4 million shortfall. Therefore, immediate spending cuts were made, including a hiring freeze on all vacant positions. This hiring freeze has continued through FY12. Culpeper's General Fund revenues for fiscal year 2014 are basically flat as compared to fiscal years 2012 and 2013, other than an increase in the real estate rate for FY13. The County continues to strive to bring business into the County and provide services for those businesses. This is evident in the realization of an agreement with Town for providing water and sewer to businesses within the County and Town. The County's population has begun to level out, but the County maintains its commitment to maintaining a stable tax base fairly split between residential and commercial use, and its cost-effective approach towards service delivery.

Risk Management. The County of Culpeper has a risk management program which is committed to the logical, systematic and continuous identification of loss exposures for and to the County, its employees, its citizens and taxpayers, through the evaluation of risk in terms of severity and frequency probability and the application of sound loss control procedures. As a part of this commitment, the County has obtained third party coverage for all liability risk.

Cash Management. Cash temporarily idle during the year was invested in time deposits and various authorized money market instruments. The amount of interest received was $15,863. This is an increase from interest earned on temporary investments in fiscal year 2011-2012 when the interest on investments only totaled $6,292.

OTHER INFORMATION

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

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

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to County of Culpeper, Virginia for its comprehensive annual financial report for the fiscal year which ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments. The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Finance. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner.

Respectfully submitted,

Frank T. Bossio

Frank T. Bossio
County Administrator

Valerie H. Lamb

Valerie H. Lamb
Director of Finance

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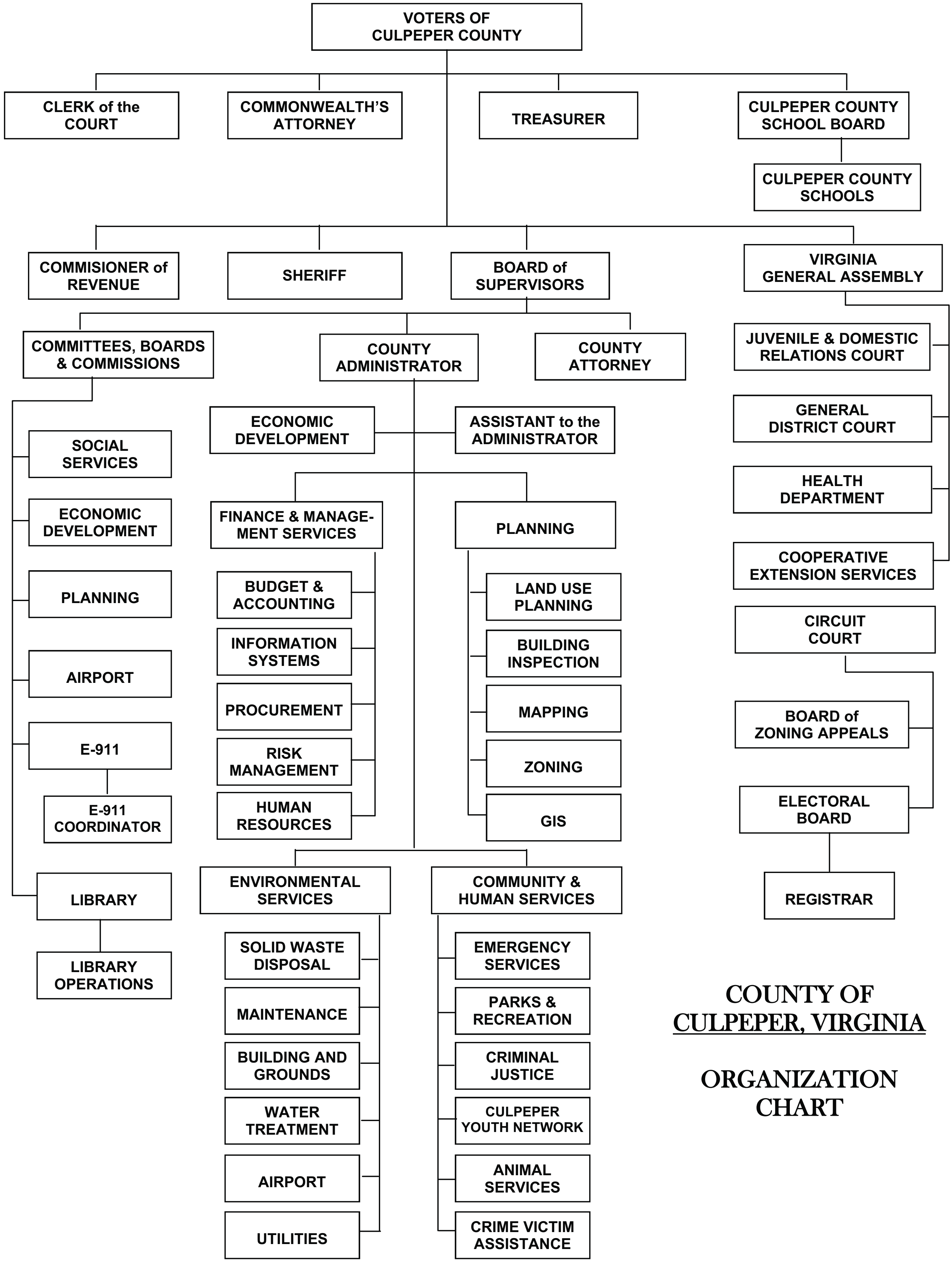

COUNTY OF CULPEPER, VIRGINIA

ORGANIZATION CHART

COUNTY OF CULPEPER, VIRGINIA
Directory of Officials
June 30, 2013

PRIMARY GOVERNMENT OFFICIALS

BOARD OF SUPERVISORS

Sue D. Hansohn, Chairman	Catalpa District
Steven L. Walker, Vice-Chairman	East Fairfax District
William C. Chase, Jr.	Stevensburg District
Bradley C. Rosenberger	Jefferson District
Larry W. Aylor	Cedar Mountain District
Steven E. Nixon	West Fairfax District
Alexa V. Fritz	Salem District

CONSTITUTIONAL OFFICERS

Terry Yowell	Commissioner of Revenue
David L. DeJarnette	Treasurer
Megan R. Frederick	Commonwealth's Attorney
Scott H. Jenkins	Sheriff
Janice Corbin	Circuit Court Clerk

ADMINISTRATIVE OFFICERS

Frank T. Bossio	County Administrator
Sandra R. Robinson	County Attorney
Valerie H. Lamb	Director of Finance
Lisa A. Peacock	Director of Human Services

SCHOOL BOARD COMPONENT UNIT OFFICIALS

School Board

Robert H. Houck, Chairman	West Fairfax District
Elizabeth S. Hutchins, Vice-Chairman	Cedar Mountain District
George T. Dasher	Stevensburg District
Anne C. Luckinbill	Salem District
Robert Beard	East Fairfax District
Leanne S. Mualulani	Jefferson District
Russell E. Jenkins	Catalpa District

Administrative Officers

Dr. Bobbi F. Johnson	Superintendent
Dr. Stacey Timmons	Director of Personnel
Jeffrey R. Shomo	Executive Director of Business

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Culpeper
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Jeffrey R. Emer

Executive Director/CEO

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Culpeper, Virginia, as of and for the year ended Financial June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Culpeper, 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 5-12, budgetary comparison information, and schedule 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 Culpeper, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Information: (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the County of Culpeper, 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 Culpeper, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 4, 2013

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

As management of the County of Culpeper, 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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $72,692,261 (net position). Of this amount, $16,614,963 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $32,200,009 an increase of $4,292,539 in comparison with the prior year. Approximately 84 percent of this amount, $27,115,368, is available for spending at Culpeper, Virginia's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the general fund was $27,115,368, or 33 percent of total general fund expenditures.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four 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 nets assets 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).

Overview of the Financial Statements: (Continued)

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, police and volunteer fire protection, sanitation, social services, education, cultural events, and recreation. The business-type activities of the County include Water and Sewer, Landfill, and Airport operations.

The Government-wide financial statements include not only the County of Culpeper, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Culpeper, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present 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 Culpeper, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statement focus on near-term inflows and outflows of spend-able resources, as well as on balance of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects fund, both of which are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains three enterprise funds as well as the Culpeper County Water and Sewer Authority, which is a blended component unit of the County. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer, landfill, and airport operations as well as the water and sewer authority operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, landfill, airport, and water and sewer authority activities all of which are considered to be major funds of the County.

Overview of the Financial Statements: (Continued)

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 and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue 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. Culpeper County's assets exceeded liabilities by $72,692,261 at year end.

The largest portion of the County's net position (77 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Schedule of Assets, Liabilities and Net Position
For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 40,022,235	$ 36,338,125	$ 3,057,473	$ 3,628,763	$ 43,079,708	$ 39,966,888
Capital assets	106,911,147	109,531,746	39,957,990	41,403,019	146,869,137	150,934,765
Total assets	$ 146,933,382	$ 145,869,871	$ 43,015,463	$ 45,031,782	$ 189,948,845	$ 190,901,653
Deferred Outflows of Resources:						
Deferred charge on refunding	$ 214,718	$ -	$ -	$ -	$ 214,718	$ -
Long-term liabilities outstanding	$ 102,986,669	$ 88,844,243	$ 968,440	$ 1,252,332	$ 103,955,109	$ 90,096,575
Current liabilities	12,960,872	11,775,802	413,727	520,528	13,374,599	12,296,330
Total liabilities	$ 115,947,541	$ 100,620,045	$ 1,382,167	$ 1,772,860	$ 117,329,708	$ 102,392,905
Deferred Inflows of Resources:						
Unearned revenues - taxes	$ 141,594	$ -	$ -	$ -	$ 141,594	$ -
Net Position:						
Invested in capital assets net of related debt	$ 16,842,091	$ 17,778,776	$ 39,449,925	$ 40,660,307	$ 56,292,016	$ 58,439,083
Unrestricted	14,216,874	27,471,050	2,183,371	2,598,615	16,400,245	30,069,665
Total Net Position	$ 31,058,965	$ 45,249,826	$ 41,633,296	$ 43,258,922	$ 72,692,261	$ 88,508,748

Overview of the Financial Statements: (Continued)

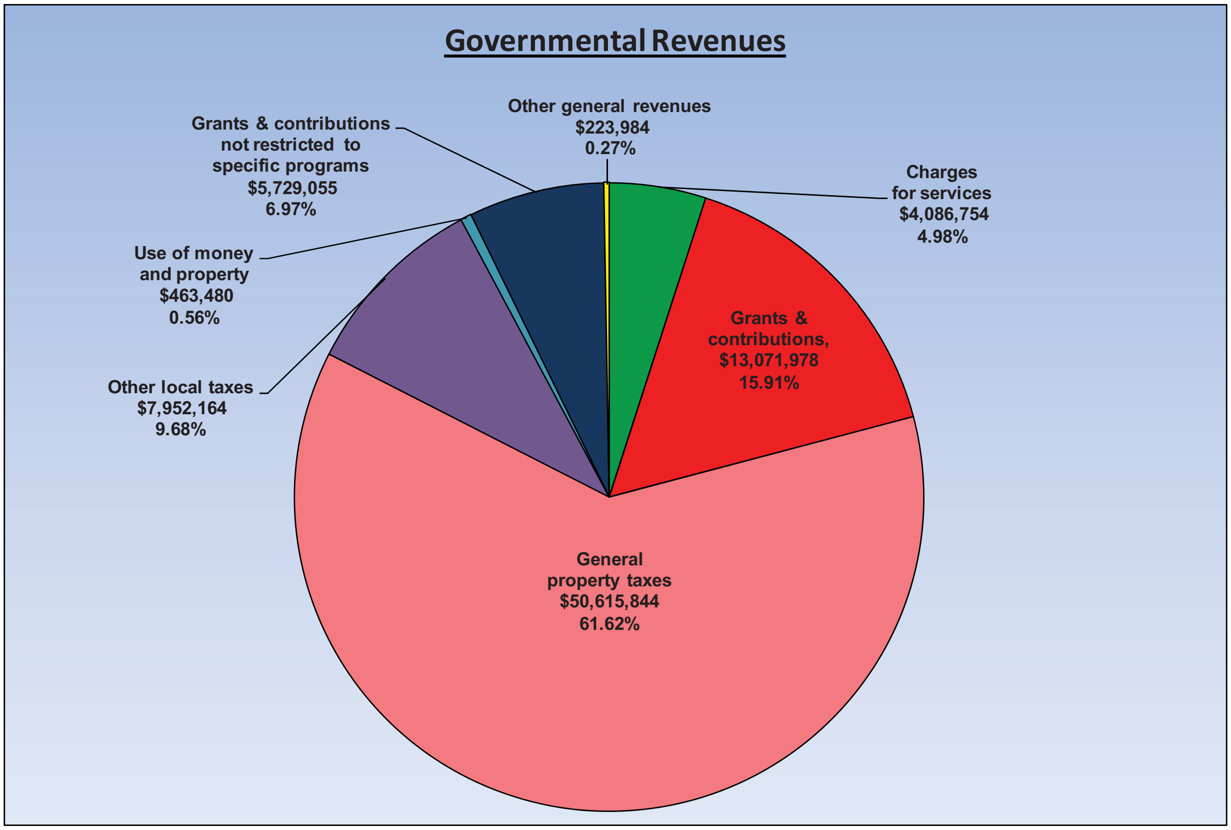
Governmental Activities - Governmental activities decreased the County's net position by $14,190,861 and the Business-type activities decreased $1,625,626. Key elements of the changes in net position are as follows:

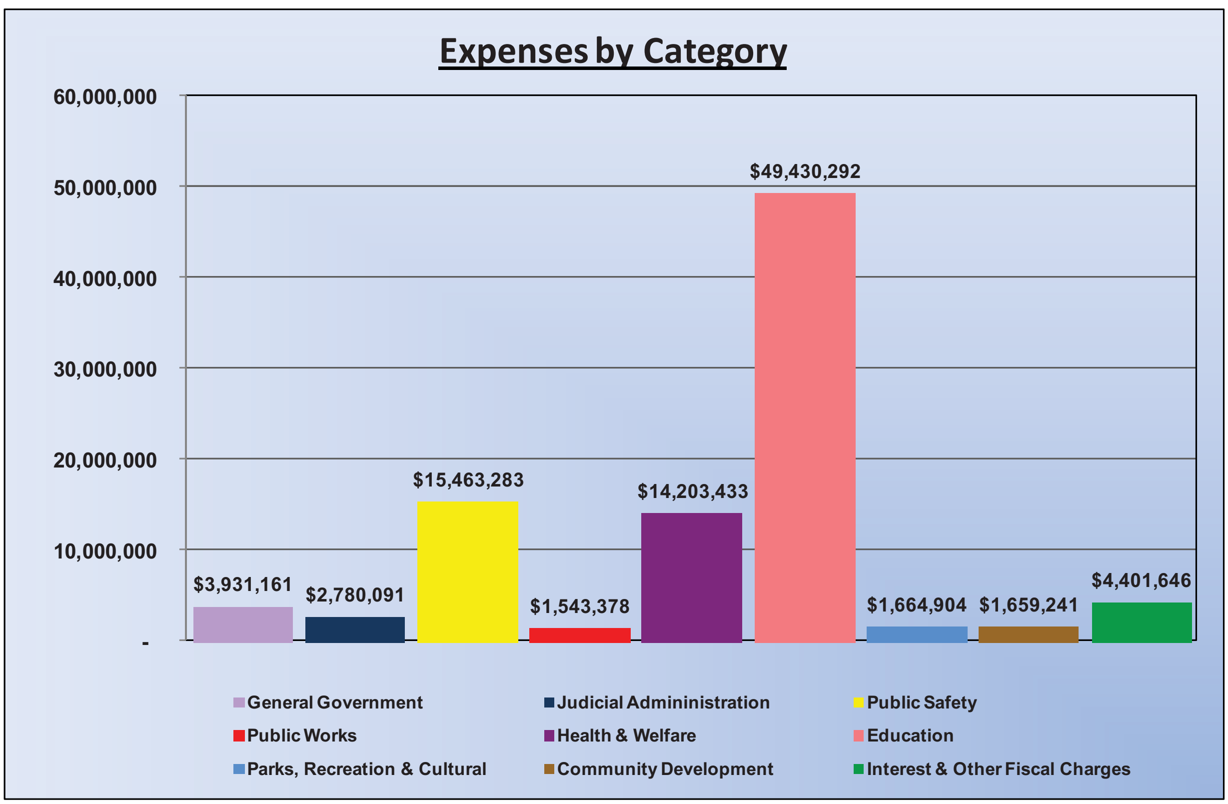
Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 4,086,754	$ 3,558,516	$ 2,659,628	$ 2,683,344	$ 6,746,382	$ 6,241,860
Operating grants and contributions	12,974,302	13,104,035	6,876	50,755	12,981,178	13,154,790
Capital grants and contributions	97,676	93,094	167,021	226,084	264,697	319,178
General revenues:						
General property taxes	50,615,844	46,299,778	-	-	50,615,844	46,299,778
Other local taxes	7,952,164	6,850,753	-	-	7,952,164	6,850,753
Use of money and property	463,480	317,143	2,666	7,275	466,146	324,418
C/VA non-categorical aid	5,729,055	5,742,053	-	-	5,729,055	5,742,053
Other general revenues	223,984	338,516	-	-	223,984	338,516
Total revenues	$ 82,143,259	$ 76,303,888	$ 2,836,191	$ 2,967,458	$ 84,979,450	$ 79,271,346
Expenses:						
General government administration	$ 3,931,161	$ 3,800,416	$ -	$ -	$ 3,931,161	$ 3,800,416
Judicial administration	2,780,091	2,624,197	-	-	2,780,091	2,624,197
Public safety	15,463,283	14,386,558	-	-	15,463,283	14,386,558
Public works	1,543,378	1,618,568	-	-	1,543,378	1,618,568
Health and welfare	14,203,433	14,647,425	-	-	14,203,433	14,647,425
Education	49,430,292	34,440,476	-	-	49,430,292	34,440,476
Parks, recreation, and cultural	1,664,904	1,567,789	-	-	1,664,904	1,567,789
Community development	1,659,241	1,460,773	-	-	1,659,241	1,460,773
Interest and other fiscal charges	4,401,646	4,092,858	-	-	4,401,646	4,092,858
Landfill	-	-	1,733,255	1,886,407	1,733,255	1,886,407
Water and Sewer	-	-	1,262,463	1,221,665	1,262,463	1,221,665
Airport	-	-	1,769,009	1,723,893	1,769,009	1,723,893
Water and Sewer Authority	-	-	953,781	1,009,152	953,781	1,009,152
Total expenses	$ 95,077,429	$ 78,639,060	$ 5,718,508	$ 5,841,117	$ 100,795,937	$ 84,480,177
Increase(decrease) in net position before transfers	$ (12,934,170)	$ (2,335,172)	$ (2,882,317)	$ (2,873,659)	$ (15,816,487)	$ -5,208,831
Transfers	(1,256,691)	(1,260,291)	1,256,691	1,260,291	-	-
Increase in net position	$ (14,190,861)	$ (3,595,463)	$ (1,625,626)	$ (1,613,368)	$ (15,816,487)	$ -5,208,831
Net position, beginning of year	45,249,826	48,845,289	43,258,922	44,872,290	88,508,748	93,717,579
Net position, end of year	$ 31,058,965	$ 45,249,826	$ 41,633,296	$ 43,258,922	$ 72,692,261	$ 88,508,748

- Revenues for FY13 appear to be fairly stable as compared to FY12.

Overview of the Financial Statements: (Continued)





- Total government spending decreased in FY13 from FY12 by approximately $3M. $2.7M was due to the refunding of 2 bonds during FY12. The refunding was a current refunding, which increased the current year debt service payments by the payoffs of the old bonds during FY12, however, in future years, the actual debt service payments will be reduced due to lower interest rates obtained, while maintaining the same years left on payoff.

Overview of the Financial Statements: (Continued)

Business-Type Activities – Business-type activities decreased the County's net position by $1,625,626. Key elements of this decrease are as follows:

- Charges for services for business-type activities decreased by $1,625,626 (3.8 percent) during the year. This decrease was due to a reduction in Landfill revenues, and

- An increase in depreciation and other operating expenses in both the Landfill and the Water & Sewer Authority.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able 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 combined ending fund balances of $32,200,009, an increase of $4,292,539 in comparison with the prior year. Approximately 84 percent of this total constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is dedicated for construction projects and subsequent expenditures to indicate that is not available for new spending because it has already been committed.

The general fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $27,115,368, while total fund balance reached $29,889,437, an increase from the prior year of $3,249,624. Key factors in the net increase are as follows:

- $4.8M in increased in General Fund revenues, due to increase in the tax rate from $.74 to $80. Taxes were raised to cover contingent liabilities that had been incurred in prior years and had been covered by the fund balance rather than tax increases.
- $3.4M decrease in General Fund expenditures due to the refinancing of bonds during FY12 that created a lower interest rate to be repaid.

The County's Capital Projects Fund balance increased $1,042,915 during the year. The Capital Projects Fund had revenues of $1,757,770 which included a transfer from the General Fund of $1,300,000, while it expended $714,855, or $717,318 less in various projects from the prior year. Expenditures for capital projects were as follows:

1. VDOT Residency building renovation $106,837
2. Lenn Park $71,904
3. Other general government projects $103,898
4. Bond issuance costs $189,866
5. Transfer to School CIP fund for Culpeper County High School Renovation project, $242,350

Proprietary funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Airport Fund at the end of the year was $9,662,932, a decrease from the prior year of $512,187. Other charges, mainly fuel costs, increased from FY12 to FY13.

Net position of the Landfill Fund totaled $3,560,776, a decrease from prior the year of $54,231. Revenues decreased from the prior year by $156,472.

Financial Analysis of the County's Funds: (Continued)

Water and Sewer Fund net position decreased $105,968 for the year ending June 30, 2013 and totaled $3,800,017. The primary reason for the decrease was an increase in the area of Other Charges under expenditures, primarily utility costs and repair/maintenance supplies.

During 2005 the Board of Supervisors created the Water and Sewer Authority to account for water and sewer activities in the northern part of the County which we call Clevenger's Corner. At June 30, 2013 net position totaled $24,609,571.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were $6,491,549 and can be briefly summarized as follows:

- $516,000 in public safety;
- $704,801 in CSA;
- $124,228 in buildings & grounds;
- $4,657,998 as a result of current refunding of 2 bonds;
- $142,080 in parks & recreation and library; and
- $346,442 in other

Of this increase, $1,029,370 was to be funded from intergovernmental revenues; $4,657,998 was a result of the current refunding of 2 bonds. The remaining $804,181 was to be budgeted from available fund balance.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to $146,869,137 (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 Note 5 of this report.

Long-term debt – At the end of the current fiscal year, the County had total bonded debt outstanding of $104,532,925. Of this amount $104,024,860 represents 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. Revenue bonds).

Legislation enacted during fiscal year ended June 20, 2002 requires that the Primary Government has assumed debt historically reported by the School Board. The legislation affects the reporting of local school capital assets as well.

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

Economic Factors and Next Year's Budget and Rates

The fiscal health of Culpeper County has an effect on the levels of service that will be provided to the residents of the County. During fiscal year 2008, the County recognized that it would be realizing about a $4 million shortfall. Therefore, immediate spending cuts were made, including a hiring freeze on all vacant positions. Culpeper's General Fund revenues for fiscal year 2009 were down from fiscal year 2008 by $3.4 million. During fiscal year 2009, positions frozen during fiscal year 2008 remained in effect, as well as any requests to refill vacant positions had to Board of Supervisors approval refill. Nearly all capital improvement projects were set aside, unless the project was already in process, such as the renovation of the Wachovia Building, or construction of the EMS Building. The FY10 budget was reduced from the FY09 budget by $12M, with further reductions in staffing. The Building Officials Department was reduced during FY10, by half, or 7 employees, and of the 7 remaining, 4 were placed on part time status, leaving only 3 on full time status. Further during FY10, 4 employees took an early retirement incentive. The FY11 budget continued to reduce

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

spending and the number of full time employees. The FY12 budget continued with no pay increases for employees; however it did not contemplate any further staff reductions. The FY12 budget also increased the E911 budget by 3 full time employees in order to meet the demand of public safety calls; increased the Clerk of the Circuit Court's budget by 1 full time position. This is a deputy clerk position needed to assist with the number of criminal jury cases heard in Circuit Court. And lastly, includes a change in the Sheriff's Office budget of a part time information officer to a full time information officer.

In the FY13 budget, the Board of Supervisors approved a 2.4% salary improvement based on a rolling 3 year average of the CPI and indexed on the midpoints of positions under the FY08 classification scale. The classification scale was frozen in FY08 due to the economy. The cost of the salary improvements has been absorbed by further reductions as follows: The County Engineer position was reduced from a full time position to a 25% FTE part time position with no benefits; an appraiser position from the Real Estate Department was not filled when vacated; a planning and zoning technician position was not filled when vacated; and currently 1 IT position although funded is not filled.

The adopted fiscal year 2013 Budget includes three (3) new full time positions in the General Fund portion of the budget. In an effort to increase tax collections, without raising tax rates, the County is implementing the proration of personal property taxes. With this new process it is essential to have a new clerical staff person in both the Commissioner of the Revenue's Office as well as the Treasurer's Office. The third new staff person is in the IT Department to assist with new computer processes the proration will require.

During the FY14 budget process, the adopted budget includes 3 new positions. 2 are new deputy positions for the Sheriff's Office under his Court Security budget. The 3rd position was requested by the Parks & Recreation Department as a Park Maintenance position to assist with field maintenance at the various county parks. The FY14 budget does not contemplate "across the board" cost of living adjustments for employees. Rather it contains the implementation of Phase I of the Pay and Classification study that was conducted during FY12. The results of that study, and the subsequent recommendations of the study that was performed by Evergreen Solutions, LLC, were presented and adopted by the Board of Supervisors on September 4, 2012.

Due to the general reassessment during FY13, the total value of real property excluding additional assessments due to new construction or improvements to property, declined from last year's total assessed value by five (4.90%) percent.

This assessment decrease then required an adjusted tax rate to offset the decreased assessment. This resulted in a need to adjust the General fund RE tax rate to achieve the equalization rate of $.75. This adopted budget maintains the current real estate tax rate at the equalized rate of $0.75 per $100 of assessed value. Although the assessment decrease affected the RE tax rate, the Fire & Rescue levy remained unaffected. Therefore the equalized rate for the Fire & Rescue levy maintained the current adopted rate of $.08 per $100 of assessed value and this adopted budget continues with the adopted rate.

This year's budget submission maintains the current personal property tax rate of $2.50 per $100 of assessed value for recreational personal property; $3.50 per $100 of assessed value for all other personal property, except for the classification of airplanes which rate is reduced to $.0001 per $100 of assessed value, although the rate is advertised, there is no projected revenue for this category of tax.

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

Requests for Information

This financial report is designed to provide a general overview of the County of Culpeper, 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 Finance Director, 302 N. Main Street, Culpeper, Virginia 22701.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	$ 29,540,298	$ 6,184,687	$ 35,724,985	$ 18,608,427
Receivables (net of allowance for uncollectibles):				
Property taxes	3,190,165	-	3,190,165	-
Accounts receivable	629,500	321,312	950,812	-
Prepaid items	-	-	-	-
Inventory	-	84,883	84,883	-
Due from primary government	-	-	-	4,589,122
Internal balances	3,535,329	(3,535,329)	-	-
Due from other governments	3,126,943	1,920	3,128,863	1,987,999
Total Current Assets	$ 40,022,235	$ 3,057,473	$ 43,079,708	$ 25,185,548
Noncurrent Assets				
Capital assets (net of depreciation):				
Land and land improvements	$ 10,428,807	$ 2,622,322	$ 13,051,129	$ 2,149,877
Construction in progress	8,286,473	1,914,987	10,201,460	1,361,555
Buildings and improvements	22,416,230	35,121,215	57,537,445	6,698,775
Equipment	2,061,427	299,466	2,360,893	3,628,179
Jointly owned assets	63,718,210	-	63,718,210	25,624,573
Total Capital Assets	$ 106,911,147	$ 39,957,990	$ 146,869,137	$ 39,462,959
Total Assets	$ 146,933,382	$ 43,015,463	$ 189,948,845	$ 64,648,507
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	$ 214,718	$ -	$ 214,718	$ -
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	$ 307,271	$ 110,699	$ 417,970	$ 7,076,173
Amounts held for others	45,018	-	45,018	-
Due to component unit	4,589,122	-	4,589,122	-
Accrued interest payable	2,095,060	12,598	2,107,658	-
Current portion of long-term obligations	5,924,401	290,430	6,214,831	112,386
Total Current Liabilities	$ 12,960,872	$ 413,727	$ 13,374,599	$ 7,188,559
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	102,986,669	968,440	103,955,109	1,516,469
Total Liabilities	$ 115,947,541	$ 1,382,167	$ 117,329,708	$ 8,705,028
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues - taxes	$ 141,594	$ -	$ 141,594	$ -
NET POSITION				
Net investment in capital assets	$ 16,842,091	$ 39,449,925	$ 56,292,016	$ 39,462,959
Unrestricted	14,216,874	2,183,371	16,400,245	16,480,520
Total Net Position	$ 31,058,965	$ 41,633,296	$ 72,692,261	$ 55,943,479

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

COUNTY OF CULPEPER, VIRGINIA

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,931,161	$ -	$ 323,391	$ -
Judicial administration	2,780,091	328,873	695,860	-
Public safety	15,463,283	1,506,250	3,437,623	-
Public works	1,543,378	-	-	-
Health and welfare	14,203,433	2,083,400	8,220,881	-
Education	49,430,292	-	-	97,676
Parks, recreation, and cultural	1,664,904	163,125	146,547	-
Community development	1,659,241	5,106	150,000	-
Interest on long-term debt	4,401,646	-	-	-
Total governmental activities	$ 95,077,429	$ 4,086,754	$ 12,974,302	$ 97,676
Business-type activities:				
Landfill	$ 1,733,255	$ 937,857	$ -	$ -
Water and sewer	1,262,463	850,439	-	-
Airport	1,769,009	871,332	6,876	167,021
Water and sewer authority	953,781	-	-	-
Total business-type activities	$ 5,718,508	$ 2,659,628	$ 6,876	$ 167,021
Total primary government	$ 100,795,937	$ 6,746,382	$ 12,981,178	$ 264,697
COMPONENT UNIT:				
School Board	$ 76,777,143	$ 1,613,953	$ 44,729,841	$ 4,329,386

General revenues:
General property taxes
Local sales and use taxes
Consumer utility taxes
Taxes on recordation and wills
Motor vehicle license taxes
Other local taxes
County contribution to School Board
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	School Board
$ (3,607,770)	$ -	$ (3,607,770)	$ -
(1,755,358)	-	(1,755,358)	-
(10,519,410)	-	(10,519,410)	-
(1,543,378)	-	(1,543,378)	-
(3,899,152)	-	(3,899,152)	-
(49,332,616)	-	(49,332,616)	-
(1,355,232)	-	(1,355,232)	-
(1,504,135)	-	(1,504,135)	-
(4,401,646)	-	(4,401,646)	-
$ (77,918,697)	$ -	$ (77,918,697)	$ -
$ -	$ (795,398)	$ (795,398)	$ -
-	(412,024)	(412,024)	-
-	(723,780)	(723,780)	-
-	(953,781)	(953,781)	-
$ -	$ (2,884,983)	$ (2,884,983)	$ -
$ (77,918,697)	$ (2,884,983)	$ (80,803,680)	$ -
$ -	$ -	$ -	$ (26,103,963)
$ 50,615,844	$ -	$ 50,615,844	$ -
5,675,646	-	5,675,646	-
776,370	-	776,370	-
669,957	-	669,957	-
791,114	-	791,114	-
39,077	-	39,077	-
-	-	-	43,198,606
463,480	2,666	466,146	86,919
223,984	-	223,984	1,006,420
5,729,055	-	5,729,055	-
(1,256,691)	1,256,691	-	-
$ 63,727,836	$ 1,259,357	$ 64,987,193	$ 44,291,945
$ (14,190,861)	$ (1,625,626)	$ (15,816,487)	$ 18,187,982
45,249,826	43,258,922	88,508,748	37,755,497
$ 31,058,965	$ 41,633,296	$ 72,692,261	$ 55,943,479

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2013

	General	Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 27,189,891	$ 2,310,572	$ 29,500,463
Receivables (net of allowance for uncollectibles):			
Taxes, including penalties	3,190,165	-	3,190,165
Accounts	629,500	-	629,500
Due from other funds	3,535,329	-	3,535,329
Due from other governmental units	3,126,943	-	3,126,943
Total assets	$ 37,671,828	$ 2,310,572	$ 39,982,400
LIABILITIES			
Accounts payable	$ 307,271	$ -	$ 307,271
Amounts held for others	45,018	-	45,018
Due to component unit	4,589,122	-	4,589,122
Total liabilities	$ 4,941,411	$ -	$ 4,941,411
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	$ 2,840,980	$ -	$ 2,840,980
FUND BALANCES			
Restricted	$ 40,961	$ -	$ 40,961
Committed	2,728,933	2,310,572	5,039,505
Assigned	4,175	-	4,175
Unassigned	27,115,368	-	27,115,368
Total fund balances	$ 29,889,437	$ 2,310,572	$ 32,200,009
Total liabilities, deferred inflows of resources and fund balances	$ 37,671,828	$ 2,310,572	

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the County as a whole.	106,911,147
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,095,060)
Internal service funds are used by the County to charge the cost of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The internal service funds net position are:	39,835
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	2,699,386
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the Statement of Net Position.	(108,696,352)
Net position of General Governmental Activities	$ 31,058,965

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

Statement of Revenues, Expenditures and Changes in Fund Balances --
Governmental Funds
Year Ended June 30, 2013

	Governmental Fund Types		
	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 51,137,567	$ -	$ 51,137,567
Other local taxes	7,952,164	-	7,952,164
Permits, privilege fees and regulatory licenses	735,097	-	735,097
Fines and forfeitures	170,555	-	170,555
Revenue from use of money and property	447,390	16,090	463,480
Charges for services	3,181,102	-	3,181,102
Miscellaneous	222,852	1,132	223,984
Recovered costs	417,539	-	417,539
Intergovernmental:			
School Board Contribution to Primary Government	97,676	-	97,676
Commonwealth	14,309,925	-	14,309,925
Federal	4,393,432	-	4,393,432
Total revenues	$ 83,065,299	$ 17,222	$ 83,082,521
Expenditures:			
Current:			
General government administration	$ 3,801,871	$ 80,176	$ 3,882,047
Judicial administration	2,758,190	-	2,758,190
Public safety	15,635,912	-	15,635,912
Public works	970,027	108,407	1,078,434
Health and welfare	14,198,860	-	14,198,860
Education	27,071,603	242,350	27,313,953
Parks, recreation, and cultural	1,482,580	94,056	1,576,636
Community development	1,642,414	-	1,642,414
Nondepartmental	299,721	-	299,721
Debt service:			
Principal retirement	10,623,730	-	10,623,730
Interest and other fiscal charges	4,036,935	189,866	4,226,801
Total expenditures	$ 82,521,843	$ 714,855	$ 83,236,698
Excess (deficiency) of revenues over (under) expenditures	$ 543,456	$ (697,633)	$ (154,177)
Other financing sources (uses):			
Transfers in	$ -	$ 1,300,000	$ 1,300,000
Issuance of general obligation bonds	3,321,802	440,548	3,762,350
Premium on issuance of general obligation bonds	1,941,057		1,941,057
Transfers (out)	(2,556,691)	-	(2,556,691)
Total other financing sources (uses)	$ 2,706,168	$ 1,740,548	$ 4,446,716
Changes in fund balances	$ 3,249,624	$ 1,042,915	$ 4,292,539
Fund balances at beginning of year	26,639,813	1,267,657	27,907,470
Fund balances at end of year	$ 29,889,437	$ 2,310,572	$ 32,200,009

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2013

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 4,292,539
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Capital outlays	$ 4,710,678	
Depreciation expense	(3,189,928)	1,520,750
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(54,313)
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		(4,087,036)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this adjustment consist of the change in unearned revenue - taxes.		(521,723)
Internal service funds are used by the County to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.		39,835
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. Details of this adjustment are as follows:		
Principal retired on long-term debt	$ 10,623,730	
Issuance of general obligation bonds	(25,461,057)	
Amortization of premium on bonds issued	140,063	
Amortization of deferred amount on refunding	(42,739)	(14,740,003)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	$ (295,741)	
Change in net OPEB obligation	(73,000)	
Change in accrued interest payable	(272,169)	(640,910)
Change in net position of governmental activities		$ (14,190,861)

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

Statement of Net Position
Proprietary Funds
At June 30, 2013

	Business-Type Activies-Enterprise Funds					Governmental Activies Internal Service Fund
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Dental Insurance Fund
ASSETS						
Current Assets						
Cash and cash equivalents	$ 3,717,879	$ -	$ -	$ 2,466,808	$ 6,184,687	$ 39,835
Receivables (net of allowance for uncollectibles):						
Accounts receivable	85,755	144,560	90,997	-	321,312	-
Due from other governments	-	-	1,920	-	1,920	-
Inventory	-	-	84,883	-	84,883	-
Total Current Assets	$ 3,803,634	$ 144,560	$ 177,800	$ 2,466,808	$ 6,592,802	$ 39,835
Noncurrent Assets						
Capital assets (net of depreciation):						
Land	$ 401,073	$ 235,200	$ 516,929	$ 1,469,120	$ 2,622,322	$ -
Construction in progress	-	1,489,065	425,922	-	1,914,987	-
Buildings and improvements	7,045	1,895,865	9,757,433	23,460,872	35,121,215	-
Equipment	75,515	127,847	87,113	8,991	299,466	-
Total Capital Assets	$ 483,633	$ 3,747,977	$ 10,787,397	$ 24,938,983	$ 39,957,990	$ -
Total Assets	$ 4,287,267	$ 3,892,537	$ 10,965,197	$ 27,405,791	$ 46,550,792	$ 39,835
LIABILITIES						
Current Liabilities						
Accounts payable and accrued expenses	$ 4,064	$ 71,329	$ 35,306	$ -	$ 110,699	$ -
Accrued Interest payable	-	-	12,598	-	12,598	-
Due to other funds	-	-	739,109	2,796,220	3,535,329	-
Current portion of long-term obligations	40,250	2,119	248,061	-	290,430	-
Total Current Liabilities	$ 44,314	$ 73,448	$ 1,035,074	$ 2,796,220	$ 3,949,056	$ -
Noncurrent Liabilities						
Noncurrent portion of long-term obligations	682,177	19,072	267,191	-	968,440	-
Total Liabilities	$ 726,491	$ 92,520	$ 1,302,265	$ 2,796,220	$ 4,917,496	$ -
NET POSITION						
Net investment in capital assets	$ 483,633	$ 3,747,977	$ 10,279,332	$ 24,938,983	$ 39,449,925	$ -
Unrestricted (deficit)	3,077,143	52,040	(616,400)	(329,412)	2,183,371	39,835
Total Net Position	$ 3,560,776	$ 3,800,017	$ 9,662,932	$ 24,609,571	$ 41,633,296	$ 39,835
Total Liabilities and Net Position	$ 4,287,267	$ 3,892,537	$ 10,965,197	$ 27,405,791	$ 46,550,792	$ 39,835

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

Statement of Revenues, Expenses and Changes in Fund Net Position --
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activies-Enterprise Funds					Governmental Activies Internal Service Fund
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Dental Insurance Fund
Operating revenues:						
Charges for services	$ 937,857	$ 850,439	$ 871,332	$ -	$ 2,659,628	$ 109,481
Maintenance grants	-	-	6,876	-	6,876	-
Total operating revenues	$ 937,857	$ 850,439	$ 878,208	$ -	$ 2,666,504	$ 109,481
Operating expenses:						
Personal services	$ 198,546	$ 299,430	$ 162,787	$ -	$ 660,763	$ -
Fringe benefits	53,565	90,812	40,863	-	185,240	69,646
Contractual services	1,352,176	172,026	169,258	-	1,693,460	-
Other charges	87,523	565,467	707,973	324,081	1,685,044	-
Depreciation	41,445	134,728	660,183	629,700	1,466,056	-
Total operating expenses	$ 1,733,255	$ 1,262,463	$ 1,741,064	$ 953,781	$ 5,690,563	$ 69,646
Operating income (loss)	$ (795,398)	$ (412,024)	$ (862,856)	$ (953,781)	$ (3,024,059)	$ 39,835
Nonoperating revenues (expenses):						
Interest income	$ 2,125	$ -	$ -	$ 541	$ 2,666	$ -
Interest expense	-	-	(27,945)	-	(27,945)	-
Total nonoperating revenues (expenses)	$ 2,125	$ -	$ (27,945)	$ 541	$ (25,279)	$ -
Income (loss) before contributions and transfers	$ (793,273)	$ (412,024)	$ (890,801)	$ (953,240)	$ (3,049,338)	$ 39,835
Capital contributions and construction grants	$ -	$ -	$ 167,021	$ -	$ 167,021	$ -
Transfers:						
Transfers in	$ 739,042	$ 306,056	$ 211,593	$ -	$ 1,256,691	$ -
Total transfers	$ 739,042	$ 306,056	$ 211,593	$ -	$ 1,256,691	$ -
Change in net position	$ (54,231)	$ (105,968)	$ (512,187)	$ (953,240)	$ (1,625,626)	$ 39,835
Net position at beginning of year	3,615,007	3,905,985	10,175,119	25,562,811	43,258,922	-
Net position at end of year	$ 3,560,776	$ 3,800,017	$ 9,662,932	$ 24,609,571	$ 41,633,296	$ 39,835

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

Statement of Cash Flows --
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activies-Enterprise Funds					Governmental Activies Internal Service Fund
	Landfill Fund	Water & Sewer Fund	Airport Fund	Water & Sewer Authority	Totals	Dental Insurance Fund
Cash flows from operating activities:						
Receipts from customers and users	$ 916,210	$ 807,941	$ 879,931	$ -	$ 2,604,082	$ -
Receipts from insured	-	-	-	-	-	109,481
Payments to suppliers	(1,608,982)	(714,900)	(935,479)	(324,081)	(3,583,442)	(69,646)
Payments to employees	(253,230)	(385,416)	(208,479)	-	(847,125)	-
Net cash provided by (used for) operating activities	$ (946,002)	$ (292,375)	$ (264,027)	$ (324,081)	$ (1,826,485)	$ 39,835
Cash flows from capital and related financing activities:						
Purchases of capital assets	$ (7,346)	$ (13,681)	$ -	$ -	$ (21,027)	$ -
Capital grants and contributions	-	-	210,158	-	210,158	-
Interest expense	-	-	(33,763)	-	(33,763)	-
Retirement of indebtedness	-	-	(234,647)	-	(234,647)	-
Net cash provided by (used for) capital and related financing activities	$ (7,346)	$ (13,681)	$ (58,252)	$ -	$ (79,279)	$ -
Cash flows from noncapital financing activities:						
Transfers in	$ 739,042	$ 306,056	$ 211,593	$ -	$ 1,256,691	$ -
Increase(decrease) in due to other funds	-	-	110,686	32,787	143,473	-
Net cash provided by (used for) noncapital and related financing activities	$ 739,042	$ 306,056	$ 322,279	$ 32,787	$ 1,400,164	$ -
Cash flows from investing activities:						
Interest income	$ 2,125	$ -	$ -	$ 541	$ 2,666	$ -
Increase (decrease) in cash and cash equivalents	$ (212,181)	$ -	$ -	$ (290,753)	$ (502,934)	$ 39,835
Cash and cash equivalents at beginning of year	3,930,060	-	-	2,757,561	6,687,621	-
Cash and cash equivalents at end of year	$ 3,717,879	$ -	$ -	$ 2,466,808	$ 6,184,687	$ 39,835
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (795,398)	$ (412,024)	$ (862,856)	$ (953,781)	$ (3,024,059)	$ 39,835
Adjustments to reconcile operating loss to net cash provided by (used for) operations:						
Depreciation	$ 41,445	$ 134,728	$ 660,183	$ 629,700	$ 1,466,056	$ -
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	(21,647)	(42,498)	1,723	-	(62,422)	-
(Increase) decrease in inventory	-	-	(55,832)	-	(55,832)	-
Increase (decrease) in accounts payable	(133,743)	22,593	(2,416)	-	(113,566)	-
Increase (decrease) in compensated absences	(1,119)	4,826	(4,829)	-	(1,122)	-
Increase (decrease) in landfill closure	(35,540)	-	-	-	(35,540)	-
Total adjustments	$ (150,604)	$ 119,649	$ 598,829	$ 629,700	$ 1,197,574	$ -
Net cash provided by (used for) operating activities	$ (946,002)	$ (292,375)	$ (264,027)	$ (324,081)	$ (1,826,485)	$ 39,835

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

Statement of Fiduciary Net Position --
Agency Funds
At June 30, 2013

		Agency Funds
ASSETS		
Cash and cash equivalents	$	429,120
Accounts receivable		565
Total assets	$	429,685
LIABILITIES		
Amounts held for others	$	265,281
Amounts held for inmates		20,228
Amounts held for social services clients		144,176
Total liabilities	$	429,685

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

Note 1—Summary of Significant Accounting Policies:

The County of Culpeper, Virginia was formed in 1749 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Culpeper, 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, effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *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.

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 segments 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*.

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

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 the requirement to report the government's original budget in addition to 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 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 Culpeper, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units – Culpeper County Water and Sewer Authority – The Culpeper County Water and Sewer Authority serves all the citizens of the government and is governed by a board comprised of the government's elected supervisors. The rates for user charges and bond issuance authorizations are approved by the government's board. The Authority operates on a fiscal year which ends June 30. The Authority is presented as an enterprise fund in the County's financial statements for the fiscal year ended June 30, 2013.

Discretely Presented Component Units - The School Board members are elected and are responsible for the operations of the County's School System. 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.

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

B. Individual Component Unit Disclosures: (Continued)

Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Rappahannock-Rapidan Planning District Commission

The Commission was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 17 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rappahannock-Rapidan Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the 14 board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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

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

1. Governmental Funds

   Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds.

   a. 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 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.

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

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

1. Governmental Funds: (Continued)

   b. Capital Projects Fund

      The Capital Projects Fund (Capital Improvements) accounts for and reports all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

   Enterprise Funds

   Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

   The County reports the following major enterprise funds:

   Water and Sewer Fund - This fund is used to account for sewage treatment plant, sewage pumping stations and collection systems as well as the water distribution system.

   Landfill Fund - This fund is used to account for the activities of the County's landfill.

   Airport Fund - This fund is used to account for the activities occurring at the County's Airport.

   Water and Sewer Authority - This fund is used to account for the activities occurring at the Water and Sewer Authority.

   Internal Service Funds

   The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The Internal Service Funds consist of the following fund:

   Dental Insurance Fund – This fund accounts for the dental insurance program activities of the County.

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

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

3. 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's agency funds are the Special Welfare Fund, Sheriff Commissary Fund, Piedmont Tech Fund, Thrift Store and Healthy Culpeper Fund.

D. Budgets and Budgetary Accounting

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

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

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 department 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. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Capital Projects Fund, School Operating Fund, School Cafeteria Fund, and School Capital Projects Fund.

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

7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.

8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

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

E. Deposits and Investments: (Continued)

Investments for the government, as well as for its component units, are reported at fair value. No investments are valued at cost. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $1,305,910 at June 30, 2013, and is comprised solely of property taxes.

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

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists primarily of operating materials held for consumption and or supplies for repairs and maintenance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2013 was immaterial.

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, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	12

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government 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 it is estimated will be taken as "terminal leave" prior to retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term Obligations:

In the government-wide financial statements, 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, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

K. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance – Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

K. Fund Balances: (Continued)

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors may also assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The following is detail of County's Fund Balances:

Category	General Fund	Capital Project Fund	Total Primary Government	Component Unit School Board
Restricted:				
School Athletic Programs	$ 3,052	$ -	$ 3,052	$ -
Social Services Children's Program	2,226	-	2,226	-
Historic markers	521	-	521	-
High School Renovations	-	-	-	16,423,917
School Capital Projects	783	-	783	-
Community Pool	1,131	-	1,131	-
Parks and Recreation Multi Use Trails	5,176	-	5,176	-
Senior Citizen Programs	1,764	-	1,764	-
4th of July	346	-	346	-
Animal shelter	85	-	85	-
Drug forfeitures	25,877	-	25,877	-
Total Restricted	$ 40,961	$ -	$ 40,961	$ 16,423,917
Committed:				
School Capital Projects	$ 1,606,334	$	$ 1,606,334	$ -
Library	582,876	-	582,876	-
Proffers	539,723	-	539,723	-
Capital Projects	-	2,310,572	2,310,572	-
Total Committed	$ 2,728,933	$ 2,310,572	$ 5,039,505	$ -
Assigned:				
Animal Services	$ 1,175	$ -	$ 1,175	$ -
E911 Tower Deposit	3,000	-	3,000	-
Cafeteria	-	-	-	1,592,508
Total Assigned	$ 4,175	$ -	$ 4,175	$ 1,592,508
Unassigned	$ 27,115,368	$ -	$ 27,115,368	$ (4,315)
Total Fund Balance	$ 29,889,437	$ 2,310,572	$ 32,200,009	$ 18,012,110

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

L. Retirement Plan

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

M. Use of Estimates

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

N. 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.

O. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the County who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a dilemma for the County. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

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 government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2^{nd} half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, 2^{nd} amounts prepaid on the 2^{nd} half installments are reported as deferred inflows of resources.

R. Adoption of Accounting Principles

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

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

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

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the County and Component Unit School Board 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 does not have a policy related to credit risk of debt securities.

The County's rated debt investments as of June 30, 2013 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values

	Fair Quality Ratings	
Rated Debt Investments	**AAAm**	**AA**
Local Government Investment Pool	$ 6,978,592	$ -
Money Market Funds	18,077,422	-
Total	$ 25,056,014	$ -

Investment maturities in years:

Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	$ 6,978,592	$ 6,978,592
Money Market Funds	$ 18,077,422	$ 18,077,422
Total	$ 25,056,014	$ 25,056,014

Note 2—Deposits and Investments: (Continued)

External Investment Pool:

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

Note 3—Due from Other Governments:

At June 30, 2013 the County and School Board have receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
Shared expenses	$ 314,968	$ -
State sales taxes	-	1,317,780
Local sales taxes	1,225,078	-
Communication taxes	329,186	-
Public assistance	174,840	-
Comprehensive services	434,495	-
Miscellaneous	44,126	-
Federal Government:		
School funds	-	670,219
Public assistance	296,017	-
Headstart	275,685	-
Miscellaneous	34,468	-
Total	$ 3,128,863	$ 1,987,999

Note 4—Interfund Transfers Due From/To Other Funds/Primary Government/Component Units:

Individual fund and interfund receivable and payable balances relating to working capital loans at June 30, 2013 are summarized below:

Fund	Due from Other Funds	Due to Other Funds
General	$ 3,535,329	$ -
Water and Sewer Authority	-	2,796,220
Airport	-	739,109
Total	$ 3,535,329	$ 3,535,329

Fund	Due from Primary Government	Due to Component Unit
General	$ -	$ 4,589,122
School	4,589,122	-
Total	$ 4,589,122	$ 4,589,122

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 2,556,691
Landfill Fund	739,042	-
Water & Sewer Fund	306,056	-
Capital Projects Fund	1,300,000	-
Airport Fund	211,593	-
Total	$ 2,556,691	$ 2,556,691

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

Note 5—Capital Assets:

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 9,762,242	$ 666,565	$ -	$ 10,428,807
Construction in Progress	5,264,326	111,771	666,565	4,709,532
Construction in Progress-jointly owned assets	-	3,576,941	-	3,576,941
Total capital assets not being depreciated	$ 15,026,568	$ 4,355,277	$ 666,565	$ 18,715,280
Capital assets, being depreciated:				
Buildings and improvements	$ 30,812,076	$ 47,413	$ -	$ 30,859,489
Equipment	7,928,085	974,553	487,742	8,414,896
Jointly owned assets	76,768,278	-	4,691,230	72,077,048
Total capital assets being depreciated	$ 115,508,439	$ 1,021,966	$ 5,178,972	$ 111,351,433
Less accumulated depreciation for:				
Buildings and improvements	$ 7,593,145	$ 850,114	$ -	$ 8,443,259
Equipment	6,149,261	637,637	433,429	6,353,469
Jointly owned assets	7,260,855	1,702,177	604,194	8,358,838
Total accumulated depreciation	$ 21,003,261	$ 3,189,928	$ 1,037,623	$ 23,155,566
Total capital assets being depreciated, net	$ 94,505,178	$ (2,167,962)	$ 4,141,349	$ 88,195,867
Governmental activities capital assets, net	$ 109,531,746	$ 2,187,315	$ 4,807,914	$ 106,911,147

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Courthouse/courtyard renovations	$ 500,523	$ 1,570	$ -	$ 502,093
Laurel Valley bike trail project	4,605	-	-	4,605
Spillman park	73,314	-	73,314	-
Lenn Brothers property	49,340	-	49,340	-
Wachovia Bank renovation	1,512,550	-	-	1,512,550
Courthouse renovations	1,523,686	-	-	1,523,686
VDOT replacement building	1,128,302	38,296	-	1,166,598
Lenn Brothers park	472,006	71,905	543,911	-
Total	$ 5,264,326	$ 111,771	$ 666,565	$ 4,709,532

Note 5—Capital Assets: (Continued)

Enterprise Fund Capital Assets:

The following is a summary of changes in enterprise fund capital assets during the year:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Water and Sewer Fund:				
Capital assets, not being depreciated:				
Land	$ 235,200	$ -	$ -	$ 235,200
Construction in Progress	1,480,773	8,292	-	1,489,065
Total capital assets not being depreciated	$ 1,715,973	$ 8,292	$ -	$ 1,724,265
Capital assets, being depreciated:				
Sewer Plant	$ 3,049,796	$ -	$ -	$ 3,049,796
Equipment	391,712	5,389	-	397,101
Total capital assets being depreciated	$ 3,441,508	$ 5,389	$ -	$ 3,446,897
Less accumulated depreciation for:				
Sewer Plant	$ 1,075,945	$ 77,986	$ -	$ 1,153,931
Equipment	212,512	56,742	-	269,254
Total accumulated depreciation	$ 1,288,457	$ 134,728	$ -	$ 1,423,185
Total capital assets being depreciated, net	$ 2,153,051	$ (129,339)	$ -	$ 2,023,712
Net capital assets	$ 3,869,024	$ (121,047)	$ -	$ 3,747,977
Landfill Fund:				
Capital assets, not being depreciated:				
Land	$ 401,073	$ -	$ -	$ 401,073
Capital assets, being depreciated:				
Buildings and improvements	$ 8,539	$ -	$ -	$ 8,539
Equipment	282,888	7,346	1,176	289,058
Total capital assets being depreciated	$ 291,427	$ 7,346	$ 1,176	$ 297,597
Less accumulated depreciation for:				
Buildings and improvements	$ 1,281	$ 213	$ -	$ 1,494
Equipment	173,487	41,232	1,176	213,543
Total accumulated depreciation	$ 174,768	$ 41,445	$ 1,176	$ 215,037
Total capital assets being depreciated, net	$ 116,659	$ (34,099)	$ -	$ 82,560
Net capital assets	$ 517,732	$ (34,099)	$ -	$ 483,633

Note 5—Capital Assets: (Continued)

Enterprise Fund Capital Assets: (Continued)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Airport Fund:				
Capital assets, not being depreciated:				
Land	$ 516,929	$ -	$ -	$ 516,929
Construction in Progress	425,922	-	-	425,922
Total capital assets, not being depreciated	$ 942,851	$ -	$ -	$ 942,851
Capital assets, being depreciated:				
Buildings and improvements	$ 15,733,246	$ -	$ -	$ 15,733,246
Equipment	271,624	-	-	271,624
Total capital assets being depreciated	$ 16,004,870	$ -	$ -	$ 16,004,870
Less accumulated depreciation for:				
Buildings and improvements	$ 5,332,690	$ 643,123	$ -	$ 5,975,813
Equipment	167,451	17,060	-	184,511
Total accumulated depreciation	$ 5,500,141	$ 660,183	$ -	$ 6,160,324
Total capital assets being depreciated, net	$ 10,504,729	$ (660,183)	$ -	$ 9,844,546
Net capital assets	$ 11,447,580	$ (660,183)	$ -	$ 10,787,397
Water and Sewer Authority:				
Capital assets, not being depreciated:				
Land	$ 1,469,120	$ -	$ -	$ 1,469,120
Total capital assets, not being depreciated	$ 1,469,120	$ -	$ -	$ 1,469,120
Capital assets, being depreciated:				
Buildings and improvements	$ 25,026,130	$ -	$ -	$ 25,026,130
Equipment	17,983	-	-	17,983
Total capital assets being depreciated	$ 25,044,113	$ -	$ -	$ 25,044,113
Less accumulated depreciation for:				
Buildings and improvements	$ 939,155	$ 626,103	$ -	$ 1,565,258
Equipment	5,395	3,597	-	8,992
Total accumulated depreciation	$ 944,550	$ 629,700	$ -	$ 1,574,250
Total capital assets being depreciated, net	$ 24,099,563	$ (629,700)	$ -	$ 23,469,863
Net capital assets	$ 25,568,683	$ (629,700)	$ -	$ 24,938,983

Note 5—Capital Assets: (Continued)

Enterprise Fund Capital Assets: (Continued)

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Airport Fund:				
Hangar Sewer Line Extension	$ 5,820	$ -	$ -	$ 5,820
Hangar Design	59,684	-	-	59,684
Airport terminal facility - design	360,418	-	-	360,418
Total	$ 425,922	$ -	$ -	$ 425,922
Water and Sewer Fund:				
Mountain Run Wastewater Treatment Plant	$ 1,402,407	$ 8,292	$ -	$ 1,410,699
Automated Meter Reading System	78,366	-	-	78,366
Total	$ 1,480,773	$ 8,292	$ -	$ 1,489,065

The following is a summary of changes in School Board capital assets during the year:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	$ 200,151	$ -	$ -	$ 200,151
Land improvements	1,940,126	9,600	-	1,949,726
Construction in progress	1,260,710	347,255	246,410	1,361,555
Total capital assets, not being depreciated	$ 3,400,987	$ 356,855	$ 246,410	$ 3,511,432
Capital assets, being depreciated:				
Buildings and improvements	$ 26,622,929	$ 652,309	$ -	$ 27,275,238
Equipment	19,281,948	430,515	-	19,712,463
Jointly owned assets	26,614,435	4,691,230	-	31,305,665
Total capital assets being depreciated	$ 72,519,312	$ 5,774,054	$ -	$ 78,293,366
Less accumulated depreciation for:				
Buildings and improvements	$ 18,885,304	$ 1,691,159	$ -	$ 20,576,463
Equipment	15,080,731	1,003,553	-	16,084,284
Jointly owned assets	5,076,898	604,194	-	5,681,092
Total accumulated depreciation	$ 39,042,933	$ 3,298,906	$ -	$ 42,341,839
Total capital assets being depreciated, net	$ 33,476,379	$ 2,475,148	$ -	$ 35,951,527
School Board capital assets, net	$ 36,877,366	$ 2,832,003	$ 246,410	$ 39,462,959

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs of the primary government and Component Unit School Board as follows:

Governmental activities:		
General government administration	$	76,810
Judicial administration		1,129
Public safety		598,682
Public works		497,049
Health and welfare		33,784
Education		1,848,594
Parks, recreation and cultural		133,639
Community development		241
Total governmental activities	$	3,189,928
Enterprise Funds:		
Landfill	$	41,445
Water & sewer		134,728
Airport		660,183
Water & sewer authority		629,700
Total enterprise funds	$	1,466,056
Component Unit-School Board	$	3,298,906 (1)
(1) Depreciation Expense	$	2,694,712
Joint tenancy transfer of accumulated depreciation		604,194
Total additions to accumulated depreciation, previous page	$	3,298,906

Note 6—Unavailable/Unearned Revenue:

The following is a summary of unavailable/unearned revenue at June 30, 2013:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	$ -	$ 2,699,386
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	141,594	141,594
Total governmental activities	$ 141,594	$ 2,840,980

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
Governmental Funds:					
School lease revenue bonds	$ 48,960,000	$ -	$ 1,435,000	$ 47,525,000	$ 1,490,000
Premium on school bonds	753,575	-	35,884	717,691	35,884
Total school lease revenue bonds	$ 49,713,575	$ -	$ 1,470,884	$ 48,242,691	$ 1,525,884
School general obligation bonds	$ 14,194,590	$ 23,520,000	$ 7,593,230	$ 30,121,360	$ 2,481,700
Premium on general obligation bonds	-	1,941,057	97,053	1,844,004	97,053
Total school general obligation bonds	$ 14,194,590	$ 25,461,057	$ 7,690,283	$ 31,965,364	$ 2,578,753
Compensated absences	1,623,638	458,105	162,364	1,919,379	191,938
Net OPEB obligation	211,000	172,000	99,000	284,000	-
Literary fund loans	13,125,000	-	750,000	12,375,000	750,000
General obligation bonds	2,546,000	-	182,500	2,363,500	186,700
Lease revenue bonds	12,303,000	-	663,000	11,640,000	684,000
Premium on lease revenue bonds	128,262	-	7,126	121,136	7,126
Total lease revenue bonds	$ 12,431,262	$ -	$ 670,126	$ 11,761,136	$ 691,126
Total Governmental Funds	$ 93,845,065	$ 26,091,162	$ 11,025,157	$ 108,911,070	$ 5,924,401
Enterprise Funds:					
Compensated absences	$ 76,602	$ 6,538	$ 7,660	$ 75,480	$ 7,548
Lease revenue bonds	742,712	-	234,647	508,065	247,342
Landfill closure and postclosure costs	710,865	-	35,540	675,325	35,540
Total Enterprise Funds	$ 1,530,179	$ 6,538	$ 277,847	$ 1,258,870	$ 290,430
Total Primary Government	$ 95,375,244	$ 26,097,700	$ 11,303,004	$ 110,169,940	$ 6,214,831

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,	Lease Revenue Bonds		School Lease Revenue Bonds		School General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 684,000	$ 360,279	$ 1,490,000	$ 2,170,494	$ 2,481,700	$ 1,166,343
2015	709,000	342,204	1,550,000	2,110,894	2,517,716	1,067,521
2016	731,000	322,908	1,615,000	2,048,894	2,549,310	953,122
2017	752,000	302,769	1,695,000	1,968,144	2,581,512	837,316
2018	780,000	281,325	1,780,000	1,883,394	2,184,352	731,824
2019	807,000	259,920	1,870,000	1,794,394	2,212,862	636,412
2020	831,000	237,487	1,960,000	1,700,894	2,252,082	539,694
2021	859,000	213,292	2,060,000	1,602,894	2,284,506	448,768
2022	884,000	187,969	2,160,000	1,499,894	1,682,320	356,454
2023	875,000	161,816	2,270,000	1,391,894	940,000	309,325
2024	896,000	135,707	2,365,000	1,298,256	940,000	281,125
2025	616,000	109,096	2,460,000	1,200,700	940,000	252,925
2026	360,000	90,415	2,585,000	1,077,700	940,000	224,725
2027	373,000	73,305	2,715,000	948,450	940,000	196,525
2028	386,000	55,527	2,830,000	833,063	935,000	163,625
2029	399,000	37,090	2,950,000	712,787	935,000	130,900
2030	413,000	17,993	3,080,000	580,038	935,000	98,175
2031	141,000	6,641	3,220,000	441,437	935,000	65,450
2032	144,000	3,355	3,360,000	300,563	935,000	32,725
2033	-	-	3,510,000	153,562	-	-
Total	$ 11,640,000	$ 3,199,098	$ 47,525,000	$ 25,718,346	$ 30,121,360	$ 8,492,954

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Literary Fund Loan Principal	Literary Fund Loan Interest
2014	$ 186,700	$ 54,214	$ 750,000	$ 435,000
2015	191,200	49,818	750,000	408,750
2016	195,600	45,319	750,000	382,500
2017	200,200	40,716	750,000	356,250
2018	204,900	36,004	750,000	330,000
2019	209,800	31,179	750,000	303,750
2020	214,800	26,240	750,000	277,500
2021	219,800	21,186	750,000	251,250
2022	224,900	16,013	750,000	225,000
2023	230,200	10,720	750,000	198,750
2024	235,700	5,299	750,000	172,500
2025	49,700	581	750,000	146,250
2026	-	-	750,000	120,000
2027	-	-	750,000	93,750
2028	-	-	750,000	67,500
2029	-	-	750,000	41,250
2030	-	-	375,000	15,000
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
Total	$ 2,363,500	$ 337,289	$ 12,375,000	$ 3,825,000

Debt service requirements for general obligation bonds and other long-term obligations are met by the General Fund. The County retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Enterprise Fund:

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

Year Ending June 30,	Revenue Bonds Principal	Revenue Bonds Interest
2014	$ 247,342	$ 20,796
2015	260,723	7,053
Total	$ 508,065	$ 27,849

Details of Long-Term Obligations:

	Amount Outstanding	Due Within One Year
General Fund:		
Lease Revenue Bonds:		
$2,457,000 IDA Lease Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through January 15, 2032, interest payable semi-annually at 2.330%	$ 2,370,000	$ 93,000
$6,433,000 IDA Lease Refunding Revenue Bonds Series 2011 issued October 26, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.220%	5,750,000	446,000
$3,925,000 VRA Lease Revenue Bonds Series 2009 issued November 1, 2009 payable in various semi-annual payments through October 1, 2029, interest payable semi-annually at rates from 4.97% to 5.70%	3,520,000	145,000
Premium on bonds	121,136	7,126
Total County lease revenue bonds	$ 11,761,136	$ 691,126

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	Amount Outstanding	Due Within One Year
General Fund: (Continued)		
County General Obligation Bonds:		
$2,654,000 General Obligation Refunding Bonds Series 2011 issued November 17, 2011 payable in various semi-annual payments through July 15, 2024, interest payable semi-annually at 2.34%	$ 2,363,500	$ 186,700
Total County general obligation bonds	$ 2,363,500	$ 186,700
School Lease Revenue Bonds:		
$54,200,000 Public Facility Lease Revenue Bonds, Series 2005, issued September 28, 2005 payable in various annual installments through January 1, 2033, interest at 4.35%	$ 47,525,000	$ 1,490,000
Premium on bonds	717,691	35,884
Total school lease revenue bonds	$ 48,242,691	$ 1,525,884
School General Obligation Bonds:		
$13,025,026 Virginia Public School Authority Bonds Series 2001B, issued November 15, 2001, payable in various annual payments through July 15, 2021, interest payable semi-annually at 4.57%	$ 6,291,360	$ 651,700
$2,675,000 Virginia Public School Authority Bonds 1996A, issued May 1, 1996, payable in various annual payments through January 15, 2017, interest payable semi-annually at rates ranging from 4.6% to 6.1%	540,000	135,000

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

General Fund: (Continued)	Amount Outstanding	Due Within One Year
School General Obligation Bonds: (Continued)		
$6,000,000 Virginia Public School Authority Bonds 1996B, issued November 14, 1996, payable in various annual payments through July 15, 2016, interest payable semi-annually at rates ranging from 5.1% to 5.255%	$ 1,200,000	$ 300,000
$23,520,000 General Obligation School and Refunding Bond, Series 2012 dated October 18, 2012, principal payable annually in various incremental amounts through January 15, 2032, interest payable semi-annually at rates ranging from 3.00% to 4.00%	22,090,000	1,395,000
Premium on general obligation bonds	1,844,004	97,053
Total school general obligation bonds	$ 31,965,364	$ 2,578,753
Literary Fund Loans:		
$7,500,000 literary fund loan, issued January 15, 2009, principal payable annually in various incremental amounts through January 15, 2029, interest payable annually at 3.00%	$ 6,000,000	$ 375,000
$7,500,000 literary fund loan, issued August 1, 2009, principal payable annually in various incremental amounts through August 1, 2029, interest payable annually at 4.00%	6,375,000	375,000
Total literary fund loans	$ 12,375,000	$ 750,000
Compensated absences	$ 1,919,379	$ 191,938
Net OPEB obligation	$ 284,000	$ -
Total governmental activities	$ 108,911,070	$ 5,924,401

Current Refunding of Debt:

On October 18, 2012 the county issued general obligation refunding bonds to currently refund its 2000 and 2003 general obligation bonds. This refunding was undertaken to reduce the total debt service over the next fourteen years by $181,972 and resulted in an economic gain of $157,937.

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations: (Continued)

	Amount Outstanding	Due Within One Year
Enterprise Funds:		
Airport Revenue Bond:		
$2,835,000 revenue bonds series 1999 issued December 15, 1999, payable in various annual principal installments ranging from $131,436 to $260,723 through July 15, 2014, interest payable semi-annually at 5.41%	$ 508,065	$ 247,342
Compensated absences	75,480	7,548
Landfill closure and postclosure costs	675,325	35,540
Total enterprise fund obligations	$ 1,258,870	$ 290,430
Total Primary Government	$ 110,169,940	$ 6,214,831

Component Unit School Board:

The following is summary of changes in long-term obligation transactions for fiscal year ended June 30, 2013.

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
Compensated absences	$ 950,245	$ 268,635	$ 95,025	$ 1,123,855	$ 112,386
Net OPEB obligation	443,000	221,000	159,000	505,000	-
Capital lease	11,216	-	11,216	-	-
Total	$ 1,404,461	$ 489,635	$ 265,241	$ 1,628,855	$ 112,386

Note 8—Landfill Closure and Postclosure Care Cost:

The County owns a landfill site and began collecting tipping fees based upon the source of the waste as of July 1, 1994. The County maintains a contract with an independent contractor for operations of the landfill; however, the County is responsible for landfill closure and postclosure costs.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $675,325 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Landfill Fund.

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

Note 9—Commitments and Contingencies:

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

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 10—Defined Benefit Pension Plan:

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.

Note 10—Defined Benefit Pension Plan:

A. Plan Description: (Continued)

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 5 years of service credit or age 50 with at least 10 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 at 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 member's plan apply.

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

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

The system issues a publicly available comprehensive annual financial report 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 by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional employee contribution rates for the fiscal year ended 2013 were 12.22% and 7.62% of annual covered payroll, respectively.

The School Board's contribution for professional employees were $5,138,898, $2,306,555, and $1,436,269, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, 3.93%, respectively, of current covered payroll.

C. Annual Pension Cost:

For fiscal year 2013, the County's annual pension cost of $1,788,623 was equal to the County's required and actual contributions.

For fiscal year 2013, the School Board's annual pension cost for the Board's non-professional employees was $317,612 which was equal to the School Board's required and actual contributions.

Three-Year Trend Information for the County and School Board:

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2013	$ 1,788,623	100%	$ -
June 30, 2012	1,293,926	100%	-
June 30, 2011	1,314,180	100%	-
School Board:			
Non-professional:			
June 30, 2013	$ 317,612	100%	$ -
June 30, 2012	274,190	100%	-
June 30, 2011	273,765	100%	-

(1) Employer portion only

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 73.32% funded. The actuarial accrued liability for benefits was $47,191,078, and the actuarial value of assets was $34,601,874, resulting in an unfunded actuarial accrued liability (UAAL) of $12,589,204. The covered payroll (annual payroll of active employees covered by the plan) was $13,807,321, and ratio of the UAAL to the covered payroll was 91.18%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 90.71% funded. The actuarial accrued liability for benefits was $10,222,781, and the actuarial value of assets was $9,272,865, resulting in an unfunded actuarial accrued liability (UAAL) of $949,916. The covered payroll (annual payroll of active employees covered by the plan) was $3,857,150, and ratio of the UAAL to the covered payroll was 24.63%.

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.

Note 11—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

Employee Dental Insurance:

Culpeper County and Culpeper County School Board established a public entity risk pool to provide consolidated Dental Care benefits for their employees. The plan is based on a service contract with a private carrier in which bills are derived from actual expenses incurred or claims filed.

Note 11—Risk Management: (Continued)

Employee Dental Insurance: (Continued)

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

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

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

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.

Note 13—Surety Bonds:

		Amount
Fidelity and Deposit Company of Maryland - Surety		
Janice Corbin, Clerk of the Circuit Court	$	25,000
David L. DeJarnette, Treasurer		400,000
Terry Yowell, Commissioner of the Revenue		3,000
Scott H. Jenkins, Sheriff		30,000
Above constitutional officers' employees - blanket bond		50,000
Aetna Casualty and Surety Company - Surety		
Lisa A. Peacock, Director of Human Services		100,000
William C. Chase, Jr., Supervisor		1,000
Steven L. Walker, Supervisor		1,000
Steven E. Nixon, Supervisor		1,000
Sue D. Hansohn, Supervisor		1,000
Bradley C. Rosenberger, Supervisor		1,000
Larry W. Aylor, Supervisor		1,000
Alexa V. Fritz, Supervisor		1,000

Note 14—Other Postemployment Benefits–Health Insurance:

County:

A. Plan Description:

The County post-retirement health care plan is a single employer defined benefit healthcare plan that offers insurance benefits for employees who are eligible for retirement benefits. All full-time employees who retire with 30 years of service, or at age 62 with 5 years of service are eligible. Employees with disabilities must meet service retirement eligibility to be eligible. Pre-Medicare retirees may continue to remain in the Key Care 100 Plan, which includes prescription drugs. Once the participant is Medicare eligible they are no longer eligible to remain in the plan. The County's post-retirement health care Plan does not issue a separate, audited GAAP basis report.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees, the retirees pay 100% of the published rates for individual and dependant coverage until age 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	$ 177,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	(13,000)
Annual OPEB cost (expense)	$ 172,000
Contribution made	99,000
Increase in net OPEB obligation	$ 73,000
Net OPEB obligation-beginning of year	211,000
Net OPEB obligation-end of year	$ 284,000

Note 14—Other Postemployment Benefits–Health Insurance: (Continued)

County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 172,000	58%	$ 284,000
June 30, 2012	175,000	45%	211,000
June 30, 2011	167,000	40%	114,000

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 1,456,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,456,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	14,636,851
UAAL as a percentage of covered payroll	9.95%

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

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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.

Note 14—Other Postemployment Benefits–Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a 2.9% inflation rate and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012, was thirty years.

	Unfunded
Discount rate	4.0%
Payroll growth	3.5%

School Board:

A. Plan Description:

The School Board Extended Service Program is a single employer defined benefit healthcare plan that offers health insurance for retirees. Employees who receive an unreduced retirement benefit from VRS, has reached Level M (or equivalent years) or the top of the administrative schedule, is a full time, salaried employee of the school division at the time of applying for the program, and is not eligible for disability retirement benefits under VRS are eligible for the program. The School Board Extended Service Program does not issue a separate GAAP basis report.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. For participating retirees the School Board pays $256 per month towards the monthly premium and the retiree contributes remaining funds towards the monthly premium. Coverage ceases after seven years and there is no benefit provided after age 65. Surviving spouses are not allowed access to the plan.

Note 14—Other Postemployment Benefits–Health Insurance: (Continued)

School Board: (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), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	$ 231,000
Interest on net OPEB obligation	18,000
Adjustment to annual required contribution	(28,000)
Annual OPEB cost (expense)	$ 221,000
Contribution made	159,000
Increase in net OPEB obligation	$ 62,000
Net OPEB obligation-beginning of year	443,000
Net OPEB obligation-end of year	$ 505,000

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 221,000	72%	$ 505,000
June 30, 2012	309,000	63%	443,000
June 30, 2011	297,000	59%	330,000

Note 14—Other Postemployment Benefits–Health Insurance: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 1,890,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,890,000
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	48,241,019
UAAl as a percentage of covered payroll	4%

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

E. Actuarial Methods and Assumptions:

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

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant’s benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Note 14—Other Postemployment Benefits–Health Insurance: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Interest Assumptions

The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a 2.9% inflation rate and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after eighty years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012, was thirty years.

	Unfunded
Discount rate	4.0%
Payroll growth	3.5%

Note 15—VRS Health Insurance Credit–Other Postemployment Benefits Program:

A. Plan Description:

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

Note 15—VRS Health Insurance Credit–Other Postemployment Benefits Program: (Continued)

B. Funding Policy:

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2013 was .29% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

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

For 2013, the School Board's contribution of $12,088 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2013	$ 12,088	100%	$ -
June 30, 2012	12,687	100%	$ -
June 30, 2011	12,641	100%	-

D. Funded Status and Funding Progress:

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

Actuarial accrued liability (AAL)	$ 200,450
Actuarial value of plan assets	166,912
Unfunded actuarial accrued liability	33,538
Funded ratio (actuarial value of plan assets / AAL)	83.27%
Covered payroll (active plan members)	3,857,150
UAAl as a percentage of covered payroll	0.87%

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

Note 15—VRS Health Insurance Credit−Other Postemployment Benefits Program: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

E. Actuarial Methods and Assumptions:

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 29 years.

F. Professional Employees – Discretely Presented Component Unit School Board:

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

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

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 $489,209, $219,641, and $219,278, respectively and equaled the required contributions for each year.

NOTE 21—UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of 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.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
General property taxes	$ 48,062,218	$ 48,062,218	$ 51,137,567	$ 3,075,349
Other local taxes	6,708,919	6,708,919	7,952,164	1,243,245
Permits, privilege fees and regulatory licenses	500,600	500,600	735,097	234,497
Fines and forfeitures	65,000	65,000	170,555	105,555
Revenue from use of money and property	438,529	438,529	447,390	8,861
Charges for services	2,795,898	2,893,041	3,181,102	288,061
Miscellaneous	183,000	243,113	222,852	(20,261)
Recovered costs	370,238	370,238	417,539	47,301
Intergovernmental:				
School Board Contribution to Primary Government	-	-	97,676	97,676
Commonwealth	16,203,999	16,912,931	14,309,925	(2,603,006)
Federal	3,108,172	3,271,354	4,393,432	1,122,078
Total revenues	$ 78,436,573	$ 79,465,943	$ 83,065,299	$ 3,599,356
Expenditures:				
Current:				
General government administration:				
Legislative:				
Board of supervisors	$ 267,896	$ 273,230	$ 235,106	$ 38,124
General and financial administration:				
County administration	$ 337,709	$ 338,787	$ 321,999	$ 16,788
County attorney	246,343	246,580	213,924	32,656
Human resources	167,207	243,070	202,351	40,719
Procurement	236,782	262,066	250,872	11,194
Auditor	56,000	56,000	52,500	3,500
Commissioner of the Revenue	613,172	613,634	492,454	121,180
Reassessment	409,849	419,199	381,475	37,724
Board of equalization	14,763	14,763	10,127	4,636
Treasurer	539,402	538,060	428,338	109,722
Department of finance and budget	419,823	421,394	417,266	4,128
Information systems	476,097	480,109	335,988	144,121
Records management	200,771	232,059	187,296	44,763
Other general and financial administration	17,000	17,000	15,853	1,147
Total general and financial administration	$ 3,734,918	$ 3,882,721	$ 3,310,443	$ 572,278
Board of Elections:				
Electoral board and officials	$ 104,293	$ 127,443	$ 117,031	$ 10,412
Registrar	138,991	145,206	139,291	5,915
Total board of elections	$ 243,284	$ 272,649	$ 256,322	$ 16,327
Total general government administration	$ 4,246,098	$ 4,428,600	$ 3,801,871	$ 626,729

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2013 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Judicial administration:				
Courts:				
Circuit court	$ 88,460	$ 88,197	$ 81,557	$ 6,640
Clerk of the circuit court	640,847	664,392	636,015	28,377
Victim assistance program	109,897	109,814	109,708	106
Sheriff	830,493	775,107	775,106	1
Other courts	54,473	54,473	42,685	11,788
Total courts	$ 1,724,170	$ 1,691,983	$ 1,645,071	$ 46,912
Commonwealth's attorney:				
Commonwealth's attorney	$ 743,169	$ 743,339	$ 716,601	$ 26,738
Criminal justice services	415,733	420,477	396,518	23,959
Total commonwealth attorney	$ 1,158,902	$ 1,163,816	$ 1,113,119	$ 50,697
Total judicial administration	$ 2,883,072	$ 2,855,799	$ 2,758,190	$ 97,609
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 4,922,653	$ 5,375,675	$ 5,370,094	$ 5,581
Other law enforcement and traffic control	84,361	199,840	149,704	50,136
E-911	1,997,157	1,995,026	1,620,070	374,956
Total law enforcement and traffic control	$ 7,004,171	$ 7,570,541	$ 7,139,868	$ 430,673
Fire and rescue services:				
Fire and rescue	$ 2,188,515	$ 2,207,126	$ 2,207,125	$ 1
EMS council	9,786	9,786	9,786	-
State forest fire extinction	9,939	9,939	9,939	-
Total fire and rescue services	$ 2,208,240	$ 2,226,851	$ 2,226,850	$ 1
Correction and detention:				
Jail	$ 2,578,850	$ 2,323,594	$ 2,323,594	$ -
Outside jail services	200,000	366,000	365,867	133
Supervision plan services	49,288	49,288	47,684	1,604
Probation office	471,300	390,183	388,335	1,848
Total correction and detention	$ 3,299,438	$ 3,129,065	$ 3,125,480	$ 3,585
Inspections:				
Building	$ 478,814	$ 481,706	$ 432,120	$ 49,586

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2013 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Public safety: (continued)				
Other protection:				
Animal control	$ 581,062	$ 658,635	$ 634,395	$ 24,240
Medical examiner	700	700	400	300
Emergency services	2,272,661	2,293,588	2,076,799	216,789
Total other protection	$ 2,854,423	$ 2,952,923	$ 2,711,594	$ 241,329
Total public safety	$ 15,845,086	$ 16,361,086	$ 15,635,912	$ 725,174
Public works:				
Maintenance of general buildings and grounds:				
General properties	$ 1,109,995	$ 1,234,223	$ 970,027	$ 264,196
Total public works	$ 1,109,995	$ 1,234,223	$ 970,027	$ 264,196
Health and welfare:				
Health:				
Local health department	$ 316,203	$ 316,203	$ 316,203	$ -
Mental health and mental retardation:				
Community services	$ 343,283	$ 348,284	$ 348,284	$ -
Welfare:				
Community youth services	$ 3,410,600	$ 4,115,401	$ 4,115,264	$ 137
Culpeper cable commission	103,340	103,340	103,340	-
Options	192,388	195,080	170,815	24,265
2nd chance grant	-	-	33,511	(33,511)
Social services administration	6,659,013	6,659,483	5,475,427	1,184,056
Full circle thrift	433,806	433,806	285,363	148,443
Wheels for work	15,000	15,000	27,139	(12,139)
Workforce investment board	284,414	284,414	343,304	(58,890)
Cosmetology center	230,886	230,886	268,811	(37,925)
Daycare	1,267,312	1,267,312	1,349,547	(82,235)
Families first	190,841	190,841	134,058	56,783
Headstart	1,333,715	1,471,744	1,227,794	243,950
Total welfare	$ 14,121,315	$ 14,967,307	$ 13,534,373	$ 1,432,934
Total health and welfare	$ 14,780,801	$ 15,631,794	$ 14,198,860	$ 1,432,934
Education:				
Contributions to community colleges	$ 1,000	$ 1,000	$ 1,000	$ -
Contributions to Piedmont Tech	70,187	70,187	52,706	17,481
Contributions to Component Unit School Board	28,125,992	28,125,992	27,017,897	1,108,095
Total education	$ 28,197,179	$ 28,197,179	$ 27,071,603	$ 1,125,576

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Budget and Actual -- General Fund
Year Ended June 30, 2013 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Expenditures: (continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	$ 331,866	$ 369,550	$ 344,013	$ 25,537
Community complex	247,084	251,941	236,757	15,184
Total parks and recreation	$ 578,950	$ 621,491	$ 580,770	$ 40,721
Library:				
Library	$ 868,855	$ 968,394	$ 901,810	$ 66,584
Total parks, recreation and cultural	$ 1,447,805	$ 1,589,885	$ 1,482,580	$ 107,305
Community development:				
Planning and community development:				
Planning	$ 584,728	$ 599,780	$ 537,020	$ 62,760
Zoning board	4,500	4,500	634	3,866
Economic development	928,633	1,044,042	934,463	109,579
Total planning and community development	$ 1,517,861	$ 1,648,322	$ 1,472,117	$ 176,205
Environmental management:				
Soil and water conservation district	$ 35,000	$ 35,000	$ 35,000	$ -
Cooperative extension program:				
VPI extension	$ 155,548	$ 170,323	$ 135,297	$ 35,026
Total community development	$ 1,708,409	$ 1,853,645	$ 1,642,414	$ 211,231
Nondepartmental:				
Employee benefits	$ 171,778	$ 71,563	$ 299,721	$ (228,158)
Total nondepartmental	$ 171,778	$ 71,563	$ 299,721	$ (228,158)
Debt service:				
Principal retirement	$ 5,625,730	$ 10,238,730	$ 10,623,730	$ (385,000)
Interest and fiscal charges	4,424,757	4,469,755	4,036,935	432,820
Total debt service	$ 10,050,487	$ 14,708,485	$ 14,660,665	$ 47,820
Total expenditures	$ 80,440,710	86,932,259	$ 82,521,843	$ 4,410,416
Excess (deficiency) of revenues over (under) expenditures	$ (2,004,137)	$ (7,466,316)	$ 543,456	$ 8,009,772
Other financing sources (uses):				
Issuance of general obligation bonds	$ -	$ 4,613,000	$ 3,321,802	$ (1,291,198)
Premium on issuance of general obligation bonds	-	-	1,941,057	1,941,057
Transfers (out)	(2,556,691)	(2,556,691)	(2,556,691)	-
Total other financing sources (uses)	$ (2,556,691)	$ 2,056,309	$ 2,706,168	$ 649,859
Changes in fund balances	$ (4,560,828)	$ (5,410,007)	$ 3,249,624	$ 8,659,631
Fund balances at beginning of year	4,560,828	5,410,007	26,639,813	21,229,806
Fund balances at end of year	$ -	$ -	$ 29,889,437	$ 29,889,437

Schedule of Funding Progress for the Virginia Retirement System and Other Post Employment Benefits
For the Year Ended June 30, 2013

Virginia Retirement System

County

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
6/30/2012	$ 34,601,874	$ 47,191,078	$ 12,589,204	73.32%	$ 13,807,321	91.18%
6/30/2011	34,001,919	44,536,659	10,534,740	76.35%	13,937,019	75.59%
6/30/2010	32,440,096	41,156,228	8,716,132	78.82%	13,959,631	62.44%

Discretely Presented Component Unit - School Board
School Board Non-Professionals:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
6/30/2012	$ 9,272,865	$ 10,222,781	$ 949,916	90.71%	$ 3,857,150	24.63%
6/30/2011	9,146,654	9,969,339	822,685	91.75%	4,038,431	20.37%
6/30/2010	8,688,396	9,557,313	868,917	90.91%	4,122,945	21.08%

Other Post Employement Benefits

County

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2012	$ -	$ 1,456,000	$ 1,456,000	0.00%	$ 14,636,851	9.95%
7/1/2011	-	1,457,000	1,457,000	0.00%	13,937,019	10.45%
7/1/2010	-	1,386,000	1,386,000	0.00%	13,959,631	9.93%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2012	$ -	$ 1,890,000	$ 1,890,000	0.00%	$ 48,241,019	3.92%
7/1/2011	-	2,432,000	2,432,000	0.00%	40,395,037	6.02%
7/1/2010	-	2,356,000	2,356,000	0.00%	N/A	N/A

Virginia Retirement System - Health Insurance Credit

Discretely Presented Component Unit - School Board
School Board Non-Professionals:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
6/30/2012	$ 166,912	$ 200,450	$ 33,538	83.27%	$ 3,857,150	0.87%
6/30/2011	162,967	192,547	29,580	84.64%	4,038,431	0.73%
6/30/2010	131,073	185,642	54,569	70.61%	4,122,945	1.32%

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ 16,090	$ 16,090
Miscellaneous	-	1,000	1,132	132
Total revenues	$ -	$ 1,000	$ 17,222	$ 16,222
Expenditures:				
Current:				
General government administration	$ 300,000	$ 750,458	$ 80,176	$ 670,282
Public works	1,000,000	3,430,111	108,407	3,321,704
Education:				
Contributions to School Board Component Unit	-	-	242,350	(242,350)
Parks & recreation	-	696,680	94,056	602,624
Debt service:				
Interest and other fiscal charges	1,000,000	1,000,000	189,866	810,134
Total expenditures	$ 2,300,000	$ 5,877,249	$ 714,855	$ 5,162,394
Excess (deficiency) of revenues over (under) expenditures	$ (2,300,000)	$ (5,876,249)	$ (697,633)	$ 5,178,616
Other financing sources (uses):				
Issuance of general obligation bonds	$ 1,000,000	$ 1,000,000	$ 440,548	$ (559,452)
Transfers in	1,300,000	1,300,000	1,300,000	-
Total other financing sources (uses)	$ 2,300,000	$ 2,300,000	$ 1,740,548	$ (559,452)
Changes in fund balances	$ -	$ (3,576,249)	$ 1,042,915	$ 4,619,164
Fund balances at beginning of year	-	3,576,249	1,267,657	(2,308,592)
Fund balances at end of year	$ -	$ -	$ 2,310,572	$ 2,310,572

Combining Statement of Fiduciary Net Position -
Agency Funds
At June 30, 2013

	Special Welfare Fund	Sheriff Commissary Fund	Piedmont Tech Fund	Healthy Culpeper Fund	Thrift Store	Totals
Assets:						
Cash and cash equivalents	$ 144,176	$ 20,228	$ -	$ 18,613	$ 246,103	$ 429,120
Accounts receivable	-	-	565	-	-	565
Total assets	$ 144,176	$ 20,228	$ 565	$ 18,613	$ 246,103	$ 429,685
Liabilities:						
Amounts held for others	$ -	$ -	$ 565	$ 18,613	$ 246,103	$ 265,281
Amounts held for inmates	-	20,228	-	-	-	20,228
Amounts held for social services clients	144,176	-	-	-	-	144,176
Total liabilities	$ 144,176	$ 20,228	$ 565	$ 18,613	$ 246,103	$ 429,685

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 175,828	$ 131,850	$ 163,502	$ 144,176
Liabilities:				
Amounts held for social services clients	$ 175,828	$ 131,850	$ 163,502	$ 144,176
Sheriff Commissary Fund:				
Assets:				
Cash and cash equivalents	$ 23,052	$ 117,925	$ 120,749	$ 20,228
Liabilities:				
Amounts held for inmates	$ 23,052	$ 117,925	$ 120,749	$ 20,228
Piedmont Tech Fund:				
Assets:				
Cash and cash equivalents	$ -	$ 65,109	$ 65,109	$ -
Accounts receivable	-	565	-	565
Total assets	$ -	$ 65,674	$ 65,109	$ 565
Liabilities:				
Amounts held for others	$ -	$ 65,674	$ 65,109	$ 565
Healthy Culpeper Fund:				
Assets:				
Cash and cash equivalents	$ 19,498	$ 21,978	$ 22,863	$ 18,613
Liabilities:				
Amounts held for others	$ 19,498	$ 21,978	$ 22,863	$ 18,613
Thrift Store:				
Assets:				
Cash and cash equivalents	$ 230,860	$ 652,273	$ 637,030	$ 246,103
Liabilities:				
Amounts held for others	$ 230,860	$ 652,273	$ 637,030	$ 246,103
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	$ 449,238	$ 989,135	$ 1,009,253	$ 429,120
Accounts receivable	-	565	-	565
Total assets	$ 449,238	$ 989,700	$ 1,009,253	$ 429,685
Liabilities:				
Amounts held for social services clients	$ 175,828	$ 131,850	$ 163,502	$ 144,176
Amounts held for inmates	23,052	117,925	120,749	20,228
Amounts held for others	250,358	739,925	725,002	265,281
Total liabilities	$ 449,238	$ 989,700	$ 1,009,253	$ 429,685

Discretely Presented Component Unit-School Board

Combining Balance Sheet
Governmental Funds - Discretely Presented Component Unit -- School Board
At June 30, 2013

	Governmental Funds			
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Totals
Assets:				
Cash and cash equivalents	$ 136,830	$ 1,772,144	$ 16,602,188	$ 18,511,162
Due from other governmental units	1,987,999	-	-	1,987,999
Due from primary government	4,589,122	-	-	4,589,122
Total assets	$ 6,713,951	$ 1,772,144	$ 16,602,188	$ 25,088,283
Liabilities:				
Accounts payable	$ 576,358	$ -	$ 182,586	$ 758,944
Accrued liabilities	6,137,593	179,636	-	6,317,229
Total liabilities	$ 6,713,951	$ 179,636	$ 182,586	$ 7,076,173
Fund Balances:				
Restricted	$ -	$ -	$ 16,423,917	$ 16,423,917
Assigned	-	1,592,508	-	1,592,508
Unassigned	-	-	(4,315)	(4,315)
Total fund balances	$ -	$ 1,592,508	$ 16,419,602	$ 18,012,110
Total liabilities and fund balances	$ 6,713,951	$ 1,772,144	$ 16,602,188	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the School Board as a whole.	$ 39,462,959
Internal service funds are usded by the School Board to charge the cost of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The internal service funds net position are:	97,265
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term are reported in the statement of net position.	(1,628,855)
Net position of Government Activities	$ 55,943,479

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances --
Governmental Funds - Discretely Presented Component Unit -- School Board
Year Ended June 30, 2013

	Governmental Fund Types			
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Totals
Revenues:				
Revenue from use of money and property	$ 44,027	$ 10,493	$ 32,399	$ 86,919
Charges for services	114,295	1,499,658	-	1,613,953
Miscellaneous	979,804	26,616	-	1,006,420
Intergovernmental:				
County contribution to School Board	27,017,897	-	242,350	27,260,247
Commonwealth	39,373,589	51,986	-	39,425,575
Federal	3,306,747	1,997,519	-	5,304,266
Total revenues	$ 70,836,359	$ 3,586,272	$ 274,749	$ 74,697,380
Expenditures:				
Current:				
Education	$ 70,825,131	$ 3,513,159	$ -	$ 74,338,290
Capital projects	-	-	4,278,318	4,278,318
Contribution to primary government	-	-	97,676	97,676
Debt service:				
Principal retirement	11,216	-	-	11,216
Interest and other fiscal charges	12	-	-	12
Total expenditures	$ 70,836,359	$ 3,513,159	$ 4,375,994	$ 78,725,512
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 73,113	$ (4,101,245)	$ (4,028,132)
Other financing sources (uses):				
Issuance of general obligation bonds	$ -	$ -	$ 19,757,650	$ 19,757,650
Total other financing sources (uses)	$ -	$ -	$ 19,757,650	$ 19,757,650
Changes in fund balances	$ -	$ 73,113	$ 15,656,405	$ 15,729,518
Fund balances at beginning of year	-	1,519,395	763,197	2,282,592
Fund balances at end of year	$ -	$ 1,592,508	$ 16,419,602	$ 18,012,110

COUNTY OF CULPEPER, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances --
Governmental Funds - Budget and Actual -- Discretely Presented Component Unit -- School Board
Year Ended June 30, 2013

	School Operating Fund			
	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ 55,000	$ 55,000	$ 44,027	$ (10,973)
Charges for services	423,611	423,611	114,295	(309,316)
Miscellaneous	1,071,296	1,071,296	979,804	(91,492)
Intergovernmental:				
County contribution to School Board	28,125,992	28,125,992	27,017,897	(1,108,095)
Commonwealth	39,945,675	39,945,675	39,373,589	(572,086)
Federal	3,689,763	3,689,763	3,306,747	(383,016)
Total revenues	$ 73,311,337	$ 73,311,337	$ 70,836,359	$ (2,474,978)
Expenditures:				
Current:				
Education:				
Instruction	$ 55,706,254	$ 55,646,179	$ 54,301,240	$ 1,344,939
Administration, attendance and health	3,237,251	3,297,326	2,934,482	362,844
Pupil transportation	4,078,140	4,078,140	3,987,880	90,260
Operation and maintenance of school plant	7,900,428	7,900,428	7,164,096	736,332
Facilities	135,887	135,887	135,341	546
Technology instruction	2,242,103	2,242,103	2,302,092	(59,989)
School food service	-	-	-	-
Total education	$ 73,300,063	$ 73,300,063	$ 70,825,131	$ 2,474,932
Capital Projects	-	-	-	-
Contribution to primary government	-	-	-	-
Debt service:				
Principal retirement	11,216	11,216	11,216	-
Interest and other fiscal charges	58	58	12	46
Total expenditures	$ 73,311,337	$ 73,311,337	$ 70,836,359	$ 2,474,978
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
Other financing sources:				
Issuance of general obligation bonds	$ -	$ -	$ -	$ -
Total other financing sources	$ -	$ -	$ -	$ -
Changes in fund balances	$ -	$ -	$ -	$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

School Cafeteria Fund				School Capital Projects Fund			
Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
$ 1,500	$ 1,500	$ 10,493	$ 8,993	$ -	$ -	$ 32,399	$ 32,399
1,768,668	1,768,668	1,499,658	(269,010)	-	-	-	-
51,819	51,819	26,616	(25,203)	-	181,006	-	(181,006)
-	-	-	-	-	-	242,350	242,350
49,385	49,385	51,986	2,601	-	-	-	-
1,673,528	1,673,528	1,997,519	323,991	-	-	-	-
$ 3,544,900	$ 3,544,900	$ 3,586,272	$ 41,372	$ -	$ 181,006	$ 274,749	$ 93,743
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,544,900	3,544,900	3,513,159	31,741	-	-	-	-
$ 3,544,900	$ 3,544,900	$ 3,513,159	$ 31,741	$ -	$ -	$ -	$ -
-	-	-	-	18,932,000	21,545,421	4,278,318	17,267,103
-	-	-	-	-	-	97,676	(97,676)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 3,544,900	$ 3,544,900	$ 3,513,159	$ 31,741	$ 18,932,000	$ 21,545,421	$ 4,375,994	$ 17,169,427
$ -	$ -	$ 73,113	$ 73,113	$ (18,932,000)	$ (21,364,415)	$ (4,101,245)	$ 17,263,170
$ -	$ -	$ -	$ -	$ 18,932,000	$ 18,932,000	$ 19,757,650	$ 825,650
$ -	$ -	$ -	$ -	$ 18,932,000	$ 18,932,000	$ 19,757,650	$ 825,650
$ -	$ -	$ 73,113	$ 73,113	$ -	$ (2,432,415)	$ 15,656,405	$ 18,088,820
-	-	1,519,395	1,519,395	-	2,432,415	763,197	(1,669,218)
$ -	$ -	$ 1,592,508	$ 1,592,508	$ -	$ -	$ 16,419,602	$ 16,419,602

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Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 15,729,518
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 depreciation expense exceeded capital outlays in the current period:		
Capital asset additions	$ 1,193,269	
Depreciation expense	(2,694,712)	(1,501,443)
Internal service funds are used by the School Board to charge the costs of dental insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.		97,265
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. This amount reflects the change in accrued leave and other post employement benefits:		
Compensated absences	$ (173,610)	
Net OPEB obligation	(62,000)	(235,610)
The issuance of long-term debt (e.g. 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. Details of this adjustment are as follows:		
Principal retired on capital lease obligations	$ 11,216	11,216
Transfer of joint tenancy assets from Primary Government to the Component Unit School Board		4,087,036
Change in net position of governmental activities		$ 18,187,982

Statement of Net Position
Internal Service Fund -- Discretely Presented Component Unit -- School Board
At June 30, 2013

	Dental Insurance Fund
ASSETS	
Current Assets	
Cash and cash equivalents	$ 97,265
Total Assets	$ 97,265
NET Position	
Unrestricted	$ 97,265
Total Net Position	$ 97,265
Total Liabilities and Net Position	$ 97,265

Statement of Revenues, Expenses and Changes in Net Position --
Internal Service Fund -- Discretely Presented Component Unit -- School Board
Year Ended June 30, 2013

	Dental Insurance Fund
Operating revenues:	
Charges for services	$ 298,165
Operating expenses:	
Fringe benefits	$ 200,900
Change in net position	$ 97,265
Net position at beginning of year	-
Net position at end of year	$ 97,265

Statement of Cash Flows
Internal Service Fund -- Discretely Presented Component Unit -- School Board
Year Ended June 30, 2013

	Dental Insurance Fund
Cash flows from operating activities:	
Receipts from insured	$ 298,165
Payments to suppliers	(200,900)
Net cash provided by (used for) operating activities	$ 97,265
Increase (decrease) in cash and cash equivalents	$ 97,265
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ 97,265
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ 97,265
Net cash provided by (used for) operating activities	$ 97,265

Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 31,955,272	$ 31,955,272	$ 32,647,310	$ 692,038
Real and personal public service corporation property taxes	1,486,313	1,486,313	1,773,784	287,471
Personal property taxes	12,506,470	12,506,470	14,164,026	1,657,556
Mobile home taxes	19,170	19,170	26,575	7,405
Machinery and tools taxes	1,222,224	1,222,224	1,414,004	191,780
Aircraft taxes	31,987	31,987	37,306	5,319
Recreational property taxes	140,782	140,782	144,217	3,435
Penalties	400,000	400,000	500,946	100,946
Interest	300,000	300,000	429,399	129,399
Total general property taxes	$ 48,062,218	$ 48,062,218	$ 51,137,567	$ 3,075,349
Other local taxes:				
Local sales and use taxes	$ 4,800,000	$ 4,800,000	$ 5,675,646	$ 875,646
Transient occupancy tax	15,000	15,000	15,659	659
Consumer utility taxes	668,919	668,919	776,370	107,451
Bank Stock taxes	-	-	23,418	23,418
Motor vehicle licenses tax	650,000	650,000	791,114	141,114
Taxes on recordation and wills	575,000	575,000	669,957	94,957
Total other local taxes	$ 6,708,919	$ 6,708,919	$ 7,952,164	$ 1,243,245
Permits, privilege fees and regulatory licenses:				
Animal licenses	$ 20,200	$ 20,200	$ 18,032	$ (2,168)
Building and related permits	400,000	400,000	417,771	17,771
Other permits and licenses	80,400	80,400	299,294	218,894
Total permits, privilege fees and regulatory licenses	$ 500,600	$ 500,600	$ 735,097	$ 234,497
Fines and Forfeitures:				
Court fines and forfeitures	$ 65,000	$ 65,000	$ 170,555	$ 105,555
Revenue from use of money and property:				
Revenue from use of money	$ 25,000	$ 25,000	$ 15,863	$ (9,137)
Revenue from use of property	413,529	413,529	431,527	17,998
Total revenue from use of money and property	$ 438,529	$ 438,529	$ 447,390	$ 8,861

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	$ -	$ -	$ 19,092	$ 19,092
Charges for Commonwealth's attorney	2,000	2,000	2,535	535
Charges for parks and recreation	103,794	131,485	92,616	(38,869)
Charges for law enforcement and traffic control	14,000	14,000	27,013	13,013
Charges for courthouse maintenance fees	14,500	14,500	16,221	1,721
Charges for courthouse and courtroom security fees	76,500	76,500	86,293	9,793
Charges for other court costs	62,000	62,000	22,244	(39,756)
Charges for other protection	-	37,209	71,091	33,882
Charges for library	44,000	76,243	70,509	(5,734)
Charges for fire and rescue services	400,000	400,000	673,049	273,049
Charges for planning and community development	18,162	18,162	5,106	(13,056)
Full circle thrift fees	433,806	433,806	240,666	(193,140)
Charges for law library	12,000	12,000	11,933	(67)
Cosmetology fees	226,386	226,386	405,892	179,506
Charges for daycare	1,388,750	1,388,750	1,436,842	48,092
Total charges for services	$ 2,795,898	$ 2,893,041	$ 3,181,102	$ 288,061
Miscellaneous revenue:				
Miscellaneous	$ 183,000	$ 243,113	$ 222,852	$ (20,261)
Total miscellaneous revenue	$ 183,000	$ 243,113	$ 222,852	$ (20,261)
Recovered costs:				
Wheels for work	$ 15,000	$ 15,000	$ 17,370	$ 2,370
Town of Culpeper E-911	334,313	334,313	334,313	-
Payments from localities	20,925	20,925	65,856	44,931
Total recovered costs	$ 370,238	$ 370,238	$ 417,539	$ 47,301
Total revenue from local sources	$ 59,124,402	$ 59,281,658	$ 64,264,266	$ 4,982,608
Intergovernmental:				
School Board contribution to primary government	$ -	$ -	$ 97,676	$ 97,676
Total miscellaneous revenue	$ -	$ -	$ 97,676	$ 97,676
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 39,000	$ 39,000	$ 44,278	$ 5,278
Recordation tax	175,000	175,000	170,101	(4,899)
Mobile home titling taxes	5,500	5,500	7,179	1,679
Communications tax	2,082,081	2,082,081	2,082,081	-
PPTRA	3,367,808	3,367,808	3,367,808	-
Auto rental tax	45,000	45,000	57,608	12,608
Total noncategorical aid	$ 5,714,389	$ 5,714,389	$ 5,729,055	$ 14,666

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental : (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 341,014	$ 341,014	$ 374,069	$ 33,055
Sheriff	2,454,326	2,454,326	2,636,553	182,227
Commissioner of the Revenue	105,032	105,032	116,033	11,001
Treasurer	97,802	97,802	117,093	19,291
Registrar/electoral board	42,697	42,697	39,833	(2,864)
Clerk of the Circuit Court	270,183	292,698	310,466	17,768
Combined Court	12,000	12,000	11,325	(675)
Total shared expenses	$ 3,323,054	$ 3,345,569	$ 3,605,372	$ 259,803
Other categorical aid:				
Welfare administration and assistance	$ 3,892,765	$ 3,892,765	$ 1,443,739	$ (2,449,026)
Local jail	135,000	135,000	136,560	1,560
Governor's opportunity fund	-	150,000	150,000	-
Fire service program	70,000	70,000	86,446	16,446
Families first grant	122,410	122,410	116,111	(6,299)
Options	22,000	23,100	17,025	(6,075)
Library aid	146,531	146,547	146,547	-
E-911 wireless	88,764	88,764	45,212	(43,552)
Two for life funds	40,000	40,000	44,660	4,660
Community youth services grant	2,306,395	2,795,796	2,438,306	(357,490)
Juvenile and domestic relations	51,869	51,869	50,583	(1,286)
Criminal justice services	237,022	237,022	238,221	1,199
Crime victim assistance	17,600	17,600	17,539	(61)
Other categorical aid	36,200	82,100	44,549	(37,551)
Total other categorical aid	$ 7,166,556	$ 7,852,973	$ 4,975,498	$ (2,877,475)
Total categorical aid	$ 10,489,610	$ 11,198,542	$ 8,580,870	$ (2,617,672)
Total revenue from the Commonwealth	$ 16,203,999	$ 16,912,931	$ 14,309,925	$ (2,603,006)

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental : (Continued)				
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	$ 1,522,043	$ 1,522,043	$ 2,549,256	$ 1,027,213
Adult services grant	284,414	284,414	291,676	7,262
Department of justice grants	36,638	36,638	36,638	-
Emergency services	-	-	10,751	10,751
Victim witness grant	52,800	52,800	52,617	(183)
Electoral board	-	-	5,685	5,685
USDA grant funds	181,000	263,274	292,053	28,779
Headstart	1,031,277	1,031,277	1,038,580	7,303
Drug forfeitures	-	-	1,165	1,165
2nd chance grant	-	-	32,970	32,970
Federal interest subsidy	-	44,748	44,747	(1)
Law enforcement grant	-	15,560	15,560	-
DMV selective enforcement grant	-	20,600	21,734	1,134
Total revenue from the federal government	$ 3,108,172	$ 3,271,354	$ 4,393,432	$ 1,122,078
Total General Fund	$ 78,436,573	$ 79,465,943	$ 83,065,299	$ 3,599,356
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	$ -	$ -	$ 16,090	$ 16,090
Total revenue from use of money and property	$ -	$ -	$ 16,090	$ 16,090
Miscellaneous:				
Miscellaneous	$ -	$ 1,000	$ 1,132	$ 132
Total revenue from local sources	$ -	$ 1,000	$ 17,222	$ 16,222
Total Capital Projects Fund	$ -	$ 1,000	$ 17,222	$ 16,222
Total Revenues -- Primary Government	$ 78,436,573	$ 79,466,943	$ 83,082,521	$ 3,615,578

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 10	$ 10
Revenue from use of property	55,000	55,000	44,017	$ (10,983)
Total revenue from use of money and property	$ 55,000	$ 55,000	$ 44,027	$ (10,973)
Charges for services:				
Textbook sales	$ 6,000	$ 6,000	$ -	$ (6,000)
Transportation and field trips	45,000	45,000	54,521	9,521
Tuition and fees	372,611	372,611	59,774	(312,837)
Total charges for services	$ 423,611	$ 423,611	$ 114,295	$ (309,316)
Miscellaneous revenue:				
Miscellaneous	$ 1,071,296	$ 1,071,296	$ 979,804	$ (91,492)
Total miscellaneous revenue	$ 1,071,296	$ 1,071,296	$ 979,804	$ (91,492)
Total revenue from local sources	$ 1,549,907	$ 1,549,907	$ 1,138,126	$ (411,781)
Intergovernmental:				
County contribution to School Board	$ 28,125,992	$ 28,125,992	$ 27,017,897	$ (1,108,095)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 7,823,534	$ 7,823,534	$ 7,805,266	$ (18,268)
Basic school aid	20,620,324	20,620,324	20,389,751	(230,573)
Special education-SOQ	2,073,715	2,073,715	2,058,377	(15,338)
Primary class size	761,070	761,070	784,865	23,795
Gifted and talented	229,869	229,869	228,169	(1,700)
Remedial education	582,010	582,010	577,705	(4,305)
Preschool initiative	-	-	391,318	391,318
Vocational education-SOQ	606,464	606,464	601,978	(4,486)
Educational technology	310,000	310,000	310,000	-
At - risk	453,851	453,851	450,841	(3,010)
Textbook	438,855	438,855	435,609	(3,246)
Fringe benefits	3,472,494	3,472,494	3,548,438	75,944
ESL	248,742	248,742	271,531	22,789
Special education-Tuition	1,181,948	1,181,948	678,345	(503,603)
At risk four year olds	745,050	745,050	353,732	(391,318)
Other categorical aid	397,749	397,749	487,664	89,915
Total categorical aid	$ 39,945,675	$ 39,945,675	$ 39,373,589	$ (572,086)
Total revenue from the Commonwealth	$ 39,945,675	$ 39,945,675	$ 39,373,589	$ (572,086)

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	$ 1,342,553	$ 1,342,553	$ 1,271,356	$ (71,197)
ARRA-Title I school improvement	-	-	11,280	11,280
Title I school improvement	358,334	358,334	341,637	(16,697)
Title II -- Part A	339,565	339,565	213,004	(126,561)
Title VI - B	1,449,228	1,449,228	1,311,445	(137,783)
Preschool incentive	41,494	41,494	41,347	(147)
Technology grant	8,786	8,786	-	(8,786)
Title III	42,803	42,803	1,757	(41,046)
Vocational education	92,000	92,000	114,921	22,921
Miscellaneous federal grants	15,000	15,000	-	(15,000)
Total revenue from the federal government	$ 3,689,763	$ 3,689,763	$ 3,306,747	$ (383,016)
Total School Operating Fund	$ 73,311,337	$ 73,311,337	$ 70,836,359	$ (2,474,978)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ 1,500	$ 1,500	$ 10,493	$ 8,993
Charges for services:				
Cafeteria sales	1,768,668	1,768,668	1,499,658	(269,010)
Miscellaneous revenue:				
Miscellaneous	51,819	51,819	26,616	(25,203)
Total revenue from local sources	$ 1,821,987	$ 1,821,987	$ 1,536,767	$ (285,220)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ 49,385	$ 49,385	$ 51,986	$ 2,601
Total revenue from the Commonwealth	$ 49,385	$ 49,385	$ 51,986	$ 2,601
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 1,673,528	$ 1,673,528	$ 1,997,519	$ 323,991
Total revenue from the federal government	$ 1,673,528	$ 1,673,528	$ 1,997,519	$ 323,991
Total School Cafeteria Fund	$ 3,544,900	$ 3,544,900	$ 3,586,272	$ 41,372

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 32,399	$ 32,399
Miscellaneous revenue:				
Miscellaneous	-	181,006	-	(181,006)
Intergovernmental revenue:				
County contribution to School Board	-	-	242,350	242,350
Total School Capital Projects Fund	$ -	$ 181,006	$ 274,749	$ 93,743
Total Revenues--Component Unit--School Board	$ 76,856,237	$ 77,037,243	$ 74,697,380	$ (2,339,863)
Total Revenues -- Reporting Entity	$ 155,292,810	$ 156,504,186	$ 157,779,901	$ 1,275,715

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Sources:

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

COUNTY OF CULPEPER, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	$ 6,935,344	$ 14,986,153	$ 10,685,692	$ 14,961,689
Restricted	5,558,267	285,663	291,256	-
Unrestricted	19,919,678	24,746,856	(16,216,855)	4,410,152
Total governmental activities net position	$ 32,413,289	$ 40,018,672	$ (5,239,907)	$ 19,371,841
Business-type activities:				
Net investment in capital assets	$ 11,934,526	$ 13,272,556	$ 16,010,805	$ 25,343,202
Unrestricted	(82,002)	420,504	1,219,337	(1,011,200)
Total primary government expenses	$ 11,852,524	$ 13,693,060	$ (4,020,570)	$ 24,332,002
Primary government				
Net investment in capital assets	$ 18,869,870	$ 28,258,709	$ 26,696,497	$ 40,304,891
Restricted	5,558,267	285,663	291,256	-
Unrestricted	19,837,676	25,167,360	(14,997,518)	3,398,952
Total primary government	$ 44,265,813	$ 53,711,732	$ 11,990,235	$ 43,703,843

Table 1

	2008	2009	2010	2011	2012	2013
	$ 18,469,361	$ 25,331,224	$ 21,744,425	$ 21,370,300	$ 17,778,776	$ 16,627,373
	-	-	-	-	-	-
	18,933,684	18,086,410	25,869,837	27,474,989	27,471,050	14,431,592
	$ 37,403,045	$ 43,417,634	$ 47,614,262	$ 48,845,289	$ 45,249,826	$ 31,058,965
	$ 36,145,416	$ 38,532,234	$ 38,791,879	$ 41,694,088	$ 40,660,307	$ 39,449,925
	4,832,584	3,592,573	2,974,397	3,178,202	2,598,615	2,183,371
	$ 40,978,000	$ 42,124,807	$ 41,766,276	$ 44,872,290	$ 43,258,922	$ 41,633,296
	$ 54,614,777	$ 63,863,458	$ 60,536,304	$ 63,064,388	$ 58,439,083	$ 56,077,298
	-	-	-	-	-	-
	23,766,268	21,678,983	28,844,234	30,653,191	30,069,665	16,614,963
	$ 78,381,045	$ 85,542,441	$ 89,380,538	$ 93,717,579	$ 88,508,748	$ 72,692,261

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Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government administration	$ 2,499,392	$ 2,953,543	$ 3,543,334	$ 3,853,551	$ 4,081,639	$ 4,256,847	$ 3,775,509	$ 3,633,816	$ 3,800,416	$ 3,931,161
Judicial administration	1,740,818	1,969,364	2,069,759	2,205,424	2,457,649	2,373,026	2,447,227	2,473,186	2,624,197	2,780,091
Public safety	9,103,918	10,081,478	12,172,591	13,041,979	14,246,020	14,047,751	13,702,268	13,562,228	14,386,558	15,463,283
Public works	1,283,304	1,479,809	1,352,053	1,189,262	3,575,121	3,130,874	1,568,686	2,583,345	1,618,568	1,543,378
Health & welfare	10,142,768	10,379,264	11,967,563	12,836,396	14,807,178	14,814,505	15,032,809	12,738,839	14,647,425	14,203,433
Education	22,735,578	23,427,804	77,431,819	34,846,547	31,778,033	32,740,398	31,510,041	34,331,434	34,440,476	49,430,292
Parks, recreation, & cultural	1,095,318	1,100,173	1,262,842	1,740,458	1,870,925	1,970,055	1,919,952	1,600,257	1,567,789	1,664,904
Community development	956,662	1,120,188	1,329,556	1,268,077	1,486,477	1,962,771	1,452,963	1,610,886	1,460,773	1,659,241
Interest & other fiscal charges	1,770,141	1,862,068	4,411,072	4,329,496	4,529,751	4,378,949	4,389,711	4,099,392	4,092,858	4,401,646
Total governmental activities expenses	$ 51,327,899	$ 54,373,691	$ 115,540,589	$ 75,311,190	$ 78,832,793	$ 79,675,176	$ 75,799,166	$ 76,633,383	$ 78,639,060	$ 95,077,429
Business-type activities:										
Landfill	$ 2,646,458	$ 2,782,599	$ 3,275,796	$ 3,363,244	$ 3,297,771	$ 2,707,086	$ 2,222,198	$ 2,138,539	$ 1,886,407	$ 1,733,255
Water & sewer	288,077	429,363	487,099	648,395	606,918	668,330	756,992	1,221,589	1,221,665	1,262,463
Airport	698,619	835,945	1,313,602	1,424,084	1,522,674	1,590,711	1,582,110	1,475,240	1,723,893	1,769,009
Water & sewer authority	-	563	8,157	947	23,117	68,256	16,591	314,927	1,009,152	953,781
Total business-type activities expenses	$ 3,633,154	$ 4,048,470	$ 5,084,654	$ 5,436,670	$ 5,450,480	$ 5,034,383	$ 4,577,891	$ 5,150,295	$ 5,841,117	$ 5,718,508
Total primary government expenses	$ 54,961,053	$ 58,422,161	$ 120,625,243	$ 80,747,860	$ 84,283,273	$ 84,709,559	$ 80,377,057	$ 81,783,678	$ 84,480,177	$ 100,795,937
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	$ 5,314	$ -	$ -	$ -	$ -	$ 566,496	$ -	$ -	$ -	$ -
Judicial administration	435,977	443,567	402,299	370,614	283,699	298,632	230,856	249,528	199,559	328,873
Public safety	1,328,513	2,184,845	122,835	1,677,223	1,499,059	733,912	1,093,514	1,101,495	1,081,223	1,506,250
Public works	18,083	-	-	18,642	-	-	-	-	-	-
Health & welfare	880,732	1,085,833	1,199,314	1,142,631	1,673,477	1,718,636	1,522,702	1,461,360	2,091,457	2,083,400
Parks, recreation, & cultural	111,668	133,158	155,619	144,187	479,094	120,581	162,289	193,087	183,356	163,125
Community development	149,030	2,040	2,153,675	57,060	5,107	1,724	1,643	4,522	2,921	5,106
Operating grants & contributions:										
General government administration	241,638	472,252	278,320	327,369	354,849	321,064	309,388	320,640	358,526	323,391
Judicial administration	887,111	566,048	1,357,127	1,390,202	761,272	702,737	666,028	686,096	692,587	695,860
Public safety	2,795,970	3,551,388	2,951,304	2,962,762	3,730,211	3,852,005	3,511,081	3,506,061	3,506,375	3,437,623
Public works	6,593	-	-	-	30,014	-	183,088	-	-	-
Health & welfare	6,235,198	6,963,769	7,761,645	7,266,594	8,658,725	8,865,082	9,418,108	8,719,521	8,208,982	8,220,881
Parks, recreation, & cultural	132,616	151,407	-	177,794	183,091	173,625	168,706	148,913	146,531	146,547
Community development	5,000	45,182	-	-	-	500,000	-	194,062	191,034	150,000
Interest on long-term debt	-	-	-	-	-	-	20,136	-	-	-
Capital grants & contributions	4,850	-	1,282,500	26,335,715	26,042,891	7,483,680	4,910,289	317,073	93,094	97,676
Total governmental activities program revenues	$ 13,238,293	$ 15,599,489	$ 17,664,638	$ 41,870,793	$ 43,701,489	$ 25,338,174	$ 22,197,828	$ 16,902,358	$ 16,755,645	$ 17,158,732

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program revenues: (Continued)										
Business-type activities:										
Charges for services:										
Landfill	1,672,544	2,288,332	2,667,679	2,650,528	2,469,848	1,587,384	1,186,803	1,109,940	1,094,329	937,857
Water & sewer	165,484	99,073	131,796	115,968	193,935	161,933	242,502	951,072	775,115	850,439
Airport	425,059	537,790	618,393	712,810	729,831	783,149	688,225	731,398	813,900	871,332
Operating grants & contributions:										
Water & sewer	-	-	-	800	-	-	-	-	-	-
Airport	-	-	-	11,627	-	-	7,560	14,123	50,755	6,876
Capital grants & contributions	3,809,913	496,474	3,244,989	5,950,655	12,222,118	1,686,515	381,494	6,831,743	226,084	167,021
Total business-type activities program revenues	6,073,000	3,421,669	6,662,857	9,442,388	15,615,732	4,218,981	2,506,584	9,638,276	2,960,183	2,833,525
Total primary government program revenues	19,311,293	19,021,158	24,327,495	51,313,181	59,317,221	29,557,155	24,704,412	26,540,634	19,715,828	19,992,257
Net (expense) / revenue										
Governmental activities	(38,089,606)	(38,774,202)	(97,875,951)	(33,440,397)	(35,131,304)	(54,337,002)	(53,601,338)	(59,731,025)	(61,883,415)	(77,918,697)
Business-type activities	2,439,846	(626,801)	1,578,203)	4,005,718	10,165,252	(815,402)	(2,071,307)	4,487,981	(2,880,934)	(2,884,983)
Total primary government net expense	(35,649,760)	(39,401,003)	(96,297,748)	(29,434,679)	(24,966,052)	(55,152,404)	(55,672,645)	(55,243,044)	(64,764,349)	(80,803,680)
General Revenues & Other Changes in Net Position										
Governmental activities:										
General property taxes	29,451,312	32,650,412	36,481,179	44,768,171	44,724,837	48,819,205	45,953,541	46,440,370	46,299,778	50,615,844
Local sales & use taxes	4,671,523	5,426,631	5,525,376	5,071,523	5,103,979	4,518,626	4,670,002	4,710,612	4,782,750	5,675,646
Consumer utility taxes	1,780,313	1,771,697	2,005,108	2,020,722	2,067,744	2,020,957	1,983,855	810,500	753,893	776,370
E-911 taxes	818,349	807,345	841,571	804,259	888,885	747,563	750,680	-	-	-
Taxes on recordation & wills	729,478	1,602,899	1,866,077	1,246,208	875,739	760,296	538,548	507,473	554,087	669,957
Motor vehicle license taxes	692,057	710,746	737,060	522,458	61,738	648,490	701,177	715,355	724,866	791,114
Other local taxes	127,444	119,993	125,896	115,545	157,284	148,335	146,960	22,897	35,157	39,077
Unrestricted revenues from use of money & property	342,699	890,239	1,743,951	2,264,532	1,819,900	599,243	449,462	300,580	317,143	463,480
Miscellaneous	493,592	593,142	566,864	256,774	923,303	287,627	677,791	293,577	338,516	223,984
Grants & contributions not restricted to specific programs	3,454,276	3,493,550	3,979,168	3,841,914	3,712,251	3,690,898	3,626,392	5,768,766	5,742,053	5,729,055
Transfers	(1,229,716)	(1,687,068)	(1,878,878)	(2,859,961)	(6,253,652)	(1,889,649)	(1,700,442)	1,391,922	(1,260,291)	(1,256,691)
Total governmental activities	41,331,327	46,379,586	51,993,372	58,052,145	54,082,008	60,351,591	57,797,966	60,962,052	58,287,952	63,727,836
Business-type activities:										
Unrestricted revenues from use of money & property	8,565	21,465	80,001	236,184	227,094	72,560	12,334	9,955	7,275	2,666
Miscellaneous	-	84,976	-	-	-	-	-	-	-	-
Transfers	1,229,716	1,687,068	1,878,878	2,859,961	6,253,652	1,889,649	1,700,442	(1,391,922)	1,260,291	1,256,691
Total business-type activities	1,238,281	1,793,509	1,958,879	3,096,145	6,480,746	1,962,209	1,712,776	(1,381,967)	1,267,566	1,259,357
Total primary government	42,569,608	48,173,095	53,952,251	61,148,290	60,562,754	62,313,800	59,510,742	59,580,085	59,555,518	64,987,193
Change in Net Position										
Governmental activities	3,241,721	7,605,384	(45,882,579)	24,611,748	18,950,704	6,014,589	4,196,628	1,231,027	(3,595,463)	(14,190,861)
Business-type activities	3,678,127	1,166,708	3,537,082	7,101,863	16,645,998	1,146,807	(358,531)	3,106,014	(1,613,368)	(1,625,626)
Total primary government	6,919,848	8,772,092	(42,345,497)	31,713,611	35,596,702	7,161,396	3,838,097	4,337,041	(5,208,831)	(15,816,487)

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	E-911 Taxes (1)	Taxes on Recordation and Wills	Motor Vehicle License Taxes	Other Local Taxes (1)	Total
2013	$ 50,615,844	$ 5,675,646	$ 776,370	$ -	$ 669,957	$ 791,114	$ 39,077	$ 58,568,008
2012	46,299,778	4,782,750	753,893	$ -	554,087	724,866	35,157	53,150,531
2011	46,440,370	4,710,612	810,500	-	507,473	715,355	22,897	53,207,207
2010	45,953,541	4,670,002	1,983,855	750,680	538,548	701,177	146,960	54,744,763
2009	48,819,205	4,518,626	2,020,957	747,563	760,296	648,490	148,335	57,663,472
2008	44,724,837	5,103,979	2,067,744	888,885	875,739	61,738	157,284	53,880,206
2007	44,768,171	5,071,523	2,020,722	804,259	1,246,208	522,458	115,545	54,548,886
2006	36,481,179	5,525,376	2,005,108	841,571	1,866,077	737,060	125,896	47,582,267
2005	32,650,412	5,426,631	1,771,697	807,345	1,602,899	710,746	119,993	43,089,723
2004	29,451,312	4,671,523	1,780,313	818,349	729,478	692,057	127,444	38,270,476

(1) - Starting in fiscal year 2011 communications tax is reported as an intergovernmental revenue.

COUNTY OF CULPEPER, VIRGINIA

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

	2004	2005	2006	2007
General fund				
Unreserved, designated for subsequent expenditures	$ 384,276	$ 1,271,174	$ 1,758,229	$ 1,618,995
Unreserved, designated for capital projects	2,500,000	3,515,262	3,592,005	1,892,005
Unreserved, undesignated	22,557,008	28,591,969	31,589,504	33,394,462
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	$ 25,441,284	$ 33,378,405	$ 36,939,738	$ 36,905,462
All other governmental funds				
Unreserved, reported in:				
Capital projects funds (deficit)	$ 2,673,991	$ 3,209,396	$ 942,798	$ 3,970,503
Committed	-	-	-	-
Total all other governmental funds	$ 2,673,991	$ 3,209,396	$ 942,798	$ 3,970,503

The County implemeted GASB 54, the new standard for fund balance reporting, in FY2011. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

Table 4

	2008	2009	2010	2011	2012	2013
	$ 3,004,067	$ 2,067,984	$ 2,130,135	$ -	$ -	$ -
	2,392,005	1,606,334	1,606,334	-	-	-
	21,012,107	20,630,986	22,342,047	-	-	-
	-	-	-	41,294	7,161	-
	-	-	-	79,313	69,173	40,961
	-	-	-	2,663,269	2,680,321	2,728,933
	-	-	-	4,175	4,175	4,175
	-	-	-	25,424,950	23,878,983	27,115,368
	$ 26,408,179	$ 24,305,304	$ 26,078,516	$ 28,213,001	$ 26,639,813	$ 29,889,437
	$ 1,730,757	$ (2,224,539)	$ 979,708	$ -	$ -	$ -
	-	-	-	151,354	1,267,657	2,310,572
	$ 1,730,757	$ (2,224,539)	$ 979,708	$ 151,354	$ 1,267,657	$ 2,310,572

COUNTY OF CULPEPER, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2004	2005	2006	2007
Revenues:				
General property taxes	$ 29,211,381	$ 32,807,959	$ 36,264,828	$ 44,232,779
Other local taxes	8,819,164	10,439,311	11,101,087	9,780,716
Permits, privilege fees and regulatory licenses	1,365,250	2,114,590	2,161,763	1,488,884
Fines and forfeitures	96,481	78,609	60,453	96,752
Revenue from use of money and property	342,699	890,239	1,743,951	2,264,532
Charges for services	1,467,586	1,656,244	1,811,526	1,824,721
Miscellaneous	493,592	593,142	566,864	256,774
Recovered costs	151,654	234,058	96,416	173,423
Intergovernmental:				
School Board Contribution to Primary Government	-	-	931,966	26,383,458
Commonwealth	9,135,443	9,437,555	10,336,751	10,996,233
Federal	4,319,666	5,806,041	5,990,813	4,970,402
Total revenues	$ 55,402,916	$ 64,057,748	$ 71,066,418	$ 102,468,674
Expenditures:				
General government administration	$ 2,511,990	$ 2,848,257	$ 3,568,370	$ 3,849,822
Judicial administration	1,715,860	1,939,838	2,074,360	2,327,462
Public safety	10,085,949	15,567,826	14,426,133	12,604,801
Public works	2,619,766	1,594,033	2,794,585	3,359,350
Health and welfare	10,051,059	10,578,388	12,005,443	12,719,822
Education	18,907,168	20,663,339	86,810,240	58,987,181
Parks, recreation, and cultural	1,152,737	5,154,782	1,850,341	2,110,261
Community development	923,585	1,097,985	1,285,455	1,219,129
Nondepartmental	-	-	-	-
Debt service:				
Principal retirement	2,065,422	2,218,067	2,340,953	2,584,746
Interest and other fiscal charges	1,771,917	1,643,638	3,405,806	4,352,710
Total expenditures	$ 51,805,453	$ 63,306,153	$ 130,561,686	$ 104,115,284
Excess (deficiency) of revenues over (under) expenditures	$ 3,597,463	$ 751,595	$ (59,495,268)	$ (1,646,610)
Other financing sources (uses):				
Transfers in	$ 2,065,500	$ 878,232	$ 2,102,435	$ 5,719,630
Transfers (out)	(3,295,216)	(2,565,300)	(3,981,313)	(8,579,591)
Issuance of debt	2,045,098	9,408,000	62,668,881	7,500,000
Premium on bonds issued	-	-	-	-
Retirement of temporary financing	-	-	-	-
Total other financing sources (uses)	$ 815,382	$ 7,720,932	$ 60,790,003	$ 4,640,039
Net changes in fund balances	$ 4,412,845	$ 8,472,527	$ 1,294,735	$ 2,993,429
Debt service as a percentage of noncapital expenditures	7.71%	7.30%	4.99%	9.33%

Table 5

2008	2009	2010	2011	2012	2013
$ 44,178,683	$ 48,035,130	$ 45,440,793	$ 46,509,646	$ 46,323,781	$ 51,137,567
9,155,369	8,844,267	8,791,222	6,766,837	6,850,753	7,952,164
916,830	624,759	563,189	569,944	428,957	735,097
52,278	90,718	77,962	62,947	89,089	170,555
1,819,900	599,243	449,462	300,580	317,143	463,480
2,971,328	2,724,504	2,369,853	2,377,101	3,040,470	3,181,102
923,303	287,627	677,791	293,577	338,516	223,984
219,596	264,157	258,658	270,126	368,617	417,539
26,042,891	4,532,080	4,910,289	317,073	-	97,676
12,275,773	12,028,450	12,815,210	14,091,483	14,086,945	14,355,605
5,154,640	6,076,961	5,087,717	5,252,576	4,852,237	4,347,752
$ 103,710,591	$ 84,107,896	$ 81,442,146	$ 76,811,890	$ 76,696,508	$ 83,082,521
$ 4,021,814	$ 4,216,069	$ 3,736,033	$ 3,556,229	$ 3,748,509	$ 3,882,047
2,511,337	2,529,996	2,434,963	2,788,266	2,618,326	2,758,190
14,676,760	14,924,513	13,684,548	13,708,943	14,695,407	15,635,912
3,776,003	4,450,069	2,353,642	2,115,634	2,232,883	1,078,434
14,799,765	14,803,422	15,004,065	13,826,298	14,448,935	14,198,860
59,897,360	35,121,032	29,906,138	28,611,381	28,699,942	27,313,953
1,842,207	1,905,922	1,776,126	1,737,378	1,629,557	1,576,636
1,454,190	1,908,497	1,441,024	1,590,180	1,444,933	1,642,414
-	-	-	359,157	378,310	299,721
2,652,946	3,944,953	4,369,831	4,415,162	13,329,095	10,623,730
4,561,586	4,471,945	4,125,385	4,189,053	4,212,005	4,226,801
$ 110,193,968	$ 88,276,418	$ 78,831,755	$ 76,897,681	$ 87,437,902	$ 83,236,698
$ (6,483,377)	$ (4,168,522)	$ 2,610,391	$ (85,791)	$ (10,741,394)	$ (154,177)
$ 4,026,294	$ 257,500	$ 288,933	$ 288,933	$ 30,000	$ 1,300,000
(10,279,946)	(2,147,149)	(1,989,375)	(1,989,375)	(1,290,291)	(2,556,691)
-	7,500,000	11,425,000	11,425,000	11,544,800	3,762,350
-	-	142,513	142,513	-	1,941,057
-	(7,500,000)	(7,500,000)	(7,500,000)	-	-
$ (6,253,652)	$ (1,889,649)	$ 2,367,071	$ 2,367,071	$ 10,284,509	$ 4,446,716
$ (12,737,029)	$ (6,058,171)	$ 4,977,462	$ 2,281,280	$ (456,885)	$ 4,292,539
9.21%	10.83%	11.05%	11.61%	20.49%	18.91%

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Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes (1)	E-911 Taxes (1)	Taxes on Recordation and Wills	Vehicle License Taxes	Other Local Taxes (1)	Total
2004	$ 29,211,381	$ 4,671,523	$ 1,780,313	$ 818,349	$ 729,478	$ 692,057	$ 127,444	$ 38,030,545
2005	32,807,959	5,426,631	1,771,697	807,345	1,602,899	710,746	119,993	43,247,270
2006	36,264,828	5,525,376	2,005,108	841,571	1,866,077	737,060	125,896	47,365,916
2007	44,232,779	5,071,523	2,020,722	804,259	1,246,208	522,458	115,546	54,013,495
2008	44,178,683	5,103,979	2,067,744	888,885	875,739	61,738	157,284	53,334,052
2009	48,035,130	4,518,626	2,020,957	747,563	760,296	648,490	148,335	56,879,397
2010	45,440,793	4,670,002	1,983,855	750,680	538,548	701,177	146,960	54,232,015
2011	46,509,646	4,710,612	810,500	-	507,473	715,355	22,897	53,276,483
2012	46,323,781	4,782,750	753,893	-	554,087	724,866	35,157	53,174,534
2013	51,137,567	5,675,646	776,370	-	669,957	791,114	39,077	59,089,731

(1) - Starting in fiscal year 2011 communications tax is reported as an intergovernmental revenue.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total	Direct Tax Rate
2003-04	$ 2,921,047,300	$ 329,442,255	$ 3,862,000	$ 68,045,868	$ 132,231,633	$ 3,454,629,056	$ 5.31
2004-05	3,066,157,290	342,808,625	3,947,400	63,700,993	98,285,489	3,574,899,797	5.39
2005-06	3,288,965,945	413,325,227	4,198,000	63,833,497	82,981,016	3,853,303,685	5.39
2006-07	3,569,349,706	461,389,729	4,328,700	69,929,639	70,651,384	4,175,649,158	6.39
2007-08	5,684,632,826	465,336,481	3,258,200	78,284,880	130,007,368	6,361,519,755	6.06
2008-09	5,747,238,496	482,347,707	3,129,900	84,569,648	145,637,364	6,462,923,115	6.11
2009-10	5,169,795,493	436,200,596	2,988,600	85,458,768	163,102,988	5,857,546,445	6.15
2010-11	5,144,951,484	459,950,654	2,942,500	80,056,700	183,217,885	5,871,119,223	6.15
2011-12	4,400,186,016	487,572,092	2,817,700	66,468,588	190,638,752	5,147,683,148	6.24
2012-13	4,425,676,576	521,285,475	2,789,500	70,437,097	211,146,356	5,231,335,004	6.30

(1) All amounts are at 100% fair market value.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate	Personal Property	Machinery and Tools	Total Direct Tax Rate
2003-04	$ 0.81	$ 2.50	$ 2.00	$ 5.31
2004-05	0.89	2.50	2.00	5.39
2005-06	0.89	2.50	2.00	5.39
2006-07 (2)	0.89	3.50	2.00	6.39
2007-08 (2)	0.56	3.50	2.00	6.06
2008-09 (2)	0.61	3.50	2.00	6.11
2009-10 (2)	0.65	3.50	2.00	6.15
2010-11 (2)	0.65	3.50	2.00	6.15
2011-12 (2)	0.74	3.50	2.00	6.24
2012-13 (2)	0.80	3.50	2.00	6.30

(1) Per $100 of assessed value.
(2) In fiscal year 2006-07 the Board of Supervisors split the personal property rate between recreational, aircraft and non-recreational. The recreational PP rate is $1.50; the aircraft rate is $.63 and the non-recreational rate is $3.50.

Principal Taxpayers
Current Year and Nine Years Ago

		2013			2004		
Taxpayer	Type of Business	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
NAP of the Capital Region, LLC	Manufacturing	$ 34,769,600	1	0.66%	$ n/a	n/a	n/a
SWIFT, Inc.	Communications	19,463,500	2	0.37%	25,558,450	1	0.74%
Dominion Square	Retail	14,683,600	3	0.28%	n/a	n/a	n/a
Culpeper Regency LLC	Retail	12,293,300	4	0.23%	n/a	n/a	n/a
Continental Teves	Manufacturing	11,827,500	5	0.23%	14,316,331	2	0.41%
Wal-Mart	Retail	10,905,600	6	0.21%	n/a	n/a	n/a
Friendship Heights, LLC	Developer	10,097,500	7	0.19%	n/a	n/a	n/a
Culpeper Marketplace Assoc, LLC	Retail	9,776,400	8	0.19%	n/a	n/a	n/a
Centex Homes	Developer	9,752,800	9	0.19%	n/a	n/a	n/a
Culpeper Shopping Center Joint Venture	Retail	8,846,800	10	0.17%	n/a	n/a	n/a
Rochester Corp	Cable Manufacturer	n/a	n/a	n/a	12,991,878	3	0.38%
Omni Services, Inc.	Holding Company	n/a	n/a	n/a	6,330,046	4	0.18%
PNC Leasing	Leasing	n/a	n/a	n/a	5,976,924	5	0.17%
Cargill, Inc.	Flower Mill	n/a	n/a	n/a	3,646,789	7	0.11%
Communications Corp of America	Consulting/Mail Services	n/a	n/a	n/a	5,804,838	6	0.17%
Commercial Erectors, Inc.	General Contractor	n/a	n/a	n/a	2,589,313	8	0.07%
Cedar Mountain Stone Corp	Stone Corporation	n/a	n/a	n/a	2,165,671	9	0.06%
Luck Stone Corp	Stone Corporation	n/a	n/a	n/a	2,041,237	10	0.06%
Totals		$ 142,416,600		2.72%	$ 81,421,477		2.35%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent (1) Tax (2) Collections	Total Collections to Date	
		Amount (1)(3)	Percent of Levy		Amount (1)	Percent of Levy
2003-04	$ 31,558,554	$ 31,079,517	98.48%	376,681	$ 31,456,198	99.68%
2004-05	35,078,394	34,416,374	98.11%	562,773	34,979,147	99.72%
2005-06	38,550,624	37,955,740	98.46%	455,349	38,411,089	99.64%
2006-07	47,041,990	45,981,659	97.75%	901,958	46,883,617	99.66%
2007-08	47,790,504	45,702,905	95.63%	1,804,677	47,507,582	99.41%
2008-09	51,559,488	49,120,376	95.27%	1,970,305	51,090,681	99.09%
2009-10	48,609,356	46,285,974	95.22%	1,893,697	48,179,671	99.12%
2010-11	49,411,286	47,149,308	95.42%	1,694,827	48,844,135	98.85%
2011-12	49,497,125	47,041,042	95.04%	1,149,186	48,190,228	97.36%
2012-13	53,633,638	51,788,087	96.56%	-	51,788,087	96.56%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

COUNTY OF CULPEPER, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					
Fiscal Year	County General Obligation Bonds	Lease Revenue Bonds	Notes Payable	Literary Loans	School Lease Revenue Bonds	School General Obligation Bonds
2004	$ 2,000,000	$ -	$ -	$ -	$ -	$ 30,615,263
2005	3,437,827	8,385,000	-	-	-	28,459,369
2006	3,320,794	8,121,388	7,500,000	-	54,200,000	26,313,341
2007	3,191,917	7,807,970	15,000,000	-	54,200,000	24,170,890
2008	3,058,050	7,482,945	15,000,000	-	54,200,000	21,976,836
2009	2,918,998	7,145,882	7,500,000	7,500,000	52,955,000	19,752,998
2010	2,774,560	10,721,334	-	14,625,000	51,670,000	17,537,153
2011	2,624,526	10,228,841	-	13,875,000	50,340,000	15,844,518
2012	2,546,000	12,431,262	-	13,125,000	49,713,575	14,194,590
2013	2,363,500	11,761,136	-	12,375,000	48,242,691	31,965,364

(1) Weldon Cooper Website

Business-Type Activities: Lease Revenue Bonds	Business-Type Activities: Notes Payable	Total Primary Government	Personal Income (1) (amounts expressed in thousands)	Percentage of Personal Income	Population (1)	Per Capita
$ 2,234,467	$ -	$ 34,849,730	$ 1,163,567	3.00%	40,151	$ 868
2,080,524	150,000	42,512,720	1,287,136	3.30%	43,154	985
1,918,252	120,000	101,493,775	1,397,986	7.26%	45,000	2,255
1,747,201	90,000	106,207,978	1,453,905	7.31%	48,074	2,209
1,566,896	60,000	103,344,727	1,512,062	6.83%	46,085	2,242
1,376,837	30,000	99,179,715	1,491,076	6.65%	47,517	2,087
1,176,496	-	98,504,543	1,540,742	6.39%	47,938	2,055
965,316	-	93,878,201	1,553,966	6.04%	47,040	1,996
742,712	-	92,753,139	1,762,003	5.26%	47,114	1,969
508,065	-	107,215,756	1,814,249	5.91%	47,732	2,246

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

Fiscal Year	Population (1)	Assessed Value (2)(1)	Gross Bonded Debt	Less Business Type Activities Lease Revenue Bonds	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2003-04	40,151	$ 3,454,629,056	$ 34,849,730	$ 2,234,467	$ 32,615,263	0.94%	$ 812
2004-05	43,154	3,574,899,797	42,362,720	2,080,524	40,282,196	1.13%	933
2005-06	45,000	3,853,303,685	101,373,775	1,918,252	99,455,523	2.58%	2,210
2006-07	48,074	4,175,649,158	106,117,978	1,747,201	104,370,777	2.50%	2,171
2007-08	46,085	6,361,519,755	103,284,727	1,566,896	101,717,831	1.60%	2,207
2008-09	47,517	6,462,923,115	99,149,715	1,376,837	97,772,878	1.51%	2,058
2009-10	47,938	5,857,546,445	98,504,543	1,176,496	97,328,047	1.66%	2,030
2010-11	47,040	5,871,119,223	93,878,201	965,316	92,912,885	1.58%	1,975
2011-12	47,114	5,147,683,148	92,753,139	742,712	92,010,427	1.79%	1,953
2012-13	47,732	5,231,335,004	107,215,756	508,065	106,707,691	2.04%	2,236

(1) Bureau of the Census.

(2) From Table 7

(3) Includes all long-term General Obligation Bonded Debt, Bond Anticipation Notes, and Literary Fund loans. Excludes revenue bonds, capital leases, and compensated absences.

Computation of Direct and Overlapping Bonded Debt
At June 30, 2013

Direct:(1)

County of Culpeper, Virginia	$	106,707,691	100%	$	106,707,691

(1)The County of Culpeper has no overlapping debt.

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	School Enrollment	Unemployment Rate (2)	Personal Income (3) (amounts expressed in thousands)	Per Capita Personal Income (2)
2003-04	40,151	6,260	2.60%	1,163,567	29,996
2004-05	43,154	6,408	3.20%	1,287,136	30,689
2005-06	45,000	6,893	3.20%	1,287,136	31,649
2006-07	48,074	7,194	3.20%	1,453,905	32,915
2007-08	46,085	7,232	5.10%	1,512,062	34,232
2008-09	47,517	7,223	8.30%	1,491,076	32,703
2009-10	47,938	7,416	8.00%	1,540,742	33,303
2010-11	47,040	7,474	6.40%	1,553,866	33,035
2011-12	47,114	7,612	6.50%	1,762,003	35,850
2012-13	47,732	7,731	5.50%	1,814,249	37,867

(1) U. S. Census Bureau
(2) Virginia Employment Commission
(3) Weldon Cooper Website

Principal Employers
Current Year and Five Years Ago

	Fiscal Year 2013			Fiscal Year 2008		
Employer	**Employees**	**% of Total County Employment**	**Rank**	**Employees**	**% of Total County Employment**	**Rank**
Culpeper County Public Schools	1,100	7.21%	1	1,490	9.74%	1
Culpeper Regional Hospital	698	4.58%	2	600	3.92%	2
Wal Mart	506	3.32%	3	598	3.91%	3
County of Culpeper	506	3.32%	4	400	2.61%	4
Va. Dept. of Transportation	441	2.89%	5	284	1.86%	9
Merillat Industries, Inc.	340	2.23%	6	n/a	n/a	n/a
Builder's First Source	270	1.77%	7	370	2.42%	5
Coffeewood Correctional Center	267	1.75%	8	350	2.29%	6
Continential Automotive	236	1.55%	9	316	2.07	8
Cintas	220	1.44%	10	265	1.73%	10
Masco Builder Cabinet Group	n/a	n/a	n/a	340	2.22%	7
Total	4,584			5,013		
Total County	15,247			15,298		

Source: Virginia Employment Commission

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	31	38	39	40	45	44	40	39	42	43
Judicial administration	28	28	29	33	33	33	34	33	34	35
Public safety										
Sheriffs department	76	77	76	90	90	90	83	84	83	85
E911	15	17	17	20	20	18	19	19	22	22
Fire & rescue/emergency services	9	11	11	24	24	24	24	24	24	24
Building inspections	11	13	13	17	17	14	14	3	6	6
Animal control	9	10	10	10	10	10	10	8	8	8
Public works										
General maintenance	2	3	3	5	5	3	3	3	3	3
Landfill	4	4	5	6	6	6	6	6	6	5
Water & Sewer	1	1	1	1	2	5	7	3	2	3
Health and welfare (Options/CSA)	2	3	3	3	4	3	4	4	3	4
Department of social services	80	86	86	98	100	100	94	89	87	84
Culture and recreation										
Parks and recreation	4	4	5	5	5	5	5	3	3	3
Library	5	5	5	7	7	7	7	7	7	7
Community development										
Planning	6	7	7	7	7	7	6	6	5	5
Economic Development	2	2	2	2	2	2	2	2	2	2
Airport	2	2	2	2	2	1	1	1	2	2
Totals	287	311	314	370	379	372	359	334	339	341

Source: FY adopted budgets

Operating Indicators by Function
Last Ten Fiscal Years

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sheriff	Physical arrests	2,416	2,644	2,658	2,908	1,273	1,612	730	922	1,254	1,814
	Traffic violations	1,468	1,306	2,733	2,011	1,248	2,651	1,914	1,287	2,240	2,788
Fire Protection	Number of stations	7	7	7	7	7	7	7	7	7	7
Community Development	Residential building permits	829	1,091	757	1,440	167	163	66	117	288	370
Parks & Recreation	Number of parks & recreation facilities	3	3	3	3	3	7	7	7	8	8
	Number of libraries	1	1	1	1	1	1	1	1	1	1

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public safety										
Sheriffs department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	32	38	42	42	51	50	65	84	88	91
Animal control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	3	3	3	3	4	4	3	5	5	5
Landfill:										
Vehicles	1	1	1	1	1	1	2	1	2	2
Equipment	4	4	4	5	5	5	7	12	13	13
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	3	3	3	3	3	3	3	4	4	4
Culture and recreation										
Parks and recreation:										
Vehicles	4	4	4	4	4	2	2	2	5	5
Parks acreage (or playing fields)	1	1	1	3	3	3	3	3	8	8
Community development										
Planning:										
Vehicles	0	0	0	0	0	0	0	0	1	1
Component Unit - School Board										
Education:										
Schools	8	8	8	8	8	8	10	10	10	10
School buses	NA	NA	NA	NA	NA	NA	129	136	131	131

NA - Not available

Source: Individual county departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Culpeper, 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 Culpeper, Virginia's basic financial statements, and have issued our report thereon dated December 4, 2013.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 4, 2013

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

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

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, County of Culpeper, 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 Culpeper, 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 Culpeper, 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 Culpeper, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 4, 2013

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
Primary Government:				
Department of Agriculture:				
Pass through payments:				
Department of Social Services:				
State Administration Matching Grants for Supplemental Nutrition Assistance Programs	10.561	0010109/0010110/0040109/0040110	$	597,921
Summer Food Service for Children (Child Nutrition Cluster)	10.559	N/A		174,634
Child and Adult Care Food Program	10.558	N/A		117,419
Total Department of Agriculture			$	889,974
Department of Health and Human Services:				
Direct Payments:				
Head Start	93.600	N/A	$	1,038,580
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950109/0950110		3,707
Temporary Assistance for Needy Families	93.558	0400109/0400110		475,399
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110		1,706
Low Income Home Energy Assistance	93.568	0600409/0600410		16,824
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	0770109/0770110		(2,681)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110		47,063
Chafee Education and Training Vouchers Program	93.599	9160108/9160109		2,548
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900109		1,477
Foster Care - Title IV-E	93.658	1100109/1100110		442,272
Adoption Assistance	93.659	1120109/1120110		313,099
Social Services Block Grant	93.667	1000109/1000110		272,351
Chafee Foster Care Independence Program	93.674	915108/9150109/9150110		7,058
Children's Health Insurance Program	93.767	0540109/0540110		13,779
Medical Assistance Program	93.778	1200109/1200110		356,733
Total pass through payments			$	1,951,335
Total Department of Health and Human Services			$	2,989,915
Department of Labor:				
Pass Through Payments:				
Central Virginia Partnership for Economic Development:				
WIA Adult Program	17.258	N/A	$	100,325
WIA Dislocated Worker Formula Grants	17.278	N/A		191,351
Total Department of Labor			$	291,676
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	11VAGX0001	$	52,617
Asset Forfeiture	16.000	N/A		1,165
State Criminal Alien Assistance Program	16.606	N/A		15,560
Second Chance Act Prisoner Reentry Initiative	16.812	N/A		32,970
Violence Against Women Formula Grants	16.588	10WFAX0041		36,638
Total Department of Justice			$	138,950

COUNTY OF CULPEPER, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013 (Continued)

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Primary Government: (Continued)			
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	N/A	$ 162,553
Pass through payments:			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirerments	20.607	154AL1151137	21,734
Total Department of Transporation			$ 184,287
U.S. Election Assistance Commission:			
Pass through payments:			
Virginia Election Commission:			
Help America Vote Act Requirements Payments	90.401	N/A	$ 5,685
Department of Homeland Security:			
Pass through payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	N/A	$ 10,751
Total Department of Homeland Security			$ 10,751
Total Expenditures of Federal Awards-Primary Government			$ 4,511,238
Component Unit School Board:			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution -- Schools	10.555	N/A	$ 195,351
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	10.555/2009/2010	1,414,637
			$ 1,609,988
School Breakfast Program	10.553	10.553/2009/2010	387,531
Total Department of Agriculture			$ 1,997,519
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	S010A080046/S010A070046/S010A090046	$ 1,271,356
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A090107/H027A080107	1,311,445
Special Education - Preschool Grants	84.173	H173A080112/H173A090112	41,347
Vocational Education Program Improvement --			
Career and Technical Education -- Basic Grants to States	84.048	V048A090046/VA048A070046	114,921
English Language Acquisition Grants	84.365	T365A080046/S365A090046	1,757
Improving Teacher Quality State Grants	84.367	S367A090044/S367A080044	213,004
School Improvement Grants Cluster:			
School Improvement Grants	84.377	S377A090047	341,637
ARRA-School Improvement Grants	84.388	S388A090047	11,280
Total Department of Education			$ 3,306,747
Total Expenditures of Federal Awards-Component Unit School Board			$ 5,304,266
Total Expenditures of Federal Awards-Reporting Entity			$ 9,815,504

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Culpeper, 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 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 Culpeper, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Culpeper, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	4,393,432
Airport Fund		162,553
Total primary government	$	4,555,985
Component Unit School Board:		
School Operating Fund	$	3,306,747
School Cafeteria Fund		1,997,519
Total component unit school board	$	5,304,266
Total federal expenditures per basic financial statements	$	9,860,251
Less federal subsidy	$	44,747
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	9,815,504

COUNTY OF CULPEPER, VIRGINIA

Schedule of Findings and Questioned Costs
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?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.600	Head Start
93.659	Adoption Assistance
93.778	Medical Assistance Program

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Audit Findings

None