# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



County of Scott, Virginia

# COUNTY OF SCOTT, VIRGINIA COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2014

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# COUNTY OF SCOTT, VIRGINIA

# BOARD OF SUPERVISORS

Danny P. Mann, Chairman

Darrel Jeter K. Landon Odle Beryl E. Maness D. Joe Horton Joe W. Herron Chad E. Hood

# COUNTY SCHOOL BOARD

William R. Quillen, Jr., Chairman

H. Kelly Spivey, Jr.L. Stephen Sallee, Jr.

Gail L. McConnell Jeffrey A. Kegley

James K. Jessee

# COUNTY WELFARE BOARD

Joe Horton, Chairman

Beulah Herron

# OTHER OFFICIALS

Chief Magistrate
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Hon. Jonathan Robbins
Mark "Bo" Taylor
Marcus McClung
Gary Baker
Mitzi Owens
John Puckett
John Ferguson
Luanne McMurray
Kathie Noe

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Certified Public Accountants

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

#### INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

# Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia, as of June 30, 2014 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.

#### Auditor's 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 and 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 auditor's 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 opinion.

#### Opinions

In our opinion, based on our audit, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 13-21 and 77 and analysis of funding progress for defined benefit pension plan and other post-employment benefits on page 102 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial 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.

#### Other Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 basis financial statements.

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

The 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.

# Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2014, on our consideration of the County of Scott, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Scott, Virginia's internal control over financial reporting and compliance.

Bastic, Lucker & Campany, PC

December 31, 2014 Lebanon, Virginia

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INDEPENDENT AUDITOR'S 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

The Honorable Members of the Board of Supervisors County of Scott, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Scott, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Scott, Virginia's basic financial statements, and have issued our report thereon dated December 31, 2014.

# Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Scott, 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 of the effectiveness of the County of Scott, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Scott, 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 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 the County of Scott, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bostic, Lucker & Company, PC

December 31, 2014 Lebanon, Virginia RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

December 31, 2014

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Governmental Auditing Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 31, 20134. Professional standards also require that we communicate to you the following information related to our audit.

# Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application if existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts of the primary government, as well as the component units, is based on historical revenues. We evaluated the key factors and assumptions used to develop the allowance in determining

that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation of property, plant, and equipment of the primary government, as well as the component units, is based on the estimated useful lives ranging from five to eighty years. We evaluated the key factors and assumptions used to develop the allowance in determining it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 13 to the financial statements identifies state and federal laws requiring 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 post closure 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 care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2014.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 31, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

# Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statements themselves.

This information is intended solely for the use of the Scott County Board of Supervisors and management of the County of Scott, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bostic, Lucker & Company, PC

Bostic, Tucker and Company, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Members of the Board of Supervisors County of Scott, Virginia

#### Report on Compliance for Each Major Federal Program

We have audited the County of Scott, 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 the County of Scott, Virginia's major federal programs for the year ended June 30, 2014. The County of Scott, Virginia's major federal programs are identified in the summary of auditor's 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.

# Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Scott, 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 the County of Scott, 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 the County of Scott, Virginia's compliance.

# Opinion on Each Major Federal Program

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

#### Report on Internal Control Over Compliance

Management of the County of Scott, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Scott, 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 the County of Scott, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of 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 the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses as defined above. 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.

Bostic, Lucker & Company, PC

December 31, 2014 Lebanon, Virginia This page intentionally left blank

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D. JOE HORTON
K. LANDON ODLE
JOE W. HERRON
DANNY P. MANN
BERYL E. MANESS
CHAD E. HOOD



COUNTY ADMINISTRATOR KATHIE NOE

336 WATER STREET GATE CITY, VIRGINIA 24251 PHONE (276) 386-6521 FAX (276) 386-9198

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# SCOTT COUNTY BOARD OF SUPERVISORS

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

#### Financial Highlights:

- The assets of the County exceeded it's liabilities at the close of the most recent fiscal year by \$10,825,277 (net position). Of this amount, \$1,963,405 may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$3,383,526, a decrease of \$(91,314) in comparison with the prior year. Approximately 99% of this total amount, \$3,335,347 is available for spending for the various functions of the County as indicated.
- At the end of the current fiscal year, fund balance for the general fund was \$3,335,347, or 21% of total general fund expenditures.

#### Overview of the Financial Statements:

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

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

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

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

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

The Government-wide financial statements include not only the County of Scott, Virginia itself (known as the primary government), but also a legally separate school board (for which the County of Scott, Virginia is financially accountable), Public Services Authority and Economic Development Authority.

# Overview of the Financial Statements (Continued):

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Scott, 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 statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because 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 three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Library Fund, and Coal Road Improvement Fund, of which only the General Fund is considered to be a major fund.

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.

# Overview of the Financial Statements (Continued):

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely

presented component units. 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. In the case of the County, assets exceed liabilities by \$10,825,277 at the close of the most recent fiscal year.

The largest portion of the County's net position (82%) 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.

	2014	2013
Current and other assets	\$ 18,558,949	\$18,117,294
Capital assets	9,099,783	9,545,662
Total assets	\$ 27,658,732	\$27,662,956
Long-term liabilities outstanding	\$ 2,866,803	\$ 2,596,182
Current liabilities	2,734,839	2,076,456
Deferred inflows	11,231,813	11,330,470
Total liabilities	\$ 16,833,455	\$16,003,108
Net position:		
Investment in capital assets,		
net of related debt	\$ 8,861,872	\$ 9,246,306
Unrestricted	1,963,405	2,413,542
Total net position	\$ 10,825,277	\$11,659,848

At the end of the current fiscal year, the County is able to report positive balances in net position.

# Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's (including component unit's) net position decreased by (2,099,824).

Governmental Activities - Governmental activities decreased the County's net position by \$(834,571). Key elements of this decrease are as follows:

County of Scott, Virginia's Change in Net Position

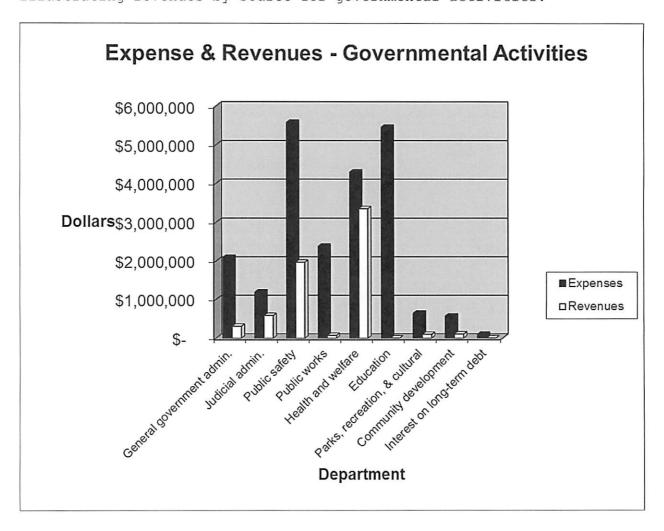
Governmental	Activities
2014	2013
\$ 470,279	\$ 486,408
r 000 coo	5 711 CAE
5,998,692	5,711,645
10,466,120	10,568,373
3,170,027	3,237,175
1,362,800	1,365,563
\$21,467,918	\$21,369,164
\$ 2,093,532	\$ 1,601,943
1,190,759	1,182,434
5,578,653	5,869,167
2,384,278	2,465,636
4,291,851	4,301,356
5,455,266	5,419,622
642,754	707,014
568,690	509,727
96,706	
\$22,302,489	\$20,056,899
<u> </u>	
\$ (834,571)	\$ (687,735)
11,659,848	12,347,573
\$10,825,277	\$11,659,848
	\$ 470,279 5,998,692 10,466,120 3,170,027 1,362,800 \$21,467,918 \$ 2,093,532 1,190,759 5,578,653 2,384,278 4,291,851 5,455,266 642,754 568,690 96,706 \$22,302,489 \$ (834,571) 11,659,848

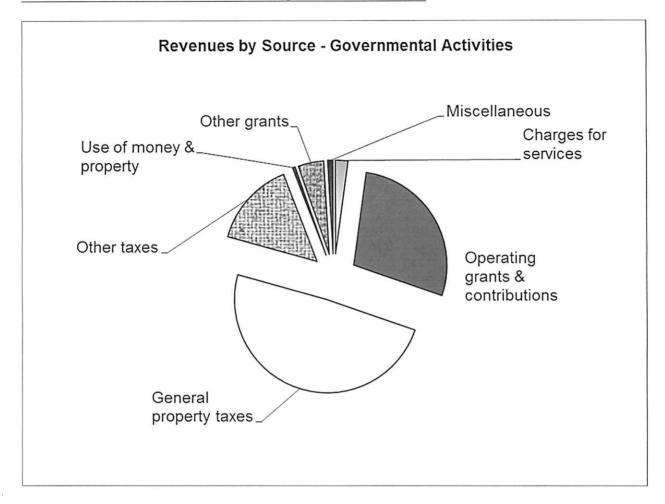
# Government-wide Financial Analysis (Continued)

Operating grants and contributions increased \$287,047, during the year while charges for services and property tax revenue decreased \$(16,129) and \$(102,253), respectively.

Expenditures for general government increased \$491,589 while public safety showed a decrease of \$(290,514).

The following graphs illustrate expense and program revenues for each of the functional areas of governmental activities as well as illustrating revenues by source for governmental activities:





# 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 spendable 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 3,383,526 a decrease of (91,314) in comparison with the prior year. Approximately 99% of this total amount, 3,335,347 constitutes fund balance which is available for spending by the County for the various functions as indicated.

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

The general fund is the operating fund of the County. At the end of the current fiscal year fund balance of the general fund was \$3,335,347. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 21% of total general fund expenditures.

The general fund balance decreased \$(92,704) during the current year.

The special revenue funds have a total fund balance of \$48,179, all of which is restricted. The fund balance increased \$1,390 during the current year.

# General Fund Budgetary Highlights

During the 2014 fiscal year, the County had amendments which increased its original budgeted revenues \$ 329,883 and expenditures \$329,883.

# Capital Assets and Debt Administration

<u>Capital assets</u> - The County's investment in capital assets for its governmental funds as of June 30, 2014 amounts to \$9,099,783 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was \$(445,879).

	Governmental Activities						
	2014	2013					
Land Buildings and improvements	\$ 1,105,829 8,165,570	\$ 1,105,829 8,017,798					
Equipment Tenancy in common	8,689,850 	8,510,036 					
Total capital assets	\$17,961,249	\$17,633,663					
Less: accumulated depreciation	8,861,466	8,088,001					
Net capital assets	\$ 9,099,783	\$ 9,545,662					

Additional Information on the County's capital assets can be found in Note 5.

# Capital Assets and Debt Administration (Continued)

<u>Long-term debt</u> - At the end of the current fiscal year, all bonded debt of the County had been retired.

During the fiscal year, the County's total debt decreased by \$(61,445).

Additional information on the County of Scott, Virginia's long-term debt can be found in Note 6 of this report.

# Economic Factors and Next Year's Budgets and Rates

- The June 2014 unemployment rate for the County of Scott, Virginia is 6.7%, which is a decrease from a rate of 8.0% in June 2013. This exceeds the state's average unemployment rate by 1.4% and the national average rate by 0.6%.
- Inflationary trends in the region compare equally to national indices.

These factors were considered in preparing the County's budget for the 2014 fiscal year.

# Request for <u>Information</u>

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the County Administrator, 112 Water Street, Gate City, Virginia 24251.

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		Compon	ent Units
	Primary Government Governmental Activities	School Board	Other Component Units
Assets:			
Current Assets			
Cash & cash equivalents	\$ 4,592,824	\$ 2,549,924	\$ 2,391,329
Receivables (net of allowance):	10 511 751		
Property taxes	12,511,754	-	•
Consumer utility taxes	244 976	-	407.047
Accounts receivable	341,876	2.004.689	427,917
Due from component unit	•	2,004,009	07 444
Inventory Other current assets	•	500.053	87,441
Due from other governments	1,112,495	580,052 588,429	404,932 276,133
Total current assets	18,558,949	5,723,094	3,587,752
Noncurrent assets			
Capital assets:			
Land	1,105,829	1,597,912	11,154,970
Buildings & equipment, net of depreciation	7,993,954_	33,689,694	58,177,553
Total noncurrent assets	9,099,783	35,287,606	69,332,523
Other assets:			
Restricted cash in bank	-	•	1,043,592
Notes receivable	<u> </u>		128,681
Total other assets	-	-	1,172,273
Total assets	\$ 27,658,732	\$ 41,010,700	\$ 74,092,548
Liabilities:			
Current Liabilities			
Accounts payable & accrued expenses Salaries payable Health insurance payable	\$ 638,759 - -	\$ 596,444 2,913,425 -	\$ 1,029,057 - -
Due to other government Primary government Due to component unit	2,004,689	•	-
Current portion of			
long-term obligations Total current liabilities	91,391 2,734,839	207,103 3,716,972	1,970,723 2,999,780
Noncurrent liabilities			
Accrued leave	401 224	650 224	464 406
Amounts held for others	491,334	659,231	164,126
Landfill closure	1,015,187	-	194,428
Other Post - Employment Benefits	1,213,762	2,319,090	271,240
Noncurrent portion of	1,210,702	2,010,000	271,240
long-term obligations	146.520	4.017.345	21,205,330
Total noncurrent liabilities	2,866,803	6,995,666	21,835,124
Total liabilities	5,601,642	10,712,638	24,834,904
Deferred Inflows of Resources			
Unavailable revenue - property taxes	11,231,813		-
Total deferred inflows of resources	11,231,813		-
Net Position			
Invested in capital assets,			
net of related debt	8,861,872	31,063,158	46,156,470
Restricted for:			
Landfill closure	-	-	-
Other purposes	-	•	1,036,951
Unrestricted (deficit)	1,963,405	(765,096)	2,064,223
Total net position	10,825,277	30,298,062	49,257,644
Total liabilities &	07.050.700	<b>9</b> 44 040 700	# 74.000 F:0
net position	\$ 27,658,732	\$ 41,010,700	\$ 74,092,548

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

For the Year Ended June 30, 2014

		Program Revenues					pense) Revenu ges in Net Posi			
Functions/Programs	Expenses	Charges for Services	Gra	rating nts & butions	(	Capital Grants & ntributions		Primary  Sovernment  overnmental  Activities	School Board	Discretely Presented Component Units
Primary Government: Governmental activities: General government administration Judicial administration Public safety Public works Health and welfare Education Parks, recreation, and cultural Community development Interest on long-term debt Total government activities	\$ 2,093,532 1,190,759 5,578,653 2,384,278 4,291,851 5,455,266 642,754 568,690 96,706 22,302,489	\$ 1,262 2,999 278,708 69,633 23,185 - 94,492 - - 470,279	3	303,878 578,675 ,688,143 - 3,323,873 - 104,123 - 5,998,692	\$	- - - - - - -	\$	(1,788,392) (609,085) (3,611,802) (2,314,645) (944,793) (5,455,266) (548,262) (464,567) (96,706) (15,833,518)	\$ - - - - - - -	\$ - - - - - - -
Total primary government	\$ 22,302,489	\$ 470,279	\$ 5	,998,692	_\$	-	\$	(15,833,518)	\$ 	\$ <u>-</u>
Component units: School board Other component units Total component units	\$ 42,452,274 5,878,997 \$ 48,331,271	\$ 4,906,022 3,169,771 \$ 8,075,793	1	0,890,567 ,985,047 ,875,614	\$ _\$	1,133,995 1,133,995	\$ <u>\$</u>	<u>-</u>	\$ (7,655,685) - (7,655,685)	\$ 409,816 409,816
Total							\$	(15,833,518)	\$ (7,655,685)	\$ 409,816
	General Revenues: General Property Other local taxes Unrestricted reven	nues from use of						10,466,120 3,170,027	-	-
		outions not restricted	d					96,229 194,171 112,254	4,119 414,938 88,836	10,312 42,545
	to specific progra County contributio							960,146 -	- 5,419,866	-
	Change in net asse Net position - begin Net position - endin	ning					\$	(834,571) 11,659,848 10,825,277	\$ (1,727,926) 32,025,988 30,298,062	\$ 462,673 48,794,971 49,257,644

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

COUNTY OF SCOTT, VIRGINIA BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2014

	General Fund	Gov	Other vernmental Funds	Total
Assets:		· · · · · · · · · · · · · · · · · · ·		
Cash & cash equivalents	\$ 4,544,496	\$	48,328	\$ 4,592,824
Receivables (net of allowance):				
Property taxes	12,511,754		-	12,511,754
Consumer utility taxes	- 244 794		- 05	- 241 076
Accounts receivable  Due from other funds	341,781		95	341,876
Due from other funds  Due from other governments	 1,11 <u>2,495</u>			 1,112,495
Total assets	\$ 18,510,526	\$	48,423	\$ 18,558,949
Liabilities:				 
Accounts payable & accrued expenses	\$ 638,515	\$	244	\$ 638,759
Due to other funds	2 004 690			2.004.690
Component unit	 2,004,689		<del></del>	 2,004,689
Total liabilities	 2,643,204		244	2,643,448
Deferred Inflows of Resources				
Unavailable revenue - property taxes	 12,531,975		-	 12,531,975
Total deferred inflows of resources	 12,531,975		•	12,531,975
Fund Balance:				
Restricted	53,650		48,179	101,829
Assigned	203,113		-	203,113
Unassigned	 3,078,584		<del>-</del>	 3,078,584
Total fund balances	 3,335,347		48,179	3,383,526
Total liabilities, deferred inflows				
of resources & fund balances	 18,510,526	\$	48,423	

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 locality as a whole.

9,099,783

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 (receivables) are offset by deferred revenues in the governmental funds and not included in fund balance.

1,300,162

Long-term liabilities applicable to the locality'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.

(2,958,194)

Fund balance of General Government Activities

\$ 10,825,277

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

For the Year Ended June 30, 2014

Expenditures: Current: General government administration 1,648,455 - 1,648,455 Judicial administration 1,161,009 2,955 1,163,964 Public safety 5,503,599 - 5,503,599 Public works 2,238,209 1,347 2,239,556 Health and welfare 4,291,851 - 4,291,851 Education 35,400 - 35,400 Parks, recreation, and cultural 576,080 - 576,080 Community development 601,965 - 601,965 Debt service: Principal retirement 86,568 - 86,568 Interest and other fiscal charges 10,138 - 10,138  Total expenditures 16,153,274 4,302 16,157,576  Excess (deficiency) of revenues over (under) expenditures 5,327,162 1,390 5,328,552  Other financing sources (uses): Operating transfers in Operating transfers out (5,419,866) - (5,419,866) S Proceeds from debt		Governmental Fund Types					
Ceneral property taxes						Governmental	
Dither local taxes   3,167,334   2,693   3,170,027     Permits, privilege fees & regulatory licenses   71,939   - 71,939     Fines and forfeitures   207,646   - 207,646   - 207,646     Revenue from use of money & property   96,229   - 96,229     Charges for services   187,695   2,999   190,694     Miscellaneous   194,171   - 194,171     Recovered costs   112,254   - 112,254     Intergovernmental:	Revenues:						
Permits, privilege fees & regulatory licenses 71,939 71,93		\$		\$	-	\$	
Fines and forfeitures 207,646 - 207,646 Revenue from use of money & property 96,229 - 96,229 99,290,840 Miscellaneous 194,171 - 194,171 Recovered costs 112,254 - 112,254 112,			3,167,334		2,693		3,170,027
Fines and forfeitures   207,646   - 207,646   Revenue from use of money & property   96,229   - 96,229   190,694   Miscellaneous   187,695   2,999   190,694   Miscellaneous   194,171   - 194,171   Recovered costs   112,254   - 112,254   Intergovernmental:   Commonwealth   5,169,372   - 5,169,372   Federal   1,789,466   -							
Revenue from use of money & property         96,229         -         96,229           Charges for services         187,695         2,999         190,684           Miscellaneous         194,171         -         194,171           Recovered costs         112,254         -         112,254           Intergovernmental:         -         -         5,169,372         -         5,169,372           Federal         1,789,466         -         1,789,466         -         1,789,466           Total revenues         21,480,436         5,692         21,486,128           Expenditures:         -         -         1,648,455         -         1,648,455           Current:         -         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1,648,455         -         1					-		
money & property         96,229         -         96,229           Charges for services         187,695         2,999         190,694           Miscellaneous         194,171         -         194,171           Recovered costs         112,254         -         112,254           Intergovernmental:         112,254         -         5,169,372           Federal         5,169,372         -         5,169,372           Federal         1,789,466         -         1,789,466           Total revenues         21,480,436         5,692         21,486,128           Expenditures:         Current         -         -         1,648,455           Current:         General government administration         1,648,455         -         1,648,455           Judicial administration         1,161,009         2,955         1,163,964           Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         4,291,851         4,291,851           Education         35,400         -         576,080         -         576,080           Community development         601,985			207,646		-		207,646
Charges for services							
Miscellaneous         194,171         -         194,171           Recovered costs         112,254         -         112,254           Intergovernmental:         -         -         1,789,466         -         5,169,372         -         5,169,372         Federal         1,789,466         -         1,848,455         -         1,848,455         -         1,848,455         -         1					-		•
Recovered costs					2,999		
Intergovernmental:					-		
Commonwealth Federal         5,169,372 1,789,466         -         5,169,372 1,789,466           Total revenues         21,480,436         5,692         21,486,128           Expenditures:         Current:           General government administration         1,648,455         -         1,648,455           Judicial administration         1,161,009         2,955         1,163,964           Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources			112,254		-		112,254
Total revenues			F 400 070				5 400 0 <del>7</del> 0
Total revenues   21,480,436   5,692   21,486,128					-		•
Expenditures: Current: General government administration 1,648,455 - 1,648,455 Judicial administration 1,161,009 2,955 1,163,964 Public safety 5,503,599 - 5,503,599 Public works 2,238,209 1,347 2,239,556 Health and welfare 4,291,851 - 4,291,851 Education 35,400 - 35,400 Parks, recreation, and cultural 576,080 - 576,080 Community development 601,965 - 601,965 Debt service: Principal retirement 86,568 - 86,568 Interest and other fiscal charges 10,138 - 10,138  Total expenditures 16,153,274 4,302 16,157,576  Excess (deficiency) of revenues over (under) expenditures 5,327,162 1,390 5,328,552  Other financing sources (uses): Operating transfers in Operating transfers out (5,419,866) - (5,419,866) S Proceeds from debt	Federal		1,789,466				1,789,466
Current:         General government administration         1,648,455         -         1,648,455           Judicial administration         1,161,009         2,955         1,163,964           Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers out         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -	Total revenues		21,480,436		5,692		21,486,128
General government administration         1,648,455         -         1,648,455           Judicial administration         1,161,009         2,955         1,163,964           Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in         -         -         -         -           Operating transfers out         (5,419,866)         -         (5,419,866) <td>Expenditures:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Expenditures:						
Judicial administration         1,161,009         2,955         1,163,964           Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in         -         -         -         -           Operating transfers out         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -         (5,419,866) <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Public safety         5,503,599         -         5,503,599           Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers out         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -         -           Total other financing sources (uses)         (5,419,866)         -         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)					-		
Public works         2,238,209         1,347         2,239,556           Health and welfare         4,291,851         -         4,291,851           Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers out         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -         -           Total other financing sources (uses)         (5,419,866)         -         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)           Fund balances at beginning of year         3,428,051         46,789					2,955		
Health and welfare	· · · · · · · · · · · · · · · · · · ·				<b>-</b>		
Education         35,400         -         35,400           Parks, recreation, and cultural         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         -         -         601,965           Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in Operating transfers out (5,419,866)         -         (5,419,866)         -         (5,419,866)           S Proceeds from debt					1,347		
Parks, recreation, and cultural Community development         576,080         -         576,080           Community development         601,965         -         601,965           Debt service:         -         -         86,568           Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in Operating transfers out Operating transfers out Services (uses):         (5,419,866)         -         (5,419,866)           S Proceeds from debt					-		
Community development         601,965         -         601,965           Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in Operating transfers out SProceeds from debt         -			•		-		
Debt service:         Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -           Operating transfers in Operating transfers out (5,419,866)         -         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -         -         -           Total other financing sources (uses)         (5,419,866)         -         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)           Fund balances at beginning of year         3,428,051         46,789         3,474,840					-		
Principal retirement         86,568         -         86,568           Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -           Operating transfers in Operating transfers out (5,419,866)         -         (5,419,866)         -         (5,419,866)           S Proceeds from debt         -         -         -         (5,419,866)         -         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)           Fund balances at beginning of year         3,428,051         46,789         3,474,840	· · · · · · · · · · · · · · · · · · ·		601,965		-		601,965
Interest and other fiscal charges         10,138         -         10,138           Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -           Operating transfers in Operating transfers out (5,419,866)         -         (5,419,866)           S Proceeds from debt							
Total expenditures         16,153,274         4,302         16,157,576           Excess (deficiency) of revenues over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         -         -         -         -         -           Operating transfers in Operating transfers out SProceeds from debt         (5,419,866)         -         (5,419,866)         -         (5,419,866)         -         <					-		
Excess (deficiency) of revenues over (under) expenditures       5,327,162       1,390       5,328,552         Other financing sources (uses):       -       -       -       -         Operating transfers in Operating transfers out SProceeds from debt       (5,419,866)       -       (5,419,866)       -       (5,419,866)         S Proceeds from debt       - <td>Interest and other fiscal charges</td> <td></td> <td>10,138</td> <td></td> <td>-</td> <td></td> <td>10,138</td>	Interest and other fiscal charges		10,138		-		10,138
over (under) expenditures         5,327,162         1,390         5,328,552           Other financing sources (uses):         —         —         —           Operating transfers in         —         —         —           Operating transfers out         (5,419,866)         —         (5,419,866)           S Proceeds from debt         —         —         —         —           Total other financing sources (uses)         (5,419,866)         —         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)           Fund balances at beginning of year         3,428,051         46,789         3,474,840	Total expenditures		16,153,274		4,302		16,157,576
Other financing sources (uses):       ————————————————————————————————————							
Operating transfers in         -	over (under) expenditures		5,327,162		1,390		5,328,552
Operating transfers out S Proceeds from debt       (5,419,866)       -       (5,419,866)         Total other financing sources (uses)       (5,419,866)       -       (5,419,866)         Net changes in fund balances       (92,704)       1,390       (91,314)         Fund balances at beginning of year       3,428,051       46,789       3,474,840	Other financing sources (uses):						
S Proceeds from debt         -	Operating transfers in		-		-		-
Total other financing sources (uses)         (5,419,866)         -         (5,419,866)           Net changes in fund balances         (92,704)         1,390         (91,314)           Fund balances at beginning of year         3,428,051         46,789         3,474,840	Operating transfers out		(5,419,866)		-		(5,419,866)
Net changes in fund balances       (92,704)       1,390       (91,314)         Fund balances at beginning of year       3,428,051       46,789       3,474,840	S Proceeds from debt		<u> </u>		-		
Fund balances at beginning of year 3,428,051 46,789 3,474,840	Total other financing sources (uses)		(5,419,866)		-		(5,419,866)
	Net changes in fund balances		(92,704)		1,390		(91,314)
	Fund balances at beginning of year		3,428,051		46,789		3,474,840
Fund balances at end of year \$ 3,335,347 \$ 48,179 \$ 3,383,526	Fund balances at end of year	\$	3,335,347	\$	48,179	_\$_	3,383,526

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

EXHIBIT 5

For the Year Ended June 30, 2014

Tor the roar shad the tor, sort	Go\ 	vernmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(91,314)
Governmental funds report capital outlays as expenditures.  However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceed depreciation in the		
current period.		(471,002)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(18,210)
in the fallact.		(10,210)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the issuance of long-term debt and		
related items.		86,568
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.		(340,613)
Change in net position of governmental activities	\$	(834,571)

Discretely

	Presented Component Units
Assets:	
Current assets	
Cash and cash equivalents	\$ 2,391,329
Receivables (net of allowance for uncollectibles):	
Accounts receivable	427,917
Inventory	87,441
Other current assets	404,932
Due from other governments	276,133
Total current assets	3,587,752
Noncurrent assets	
Capital assets:	
Land	11,154,970
Buildings and equipment, net of depreciation	58,177,553
Total noncurrent assets	69,332,523
Other assets:	
Restricted cash in bank	1,043,592
Notes receivable	128,681
Total other assets	1,172,273
Total assets	\$ 74,092,548
Liabilities:	
Current liabilities	
Accounts payable and accrued expenses	\$ 1,029,057
Current portion of	. , ,
long-term obligations	1,970,723
Total current liabilities	2,999,780
Noncurrent liabilities	
Compensated absences	164,126
Other post employement benefits	271,240
Amounts held for others	194,428
Noncurrent portion of long-term obligations	21,205,330
Total noncurrent liabilities	21,835,124
Total liabilities	24,834,904
Net position:	
Invested in capital assets, net of related debt	46,156,470
Restricted for other purposes	1,036,951
Unrestricted assets	2,064,223
Total net position	49,257,644
Total liabilities and net position	\$ 74,092,548

	Discretely Presented Component Units
Operating revenues:	
Charges for services	\$ 3,169,771
Rental income	374,308
Grants	1,530,375
Miscellaneous	80,364_
Total operating revenue	5,154,818
Operating expenses:	
Employee benefits	1,373,091
Materials and supplies	4,228,693
Total operating expense	5,601,784
Operating income (loss)	(446,966)
Nonoperating revenues (expenses):	
Interest earned	10,312
Connection fees	42,545
Other nonoperating revenues/(expenses)	-
Interest expense	(277,213)
Total nonoperating	
revenues (expenses)	(224,356)
Toverides (expenses)	(224,000)
Capital contributions	1,133,995
Increase (decrease) in net	
position	462,673
	,
Net position at beginning of year	48,794,971
Not position at and of year	<b>6</b> 40.057.044
Net position at end of year	\$ 49,257,644

#### PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended June 30, 2014

Tor the rear Black balle 50, 2014	Discretely Presented Component Units
Cash flows from operating activities:	
Receipts from customers & users	\$ 5,140,943
Payments to suppliers	(2,353,805)
Payments to employees	(1,194,177)
Net cash provided(used) by operating activities	1,592,961_
Cash flows from capital & related financing activities:	
Connection fee	42,545
Other nonoperating revenues	-
Loans to industries	(24,000)
Purchase of fixed assets	(2,859,999)
Principal on debt	(1,267,884)
Proceeds from indebtness	1,177,511
Interest on debt	(226,706)
Proceeds from grants	1,500,961
Net cash used in capital & related financing activities	(1,657,572)
Cash flows from investing activities: Interest earned	4,110
Net cash provided by investing activities	4,110
Increase in cash & cash equivalents	(60,501)
Cash & cash equivalents at beginning of year	3,667,652
Cash & cash equivalents at end of year	\$ 3,607,151
Reconciliation of operating income to net cash provided	
(used) by operating activities:	e (E02.002)
Operating income	\$ (503,002)
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	2,129,611
Imputed interest	5,475
Donations	4,416
Gain on debt refinance	· <u>-</u>
Post employment benefits	44,622
Changes in operating assets & liabilities:	
Accounts receivable	(30,662)
Inventory	(77,547)
Other assets	•
Accounts payable	23,045
Customer deposits	(889)
Accrued leave & benefits	(2,108)
Total adjustments	2,095,963
Net cash provided (used) by operating activities	\$ 1,592,961

		Agency Funds
Assets:	_	
Cash and cash equivalents	\$	28,037
Due from other government		
units		252,396
Amount due from others		11,825
Investments		2,731,840
Total assets		3,024,098
Liabilities:		
Due to primary government	\$	232,684
Amounts due to others		11,825
Amounts held for others		2,779,589
Total liabilities	_\$	3,024,098

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and growing

Note 1 - Summary of Significant Accounting Policies

The County of Scott, Virginia 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 Scott, 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 of America as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion & Analysis - for State & Local Governments. This statement, known as the "Reporting Model", affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

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).

Note 1 - Summary of Significant Accounting Policies (Continued)

## Government-wide and Fund Financial Statements (Continued) Government-wide financial statements (Continued)

The government-wide financial statement (i.e. the statement of net position and the statement of changes in net position) reports 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. Governmental normally activities. which are supported bv taxes intergovernmental revenues, are reported separately from businesstype 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 it's 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 Statements of Activities. The net position of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

<u>Statement of activities</u> - 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)

#### Statement of activities (continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the governmental-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 reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

#### A. Financial Reporting Entity

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

Note 1 - Summary of Significant Accounting Policies (Continued)

#### B. Individual Component Unit Disclosures (Continued)

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The School Board members are elected by the voters 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, 2014.

The Scott County Public Service Authority was created by the Board of Supervisors of Scott County to acquire, finance and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority are appointed by the Scott County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County.

The Scott County Economic Development Authority promotes industrial development in the County. The Authority is financially dependent upon the County. In addition, the Authority's Board is appointed by the County's Board.

Other Related Organizations Included in the County's Comprehensive Annual Financial Report

None

## C. <u>Measurement Focus, Basis of Accounting and Financial Statement</u> 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

## C. <u>Measurement Focus, Basis of Accounting and Financial Statement</u> Presentation (Continued)

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before July 1, 2002, unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### C. <u>Measurement Focus, Basis of Accounting and Financial Statement</u> Presentation (Continued)

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

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.

The government reports the following major governmental funds.

#### General Fund:

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

Additionally, Scott County reports the following fund types:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

#### D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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) until then.

In addition to liabilities, the statement of net 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.

#### E. Budget 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 departmental 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 for the General Fund, School Fund, and the 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### E. Budgets and Budgetary Accounting (Continued)

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

#### F. <u>Cash and Cash Equivalents</u>

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

State statues 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.

Investments for the government, as well as for its component units, are reported at fair value. 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.

#### G. Investments

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

#### H. Receivable and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$144,987 at June 30, 2014, and is composed solely of property taxes.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### H. Receivable and payables (Continued)

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 November  $20^{\rm th}$ . The County bills and collects its own property taxes.

#### I. <u>Capital Assets</u>

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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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 attributed to capitalized assets as of June 30, 2014 was immaterial.

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

<u>Assets</u>	<u>Years</u>
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12

Note 1 - Summary of Significant Accounting Policies (Continued)

#### J. Compensated Absences

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.

#### K. Long-term Obligations

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

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### L. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. Unrestricted net position consist of all other net position reported in this category.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### M. Fund Balances

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, or assigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors. or contributors or by enabling legislation constitutional provisions. Committed fund balance is a limitation imposed by the Board of Supervisors through approval of resolution. Assigned fund balance is a limitation imposed by a designee of the Board of Supervisors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amount restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of those unrestricted fund balance classification can be used.

# N. 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, 2014. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirement 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 the entity's net position. With the implementation of this Statement, certain terminology has changes and financial statement descriptions have changes from "net assets" to "net position". The net equity reported in the financial statements was not changes as a result of implementing the Statement and no restatement of prior balances is required.

Note 1 - Summary of Significant Accounting Policies (Continued)

## O. <u>Items Previously Reported as Assets and Liabilities, Statement No.</u> 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.

#### P. 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.

#### Q. 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.

#### R. Jointly Governed Organizations

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2014, the County contributed \$83,420.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2014, the County contributed \$211,444.

Note 1 - Summary of Significant Accounting Policies (Continued)

#### R. Jointly Governed Organizations (Continued)

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2014, the County Contributed \$1,379,825.

#### 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 FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

Note 3 - Due To/From Primary Government/Component Units:

	Due To	
	Component	Due From
	Unit School	Primary
Fund	Board	Government
General	\$ 2,004,689	\$ -
School	<u>-</u> _	2,004,689
Totals	\$ 2,004,689	\$ 2,004,689

Note 4 - Due From Other Governmental Units

At June 30, 2014, the County and School Board had receivables from other governments as follows:

		Primary Government	Discretely Presented Component Unit School Board	_	Other Component Units
Local Governments:					
Other Misc. Funds	\$	-	\$ -	\$	276,133
Commonwealth of Virginia:					
State sales taxes		_	535,240		-
Local sales taxes		232,684	-		_
Social service		90,158	-		-
CMPT		161,763	-		_
Shared expenses		477,655	-		_
Other		18,63	43,957		-
Federal Government:					
School funds		_	9,232		_
Social service	_	131,604			
Total	<u>\$</u>	1,112,495	\$ 588,429		<u>\$ 276,133</u>

#### Note 5 - Capital Assets

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2014.

#### General Government:

	Balance			Balance
	July 1, 2013	Additions	Deletions	June 30, 2014
Land & land				
improvements	\$ 1,105,829	\$ -	\$ -	\$ 1,105,829
Buildings &				
improvements	7,982,829	128,754	_	8,111,583
Equipment	8,510,036	179,814	-	8,689,850
Construction	34,969	<u>111,274</u>	92,256	<u>53,987</u>
Totals	\$17,633,663	<u>\$ 419,842</u>	<u>\$ 92,256</u>	\$17,961,249
Accumulated				
Depreciation	( <u>8,008,001</u> )	<u>(773,465)</u>		( <u>8,861,466</u> )
Net capital assets				
primary governme	ent <u>\$ 9,545,662</u>			<u>\$ 9,099,783</u>

Note 5 - Capital Assets (Continued)

#### Component Unit School Board:

	Balance			Balance
	July 1, 2013	Additions	Deletions	June 30, 2014
Land & land				
improvements	\$ 1,577,912	\$ -	\$ -	\$ 1,597,912
Buildings &				
improvements	49,497,116	12,700	1,718	49,508,098
Equipment	21,630,619	233,622	65 <b>,</b> 375	21,798,866
Construction	1,863,475	2,916,469	-	4,779,944
Totals	\$74,589,122	\$3,162,791	\$ 67,093	\$77,684,820
Accumulated				
depreciation	(40,862,260)	(1,600,329)	65,375	(40,397,214)
-				<del></del>
Net capital assets				
School Board	\$33,726,862			\$35,287,606
				<del></del> -

Proprietary Funds:	Public Service Authority	Economic Development <u>Authority</u>	<u>Total</u>
Land & Improvements Building & Water Lines Equipment & Vehicles Construction in Progress	\$ 867,207 59,985,717 1,349,511 5,441,382	\$ 5,226,835 14,121,210 1,236,101 659,261	\$ 6,094,042 74,106,927 2,585,612 6,100,643
Total Less: Accumulated Depreciation	67,643,817 (16,989,053)	21,243,407	88,887,224 (19,554,701)
Totals	<u>\$ 50,654,764</u>	<u>\$18,677,759</u>	<u>\$ 69,332,523</u>

Note 5 - Capital Assets (Continued)

Depreciation expenses were charged to functions/programs of the primary government as follows:

	<u>Amount</u>
Governmental activities:	<del></del>
General government	\$ 72,862
Judicial administration	26,795
Public safety	285,805
Public works	304,644
Health and welfare	_
Parks, recreation and cultural	66,674
Community development	16,685
Total	<u>\$ 773,465</u>
Component Unit School Board:	
Education	<u>\$ 1,600,329</u>

Depreciation expenses for the year ending June 30, 2014, for the Economic Development Authority amounted to \$531,620.

Depreciation expenses for the year ending June 30, 2014, for the Public Service Authority amounted to \$1,597,991.

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#### Note 6 - Long-term Obligations

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2014:

#### Primary Government:

General Long-term Obligations:			<u>Amount</u>
Obligation payable at July 1, 2013			\$ 2,679,026
Retirements:			
Line of credit	\$	_	
Decrease in landfill closure			
postclosure monitoring estimates		31,602	
Payments on capital lease		86,568	
Total retirements			( 118,170)
Additions:			
Line of credit draws		_	
Capital lease purchases		25,123	
Increase in compensated absences		20,222	
Increase in other post-employee benefits		351,993	
Total additions	-		 397,338
Long-term Obligations payable at June 30,	2014		\$ 2,958,194

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

Year Ending June 30,		Capital Principal	Le	ase <u>Interest</u>
2015 2016	\$	91,391 90,182	\$	6,983 3,806
2017 2018		38,063 16,674		1,610 383
2019	_	1,601		10
Total	\$	237,911	<u>\$</u>	12,792

Note 6 - Long-term Obligations (Continued)

		Amount standing
Capital Leases:		
\$82,999 capital lease issued April 1, 2014 for the purchase of a 2014 International Roll Off Truck, due in monthly installments of \$1,525.52, principal and interest through June 13, 2016, interest payable at 3.05%.	\$	33,749
\$190,041 capital lease issued April 28, 2014 for the purchase of a 2014 Mack Refuse Packer, due in monthly installments of \$3,419.01, principal and interest through May 28, 2016, interest payable at 3.00%.		76,288
\$50,190 capital lease issued September 14, 2012 for the purchase of a 2012 Fairway mower, due in monthly installments of \$805.11, principal and interest through August 12, 2017, interest payable at 5.01%.		36,267
\$107,286 capital lease issued August 22, 2012 for the purchase of a 2014 Freightliner Coronado Tractor, due in monthly installments of \$1,938.43, principal and interest through August 22, 2017, interest payable at 3.223%.		70,468
\$25,123 capital lease issued November 15, 2013 for Purchase of a 2014 Ford Explorer, due in monthly installments of \$555.95, principal and interest through November 15, 2017, interest payable at 2.99%.	_	21,139
Total Capital Leases	\$	237,911
Primary Government: Accrued compensated absences	\$	491,334
Landfill closure and post-closure care	<u>\$ 1,</u>	015,187
Other post employee benefits	\$ 1,	213,762
Total long-term obligations	<u>\$ 2</u> ,	958,194

Note 6 - Long-term Obligations (Continued)

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

Component Unit School Board

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2014:

Obligation payable at July 1, 2013 Additions:		<u>Amount</u> \$ 2,544,694
Capital lease purchases	\$ 4,321,000	
Debt issue costs	( 100,000)	
Amortization of debt issue costs	3,448	
Increase in other post employee benefits	409,239	
Increase in compensated absences	24,388	
Total additions		4,658,075
Long-term Obligations payable at June 30	, 2014	<u>\$ 7,202,769</u>

Annual requirements to amortize capital lease, related interest and amortization of debt issue costs are as follows:

Year Ending June 30,	Capital <u>Principal</u>	Lease <u>Interest</u>	Debt Issue Cost
2015 2016 2017 2018 2019 2020-2028	\$ 214,000 237,000 245,000 252,000 260,000 3,113,000	\$ 154,501 131,835 124,227 116,362 108,273 573,921	\$ ( 6,897) ( 6,897) ( 6,897) ( 6,897) ( 6,897) (62,067)
Total	\$4,321,000	\$1,209,119	\$ (96,552)

Note 6 - Long-term Obligations (Continued)

Amount
Outstanding

#### Capital Leases:

\$4,321,000 capital lease issued December 20, 2013 for the purchase of a 2014 International Roll Off Truck, due in semi-annual installments, principal and interest through December 20, 2028, interest payable at 3.21%.

4,321,000

Total Capital Leases \$ 4,321,000

#### Component Unit School Board:

Capital lease, net of debt issue costs	<u>\$ 4,224,448</u>
Accrued compensated absences	<u>\$ 659,231</u>
Other post employee benefits	\$ 2,319,090
Total long-term obligations	\$ 7,202,769

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Note 7 - Proprietary Debt

Component Unit - Public Service Authority

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

Details of Long-term indebtedness:

Principal	<u>Interest</u>
\$ 867,347	\$ 223,998
877 <b>,</b> 632	214,501
891,416	204,144
872 <b>,</b> 986	194,344
914,106	183,479
4,719,601	759,081
5,105,878	425,120
2,864,550	238,151
1,567,689	153,369
751 <b>,</b> 909	58,524
123,626	11,185
33,525	796
\$19,590,265	\$ 2,666,692
	\$ 867,347 877,632 891,416 872,986 914,106 4,719,601 5,105,878 2,864,550 1,567,689 751,909 123,626 33,525

Changes in Long-term obligations:

Long-term obligations at July 1, 2013	\$19,408,159
Issuance of Revenue Bonds and Notes	1,177,511
Retirement of Revenue Bonds and Notes	_( 995,405)
Long-term debt payable at June 30, 2014	\$19,590,265

Amount

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Note 7 - Proprietary Debt (Continued)

#### Description of Long Term Debt

	Interest Rate	Issuc Date	Final Maturity Date	Amount of Original Issue	Balance 6/30/2014	Amount Due Within One Year
Line of Credit	5.20%	9/25/2002	Open	\$ 2,000,000	\$ -	\$ -
Revenue Bond	0.00%	7/10/2003	8/1/2034	1,083,923	740,681	36,131
Revenue Bond	0.00%	8/9/2002	5/1/2033	444,154	281,297	14,805
Revenue Bond	0.00%	8/9/2002	4/1/2033	182,410	115,488	6,078
Revenue Bond	0.00%	12/21/2001	8/1/2033	399,237	246,196	13,308
Revenue Bond	0.00%	9/20/2001	7/1/2031	116,431	65,978	3,881
Revenue Bond	0.00%	10/22/2004	9/1/2034	96,391	65,867	3,213
Revenue Bond	0.00%	8/11/2004	9/1/2035	323,904	232,131	10,797
Revenue Bond	0.00%	2/24/2006	11/1/2036	1,010,816	757,879	33,694
Revenue Bond	0.00%	5/18/2007	11/1/2037	648,886	508,294	21,630
Revenue Bond	0.00%	9/27/2006	7/1/2033	2,637,350	2,004,386	105,494
Revenue Bond	0.00%	7/19/2007	2/1/2038	375,408	300,326	12,514
Revenue Bond	0.00%	9/14/2007	12/1/2037	554,730	418,434	17,806
Revenue Bond	0.00%	1/25/2008	2/2/2038	365,822	292,657	12,194
Revenue Bond	0.00%	6/1/2008	9/1/2038	334,252	272,972	11,142
Revenue Bond	0.00%	1/25/2008	6/1/2038	280,446	224,357	9,348
Revenue Bond	0.00%	2/10/2005	12/1/2035	542,227	388,596	18,074
Revenue Bond	0.00%	9/30/2009	8/1/2040	416,062	367,521	13,869
Revenue Bond	0.00%	9/30/2009	6/1/2040	267,510	139,245	5,356
Revenue Bond	0.00%	12/13/2010	9/1/2041	457,129	419,035	15,238
Revenue Bond	0.00%	12/9/2010	9/1/2041	1,586,490	1,454,282	52,883
Revenue Bond	0.00%	12/9/2010	3/1/2042	209,259	176,284	6,975
Revenue Bond	2.625%	4/13/2011	4/13/2051	480,000	470,793	7,726
Revenue Bond	0.00%	11/30/2011	6/1/2032	616,151	547,321	30,808
Revenue Bond	3.00%	10/27/2011	10/1/2042	752,464	654,681	14,859
Revenue Bond	2.62%	12/9/2011	6/30/2026	2,679,000	2,100,000	225,000
Revenue Bond	3.00%	10/18/2012	7/2/2042	1,161,033	1,032,506	23,901
Revenue Bond	0.00%	3/1/2013	4/1/2033	1,395,243	1,325,243	70,000
Revenue Bond	2.64%	9/25/2013	8/1/2027	2,930,000	2,920,000	10,000
Revenue Bond	3.00%	7/9/2013	8/1/2044	846,143	680,436	13,854
Revenue Bond	2.50%	5/8/2014	1/1/2046	1,125,999	109,217	2,309
Revenue Bond	2.50%	5/8/2014	1/1/2046	957,532	146,604	3,100
Note Payable	3.20%	8/28/2013	7/28/2017	168,329	131,558	41,362
					\$ 19,590,265	\$ 867,349

Note 7 - Proprietary Debt (Continued)

Component Unit - Economic Development Authority

#### Revenue Note:

\$2,069,111 Lease Revenue Refunding Bond 2014A series, issued April 26, 2013, annual principal and semiannual interest payments beginning October 1, 2013 through October 1, 2027, interest payable at 2.48%.	\$1,950,493
\$959,154 Lease Revenue Refunding Bond 2014B series, issued April 26, 2013, annual principal and semiannual interest payments beginning October 1, 2013 through October 1, 2018, interest payable at 1.84%.	805,295
\$830,000 Loan Agreement with Virginia Coalfield Economic Development Authority, issued May 14, 2004 principal due and payable in full on May 14, 2014. There is no interest payable with this loan. Imputed	

Total Revenue Note \$3,585,788

830,000

Component Unit - Economic Development Authority

interest was calculated at 4.50%

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

	Principal	Interest	
<u>Year</u>	Payments	Payments	<u>Total</u>
2015 \$	1,103,374	\$ 60,297	$$1,\overline{163,671}$
2016	279,124	54,449	333,573
2017	284,995	48,476	333,471
2018	290,996	42,373	333,369
2019	297,122	36,139	333,261
2020-2024	702,216	122,268	824,484
2025-2028	627,961	31,629	659,590
Totals	<u>\$3,585,788</u>	<u>\$ 395,631</u>	<u>\$3,981,419</u>

Note 8 - Claims, Judgments, and Compensated Absences

In accordance with GASB 16, the County has accrued liabilities arising from outstanding claims, judgments and compensated absences.

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of \$2,500. The County primary government has outstanding accrued vacation and sick pay totaling \$491,334.

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has an outstanding business and sick leave pay totaling \$659,231.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. Total accrued leave for the year ended June 30, 2014 amounted to \$142,353.

Component Unit Economic Development Authority employees earn leave at various rates. The Component Unit Economic Development Authority has outstanding leave pay totaling \$21,773.

Note 9 - Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$11,231,813 is comprised of property tax revenue of \$11,071,423 and prepaid taxes of \$160,390 representing uncollected tax billings not available for funding current expenditures.

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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. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to 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.

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

VRS	VRS	HYBRID
PLAN 1	PLAN 2	RETIREMENT PLAN
About VRS Plan 1	About VRS Plan 2	About the Hybrid
VRS Plan 1 is a	VRS Plan 2 is a	Retirement Plan
defined benefit plan.	defined benefit plan.	The Hybrid Retirement
The retirement benefit	The retirement benefit	Plan combines the
is based on a member's	is based on a member's	features of a defined
age, creditable	age, creditable	benefit plan and a
service and average	service and average	defined contribution
final compensation at	final compensation at	plan. Most members
retirement using a	retirement using a	hired on or after
formula. Employees are	formula. Employees are	January 1, 2014 are in
eligible for VRS Plan	eligible for VRS Plan	this plan, as well as
1 if their membership	2 if their membership	VRS Plan 1 and VRS
date is before July 1,	date is on or after	Plan 2 members who
2010, and they were	July 1, 2010, or their	were eligible and
vested as of January	membership date is	opted into the plan
1, 2013.	before July 1, 2010,	during a special
	and they were not	election window. (See
	vested as of January	"Eligible Members")
	1, 2013.	
	L	

# • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

#### Eligible Members

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

## **Hybrid Opt-In Election** VRS non-hazardous duty

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement

#### Eligible Members

Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

#### Hybrid Opt-In Election

VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement

#### Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees\*
- School division employees
- Political subdivision employees\*
- Judges appointed or elected to an original term on or after January 1, 2014

Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

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

Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

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

- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
- \*Non-Eligible Members
  Some employees are not
  eligible to
  participate in the
  Hybrid Retirement
  Plan. They include:
  - Members of the State Police Officers' Retirement System (SPORS)
  - Members of the Virginia Law Officers' Retirement System (VaLORS)
  - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

#### Retirement Contributions

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

#### Retirement Contributions

Same as VRS Plan 1.

Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

#### Creditable Service

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the

#### Creditable Service

Same as VRS Plan 1.

# Creditable Service Defined Benefit Component:

Under the defined benefit component of the plan, creditable service includes active service.

Members earn creditable service for each month they are employed in a covered position. It also may

member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

#### <u>Defined Contributions</u> Component:

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

#### Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit.

Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service

#### Vesting

Same as VRS Plan 1.

# Vesting Defined Benefit Component:

Defined benefit
vesting is the minimum
length of service a
member needs to
qualify for a future
retirement benefit.
Members are vested
under the defined
benefit component of
the Hybrid Retirement
Plan when they reach
five years (60 months)
of creditable service.
VRS Plan 1 or VRS Plan
2 members with at

requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

## Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of

		employer
		contributions.
		Distribution is not required by law until
		age 70½.
Calculating the	Calculating the	Calculating the
Benefit	Benefit	Benefit
The Basic Benefit is	See definition under	Defined Benefit
calculated based on a	VRS Plan 1.	Component:
formula using the		See definition under
member's average final		VRS Plan 1
compensation, a retirement multiplier		Dofined Contribution
and total service		Defined Contribution Component:
credit at retirement.		The benefit is based
It is one of the		on contributions made
benefit payout options		by the member and any
available to a member		matching contributions
at retirement.		made by the employer,
		plus net investment
An early retirement		earnings on those
reduction factor is		contributions.
applied to the Basic		
Benefit if the member		
retires with a reduced retirement benefit or		
selects a benefit		
payout option other		
than the Basic		
Benefit.		
Average Final	Average Final	Average Final
Compensation	Compensation	Compensation
A member's average	A member's average	Same as VRS Plan 2. It
final compensation is	final compensation is	is used in the
the average of the 36	the average of their	retirement formula for
consecutive months of	60 consecutive months	the defined benefit
highest compensation	of highest	component of the plan.
as a covered employee.	compensation as a covered employee.	
	covered embrokee.	
Service Retirement	Service Retirement	Service Retirement
Multiplier	Multiplier	Multiplier
The retirement	Same as Plan1 for	The retirement
multiplier is a factor	service earned,	multiplier is 1.0%.
used in the formula to	purchased or granted	For members that opted
determine a final retirement benefit.	prior to January 1, 2013. For non-	into the Hybrid
The retirement	hazardous duty members	Retirement Plan from
	THE PETAL AND THE METALETS	

multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age	Normal Retirement Age	Normal Retirement Age
Age 65.	Normal Social Security retirement age.	Defined Benefit Component:
	recirement age.	Same as VRS Plan 2.
		Defined Contribution
		Component: Members are eligible
		to receive
		distributions upon
	·	leaving employment,
		subject to restrictions.
		restrictions.
Earliest Unreduced	Earliest Unreduced	Earliest Unreduced
Retirement Eligibility	Retirement Eligibility	Retirement Eligibility
Members who are not in hazardous duty	Members who are not in hazardous duty	Defined Benefit Component:
positions are eligible	positions are eligible	Members are eligible
for an unreduced	for an unreduced	for an unreduced
retirement benefit at	retirement benefit	retirement benefit
age 65 with at least five years (60 months)	when they reach normal	when they reach normal
of creditable service	Social Security retirement age and	Social Security retirement age and
or at age 50 with at	have at least five	have at least five
least 30 years of	years (60 months) of	years (60 months) of
creditable service.	creditable service or	creditable service or
Hazardous duty members	when their age and service equal 90.	when their age and
are eligible for an	CCIVICE Equal 90:	service equal 90.
unreduced retirement	Hazardous duty members	Defined Contribution
benefit at age 60 with	are eligible for an	Component:
at least five years of	unreduced retirement	

creditable service or age 50 with at least 25 years of creditable service.	benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	Earliest Unreduced Retirement Eligibility Defined Benefit Component: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.  Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.  Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.  Eligibility: Same as VRS Plan 1	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as VRS Plan 2.  Defined Contribution Component: Not applicable.  Eligibility: Same as VRS Plan 1 and VRS Plan 2.

from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

### Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following

circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from shortterm or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.

### Exceptions to COLA **Effective Dates:** Same as VRS Plan 1

# Exceptions to COLA Effective Dates:

Same as VRS Plan 1 and VRS Plan 2.

• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

### Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

### Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

### Disability Coverage

Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employerpaid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 optins) covered under VSDP or VLDP are subject to a one-year

		· · · · · · · · · · · · · · · · · · ·
		waiting period before
		becoming eligible for
		non-work related
		disability benefits.
Purchase of Prior	Purchase of Prior	Purchase of Prior
Service	Service	Service
Members may be	Same as VRS Plan 1.	Defined Benefit
eligible to purchase		Component:
service from previous		Same as VRS Plan 1.
public employment,		
active duty military		Defined Contribution
service, an eligible		Component:
period of leave or VRS		Not applicable.
refunded service as		
creditable service in		
their plan. Prior		
creditable service		
counts toward vesting,		
eligibility for		
retirement and the		
health insurance		
credit. Only active		
members are eligible		
to purchase prior		
service. When buying		
service, members must		
purchase their most		
recent period of		
service first. Members		
also may be eligible		
to purchase periods of		
leave without pay.		
		1

Note 10 - Defined Benefit Pension Plan (Continued)

### A. Plan Description (Continued)

The System issues a publicly available comprehensive annual report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <a href="http://www.varetire.org/Pdf/Publication/2013-annual-report.pdf">http://www.varetire.org/Pdf/Publication/2013-annual-report.pdf</a> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% 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, Scott County, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2014 was 15.12% of annual covered payroll for the County's government employees and 10.08% for Scott County School Board non-professional employees.

The public school division (professional employees) contribution rate for fiscal year 2014 was 11.66% of covered payroll.

#### C. Annual Pension Cost

For the fiscal year 2014, Scott County, Virginia's annual pension cost of \$809,871, \$2,173,875 and \$224,992 for VRS was equal to the County's required and actual contributions for the County government employees, and for Scott County School Board professional and non-professional employees, respectively.

Note 10 - Defined Benefit Pension Plan (Continued)

### C. Annual Pension Cost (Continued)

	Trend Inf	formation for County	of Scott
Fiscal Year	Annual Pension	Percentage of APC	Net Pension
Ending	Cost (APC)	Contributed	<u>Obligation</u>
County:			
6/30/14	\$ 890,871	100%	\$ -
6/30/13	1,031,044	100	-
6/30/12	831,085	100	-
School Board:			
Non-Professional	Employees:		
C 100 10 1			
6/30/14	\$ 224,992	100%	\$ -
6/30/13	331 <b>,</b> 298	100	-
6/30/12	259 <b>,</b> 267	100	-
Danfarrianal Royal	1		
Professional Empl	Loyees:		
6/30/14	\$2,173,875	100%	\$ -
6/30/13	2,997,143	100%	٠ -
6/30/12	2,061,796		-
0/30/12	2,001,190	100	_

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.0% (b) projected salary increases of 3.75% to 5.60% per year for local general government employees and 3.5% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%.

The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Note 10 - Defined Benefit Pension Plan (Continued)

### D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 68.92% funded. The actuarial accrued liability for benefits was \$25,861,763, and the actuarial value of assets was \$17,823,374, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,038,389. The covered payroll (annual payroll of active employees covered by the plan) was \$5,161,890, and the ratio of the UAAL to the covered payroll was 155.73%.

The schedule of funding progress, presented as Required Supplementary Information following these notes, 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.

Required Supplementary Information:

Schedule of Funding for the County and School Board:

Fiscal Year Ending	Autuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/13 6/30/12 6/30/11	\$17,823,374 17,219,759 17,504,005	\$25,861,763 25,990,999 25,407,901	\$8,038,389 8,771,240 7,903,896	68.92% 66.25% 68.89%	\$5,161,890 4,922,830 4,878,511	155.73% 178.17% 162.01%
School Bo	oard: fessional Emp	ployees				
6/30/13 6/30/12 6/30/11	\$6,665,396 6,443,440 6,506,716	\$8,334,236 8,386,942 8,366,545	\$1,668,840 1,943,502 1,859,829	79.98% 76.83% 77.77%	\$2,114,387 2,032,395 2,165,760	78.93% 95.63% 85.87%

### Note 11 - Other Post-Employment Benefits

The Governmental Accounting Standards Board ("GASB") Statement No. 45, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes standards for the measurement, recognition and display of other post-employment benefits ("OPEB") expense and related liabilities in the financial statements. The cost of post-employment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools prospectively adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2014, the County and School Board's annual OPEB costs of \$351,993 and \$409,239, respectively, were equal to the Annual Required Contribution (ARC).

	Primary Government	School Board
Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution	527	\$ 396,507 12,732
Annual OPEB cost Contributions made	351,993	409,239 
Increase in net OPEB obligation Net OPEB obligation-beginning of year	351,993 861,769	409,239 1,909,851
Net OPEB obligation-end of year	\$ 1,213,762	\$ 2,319,090

Note 11 - Other Post-Employment Benefits (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The County's first year for implementing GASB No. 45 was June 30, 2009.

Fiscal Year Ending	Annual OPEB	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 351,993	0.0%	\$ 1,213,762
June 30, 2013	\$ 351,993	0.0%	\$ 861,769
June 30, 2012	\$ 127,444	0.0%	\$ 509,776

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The School Board's first year for implementing GASB No. 45 was June 30, 2009.

Fiscal Year Ending	Annual OPEB	Annual OPEB Cost Contributed	Net-OPEB Obligation
June 30, 2014	\$ 409,239	0.0%	\$ 2,319,090
June 30, 2013	\$ 396,507	0.0%	\$ 1,909,851
June 30, 2012	\$ 325,888	0.0%	\$ 1,513,344

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2013 was as follows:

	Primary	School
	Government	Board
Actuarial Accrued Liability (AAL)	\$2,627,420 \$:	4,624,966
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability		
(UAAL)	2,627,420	4,624,966
Funded Ratio (Actuarial Value of Plan	า	
Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	4,686,262	18,156,705
UAAL as a Percentage of Covered Payroll	d 56.06%	25.47%

Note 11 - Other Post-Employment Benefits (Continued)

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 healthcare cost trends. 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.

### 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 type 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.

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used to determine liabilities. Under this method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The actuarial assumptions used a 4% discount rate and an initial annual healthcare cost trend of 6.5% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5%. The unfunded accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2014 is 25 years.

#### Plan Description

The County and School Board provide post-employment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors and School Board. The plan does not grant retirees vested health benefits.

Note 11 - Other Post-Employment Benefits (Continued)

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. Employees at the County are allowed to stay on the plan until death of the employee and employees at the School Board are allowed to stay on the plan until death of the employee or eligibility for Medicare coverage. The employee pays 100% of the required premium.

The number of participants at June 30, 2014 was as follows:

	Primary Government	School Board
Retirees currently receiving benefits Active employees	9 110	67 353
Total	119	420

### Funding Policy

The County and Schools currently fund post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2014, neither the County nor the Schools designated any funding for the OPEB liability.

## Note 12 - Contingent Liabilities

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

## Note 13 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure 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 post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$1,015,187 reported as landfill closure and post closure care liability at June 30, 2014, represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2014.

## Note 14 - Risk Management

The County and its Component Unit School Board are exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and its Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Association of Counties Self Insurance, for all types of insurance. The Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Municipal League, for all of its insurance coverage. The County and its Component Unit School Board pay an annual premium to these pools for their insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

### NOTE 15 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2014 a total of \$4,444,854 was paid in benefits and administrative costs. The risk assumed by the School Board is \$100,000 per person with a maximum attachment point of \$4,444,854. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The fund had \$0 health insurance claims payable at June 30, 2014.

#### Note 16 - Interfund Transfers

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

Fund	Transfers In	Transfers Out
Primary Government: General Fund School Fund	\$ - <u>5,419,866</u>	\$ 5,419,866 
Total	\$ 5,419,866	\$ 5,419,866

#### Note 17 - Surety Bonds

Note 1, bullet, bullet	Amount
Fidelity and Deposits Company of Maryland - Surety	
Mark A. "BO" Taylor, Clerk of the Circuit Court	\$200,000
Mitzi Owens, Treasurer	400,000
Gary Baker, Commissioner of the Revenue	10,000
John Puckett, Sheriff	30,000
VACO Risk Management Programs	
All School Board employees - blanket	250,000
VACorp - Surety	
Kathie Noe, County Administrator	100,000
All General Government employees - blanket	100,000
All Social Service employees - blanket	100,000

Note 18 - Fund Balances

Noce to fand bataness								
		General		School		Other		
		Fund		Fund		Funds		Total
Fund balances:								
Restricted for:								
Federal Seizure	\$	6,394	\$	-	\$	-	\$	6,394
Inmates		25		_		_		25
Courthouse Security		16,061		-		_		16,061
E-911		31,170		_		_		31,170
Coal and Roads		<del>-</del>		_		35,679		35,679
Law Library		-		_		12,500		12,500
Assigned for:								
Commonwealth Attorney		111,131		-		_		111,131
Weapons Permits		49,164		_		-		49,164
Courthouse Maintenance		18,435		_		-		18,435
Technology		24,383		_		-		24,383
Cafeteria		-		384,449	)	_		384,449
Insurance		-		297,661		-		297,661
Unassigned		3,078,584	_1	,531,115	-		_4	<u>,609,699</u>
Total fund balances	<u>\$</u> :	3,335,347	<u>\$ 2</u>	,213,225	<u>\$</u>	48,179	<u>\$5</u>	,596,751

REQUIRED SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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General Fund Variance With Amended Budget Budget Original As Positive Budget Amended Actual (Negative) Revenues: General property taxes 10,618,500 \$ \$ 10,484,330 10,618,000 \$ (133,670)Other local taxes 3.276.461 3,276,461 3,167,334 (109, 127)Permits, privilege fees & regulatory licenses 36.825 36.825 71,939 35,114 Fines and forfeitures 105,980 131,298 207,646 76,348 Revenue from use of money & porperty 98,000 98,000 96,229 (1,771)Charges for services 183,750 188,600 187,695 (905)Miscellaneous 260,390 405,647 (211,476)194,171 Recovered costs 172,308 187,108 112,254 (74,854)Intergovernmental: Commonwealth 5,165,092 5,291,478 5,169,372 (122,106)Federal 1,954,855 1,968,627 1,789,466 (179, 161)Total revenues 21,872,161 22,202,044 (721,608)21,480,436 Expenditures: Current: General government administration 1,794,083 1,798,283 1,648,455 149,828 Judicial administration 1,228,495 1,274,438 1,161,009 113,429 5,503,599 5,889,575 Public safety 5,616,633 385,976 Public works 2,068,442 2,070,390 2,238,209 (167,819)Health and welfare 5,171,052 5,171,052 4,291,851 879,201 Education 28,757 28,757 35,400 (6,643)582.889 587,739 576.080 11,659 Parks, recreation, & cultural Community development 458,110 458,110 601,965 (143,855)Debt service: Principal retirement 86,568 86,568 86,568 10,138 Interest & other fiscal charges 10,138 10,138 17,045,167 17,375,050 16,153,274 1,221,776 Total expenditures Excess (deficiency) of revenues over expenditures 4,826,994 4,826,994 5,327,162 500,168 Other financing sources (uses): Operating transfers in (5,419,866)(592,872)Operating transfers out (4,826,994)(4,826,994)Transfers from primary government (4.826.994)(4.826,994)(5,419,866)(592,872)Total other financing sources (uses) Excess (deficiency) of revenues & other (92,704)(92,704)sources over expenditures & other uses 3,428,051 3,428,051 Fund balances at beginning of year Fund balances at end of year \$ \_\$ 3,335,347 \$ 3,335,347

June 30, 2014

		endable rust	Agency Funds					·	
	C	eferred Comp Fund		Special Welfare		Payroll thholding Fund	Local Sales Tax Fund		Totals
Assets:									
Cash and cash equivalents	\$	-	\$	28,037	\$	-	\$	-	\$ 28,037
Cash with sheriff		-		-		-		-	-
Due from other government									
units		-		-		-		252,396	252,396
Amount due from others		-		-		11,825		-	11,825
Investments		2,731,840	_	-		-		-	 2,731,840
Total assets	\$ 2	2,731,840		28,037	\$	11,825		252,396	\$ 3,024,098
Liabilities:									
Due to primary government	\$	-	\$	-	\$	-	\$	232,684	\$ 232,684
Due to other government									
units		-		-		-		-	-
Amounts due to others						11,825			11,825
Amounts held for others		2,731,840		28,037		<u> </u>		19,712	 2,779,589
Total liabilities	\$ 2	2,731,840	\$_	28,037	\$	11,825	\$	252,396	\$ 3,024,098

Discretely Presented Component Unit - School Board

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	_			Governmenta	l Fun	d Types				roprietary und Type		
		School Operating Fund		hool Food Service Fund		School Debt Fund		Scott County Head Start	lı	School nsurance Fund		Totals
Assets:  Cash & cash equivalents	\$	_	\$	376,413	s	1,851,421	s	24,429	\$	297,661	\$	2,549,924
Cash with head start	•	-	•	-	•	1,001,421	Ψ	27,723	Ψ	297,001	Ψ	2,545,524
Other current assets  Due from other governmental		580,052		-				-		-		580,052
units		579,197		9,232						•		588,429
Due from primary government		2,004,689						-		<del></del>		2,004,689
Total Assets		3,163,938	\$	385,645		1,851,421	\$	24,429	_\$	297,661	\$	5,723,094
Liabilities:												
Accounts payable	\$	250,513	\$	1,196	\$	320,306	\$	24,429	\$	-	\$	596,444
Accrued salaries Health insurance payable		2,913,425		•				<u> </u>		<u>.</u>		2,913,425 
Total Liabilities		3,163,938		1,196		320,306		24,429		<u> </u>		3,509,869
Fund balance:												
Assigned		•		384,449		-				297,661		682,110
Unassigned		<del></del>				1,531,115				<u> </u>		1,531,115
Total Fund Balance		-		384,449		1,531,115		<del></del>		297,661		2,213,225
Total Liabilities &												
Fund Balance	<u>\$</u>	3,163,938	_\$	385,645	\$	1,851,421	\$	24,429	\$	297,661		

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

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 assets includes those capital assets among the assets of the locality as a whole.

35,287,606

Long-term liabilities applicable to the locality'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 assets.

(6,995,666)

Net assets of General Government Activities

\$ 30,505,165

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

For the Year En	ded June	30.	2014
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		Governmental	Fund Types		Proprietary Fund Type	
	School Operating Fund	School Food Service Fund	School Debt Service	Scott County Head Start	School Insurance Fund	Totals
Revenues:						
Revenue from use of money						
and property	\$ 150	\$ -	\$ 3.969	\$ -	\$ -	\$ 4,119 4,906,022
Charges for services Miscellaneous	32,313 115,823	573,062	. <u>-</u>	299,115	4,300,647	4,906,022
Recovered costs	88,836	_	_	277,113	_	88,836
Intergovernmental:	***************************************					******
Commonwealth	25,533,803	37,042	_	-	_	25,570,845
Federal	1,880,644	1,226,194		1,212,884		4,319,722
Total revenues	27,651,569	1,836,298	3,969_	1,511,999	4,300,647	35,304,482
Expenditures:						
Education	33,071,435	1,853,801	2,693,854	1,511,999	4,444,854	43,575,943
Total expenditures	33,071,435	1,853,801	2,693,854	1,511,999	4,444,854	43,575,943
Excess (deficiency) of revenues over(under) expenditures	(5.419.866)	(17,503)	(2,689,885)	-	(144.207)	(8,271,461)
Other financing sources (uses):						
Operating transfers in	5,419,866	-	_	-	_	5,419,866
Operating transfers out Proceeds from indebtness	-	-	4,221,000	-	-	4,221,000
Transfer from/(to) primary debt	_	_	4,221,000	-	_	4,221,000
Total other financing sources	5,419,866		4,221,000			9,640,866
Excess (deficiency) of revenues & other sources over expenditure & other uses	_	(17,503)	1.531.115	_	(144,207)	1,369,405
		(17,505)	1,001,110		(211,201)	2,000,000
Fund balances at beginning of year		401,952			441,868	843,820
Fund balances at end of year	<u> </u>	\$ 384,449	\$ 1,531,115	<u> </u>	\$ 297,661	\$ 2,213,225
Amount reported for governmental acti are different because:	vities in the stat	ement of activi	ties			
Net changes in fund balances - total	governmental funds	:				\$ 1,369,405
Some expenses reported in the stateme current financial resources and, ther governmental activities.						(4,658,075)
						<b>(</b> -,,-, <b>-</b> )
Governmental funds report capital out statement of activities the cost of t estimated useful lives and reported a	hose assets is all s depreciation exp	ocated over the ense. This is	ir the			
amount by which depreciation exceeded		the current pe	riod.			1,560,744
Change in net position of governmenta	1 activities					\$ (1,727,926)

		School Ope	erating Fund	
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money	\$ 5,000	\$ 5,000	\$ 150	\$ (4,850)
and property	32,000	32,000	32,313 115,823	313
Charges for services	230,500	230,500	(114,677)	
Miscellaneous	4,000	4,000	88,836	84,836
Recovered costs	05 500 400	05 500 400		
Intergovernmental:	25,586,122	25,586,122	25,533,803	(52,319)
Commonwealth	1,951,642	1,951,642	1,880,644	(70,998)
Federal	27 900 264	27 900 264	27 654 560	/4E7 COE\
Total revenues	27,809,264	27,809,264	27,651,569	(157,695)
Expenditures:				
Current	33,011,258	33,011,258	33,071,435	(60,177)
Education				
Total expenditures	33,011,258	33,011,258	33,071,435	(60,177)
Excess (deficiency) of revenues over(under) expenditures	(5,201,994)	(5,201,994)	(5,419,866)	(217,872)
Other financing sources (uses):	5,201,994	5,201,994	5,419,866	217,872
Operating transfers in	-	•	-	-
Operating transfers out	-	•	-	-
Proceeds from indebtness				
Transfer from/(to) primary debt	5,201,994	5,201,994	5,419,866	217,872
Total other financing sources				
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
	-	-	-	
Fund balances at beginning of year	\$ -	\$ -	\$ -	\$ -
Fund balances at end of year				

	School Food Service Fund								
Revenues:	Original Budget	Actual	Variance From Amended Positive (Negative)						
Revenue from use of money									
and property	\$ -	\$ -	\$ -	\$ -					
Charges for services	608,689	608,689	573,062	(35,627)					
Miscellaneous	1,500	1,500	-	(1,500)					
Recovered costs		•	-	-					
Intergovernmental:									
Commonwealth	39,930	39,930	37,042	(2,888)					
Federal	1,338,000	1,338,000	1,226,194	(111,806)					
Total revenues	1,988,119	1,988,119	1,836,298	(151,821)					
Expenditures: Current									
Education	1,913,119	1,913,119	1,853,801	59,318					
Total expenditures	1,913,119	1,913,119	1,853,801	59,318					
Excess (deficiency) of revenues									
over(under) expenditures	75,000	75,000	(17,503)	(92,503)					
Other financing sources (uses):									
Operating transfers in	-	-	-	-					
Operating transfers out	-	-	-	-					
Proceeds from indebtness	-	-	-	-					
Transfer from/(to) primary debt	-								
Total other financing sources	-	-		<u>-</u>					
Excess (deficiency) of revenues & other sources over expenditure									
& other uses	75,000	75,000	(17,503)	(92,503)					
Fund balances at beginning of year	74,900	74,900	401,952	327,052					
Fund balances at end of year	\$ 149,900	\$ 149,900	\$ 384,449	\$ 234,549					

			5	School De	bt Servi	ce			
	Budget Original As Budget Amended Actu						Variance From Amended Positive		
Revenues:	<del></del>								
Revenue from use of money									
and property	\$	-	\$	-	\$	3,969	\$	3,969	
Charges for services		-		-		-		-	
Miscellaneous		-		-		-		-	
Recovered costs		-		-		-		-	
Intergovernmental:									
Commonwealth		-		-		•		-	
Federal				<u> </u>				•	
Total revenues		<u> </u>		-		3,969		3,969	
Expenditures: Current									
Education			12	21,000	2	693,854		1 627 146	
Education		<del></del>	4,5	21,000		093,634	-	1,627,146	
Total expenditures		-	4,3	21,000	2,	693,854		1,627,146	
Excess (deficiency) of revenues									
over(under) expenditures		-	(4,3	21,000)	(2,	689,885)		1,631,115	
Other financing sources (uses):									
Operating transfers in								-	
Operating transfers out		•		-		•		• •	
Proceeds from indebtness		•		-	4,	221,000		4,221,000	
Transfer from/(to) primary debt									
Total other financing sources		-			4,	221,000		4,221,000	
Excess (deficiency) of revenues & other sources over expenditure									
& other uses		-	(4,3	21,000)	1,	531,115		5,852,115	
Fund balances at beginning of year	-			<u>.                                    </u>		-			
Fund balances at end of year	\$		\$ (4,3	21,000)	\$ 1,	531,115	_\$	5,852,115	

	Scott County Head Start							
_	Original Budget			Budget As Amended		ctual	Ar P	ariance From nended ositive egative)
Revenues:								
Revenue from use of money			•		•		_	
and property	\$	•	\$	-	\$	•	\$	-
Charges for services		-		•		-		000 445
Miscellaneous		•		•		299,115		299,115
Recovered costs		-		-		•		•
Intergovernmental: Commonwealth								
Federal		1 257 240	4	257 240	4	212 004		- (AA AGE)
rederal		1,257,349		,257,349		212,884		(44,465)
Total revenues		1,257,349	1,	,257,349	1	511,999		254,650
Expenditures: Current								
Education		1,257,349	1,	,257,349	1,	511,999		(254,650)
Total expenditures		1,257,349		,257,349		511,999		(254,650)
Fuero (deficiency) of account								
Excess (deficiency) of revenues over(under) expenditures		-		-		-		-
Other financing sources (uses):								
Operating transfers in		-		-		-		-
Operating transfers out		-		•		-		-
Proceeds from indebtness		-		-		-		-
Transfer from/(to) primary debt		-		-				-
Total other financing sources		-						
Excess (deficiency) of revenues & other sources over expenditure & other uses		-		-		_		-
Fund balances at beginning of year		<u> </u>						
Fund balances at end of year	\$	-	\$		\$		\$	•

			S	School Ins	urance	Fund		
	 C 	Budget As Amended			Actual	P	Variance From Amended Positive Negative)	
Revenues:								
Revenue from use of money	_		_					
and property	\$	-	\$	•	\$		\$	·
Charges for services		-		-		4,300,647		4,300,647
Miscellaneous		•		•		-		-
Recovered costs		•		-		-		-
Intergovernmental:								
Commonwealth		-		-				-
Federal								
Total revenues		-		-		4,300,647		4,300,647
Expenditures:								
Current								
Education	<del></del>	<u> </u>		<u> </u>		4,444,854		<u>(4,444,854)</u>
Total expenditures						4,444,854		(4,444,854)
Excess (deficiency) of revenues								
over(under) expenditures		•		•		(144,207)		(144,207)
Other financing sources (uses):								
Operating transfers in		-		-		-		-
Operating transfers out		-		-		-		-
Proceeds from indebtness		-		-		-		-
Transfer from/(to) primary debt	-			-				-
Total other financing sources		•		•				-
Excess (deficiency) of revenues & other sources over expenditure & other uses		-		-		(144,207)		(144,207)
Fund balances at beginning of year		•				441,868		441,868
Fund balances at end of year	\$	•	\$	-	\$	297,661	\$	297,661

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Proprietary Fund - Discretely Presented Component Unit

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PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS June 30, 2014

	Discretely Presented Component Units						
	Economic	Public	ion onto				
	Development	Service					
	Authority	Authority	Total				
Assets:							
Current assets:							
Cash and cash equivalents	\$ 2,086,599	\$ 304,730	\$ 2,391,329				
Receivables (net of allowance) Accounts receivable	40,589	207 220	427 047				
Inventory	40,309	387,328 87,441	427,917 87,441				
Other current assets	168.161	236.771	404,932				
Due from other governments	101,228	174,905	276,133				
Total current assets	2,396,577	1,191,175	3,587,752				
Noncurrent assets:							
Capital assets:							
Land	5,226,835	5,928,135	11,154,970				
Buildings & equipment,							
net of depreciation	13,450,924	44,726,629	58,177,553				
Total noncurrent assets	18,677,759	50,654,764	69,332,523				
Other assets:							
Restricted cash in bank	6,641	1,036,951	1,043,592				
Notes receivable	128,681	1,000,901	128,681				
Unamortized bond costs	120,001	-	120,001				
Chambridge bond cools	-	• • • • • • • • • • • • • • • • • • • •					
Total other assets	135,322	1,036,951	1,172,273				
Total assets	\$ 21,209,658	\$ 52,882,890	\$ 74,092,548				
Liabilities:							
Current liabilities:							
Accounts payable &							
accrued expenses	\$ 134,827	\$ 894,230	\$ 1,029,057				
Current portion of							
long-term obligations	1,103,374	867,349	1,970,723				
Total current liabilities	1,238,201	1,761,579	2,999,780				
Noncurrent liabilities:							
Compensated absences	21,773	142,353	164,126				
Amounts held for others	6,360	188,068	194,428				
Other post employment benefits	•	271,240	271,240				
Noncurrent portion of long-term obligations	2,482,414	18,722,916	21,205,330				
Total noncurrent liabilities	2,510,547	19,324,577	21,835,124				
Total liabilities	3,748,748	21,086,156	24,834,904				
Net position:							
Invested in capital assets,							
net of related debt	15,091,971	31,064,499	46,156,470				
Restricted for other purposes	0.000.000	1,036,951	1,036,951				
Unrestricted	2,368,939	(304,716)	2,064,223				
Total net position	17,460,910	31,796,734	49,257,644				
Total liabilities & net position	\$ 21,209,658	\$ 52,882,890	\$ 74,092,548				

**Discretely Presented Component Units Economic** Public Development Service Authority Authority Total Operating revenues: \$ Charges for services 3.169.771 \$ 3.169.771 Rental income 374,308 374,308 Grants 1,530,375 1.530.375 Miscellaneous 7,555 72,809 80,364 Total operating revenue 1,912,238 3,242,580 5,154,818 Operating expenses: Wages and benefits 179,953 1,193,138 1,373,091 Other operating expenses 1,622,180 2,606,513 4,228,693 Total operating expense 1,802,133 3,799,651 5,601,784 Operating income (loss) 110,105 (557,071)(446,966)Nonoperating revenues (expenses): Interest earned 6,202 4,110 10,312 Connection fees 42,545 42,545 Other non operating revenues/expense Interest expense (62, 238)(214,975)(277,213)Total nonoperating revenues (expenses) (56,036)(168, 320)(224,356)Capital contributions 1,133,995 1,133,995 Increase (decrease) in net position 54,069 408,604 462,673 Net position at beginning of year 17,406,841 31,388,130 48,794,971 Net position at end of year \$ 17,460,910 \$ 31,796,734 \$ 49,257,644

# PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS For the Year Ended June 30, 2014

	Discretely	Presented Compon	monent Units		
	Economic	Public	ion onto		
	Development	Service			
	Authority	Authority	Total		
Cash flows from operating activities:					
Receipts from customers & users	\$ 1,924,693	\$ 3,216,250	\$ 5,140,943		
Payments to suppliers	(1,352,911)	(1,000,894)	(2,353,805)		
Payments to employees for services	(1,002,011)	(1,194,177)	(1,194,177)		
. dymana to amployada tar adritada		(1,134,117)	(1,134,177)		
Net cash provided(used) by operating activities	571,782	1,021,179	1,592,961		
Cash flows from capital & related					
financing activities:					
Connection fee	_	42,545	42,545		
Other nonoperating revenues	_	72,070	72,070		
Loans to industries	(24,000)		(24,000)		
Purchase of fixed assets	(292,455)	(2,567,544)	(2,859,999)		
		• • • • • • • • • • • • • • • • • • • •	• • • • •		
Principal on debt	(272,477)	(995,407)	(1,267,884)		
Proceeds from indebtness	-	1,177,511	1,177,511		
Interest on debt	-	(226,706)	(226,706)		
Proceeds from loans & grants	42,947_	1,458,014	1,500,961		
Net cash used in capital & related financing activities	(545,985)	(1,111,587)	(1,657,572)		
Cook flows from investing activities.					
Cash flows from investing activities:		4 440	4 4 4 0		
Interest earned	<u> </u>	4,110	4,110		
Net cash provided by investing activities	<u>-</u>	4,110	4,110		
Increase (decrease) in cash & cash equivalents	25,797	(86,298)	(60,501)		
Cash & cash equivalents at beginning of year	2,067,443	1,600,209	3,667,652		
Cash & cash equivalents at end of year	\$ 2,093,240	\$ 1,513,911	\$ 3,607,151		
Book with the state of the stat					
Reconciliation of operating income to net cash provided					
(used) by operating activities:					
Operating income (loss)	\$ 54,069	\$ (557,071)	\$ (503,002)		
Adjustments to reconcile net income (loss) to net cash					
provided by operations:					
Depreciation	531,620	1,597,991	2,129,611		
Amortization	5,475	•	5,475		
Bad debts	=	4,416	4,416		
Gain on sale of assets	-	•	•		
Post employment benefits	_	44,622	44,622		
Changes in operating assets & liabilities:		11,022	. ,,522		
Accounts receivable	(5,221)	(25,441)	(30,662)		
Inventory	(5,221)	(77,547)	(77,547)		
Other assets	<u>.</u>	(11,541)	(11,541)		
	(14,161)	37,206	23,045		
Accounts payable	(14,101)	•	*		
Customer deposits	-	(889)	(889)		
Accrued leave & benefits		(2,108)	(2,108)		
Total adjustments	517,713	1,578,250	2,095,963		
Net cash provided (used) by operating activities	\$ 571,782	<b>\$ 1,021,179</b>	\$ 1,592,961		

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Non-Major Governmental Funds

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		Special Revenue Funds						
		Coal						
	F	Road		Law				
	Impr	ovement	l	_ibrary				
	•	und		Fund		Totals		
	-							
Assets:								
Cash & cash equivalents	\$	35,679	\$	12,649	\$	48,328		
Accounts receivable	·	-	•	95	•	95		
	<del></del>							
Total assets	\$	35,679	\$	12,744	\$	48,423		
			<u> </u>			,		
Liabilities:								
Accounts payable	\$	-	\$	244	\$	244		
Accrued expenses	•	_	•		•	-		
, 100, 400								
Total liabilities		-		244		244		
	<del></del>							
Fund balance:								
Restricted		35,679		12,500		48,179		
Total fund balance		35,679		12,500		48,179		
Total liabilities &								
fund balance	\$	35,679	\$	12,744	\$	48,423		

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended June 30, 2014

	Special Revenue Funds						
	Coal Road Improvement Fund		Law Library Fund			Totals	
Revenues:							
Revenues from local sources:	_		_		_		
Other taxes	\$	2,693	\$	-	\$	2,693	
Permits, privilege fees & regulatory licenses		_		_		_	
Charges for services		-		2,999		2,999	
Intergovernmental		-		-		-	
Total revenues		2,693		2,999		5,692	
Expenditures:							
Judicial administration		-		2,955		2,955	
Public safety		-		-		•	
Public works		1,347				1,347	
Total expenditures		1,347		2,955		4,302	
Excess (deficiency) of							
revenues over expenditures		1,346		44 .		1,390	
Other financing sources (uses):							
Operating transfers in		-		-		-	
Operating transfers out				-		-	
Total other financing sources		-		-			
Excess (deficiency) of revenues &							
other sources over expenditure							
& other uses		1,346		44		1,390	
Fund balance at beginning							
of year		34,333		12,456		46,789	
Fund balance at end							
of year	\$	35,679	\$	12,500	\$	48,179	

EXHIBIT 20 Page 1 of 2

	Coal Road Improvement Fund							
Danasas	Original Budget		Budget As Amended		Actual		Ar P	ariance From nended ositive egative)
Revenues:  Revenues from local sources:								
Other taxes Permits, privilege fees	\$	-	\$	-	\$	2,693	\$	2,693
& regulatory licenses		-		-		-		•
Charges for services		-		-		-		-
Intergovernmental								•
Total revenues		_		-		2,693		2,693
Expenditures: Judicial administration		-		-		-		-
Public safety		-		-		-		-
Public works		34,315		34,315		1,347		32,968
Total expenditures		34,315		34,315		1,347		32,968
Excess (deficiency) of revenues over expenditures		(34,315)		(34,315)		1,346		35,661
Other financing sources (uses): Operating transfers in Operating transfers out		- -		-				-
Total other financing sources	<u> </u>	-		-				
Excess (deficiency) of revenues & other sources over expenditure		(04.045)		(24.245)		4 246		25 664
& other uses		(34,315)		(34,315)		1,346		35,661
Fund balances at beginning of year		-				34,333		34,333
Fund balance at end of year	\$	(34,315)	\$	(34,315)	\$	35,679	\$	69,994
or your		(37,010)		(0-1,0.0)	<u> </u>	30,0.0	<u> </u>	30,001

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

	Law Library Fund							
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)				
Revenues:								
Revenues from local sources: Other taxes Permits, privilege fees	\$ -	\$ -	\$ -	\$ -				
& regulatory licenses	-	-	-	•				
Charges for services	•	-	2,999	2,999				
Intergovernmental	-		-	-				
Total revenues		<u> </u>	2,999	2,999				
Expenditures: Judicial administration	12,259	12,259	2,955	9,304				
Public safety	-	-	-	•				
Public works	-		<del></del>	-				
Total expenditures	12,259	12,259	2,955	9,304				
Excess (deficiency) of revenues over expenditures	(12,259)	(12,259)	44	12,303				
Other financing sources (uses): Operating transfers in Operating transfers out	<u>-</u>	<u> </u>						
Total other financing sources	-							
Excess (deficiency) of revenues & other sources over expenditure								
& other uses	(12,259)	(12,259)	44	12,303				
Fund balances at beginning	<b>42.2</b> 0							
of year	(3,656)	(3,656)	12,456	16,112				
Fund balance at end	4.50.5							
of year	<u>\$ (15,915)</u>	\$ (15,915)	\$ 12,500	\$ 28,415				

Supporting Schedules

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Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,312,500	\$ 8,312,000	\$ 8,011,354	\$ (300,646)
Real & personal public service corporation property taxes	715,000	715,000	763,880	40 000
Personal property taxes	954,000	954,000	1,020,059	48,880 66,059
Machinery and tools taxes	180,000	180,000	185,538	5.538
Merchants capital	204,000	204,000	211,008	7,008
Mobile home taxes	83,000	83,000	82,715	(285)
Penalties	100,000	100,000	107,767	7,767
Interest	70,000	70,000	102,009	32,009
TOTAL GENERAL PROPERTY TAXES	10,618,500	10,618,000	10,484,330	(133,670)
<b></b>				
Other local taxes:	4 540 401	4 540 404	4 007 070	/466 4641
Local sales & use taxes	1,519,461 405.000	1,519,461 405.000	1,387,270	(132,191)
Consumer utility tax  Local cell phone tax	800,000 800,000	800,000	408,114 779,898	3,114 (20,102)
Parimutuel - Colonial Downs	15,500	15,500	11,164	(4,336)
Gross receipts - utility	75,000	75,000	65,732	(9,268)
Motor vehicle licenses	410,000	410,000	409,673	(327)
Bank franchise taxes	8,000	8,000	10,656	2,656
Transient lodging tax	3,000	3,000	2,650	(350)
Tax on wills	12,000	12,000	4,408	(7,592)
Recordation tax	25,000	25,000	82,383	57,383
Coal severance tax	3,500	3,500	5,386	1,886
TOTAL OTHER LOCAL TAXES	3,276,461	3,276,461	3,167,334	(109,127)
Describe estables from 0				
Permits, privilege fees &				
regulatory license: Animal licenses	6,000	6,000	3,861	(2,139)
Transfer fees	1,000	1,000	877	(123)
Building and related permits	24,525	24,525	29,644	5,119
Weapons permits	-	-	13,918	13,918
Permits and other licenses	5,300	5,300	23,639	18,339
TOTAL PERMITS, PRIVILEGE FEES				
& REGULATORY LICENSES	36,825	36,825	71,939	35,114
Plane and forfallows				
Fines and forfeitures:  Court fines and forfeitures	105,980	131,298	207,646	76,348
Court lines and ioneitures	103,960	131,250	207,040	
TOTAL FINES & FORFEITURES	105,980	131,298	207,646	76,348
Revenue from use of money & property:				
Revenue from use of money	2,000	2,000	429	(1,571)
Revenue from use of property	96,000	96,000	95,800	(200)
TOTAL REVENUE FROM USE OF				
MONEY & PROPERTY	98,000	98,000	96,229	(1,771)
MONET & PROFERIT	30,000	30,000	30,223	
Charges for services:				
Charges for recreation	101,000	105,850	94,489	(11,361)
Charges for NARF collections	-	-	3	3
Charges for waste				
collection & disposal	82,000	82,000	69,633	(12,367)
Charges for Commonwealth Attorney	•	•	-	-
Commonwealth attorney fees	-	-		
Room and board animals	750	750	385	(365)
Charges for jail work release Charges for correction & detention	-	-	•	•
Charges for correction & detention	=	-	-	-
Excess fees of health department	-	-	23,185	23,185
and the second of the second o				20,,00
TOTAL CHARGES FOR SERVICES	183,750	188,600	187,695	(905)

## COUNTY OF SCOTT, VIRGINIA GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS STATEMENT OF REVENUES - BUDGET AND ACTUAL

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Miscellaneous revenue:				
Miscellaneous	\$ 177,390	\$ 322,647	\$ 77,263	\$ (245,384)
Payments in lieu of taxes for enterprise activities	83,000	83,000	116,908	33,908
·				
TOTAL MISCELLANEOUS REVENUE	260,390	405,647	194,171	(211,476)
Recovered costs:				
Other recovered cost	172,308	187,108	112,254	(74,854)
TOTAL RECOVERED COSTS	172,308	187,108	112,254	(74,854)
TOTAL REVENUE FROM LOCAL SOURCES	14,752,214	14,941,939	14,521,598	(420,341)
Revenue from the Commonwealth: Noncategorical aid:				
ABC profits Wine taxes	•	-	-	-
Mobile home titling taxes	55,000	55,000	68,445	13,445
Tax on deeds	13,000	13,000	16,635	3,635
Rolling stock tax	137,000	137,000	141,040	4,040
Personal property tax relief Aid to locality reduction	734,026	734,026 -	734,026 -	-
TOTAL NONCATAGORICAL AID	939,026	939.026	960,146	21,120
Categorical aid: Shared expenses: Commonwealth's attorney Sheriff	280,722 1,306,683	280,722 1,306,683	280,284 1,289,460	(438) (17,223)
Commissioner of the Revenue	100,062	100,062	100,571	509
Treasurer Medical examiner	101,973	101,973	101,373	(600)
Clerk of the Circuit Court	278,380	303,617	298,391	(5,226)
Registrar/electoral board	37,000	37,000	36,591	(409)
Office of emergency services	•	-		
Four for life	<u> </u>	<del></del>	12,834	12,834
TOTAL SHARED EXPENSES	2,104,820	2,130,057	2,119,504	(10,553)
Other categorical aid: Welfare administration and				
assistance	1,337,446	1,337,446	1,155,599	(181,847)
CMPT Democratic Number of the Company of the Compan	658,962	658,962	500,833	(158,129)
Domestic Violance	20,000	21,162	20,750	(412)
Victim witness grant Local law enforcement	44,221 -	44,221 15,063	44,221 15,675	- 612
Rehabilitation grant	-	10,000	46,953	46,953
DMV rural traffic safety grant	•	6,438	11,928	5,490
Liter control	11,000	11,000	11,911	911
Fire programs	48,000	56,340	56,883	543
VAW	-	•	·	
Wireless E911 grant CDBG	-	28,046	44,104	16,058
Asset forfeiture grant	1,617	9,967	133,956	123,989
Operation safe school	•	33,750	41,250	7,500
Other aid	<del>-</del>	· ——	5,659	5,659
TOTAL OTHER CATEGORICAL AID	2,121,246	2,222,395	2,089,722	(132,673)
TOTAL CATEGORICAL AID	4,226,066	4,352,452	4,209,226	(143,226)
TOTAL REVENUE FROM THE				
COMMONWEALTH	5,165,092	5,291,478	5,169,372	(122,106)

Fund, Major and Minor Revenue Source	_	Original Budget		Budget As Amended		Actual		Variance From Amended Positive (Negative)
Revenue from the Federal Government:								
Categorical aid: Welfare public assistance Homeland Security & Terrorism VAW Law enforcement grant Forestry reimbursement Community Development Block Grant	\$	1,924,618 6,000 16,000 8,237	\$	1,924,618 6,000 29,772 8,237	\$	1,654,607 7,907 13,772 8,237 820 104,123	\$	(270,011) 1,907 (16,000) - 820 104,123
TOTAL CATEGORICAL AID		1,954,855		1,968,627		1,789,466		(179,161)
TOTAL REVENUE FROM FEDERAL GOVERNMENT		1,954,855		1,968,627		1,789,466		(179,161)
TOTAL GENERAL FUND	_\$_	21,872,191	_\$_	22,202,044		21,480,436	\$	(721,608)
Special Revenue Fund: Law Library Revenue from local sources: Charges for services								
Law library fees		<del></del>		-	<u>\$</u>	2,999	<u>\$</u>	2,999
Coal Road Improvement Fund Revenue from local sources: Other taxes				734,026				
Coal road tax	_\$_	<u> </u>	<u>\$</u>		<u>\$</u>	2,693		2,693
Damage Stamp Fund: Revenue from local sources: Permits, privilege fees & regulatory license: Damage stamps  E-911 Fund	\$	<u> </u>	\$	· ·	_\$_	· · · · · · · · · · · · · · · · · · ·	_\$	·
Revenue from local sources: Other taxes 911 service tax Revenue from the Commonwealth: Noncategorical aid:			_				<u>\$</u>	
Wireless grants Revenue from the Federal Government Wireless grants			_		_			<del></del>
E-911 Fund	<u>\$</u>	_	\$	•	\$	<u> </u>	<u>\$</u>	-
TOTAL SPECIAL REVENUE FUNDS	<u>\$</u>	-	<u>\$</u>	•	_\$_	5,692	<u>\$</u>	5,692
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	<u>\$</u>	21,872,191	\$	22,202,044	\$	21,486,128	<u>\$</u>	(715,916)
Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources: Revenue from use of money & property:								
Revenue from use of property	\$	5,000	_\$_	5,000	\$	150	\$	(4,850)
Charges for services: Transportation		32,000	_	32,000		32,313		313
Miscellaneous revenue: Miscellaneous		230,500		230,500		115,823		(114,677)
Recovered costs: Other		4,000		4,000		88,836		84,836
TOTAL REVENUE FROM LOCAL SOURCES		271,500		271,500	_	237,122		(34,378)

## COUNTY OF SCOTT, VIRGINIA GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS STATEMENT OF REVENUES - BUDGET AND ACTUAL

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended		Actual		Variance From Amended Positive (Negative)
Revenue from the Commonwealth:								
Categorical aid:	•	2 074 576	æ	2 074 576	\$	2,983,843	œ	(90,733)
Share of state sales tax	\$	3,074,576	\$	3,074,576	Ф		\$	
Basic school aid		13,738,787		13,738,787		13,619,379		(119,408)
Primary class size		647,930		647,930		647,637		(293)
Medicaid		250,000		250,000		307,794		57,794
GED funding		7,859		7,859		7,859		-
Foster care		9,052		9,052		4,533		(4,519)
Early intervention		102,018		102,018		112,220		10,202
Gifted & talented children		138,097		138,097		136,441		(1,656)
SOL		70,560		70,560		70,560		-
At - risk		567,322		567,322		560,515		(6,807)
Special education		1,915,048		1,915,048		1,894,500		(20,548)
Salary supplement		•		-		_		-
English second language		18,996		18,996		8,280		(10,716)
Preschool initiative		259,774		259,774		259,774		-
Technology Resources		_		_		•		-
Vocational education		458,440		458,440		464,410		5,970
Mentor teaching		-		-		-		-
Fringe benefits		2,323,631		2,323,631		2,448,750		125,119
Remedial education/summer school		509,076		509,076		524,867		15,791
School construction		303,070		303,070		324,007		10,731
Textbooks		269,379		734,026		266,149		- (467 977)
		209,379		734,020		200,149		(467,877)
VTSF grant		-		444.000		-		-
VPSA technology grant		414,000		414,000		477,512		63,512
Alternative education		327,145		327,145		409,396		82,251
ADL Assistance		152,977		152,977		-		(152,977)
Clinical faculty & mentor teacher		-		•		•		-
Supplemental support		323,931		323,931		319,856		(4,075)
Other revenue		7,524		7,524		9,528		2,004
TOTAL REVENUE FROM THE								
		DE EDC 400		00 050 700		05 500 000		(540,000)
COMMONWEALTH		25,586,122	_	26,050,769		25,533,803		(516,966)
Revenue from the federal government:								
Categorical aid:								
Title I		816,002		816,002		723,228		(92,774)
E-rate		-		-		•		
Title II		170,663		170,663		170.449		(214)
Title VI - B		812,907		812,907		741,209		(71,698)
Fiscal Stability		0.12,00.		-		741,200		(11,000)
Academic Achieve		_		_		_		•
Assistive Technology		•		•		-		-
		-		•		-		-
Education Technology		-		-		-		•
Gear-up				-		-		- 4 040
Preschool handicapped allocation		31,398		31,398		30,186		(1,212)
Vocational education		66,000		66,000		64,571		(1,429)
Forest reserve		54,572		54,572		52,481		(2,091)
Title IV - A		-		-				<u>-</u>
Title IV - B		-		-		98,520		98,520
Federal jobs funds		-		-		-		-
Other revenue		100	_	100		-		(100)
TOTAL REVENUE FROM THE FEDERAL								
GOVERNMENT		1,951,642	_	1,951,642		1,880,644		(70,998)
TOTAL SCHOOL OPERATING FUND	\$	27,809,264	\$	27,809,264	\$	27,651,569	\$	(157,695)

SCHEDULE 1 Page 5 of 5

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended		Actual	ı	Variance From Amended Positive Negative)
School Food Service Fund: Revenue from local sources: Revenue from use of money & property: Revenue from use of money	\$	-	\$		\$	<u>-</u>	_\$	<u> </u>
Oharras faransians								
Charges for services: Cafeteria sales		608,689		608,689		573,062		(35,627)
Miscellaneous revenue:								
Miscellaneous revenue		1,500		1,500		-		(1,500)
TOTAL REVENUE FROM LOCAL SOURCES		610,189		610,189		573,062		(37,127)
Revenue from the government: Categorical aid:								
Federal funds State funds	\$	1,338,000 39,930	\$	1,338,000 39,930	\$	1,226,194 37,042	\$	(111,806) (2,888)
		00,000			_	07,0,12		(2,000)
TOTAL REVENUE FROM THE GOVERNMENT		1,377,930		1,377,930		1,263,236		(114,694)
TOTAL SCHOOL FOOD SERVICE FUND	\$	1,988,119	\$	734,026	\$	1,836,298	\$	1,102,272
School Construction Fund: State construction monies Interest							\$	<u>.</u>
TOTAL SCHOOL CONSTRUCTION FUND	_\$_	-	\$	-	_\$_	<u> </u>	\$	<del></del>
School Insurance Fund:								
Charges for services: Insurance premiums	\$	-	\$	-	\$	4,300,647		4,300,647
Scott County Headstart: Revenue from local sources: Miscellaneous	œ		\$		\$	299,115	\$	299,115
Miscellaneous	\$		<u> </u>		<u> </u>	299,110	Ψ	299,110
Revenue from the federal government: Categorical aid:								
Headstart grant	_\$_	1,257,349	_\$_	1,257,349	\$	1,212,884	_\$	(44,465)
TOTAL SPECIAL REVENUE FUNDS		1,257,349	\$	1,257,349	_\$_	1,511,999	_\$	254,650
School Debt Fund:								
Revenue from use of money & property: Revenue from use of money	\$	-	_\$_	•		3,969	\$	3,969
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	_\$_	31,054,732	_\$_	31,054,732	_\$_	35,304,482	_\$	4,249,750

# COUNTY OF SCOTT, VIRGINIA GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 403,767	\$ 403,767	\$ 363,894	39,873
General & financial administration:				
County administrator	167,304	167,504	166,090	1,414
Legal services & assessment	243,058	243,058	186,946	56,112
Independent auditors report	43,750	43,750	46,750	(3,000)
Commissioner of revenue	212,153	212,153	208,752	3,401
Treasurer	212,806	216,806	201,256	15,550
General assessment	-	-	•	•
Info Systems Manager	92,604	92,604	94,016	(1,412)
Central accounting	143,526	143,526	147,623	(4,097)
General assessment	404.000	-	-	
Purchasing	104,809	104,809	103,441	1,368
TOTAL GENERAL & FINANCIAL				
ADMINISTRATION	1,220,010	1,224,210	1,154,874	69,336
	1,220,010	1,22-1,210	1,104,014	
Board of elections:				
Electoral board & officials	170,306	170,306	129,687	40,619
TOTAL GENERAL GOVERNMENT				
ADMINISTRATION	1,794,083	1,798,283	1,648,455	149,828
Judicial administration:				
Courts:		*** ***		
Clerk of the circuit court	440,921	441,550	420,908	20,642
Circuit court General district court	65,343 8,422	65,343	66,301	(958)
Magistrate	2,844	8,422 2,844	6,569 1,948	1,853 896
IT funds from comp board	17,576	31,357	24,889	6,468
Law library	11,570	-	24,009	(244)
Technology trust fund		-	-	(£44) -
Juvenile & domestic relations	229,642	229,642	229,584	58
TOTAL COURTS	764,748	779,158	750,443	28,715
Commonwealth's attorney:				
Commonwealth's attorney	463,747	495,280	410,566	84,714
TOTAL HIDICIAL ADMINISTRATION	1 222 405	4 074 400	4 404 000	440 400
TOTAL JUDICIAL ADMINISTRATION	1,228,495	1,274,438	1,161,009	113,429
Public safety:				
Law enforcement & traffic control:				
Sheriff	2,148,342	2,192,891	2,161,985	30,906
Regional Information Sharing	•	· · · · -	•	-
VAW outreach	15,172	28,944	32,197	(3,253)
Criminal investigation	23,500	23,500	20,228	3,272
Mental Health Transport	12,668	12,668	6,417	6,251
Victim witness	45,971	47,047	47,186	(139)
VA Domestic Violense grant	20,000	22,221	22,220	1
Class Action on VA Laws	126,524	126,524	126,940	(416)
E-911 grant Selective enforcement alcohol	27,869	55,915 2 275	9,414 9,567	46,501 (7.303)
Domestic violence grant	• -	2,275	9,567 16,593	(7,292) (16,593)
Asset forfeiture grant	• =	138,163	53,744	84,419
Byrne grant	-	130,103	2,204	(2,204)
Operation safe school	•	33,750	71,373	(37,623)
Central dispatcher	709,845	710,595	648,081	62,514
•				
TOTAL LAW ENFORCEMENT &				
TRAFFIC CONTROL	3,129,891	3,394,493	3,228,149	166,344

Fund, Function, Activities and Elements	 Original Budget	_	Budget As Amended		Actual		Variance From Amended Positive (Negative)
Fire & rescue services:							
Volunteer fire department	\$ 406,500	\$	414,840	\$	414,840	\$	•
Ambulance & rescue services	200,000		200,000		216,131	•	(16,131)
Southwest Virginia EMS, Inc.	3,203		3,203		3,203		•
Forest fire service	 18,266		18,266		18,659		(393)
TOTAL FIRE & RESCUE SERVICES	 627,969	_	636,309		652,833		(16,524)
Correction and detention: Sheriff - jail	 1,561,331		1,561,331		1,379,825		181,506
Inspections:							
Board of building appeals	88,429		88,429		86,254		2,175
Other protection:							
Emergency services	25,705		25.705		20,847		4,858
Medical examiner	500		500		180		320
Federal asset	-		-		-		•
Concealed weapon	50,455		50,455		14,466		35,989
Litter control	51,991		51,991		47,920		4,071
Animal control	 80,362		80,362		73,125		7,237
TOTAL OTHER PROTECTION	 209,013		209,013		156,538		52,475
TOTAL PUBLIC SAFETY	 5,616,633		5,889,575	_	5,503,599		385,976
Public works:							
Maintenance of highways, streets,							
Bridges and sidewalks:	-		-		•		•
Road administration	 •		•				
Constation 9 waste removal.							
Sanitation & waste removal:  Refuse collection	462,563		464,511		458,372		6,139
Refuse disposal	773,571		773,571		753,870		19,701
Manned solid waste sites	362,899		362,899		371,492		(8,593)
Marinos como viacio ancio	 002,000	_	002,000				(0,000)
TOTAL SANITATION & WASTE							
REMOVAL	 1,599,033	_	1,600,981		1,583,734		17,247
Maintenance of general buildings							
& grounds:							
General properties	469,409		469,409		654,475		(185,066)
Crooked road tech center	-		-		-		•
Community service building	 -		<u> </u>		<del>-</del>		<del></del>
TOTAL MAINTENANCE OF GENERAL							
PROPERTIES & GROUNDS	 469,409		469,409		654,475		(185,066)
Capital Outlays	 -		· · · · · · · · · · · · · · · · · · ·		-		
TOTAL PUBLIC WORKS	 2,068,442	_	2,070,390		2,238,209		(167,819)
Health & welfare:							
Health:							
Supplement of local health	247.040		247.040		244.050		0.454
department	 247,013	_	247,013		244,859	_	2,154
Mental health & mental retardation:							
Chapter X board	 91,000	_	91,000		83,420		7,580

COUNTY OF SCOTT, VIRGINIA
GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
State & local hospitalization:				
State & local hospitalization	\$ -	\$ -	\$ -	\$ -
Older American program Lenowisco disability services	50,000	50,000	50,000	-
TOTAL STATE & LOCAL				
HOSPITALIZATION	50,000	50,000	50,000	<del></del>
Welfare:				
Welfare administration	2,086,600	2,086,600	2,059,034	27,566
Public assistance	1,701,189	1,701,189	1,159,420	541,769
Community service act CMPT	985,250	985,250	- 685,118	300,132
Other social services	10,000	10,000	10,000	300,132
TOTAL WELFARE	4,783,039	4,783,039	3,913,572	869,467
TOTAL HEALTH & WELFARE	5,171,052	5,171,052	4,291,851	879,201
Education:				
Community colleges:				
Contributions to community				
colleges	28,757	28,757	35,400	(6,643)
Parks, recreation & cultural:				
Parks & recreation:	040.000	040.000		
Recreation centers & playgrounds Non-park recreation	213,822 157,623	213,822	211,810	2,012
Non-park recreation	157,625	162,473	152,826	9,647
TOTAL PARKS & RECREATION	371,445	376,295	364,636	11,659
Library:				
Lonesome Pine Regional Library	211,444	211,444	211,444	
TOTAL PARK, RECREATION				
& CULTURAL	582,889	587,739	576,080	11,659
Community development: Planning & community development:				
LENOWISCO	38,424	38,424	38,424	_
Planning district commission	4,500	4,500	1,762	2,738
Economic Development Authority	237,016	237,016	382,577	(145,561)
Chamber of commerce	7,000	7,000	6,700	300
Tourism	75,526	75,526	75,814	(288)
Community development general		<u> </u>		
TOTAL PLANNING & COMMUNITY				
DEVELOPMENT	362,466	362,466	505,277	(142,811)
Environmental management:				
Soil and water conservation				
district	32,960	32,960	32,960	-
Cooperative extension program:				
VPI extension	62,684	62,684	63,728	(1,044)
TOTAL COMMUNITY DEVELOPMENT	458,110	458,110	601,965	(143,855)
TOTAL COMMUNITY DEVELORMENT	430,110		001,303	(140,000)

Fund, Function, Activities and Elements		Original Budget		Budget As Amended		Actual		Variance From Amended Positive (Negative)
Debt service:								
Principal retirement	\$	86,568	s	86,568	\$	86,568	s	_
Interest & fiscal charges		10,138	_	10,138	_	10,138	_	-
TOTAL DEBT SERVICE		96,706		96,706	_	96,706		-
TOTAL GENERAL FUND	_\$	17,045,167	\$	17,375,050	_\$_	16,153,274	\$	1,221,776
Special Revenue Fund: Law Library Fund: Judicial administration: Courts:								
Law library	\$	12,259		12,259	_\$_	2,955	<u>\$</u>	9,304
E - 911 Fund: Public safety Other protection: E - 911		· · · · · · · · · · · · · · · · · · ·					<u>\$</u>	<u>-</u>
Coal Road Improvement Fund: Public works Maintenance of highways, streets,								
bridges & sidewalks:								
Coal road	\$	34,315	<u>\$</u>	34,315	\$	1,347	\$	32,968
TOTAL SPECIAL REVENUE FUND	\$	46,574	\$	46,574	_\$_	4,302		42,272
GRAND TOTAL EXPENDITURES, ALL PRIMARY GOVERNMENTAL FUNDS	\$	17,091,741	<u>\$</u>	17,421,624	\$	16,157,576	<u>\$</u>	1,264,048
Component unit - school board Special revenue funds: School Operating Fund: Education:								
Administration & health services	\$_	1,306,846	_\$_	1,306,846	_\$_	1,432,180	_\$_	(125,334)
Instruction costs: Instructional costs		25,725,522		25,725,522		25,848,229		(122,707)
Operating costs: Pupil transportation		1,690,410		1,690,410		1,853,059		(162,649)
Operation & maintenance of school plant		4,288,480		4,288,480		3,937,967		350,513
TOTAL OPERATING COSTS		5,978,890		5,978,890		5,791,026		187,864
TOTAL SCHOOL OPERATING FUND	\$	33,011,258	\$	33,011,258	\$	33,071,435	\$	(60,177)
School Food Service Fund: Education								
Cafeteria operation	\$	1,913,119	_\$_	1,913,119	\$	1,853,801	\$	59,318
School Debt Fund: Education								
Construction	\$	_	\$	4,321,000	S	2,693,854	\$	1,627,146
				4,021,000		2,000,004		1,027,140
School Health Insurance: Education								
Insurance cost	\$	•	<u>\$</u>	<u> </u>	\$	4,444,854	_\$_	(4,444,854)
Scott County Headstart Fund: Education								
Instruction costs	\$	1,257,349	\$	1,257,349	_\$_	1,511,999	\$	(254,650)
GRAND TOTAL EXPENDITURES - COMPONENT UN - SCHOOL BOARD	IT 	36,181,726	\$	40,502,726	_\$_	43,575,943	\$	(3,073,217)

COUNTY OF SCOTT, VIRGINIA FUNDING PROGRESS FOR DEFINED BENIFIT PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS

Fiscal Year Ending		Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Ac Ac L	funded ctuarial ccrued iability JAAL)	unded Ratio 2) (3)	 Annual Covered Payroll	a: F	JAAL s % of Payroll 4) (6)
County:									
6/30/2013	\$	17,823,374	\$ 25,861,763	\$ 8,	038,389	68.92%	\$ 5,161,890	15	55.73%
6/30/2012		17,219,759	25,990,999	8,	771,240	66.25%	4,922,830	17	78.17%
6/30/2011		17,504,005	25,407,901	7,	903,896	68.89%	4,878,511	16	62.01%
School Board	:								
Non-Profes	siona	al Employees							
6/30/2013	\$	6,665,396	\$ 8,334,236	\$ 1,	668,840	79.98%	\$ 2,114,387	-	78.93%
6/30/2012		6,443,440	8,386,942	1,	943,502	76.83%	2,032,395	ç	95.63%
6/30/2011		6,506,716	8,366,545	1,	859,829	77.77%	2,165,760	8	35.87%

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	Exp	enditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments: Child and Adult Care Food Program	10.558	\$	115,541
Pass Through Payments:			
Virginia Resources Authority Grant/Loan: Capitalization Grants for Drinking Water State	66.468		860,319 *
Revolving Fund	00.400		000,319
Capitalization Grants for Drinking Water State Revolving Fund (Loan)	66.468		850,976 *
Pass Through Payments:			
State Department of Agriculture:			
Child Nutrition Cluster: Food Distribution - Schools	10.555		112 450
Fresh Fruit and Vegetables	10.582		113,459 32,392
Donathment of Social Socials			
Department of Social Services: Administrative Grant for Food Stamps	10.561		279,588
Department of Environmental Quailty:			
Forestry Reimbursements	10.000		820
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (SL-11)	10.555		855,864 *
National School Breakfast Program (SL-4) Forest Reserve Funds	10.553 10.665		337,938 *
Folest Reserve Fullus	10.005		52,481
TOTAL DEPARTMENT OF AGRICULTURE		_\$	3,499,378
DEPARTMENT OF HEALTH & HUMAN SERVICES: Direct Payments:			
Administration to Children, Youth and Families			
Head Start	93.600	\$	1,097,343 *
Pass Through Payments:			
Department of Social Services:			<b>-</b>
Independent Living Social Service Block Grant	93.674		7,870 310,460
Foster Care - Title IV - E	93.667 93.658		210,460 225,238
Temporary Assistance to Needy Families	93.558		346,358 *
Adoption Assistance	93.659		240,219
Child Care and Development Fund	93.596		46,404
Child Welfare Services	93.645		2,208
State Children's Insurance Program	93.767		8,716
Chafee Education & Training Family Preservation	93.599 93.556		7,983 3,053
State Administered Program:	30.000		5,005
Low - Income Home Energy Assistance	93.568		34,295
Refugee and Entrant Assistance	93.566		1,639
Medicaid Assistance	93.778		240,576

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	Expenditures	-
Pass Through Payments: Corporation for National & Community Services: Vista's	94.006	<u> </u>	-
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES:		\$ 2,472,362	-
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT Pass Through Payments: Virginia Department of Housing & Community Development: Community Development Block Grant	14.228	\$ 140,249	_
DEPARTMENT OF EDUCATION: Pass Through Payments: Department of Education: Title I:			
Educationally Deprived Children's - LEA Improving Teacher Quality Improving Schools Title VI-B: Assistance to States for Education of Handicapped	84.010 84.367 84.367*	\$ 723,228 170,449 -	•
Children: Handicapped State Grants (5-E002581) (6-E002585) Safe & Drug Free Schools and Communities Title VI-D:	84.027 84.186	741,209 -	*
Vocational Education:  Basic Grant to States	84.048	64,571	
Preschool Handicapped	84.173	30,186	
Twenty-First Century Community Learning Center	84.287	98,520	-
TOTAL DEPARTMENT OF EDUCATION		\$ 1,828,163	_
DEPARTMENT OF EMERGENCY MANAGEMENT Pass Through Payments: Department of Emergency Services:	07.070	• 7007	
State Homeland Security Grant Program  U.S DEPARTMENT OF JUSTICE	97.073	\$ 7,907	-
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Woman Grant	16.588	\$ 13,772	-
DEPARTMENT OF TRANSPORTATION Pass Through Payments: Department of Motor Vehiles:			
State and Coummunity Safety	20.601	\$ 8,237	-
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 7,970,068	=

#### Notes to Schedule:

- 1) \* Denotes major program
- 2) Basis of Accounting Federal Programs are accounted for using the accrual basis of accounting.
- Reporting Entity The Schedule of Expenditures of Federal Awards includes all grants awarded to the County of Scott, Virginia. The reporting entity is defined in Note 1 of the County's basic financial statements.

Yes

### Financial Statements:

Type of auditor's opinion issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	No
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	No
Type of auditor's opinion issued on compliance for major programs:	Unqualified
Any findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
Major programs identified:	CFDA

Capitalization Grants for Drinking Water	
State Revolving Fund	66.468
National School Lunch Program	10.555
National School Breakfast Program	10.553
Administration to Children, Youth, and Families	
Head Start	93.600
Temporary Assistance to Needy Families	93.558
Educationally Deprived Children's - LEA	84.010
Handicapped State Grants	84.027
Dollar threshold used to distinguish between Type A	
and Type B programs:	\$300,000

Auditee qualified as low risk?

### Section II - Financial Statement Findings:

None Reported

(CONTINUED)

### Section III - Federal Award Findings and Questioned Costs

None Reported

### Prior Year Findings:

None Reported

Fiscal Year	General Adminis- tration	Judicial Adminis- tration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Develop- ment	Capital Project	Debt Service	Total
2004-05	1,319,429	775,645	4,163,791	1,310,358	3,452,029	32,996,510	500,342	1,650,751	-	438,264	46,607,119
2005-06	1,276,067	818,881	4,665,028	1,608,541	3,705,025	34,978,514	626,166	329,769	-	420,035	48,428,026
2006-07	1,411,505	1,062,366	4,053,538	2,003,468	3,819,479	40,193,389	575,524	633,755	-	372,209	54,125,233
2007-08	1,688,423	1,215,016	4,218,258	2,596,794	4,445,892	42,568,404	567,446	1,192,484	-	278,804	58,771,521
2008-09	1,715,417	1,232,552	4,505,877	2,771,975	4,541,706	43,518,037	648,707	876,362	-	243,244	60,053,877
2009-10	1,896,713	1,144,923	4,784,534	2,432,311	4,333,286	42,923,626	604,540	420,441	-	176,520	58,716,894
2010-11	1,720,085	1,142,159	5,074,851	2,288,840	4,559,638	40,642,270	603,510	424,745	-	67,875	56,523,973
2011-12	1,528,028	1,145,352	4,980,802	2,448,139	4,518,977	39,867,234	594,934	498,724	-	15,800	55,597,990
2012-13	1,582,006	1,142,076	5,509,866	2,403,108	4,301,356	41,270,451	646,309	1,135,319	-	-	57,990,491
2013-14	1,648,455	1,163,964	5,503,599	2,239,556	4,291,851	43,611,343	576,080	601,965	•	96,706	59,733,519

<sup>(1)</sup> Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

	General	Other	Permit Privilege Fees &	Fines &	Revenues from the Use of	Charges			Inter-	
Fiscal	Property	Local	Regulatory	Forfei-	Money &	for	Miscell-	Recovered	govern-	
Year	Taxes	Taxes	Licenses	tures	Property	Services	aneous	Costs	mental	Total
2004-05	7,609,147	3,061,142	52,404	40,072	241,053	3,623,291	461,952	254,217	33,352,978	48,696,256
2005-06	7,870,574	3,272,318	51,517	39,128	363,072	2,295,623	485,503	150,254	33,346,999	47,874,988
2006-07	8,134,460	3,093,915	54,294	38,346	440,081	4,086,299	467,481	151,539	38,121,547	54,587,962
2007-08	8,186,961	3,332,751	57,903	85,077	289,442	3,912,939	481,535	199,766	39,401,408	55,947,782
2008-09	9,021,659	3,061,724	66,006	119,118	136,711	4,254,414	967,403	290,161	40,881,401	58,798,597
2009-10	7,845,243	3,119,899	48,642	185,820	101,279	5,323,624	297,840	350,720	40,596,723	57,869,790
2010-11	10,048,135	3,190,210	57,986	139,181	104,685	4,390,092	513,576	145,582	37,484,945	56,074,392
2011-12	10,385,555	3,158,479	71,233	122,300	101,870	4,927,846	777,389	201,067	36,941,261	56,687,000
2012-13	10,328,263	3,237,175	85,239	193,027	104,025	5,861,257	800,162	207,854	37,236,030	58,053,032
2013-14	10,484,330	3,170,027	71,939	207,646	100,348	5,096,716	609,109	201,090	36,849,405	56,790,610

<sup>(1)</sup> Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2004-05	8,812,823	8,105,869	91.98%	316,351	8.422,220	95.57%	865,369	9.82%
2005-06	8,995,810	8,496,294	94.45%	296,178	8,792,472	97.74%	859,105	9.55%
2006-07	9,087,515	8,615,034	94.80%	359,802	8,974,836	98.76%	839,089	9.23%
2007-08	9,125,956	7,758,586	85.02%	428,375	8,186,961	89.71%	902,641	9.89%
2008-09	9,181,540	8,521,892	92.82%	499,767	9,021,659	98.26%	1,007,824	10.98%
2009-10	9,347,822	8,745,340	93.55%	835,563	9,580,903	102.49%	1,124,013	12.02%
2010-11	10,021,408	9,463,614	94.43%	342,130	9,805,744	97.85%	781,142	7.79%
2011-12	10,835,570	9,646,437	89.03%	484,311	10,130,748	93.50%	1,078,013	9.95%
2012-13	11,030,367	9,557,872	86.65%	549,373	10,107,245	91.63%	1,170,192	10.61%
2013-14	11,157,307	9,809,688	87.92%	464,866	10,274,554	92.09%	1,149,449	10.30%

<sup>(1)</sup> Exclusive of penalties and interest.

<sup>(2)</sup> Does not include land redemptions.

<sup>(3)</sup> Includes three years taxes.

<sup>(4)</sup> Includes revenue from the commonwealth for personal property tax relief act.

			Public Ser	vice	_		
Fiscal	Real	Personal	Real	Personal			
Year	Estate	Property	Estate	Property	Total		
2004-05	903,007,200	170,445,802	102,112,811	406,826	1,175,972,639		
2005-06	916,916,750	192,747,069	82,425,959	425,141	1,192,514,919		
2006-07	926,449,800	196,166,314	73,554,085	363,789	1,196,533,988		
2007-08	932,487,800	196,487,615	73,554,085	363,789	1,202,893,289		
2008-09	945,918,300	188,842,338	76,153,851	273,600	1,211,188,089		
2009-10	963,334,181	182,691,109	78,556,795	267,229	1,224,849,314		
2010-11	1,158,959,900	151,617,277	101,854,725	408,747	1,412,840,649		
2011-12	1,169,659,723	179,697,295	103,281,813	433,082	1,453,071,913		
2012-13	1,180,192,223	190,142,164	101,691,872	507,706	1,472,533,965		
2013-14	1,186,258,823	190,246,489	114,327,136	807,472	1,491,639,920		

<sup>(1) 100%</sup> fair market value.

<sup>(2)</sup> Assessed values are established by the State Corporation Commission.

		Machinery						
Fiscal	Real	Personal	Mobile	and	Merchants'			
Year	Estate	Property	Homes	Tools	<u>Capital</u>			
2004-05	0.69	1.40	0.69	0.72	0.72			
2005-06	0.69	1.40	0.69	0.72	0.72			
2006-07	0.69	1.40	0.69	0.72	0.72			
2007-08	0.72	1.40	0.69	0.72	0.72			
2008-09	0.72	1.40	0.69	0.72	0.72			
2009-10	0.69	1.40	0.69	0.72	0.72			
2010-11	0.69	1.40	0.69	0.72	0.72			
2011-12	0.69	1.40	0.69	0.72	0.72			
2012-13	0.69	1.40	0.69	0.72	0.72			
2013-14	0.69	1.40	0.69	0.72	0.72			

<sup>(1)</sup> Per \$100 of assessed value.

COUNTY OF SCOTT, VIRGINIA
RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

TABLE 6

Ratio of Net

				General Obligation			
		Assessed		Bonded	Net		
	Popula-	Value	Gross	Debt to	Bonded		
Fiscal	tion	(in thousands)	Bonded	Assessed	Debt per		
Year	(1)	(2)	Debt (3)	Value	Capita		
2004-05	23,403	1,175,972,639	1,338,210	0.11%	57.18		
2005-06	23,403	1,192,514,919	1,024,960	0.09%	43.80		
2006-07	23,403	1,196,533,988	707,165	0.06%	30.22		
2007-08	23,403	1,202,893,289	463,165	0.04%	19.79		
2008-09	23,403	1,211,188,089	247,816	0.02%	10.59		
2009-10	23,403	1,224,849,314	80,000	0.01%	3.42		
2010-11	23,177	1,412,840,649	15,000	0.00%	0.65		
2011-12	23,177	1,453,071,913	-	-	-		
2012-13	23,177	1,472,533,965	-	-	-		
2013-14	23,177	1,491,639,920	-	-	-		

<sup>(1)</sup> Bureau of the Census.

<sup>(2)</sup> From Table 4.

<sup>(3)</sup> Includes all long-term general obligation bonded debt, and Literary Fund Loans. Excludes revenue bonds, capital leases, and compensated absences.