



COUNTY OF ROCKBRIDGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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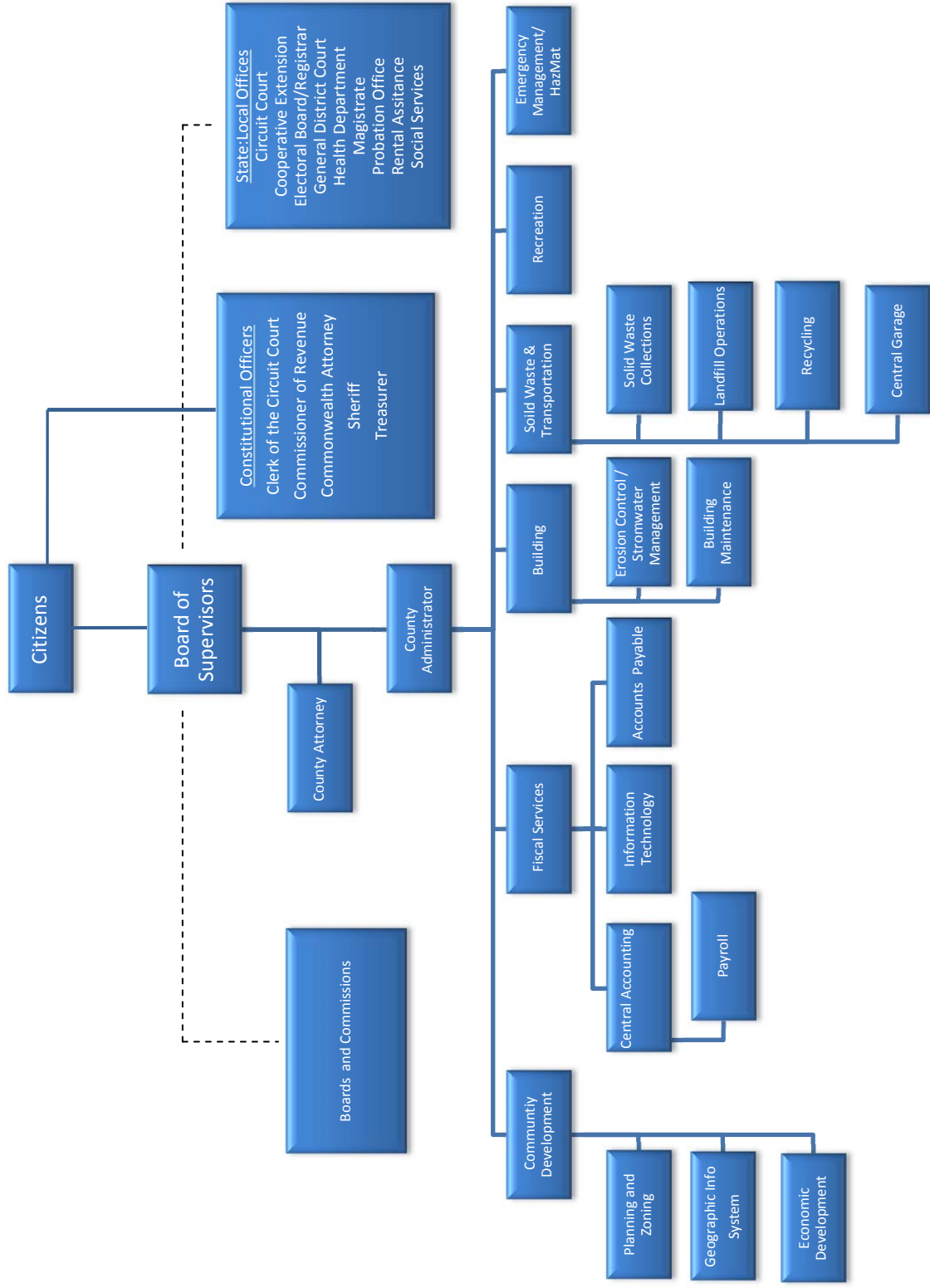
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Rockbridge County Organizational Chart



COUNTY OF ROCKBRIDGE, VIRGINIA

BOARD OF SUPERVISORS

Ronnie R., Campbell, Chairman
Albert W. Lewis, Jr., Vice-Chairman

Russell L. Ford
John M. Higgins
David W. Hinty, Jr.

COUNTY SCHOOL BOARD

Laura C. Hoffnagle, Chairman
Ben Swisher, Vice-Chairman

Albert "Jay" Lewis, II
David B. McDaniel
Warren Schmid

OTHER OFFICIALS

Judge of the Circuit Court	Michael S. Irvine
Clerk of the Circuit Court	D. Bruce Patterson
Judge of the General District Court.....	Gordon F. Saunders
Judge of the Juvenile & Domestic Relations Court.....	Anita D. Filson
Commonwealth's Attorney	Robert N. "Bucky" Joyce, Jr.
Commissioner of the Revenue.....	David C. Whitesell
Treasurer	Betty S. Trovato
Sheriff.....	Christopher J. Blalock
Superintendent of Schools.....	John T. Reynolds
Clerk of the School Board	Rhonda Humphries
County Administrator	Spencer H. Suter
Director of Fiscal Services	Steven J. Bolster
County Attorney	Vickie L. Huffman

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information and supporting schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supporting schedules 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 section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 6, 2013

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Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2013.

Financial Highlights

The assets of the County of Rockbridge, Virginia exceeded its liabilities by \$41,019,576 (net position) at the close of the most recent fiscal year. Of the total net position, \$37,695,712 is associated with governmental activities and \$3,323,864 is associated with business-type activities. Of the net governmental activities net position, \$21,297,930 may be used to meet the government's ongoing obligations to creditors and citizens. Included in restricted net position is \$71,412, which meets the debt-service reserve requirement for a \$15,000,000 revenue bond issued January 5, 2006. There is an additional \$8,285,095 in fund balance which is restricted/committed/assigned by the County Board of Supervisors to ensure the availability of funds for specific functions, programs, and anticipated specific future liabilities. These restricted accounts are shown on the Balance Sheet of Government Funds. Of the business-type activities net position, \$1,073,661 is unrestricted and available to meet the business-type activity's obligations. For the year ending June 30, 2013, the governmental activities' assets include \$9,542,923 in taxes receivable and \$7,984,033 in unearned revenues. This is shown as part of compliance with GASB. The \$9,542,923 in taxes receivable are booked in the first half of calendar year 2013, but because of twice-a-year tax billing, \$7,984,033 is not due until December 2013 and is shown as an unearned revenue. When compared to the net position at year's end June 30, 2012, total net position increased by \$5,310,141. This net position increase is associated with: (1) greater revenue from new property tax rates for the first-half in 2013; (2) collecting higher than estimated general property taxes, other local taxes, and charges for services; and (3) sale of equipment.

At the fiscal year end, unassigned fund balance for the general fund was \$17,219,353 or 46.14% of total general fund expenditures. This is a 2.21% increase in fund balance to expenditure ratio compared to year ending June 30, 2012.

As of the close of the fiscal year June 30, 2013, the County's governmental funds reported a combined ending fund balance of \$25,462,928. This is an increase of \$601,175 as compared with the previous fiscal year. The increase in fund balance is associated with increased revenues in several areas: (1) general property taxes - \$1,486,748, (2) other local revenue sources - \$267,791, (3) the Commonwealth - \$113,377, and (4) the federal government - \$2,138,060. The remaining fund balance of \$16,989,750, or 66.7%, is available for spending at the government's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business.

Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The *statement of net position* presents all of the County's permanent accounts, or assets, liabilities and net position. The difference between assets and liabilities is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors such as changes in restricted accounts will also need to be considered to determine the overall financial position of the County.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds. The County also created the Broadband Technology Opportunities Program fund to account for the activities of the federal American Recovery and Reinvestment Act Broadband Initiative. *Business-type activities* recover all or a significant portion of their costs through user fees and charges. The County currently shows the Rockbridge County Solid Waste Authority as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government or County, five component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds 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, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary funds

There are two types of proprietary funds: *enterprise funds*, which are established to account for the delivery of goods and services to the public and *internal service funds* that account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The Rockbridge County Solid Waste Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate yearly financial report that provides more financial details.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the financial statements

These notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, assets exceeded liabilities by \$41,019,576 at the end of the fiscal year.

The County's net position is divided into three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. A comparative analysis has been provided on the next page:

COUNTY OF ROCKBRIDGE'S NET POSITION June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 38,846,660	\$ 35,952,402	\$ 4,000,751	\$ 4,144,101	\$ 42,847,411	\$ 40,096,503
Capital Assets	77,696,252	53,391,352	2,491,604	1,863,589	80,187,856	55,254,941
Total Assets	\$ 116,542,912	\$ 89,343,754	\$ 6,492,355	\$ 6,007,690	\$ 123,035,267	\$ 95,351,444
Deferred Outflows of Resources	\$ 1,121,006	\$ -	\$ -	\$ -	\$ 1,121,006	\$ -
Long-term liabilities	\$ 67,150,597	\$ 46,608,372	\$ 3,040,223	\$ 2,680,034	\$ 70,190,820	\$ 49,288,406
Other liabilities	4,833,436	10,349,811	128,268	182,685	4,961,704	10,532,496
Total liabilities	\$ 71,984,033	\$ 56,958,183	\$ 3,168,491	\$ 2,862,719	\$ 75,152,524	\$ 59,820,902
Deferred Outflows of Resources	\$ 7,984,173	\$ -	\$ -	\$ -	\$ 7,984,173	\$ -
Net Position:						
Net investment in capital assets	\$ 10,937,946	\$ 12,943,272	\$ 1,397,575	\$ 1,086,965	\$ 12,335,521	\$ 14,030,237
Unrestricted (deficit)	21,297,930	18,507,278	924,040	2,058,006	22,221,970	20,565,284
Restricted	5,459,836	935,021	1,002,249	-	6,462,085	935,021
Total net position	\$ 37,695,712	\$ 32,385,571	\$ 3,323,864	\$ 3,144,971	\$ 41,019,576	\$ 35,530,542

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$12,335,521 which represents 54.45% of total net position. The County uses these capital assets to provide services to citizens; therefore, 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. It is of note that a portion of the capital assets is used to encourage economic development and in turn may produce revenue for operations in either fees or sale of property.

The restricted net position represents resources that are subject to external or internal restrictions on how they may be used. The restricted net position for fiscal year 2013 included assets restricted by external sources. For fiscal year 2013, the restricted asset continues to meet the reserve requirements from a county debt discussed earlier in this report.

The unrestricted net position is \$22,221,970, which is 54% of total net position that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report positive changes in all categories of net position. For the year ending June 30, 2013, the government's total net position increased in value by \$5,497,435. The changes in net position shows an increase in unrestricted assets of \$1,089,798 and an increase in restricted assets of \$7,467,449. This overall increase represents the reserved, additional proceeds from refinancing the original courthouse loan used to pay off the refunded debt. The business-type activities restrict a yearly amount for closure and post closure of the landfill.

During the year ending June 2013, total County liabilities increased by \$15,278,572. The majority of this increase is linked to the second bond issued for \$20,460,000 to complete the expansion of Maury River Middle School. During fiscal year 2013, \$5,098,312 was spent on the Broadband Technology Opportunities Program with a goal to complete the fiber-optic internet project for the citizens and community-anchor institutes of Rockbridge County.

Governmental Activities

Governmental activities accounted for an increase of \$6,551,921 in net position for the year ending June 30, 2013. This increase in net position is primarily represented by the surplus revenues related to the approved budget. The total result is better than expected when considering the slow-growth economy we continue to experience. The Board of Supervisors is committed to maintaining net position at a level which ensures the availability of assets to provide required services to maintain a reserve cash balance to fund emergencies, to fund opportunities that provide economic development, or to enhance the quality of life for County citizens.

Revenues increased by \$5,366,045 compared to last year. Local revenue increased in conjunction with increased real property tax rates. The County also received an increase in state and federal funding.

For the year, the Boards of Supervisors' expenditure priorities were to maintain support for improvements in education, public safety, and economic development. In addition, the Board approved a 3% cost-of-living adjustment to employees with a goal of retaining and attracting a quality workforce via competitive compensation. Overall expenses increased by \$595,668 over the period. Key elements of the expenditures are as follows:

- Increase of \$248,588 in public safety outlays were realized during the fiscal year
- Over the course of the funding year, judicial administration expenses rose \$246,399

Business-type Activities

The business-type activities/enterprise fund (landfill and recycling) net position increased by \$178,893. The fee structure for trash disposal associated with our locality partners remained the same as last fiscal year. Revenues derived from fees for services decreased by \$52,253 during the year. Charges for services to the City of Lexington rose by \$1,299 while Buena Vista went down \$20,750. The increase in net position is primarily associated with the transfer from the general fund to support payment towards the Maury Service Authority wastewater treatment plant and recycling activities. This transfer is up 1% from the prior year.

The County of Rockbridge's changes in net position chart below details these government activities changes.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,889,975	\$ 2,065,220	\$ 1,034,968	1,087,221	\$ 2,924,943	\$ 3,152,441
Operating grants	2,412,618	2,257,672	26,161	18,461	2,438,779	2,276,133
Capital grants	5,816,685	1,993,245	-	-	5,816,685	1,993,245
General Revenues:						
Property taxes	22,519,602	20,241,098	-	-	22,519,602	20,241,098
Other taxes	8,157,801	7,890,010	-	-	8,157,801	7,890,010
Use of money and property	78,229	74,448	4,676	4,000	82,905	78,448
Other	743,278	1,710,031	3,815	68	747,093	1,710,099
Grants and contributions not restricted to specific programs	2,741,009	2,761,428	-	-	2,741,009	2,761,428
Total Revenues	\$ 44,359,197	\$ 38,993,152	\$ 1,069,620	\$ 1,109,750	\$ 45,428,817	\$ 40,102,902
Expenses:						
General						
General Govt. Admin	\$ 2,011,030	\$ 2,335,818	\$ -	\$ -	\$ 2,011,030	\$ 2,335,818
Judicial administration	1,267,789	1,021,390	-	-	1,267,789	1,021,390
Public safety	5,700,091	5,406,165	-	-	5,700,091	5,406,165
Public works	3,052,847	2,949,751	2,117,295	1,984,753	5,170,142	4,934,504
Health and welfare	1,414,009	1,505,526	-	-	1,414,009	1,505,526
Education	16,126,417	16,631,591	-	-	16,126,417	16,631,591
Parks, recreation, and culture	1,442,669	1,299,526	-	-	1,442,669	1,299,526
Community development	2,246,495	2,369,189	-	-	2,246,495	2,369,189
Non-departmental	1,718,759	1,730,059	-	-	1,718,759	1,730,059
Interest on long-term debt	2,833,978	1,969,401	-	-	2,833,978	1,969,401
Total expenses	\$ 37,814,084	\$ 37,218,416	\$ 2,117,295	\$ 1,984,753	\$ 39,931,379	\$ 39,203,169
Increase (decrease) in net position before transfers	\$ 6,545,113	1,774,736	\$ (1,047,675)	\$ (875,003)	\$ 5,497,438	\$ 899,733
Transfers	(1,234,972)	(1,111,015)	1,234,972	1,111,015	-	-
Increase (decrease) net position	5,310,141	663,721	187,297	236,012	5,497,438	899,733
Net position - beginning, as restated	32,385,571	31,721,850	3,136,567	2,900,555	35,522,138	34,622,405
Fund balance - ending	\$ 37,695,712	\$ 32,385,571	\$ 3,323,864	\$ 3,136,567	\$ 41,019,576	\$ 35,522,138

Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$25,462,928, an increase of \$601,175 over the prior year. The increase is associated with the increase of local, state, and federal revenues.

The general fund is the chief operating fund of the County. As of June 30, 2013, unassigned fund balance of the general fund was \$17,219,353. This is an increase in unassigned fund balance of \$1,935,140 as compared with the previous year. The total fund balance of the general fund was \$21,053,801. This is an increase over the previous year by \$678,417.

As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46.14% of total general fund expenditures, which includes transfers to the School Board component unit of \$14,147,962. Total fund balance represents 56.42% of total general fund expenditures. The Board of Supervisors goal is to maintain the highest possible ratio of unassigned fund balance to expenditures.

Proprietary funds

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

The Solid Waste Authority owns and the County operates a permitted landfill that must close no later than December 2014. A request for permit extension to June 30, 2017 is currently being considered by the Virginia Department of Environmental Quality (VA DEQ). Part of the fund balance will be used to meet landfill closure requirements of the VA DEQ. The net position associated with financing these requirements are restricted. The remaining fund balance will support landfill operations and equipment purchases as needed. Other factors concerning the finances of this fund were discussed in the County's business-type activities section of this summary. Net position of the landfill fund at the end of the year was \$3,133,068.

General Fund Budgetary Highlights

The difference between the original budgeted appropriations and the final, amended-budget appropriations was a \$2,332,592 increase. This is 6.60% of the total original budget. The actual expenditures were \$614,863 below the final appropriation total. This total is 1.63% below the final budget. The major components of these changes are:

- Total health and welfare expenditures were \$134,399 more than its combined final budget
- Total law enforcement expended \$17,524 more than planned
- Total protective services exceeded budget by \$12,331

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2013 was \$77,696,252 (net of accumulated depreciation). This is an increase of \$24,235,500 from the previous year. This investment in capital assets includes land, buildings and system, and machinery and equipment. The total net increase in the County's investment in capital assets for the current fiscal year was 45% for government activities. These increases are associated with construction in progress: Maury River Middle School and the Broadband Technologies Opportunities Program. The remaining change in capital assets is the result of depreciation.

The County's investment in capital assets for its proprietary funds is \$2,491,604, an increase of \$628,015 from the previous year. This is a result of completing the modification of the former baler facility into a transfer station and the purchase an loader during the fiscal year.

Additional information on the County's capital assets can be found in the notes to the financial statements.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS

Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,393,836	\$ 2,393,836	\$ 540,137	\$ 540,137	\$ 2,933,973	\$ 2,933,973
Buildings and systems	40,816,541	46,031,586	1,433,559	694,048	42,250,100	46,725,634
Machinery & equipment	779,468	793,888	376,916	97,413	1,156,384	891,301
Construction in progress	33,706,407	4,241,442	140,992	589,282	33,847,399	4,830,724
Total	<u>\$ 77,696,252</u>	<u>\$ 53,460,752</u>	<u>\$ 2,491,604</u>	<u>\$ 1,920,880</u>	<u>\$ 80,187,856</u>	<u>\$ 55,381,632</u>

Long-term debt

The County's long-term debt includes the Rockbridge County School Board debt and the business-type activities debt. For the year, the total long-term debt increased by \$21,490,175. A second (and final) school bond was issued in the amount of \$20,460,000 to complete the modification of the Maury River Middle School. The OPEB obligation is included in the long-term debt to meet GASB requirements. The obligation increased by \$10,000 for Government Activities and remained level for business-type activities for the year. The County also took advantage of low-interest rates available in the market, successfully completing two refinancing efforts during fiscal year 2013. First, we completed a current refunding on a 2002 Literary Loan to reduce total debt service payments resulting in a net present value savings of \$200,956. Secondly, the County executed an advanced refunding on the 2006 courthouse loan and garnered an economic gain of \$742,744 which will be realized over 23 years. Additional information on the County's long-term debt can be found in the notes to the financial statements.

At the end of fiscal year 2013, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 46,590,095	\$ 24,907,549	\$ -	\$ -	\$ 46,590,095	\$ 24,907,549
Revenue Bonds	18,359,697	19,055,719	776,624	776,624	19,136,321	19,832,343
Literary Loans	1,635,000	2,000,000	-	-	1,635,000	2,000,000
Capital Leases	173,515	290,703	317,405	39,940	490,920	330,643
OPEB Obligation	120,000	110,000	2,000	2,000	122,000	112,000
Landfill closure liability	-	-	1,916,329	1,884,296	1,916,329	1,884,296
Compensated Absences	272,290	256,511	27,865	17,114	300,155	273,625
Total long-term obligations	<u>\$ 67,150,597</u>	<u>\$ 46,620,482</u>	<u>\$ 3,040,223</u>	<u>\$ 2,719,974</u>	<u>\$ 70,190,820</u>	<u>\$ 49,340,456</u>

Economic Factors and Next Year's Budgets and Rates

- For the fiscal year (FY) ending June 30, 2013, the unemployment rate for the Commonwealth and County were 5.9% and 6.0% respectively. During the progress of this management discussion and analysis report, the October 2013 unemployment rate dropped to 5.4% in the County. Local efforts by the Board of Supervisors to fund a variety of economic development initiatives continue to bear fruit via business inquiries and interest.
- The Board of Supervisors continued its commitment to the School Board in providing the maximum support possible during the slow-growth economic environment. The County student population continues to remain level at approximately 2,500. The strategy to maximize results in school programs resulted in the prior decision to move forward with the expansion of Maury River Middle School. Thereby consolidating all education efforts at the middle school level. The final financing (Virginia Public School Authority) for \$21,460,000 was secured in support of this effort. Substantially completed in August 2013, the renovated school now serves all Rockbridge County middle-school students. For the long term, we maintain the expectation of reductions in operating cost.
- The final six months of FY 2013 involved changes to the County's real property tax rate. To meet the funding priorities approved by the Board of Supervisors and to meet the strategic goals of the County, the real property tax rate was increased to \$0.67 per \$100.00 of assessed valuation. The personal property rate of \$4.25 remained at the prior year's level. During the FY 13-14 budget process, the Board of Supervisors also published a 5-year real estate tax increase projection in anticipation of increasing capital, debt service, and operational needs.
- The Rockbridge Area Network Authority was created through a partnership of Rockbridge County, the cities of Lexington and Buena Vista, and Washington & Lee University in 2009 to promote high-speed communication infrastructure for the area localities. The County's match to support construction of the high-speed "big broadband" fiber infrastructure and the initial administration costs for the Authority was \$206,016. Using the calculations recommended by the Council of Economic Advisors, the Authority expects to see nearly 110 new jobs created, including 70 direct and indirect plus 36 induced job-years. The project completion date was September 30, 2013.
- The federal government faces a second round of automatic spending cuts (sequestration) in 2014 which includes an additional \$20B+ in cuts beyond those established in 2013. In addition, the federal government reached a negotiated, temporary fix to the October 2013 shutdown. The provisional agreement includes funding the federal government through January 15, 2014 and suspending the national debt ceiling until February 7, 2014. While the national economy is expected to grow by 2.6% in 2014, the impacts of federal decisions will continue to impact the County at the local level.

- The state budget reduction in Aid to Locality ended after FY 13-14. However, the impact of the Commonwealth's fiscal austerity measures, which began in FY 08-09, will not be offset by modest gains in FY 14-15. Also, there is no change in the state-directed funding of the Line of Duty Act to the local level. It is anticipated that localities will likely continue to see a shift in funding of basic and mandated services down to the local level. Lastly, the General Assembly passed legislation to implement a new Virginia Retirement System Hybrid Plan on January 1, 2104. The plan requires local government agencies to fund Hybrid Plan employees' short and long-term disability coverage.
- We also face our own, local fiscal challenges with financing several current and potential projects. These include a "piggyback" lined landfill, a radio system upgrade, and the potential for constructing of a new regional 911 center, as well as meeting increased challenges involving the provision of Fire and EMS services. Future decisions on these and other funding requests will be guided by mission, vision and values statements that will drive strategic plans and future funding priorities. These statements were adopted by the Board of Supervisors on March 11, 2013.
- The Board of Supervisors fiscal year 14-15 budget priorities include limiting overall expenditures in all areas except education, "safety net" programs, public safety, solid waste management, and economic development. These activities may require increased funding compared to prior years. Additionally, the Board's goals include meeting all mandates, debt services, and legal obligations.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration, 150 S. Main Street, Lexington, Virginia 24450.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 16,049,322	\$ 966,341	\$ 17,015,663
Cash in custody of others	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	9,542,923	-	9,542,923
Accounts receivable	590,234	52,936	643,170
Internal balances	(62,896)	62,896	-
Due from component units	1,545,248	-	1,545,248
Due from other governmental units	1,023,392	-	1,023,392
Inventories	116,671	-	116,671
Advances to other entities	1,683,691	-	1,683,691
Prepaid items	24,533	-	24,533
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	8,333,542	2,918,578	11,252,120
Capital assets (net of accumulated depreciation):			
Land	2,393,836	540,137	2,933,973
Buildings and improvements	40,816,541	1,433,561	42,250,102
Machinery and equipment	779,468	376,914	1,156,382
Utility plant and equipment	-	-	-
Construction in progress	33,706,407	140,992	33,847,399
Total assets	<u>\$ 116,542,912</u>	<u>\$ 6,492,355</u>	<u>\$ 123,035,267</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>\$ 1,121,006</u>	<u>\$ -</u>	<u>\$ 1,121,006</u>
LIABILITIES			
Accounts payable	\$ 2,584,224	\$ 53,976	\$ 2,638,200
Advances from participating entities	-	74,292	74,292
Retainage payable	1,055,171	-	1,055,171
Accrued interest payable	1,063,288	-	1,063,288
Due to primary government	-	-	-
Performance deposits	130,753	-	130,753
Due to other governments	-	-	-
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	2,436,123	118,712	2,554,835
Due in more than one year	64,714,474	2,921,511	67,635,985
Total liabilities	<u>\$ 71,984,033</u>	<u>\$ 3,168,491</u>	<u>\$ 75,152,524</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>\$ 7,984,173</u>	<u>\$ -</u>	<u>\$ 7,984,173</u>
NET POSITION			
Net investment in capital assets	\$ 10,937,946	\$ 1,397,575	\$ 12,335,521
Restricted for:			
Fire funds	53,912	-	53,912
Rental assistance	15,016	-	15,016
Capital projects	5,319,496	-	5,319,496
School carryover	-	-	-
Debt service	71,412	1,002,249	1,073,661
Unrestricted (deficit)	21,297,930	924,040	22,221,970
Total net position	<u>\$ 37,695,712</u>	<u>\$ 3,323,864</u>	<u>\$ 41,019,576</u>

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 189,381	\$ 429,808	\$ -	\$ 4,236,560
-	-	5,136	-
-	-	-	-
187,552	12,540	15,035	494,329
-	-	-	-
-	-	-	-
867,646	361,244	255,598	-
40,531	-	-	60,457
-	-	-	-
253,400	-	-	-
-	-	-	39,269
117,555	-	-	381,259
18,179,301	-	1,206,242	80,963
1,071,722	3,601	50,233	293,134
-	-	-	23,740,862
-	-	151,053	1,801,266
\$ 20,907,088	\$ 807,193	\$ 1,683,297	\$ 31,128,099
\$ -	\$ -	\$ -	\$ -
\$ 220,459	\$ 159,415	\$ 40,505	\$ 341,278
-	-	-	-
-	-	-	73,672
-	-	-	-
998,707	546,541	-	-
-	-	-	-
-	101,677	-	-
-	-	-	38,070
103,235	61,271	109,818	986,955
1,029,823	35,770	73,212	12,587,994
\$ 2,352,224	\$ 904,674	\$ 223,535	\$ 14,027,969
\$ -	\$ -	\$ -	\$ -
\$ 19,368,578	\$ (4,016)	\$ 1,407,528	\$ 12,779,380
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(813,714)	(93,465)	52,234	4,320,750
\$ 18,554,864	\$ (97,481)	\$ 1,459,762	\$ 17,100,130

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,011,030	\$ 23,400	\$ 215,455	\$ -
Judicial administration	1,267,789	457,916	563,840	-
Public safety	5,700,091	22,078	1,345,327	-
Public works	3,052,847	1,122,809	872	-
Health and welfare	1,414,009	-	66,598	-
Education	16,126,417	-	-	-
Parks, recreation, and cultural	1,442,669	85,038	5,000	-
Community development	2,246,495	178,734	215,526	5,816,685
Nondepartmental	1,718,759	-	-	-
Interest on long-term debt	2,833,978	-	-	-
Total governmental activities	<u>\$ 37,814,084</u>	<u>\$ 1,889,975</u>	<u>\$ 2,412,618</u>	<u>\$ 5,816,685</u>
Business-type activities:				
Landfill Fund	\$ 960,797	\$ 1,034,968	\$ -	\$ -
Recycling Fund	1,156,498	-	26,161	-
Total business-type activities	<u>\$ 2,117,295</u>	<u>\$ 1,034,968</u>	<u>\$ 26,161</u>	<u>\$ -</u>
Total primary government	<u>\$ 39,931,379</u>	<u>\$ 2,924,943</u>	<u>\$ 2,438,779</u>	<u>\$ 5,816,685</u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 30,791,136	\$ 1,573,376	\$ 13,883,833	\$ -
Rockbridge Area Social Services Board	4,228,145	-	4,241,773	-
Rockbridge Regional Jail Commission	2,767,831	1,126,342	1,578,026	-
Business-type activities:				
Rockbridge Public Service Authority	2,797,499	2,584,307	-	312,517
Total component units	<u>\$ 40,584,611</u>	<u>\$ 5,284,025</u>	<u>\$ 19,703,632</u>	<u>\$ 312,517</u>

General revenues:

- General property taxes
- Local sales tax
- Consumers utility tax
- Business license tax
- Meals tax
- Motor vehicle licenses
- Lodging tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government		Component Unit		Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (1,772,175)	\$ -	\$ (1,772,175)	\$ -	\$ -	\$ -	\$ -
(246,033)	-	(246,033)	-	-	-	-
(4,332,686)	-	(4,332,686)	-	-	-	-
(1,929,166)	-	(1,929,166)	-	-	-	-
(1,347,411)	-	(1,347,411)	-	-	-	-
(16,126,417)	-	(16,126,417)	-	-	-	-
(1,352,631)	-	(1,352,631)	-	-	-	-
3,964,450	-	3,964,450	-	-	-	-
(1,718,759)	-	(1,718,759)	-	-	-	-
(2,833,978)	-	(2,833,978)	-	-	-	-
<u>\$ (27,694,806)</u>	<u>\$ -</u>	<u>\$ (27,694,806)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 74,171	\$ 74,171	\$ -	\$ -	\$ -	\$ -
-	(1,130,337)	(1,130,337)	-	-	-	-
<u>\$ -</u>	<u>\$ (1,056,166)</u>	<u>\$ (1,056,166)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (27,694,806)</u>	<u>\$ (1,056,166)</u>	<u>\$ (28,750,972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (15,333,927)	\$ -	\$ -	\$ -
-	-	-	-	13,628	-	-
-	-	-	-	-	(63,463)	-
-	-	-	-	-	-	99,325
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,333,927)</u>	<u>\$ 13,628</u>	<u>\$ (63,463)</u>	<u>\$ 99,325</u>
\$ 22,519,602	\$ -	\$ 22,519,602	\$ -	\$ -	\$ -	\$ -
2,392,591	-	2,392,591	-	-	-	-
1,522,050	-	1,522,050	-	-	-	-
913,827	-	913,827	-	-	-	-
1,317,225	-	1,317,225	-	-	-	-
537,855	-	537,855	-	-	-	-
1,194,689	-	1,194,689	-	-	-	-
279,564	-	279,564	-	-	-	-
78,229	4,676	82,905	121	-	82	10,242
743,278	3,815	747,093	108,573	-	5,395	-
2,741,009	-	2,741,009	16,058,033	-	-	185,211
(1,234,972)	1,234,972	-	-	-	-	-
<u>\$ 33,004,947</u>	<u>\$ 1,243,463</u>	<u>\$ 34,248,410</u>	<u>\$ 16,166,727</u>	<u>\$ -</u>	<u>\$ 5,477</u>	<u>\$ 195,453</u>
5,310,141	187,297	5,497,438	832,800	13,628	(57,986)	294,778
32,385,571	3,136,567	35,522,138	17,722,064	(111,109)	1,517,748	16,805,352
<u>\$ 37,695,712</u>	<u>\$ 3,323,864</u>	<u>\$ 41,019,576</u>	<u>\$ 18,554,864</u>	<u>\$ (97,481)</u>	<u>\$ 1,459,762</u>	<u>\$ 17,100,130</u>

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FUND FINANCIAL STATEMENTS

	General Fund	Broadband Technology Opportunities Program	School Capital Projects Fund	Courthouse Construction Fund	Total
ASSETS					
Cash and cash equivalents	\$ 15,779,671	\$ -	\$ 15,396	\$ 254,255	\$ 16,049,322
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,542,923	-	-	-	9,542,923
Accounts receivable	543,444	46,790	-	-	590,234
Advances to other entities	1,683,691	-	-	-	1,683,691
Due from other funds	209,183	-	-	-	209,183
Due from component units	1,545,248	-	-	-	1,545,248
Due from other governmental units	905,718	117,674	-	-	1,023,392
Inventories	116,671	-	-	-	116,671
Prepaid items	24,533	-	-	-	24,533
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	1,006,433	-	7,327,109	-	8,333,542
Total assets	<u>\$ 31,357,515</u>	<u>\$ 164,464</u>	<u>\$ 7,342,505</u>	<u>\$ 254,255</u>	<u>\$ 39,118,739</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 496,481	\$ 179,331	\$ 1,908,412	\$ -	\$ 2,584,224
Retainage payable	-	7,390	1,047,781	-	1,055,171
Due to other funds	62,896	207,346	1,837	-	272,079
Performance deposits	130,753	-	-	-	130,753
Total liabilities	<u>\$ 690,130</u>	<u>\$ 394,067</u>	<u>\$ 2,958,030</u>	<u>\$ -</u>	<u>\$ 4,042,227</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 9,613,584	\$ -	\$ -	\$ -	\$ 9,613,584
FUND BALANCES					
Nonspendable:					
Inventories	\$ 116,671	\$ -	\$ -	\$ -	\$ 116,671
Total nonspendable	<u>\$ 116,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,671</u>
Restricted:					
Debt service and bond covenants	\$ 71,412	\$ -	\$ -	\$ -	\$ 71,412
Capital projects	935,021	-	4,384,475	-	5,319,496
Rental assistance	15,016	-	-	-	15,016
Fire program	53,912	-	-	-	53,912
Total restricted	<u>\$ 1,075,361</u>	<u>\$ -</u>	<u>\$ 4,384,475</u>	<u>\$ -</u>	<u>\$ 5,459,836</u>
Committed:					
School retirement	\$ 707,419	\$ -	\$ -	\$ -	\$ 707,419
Total committed	<u>\$ 707,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,419</u>
Assigned:					
Garage	\$ 227,045	\$ -	\$ -	\$ -	\$ 227,045
Industrial property	587,989	-	-	-	587,989
School carryover	868,718	-	-	-	868,718
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Revenue recovery	157,073	-	-	-	157,073
Capital projects funds	-	-	-	254,255	254,255
Total assigned	<u>\$ 1,934,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,255</u>	<u>\$ 2,189,252</u>
Unassigned:					
General fund	\$ 17,219,353	\$ -	\$ -	\$ -	\$ 17,219,353
Special revenue funds	-	(229,603)	-	-	(229,603)
Total unassigned	<u>\$ 17,219,353</u>	<u>\$ (229,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,989,750</u>
Total fund balances	<u>\$ 21,053,801</u>	<u>\$ (229,603)</u>	<u>\$ 4,384,475</u>	<u>\$ 254,255</u>	<u>\$ 25,462,928</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,357,515</u>	<u>\$ 164,464</u>	<u>\$ 7,342,505</u>	<u>\$ 254,255</u>	<u>\$ 39,118,739</u>

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

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

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 25,462,928
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	77,696,252
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,629,411
--	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(67,092,879)</u>
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Net position of governmental activities	\$ <u><u>37,695,712</u></u>
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 5

	General	Broadband Technology Opportunities Program	School Capital Projects Fund	Courthouse Construction Fund	Total
REVENUES					
General property taxes	\$ 22,414,930	\$ -	\$ -	\$ -	\$ 22,414,930
Other local taxes	8,157,801	-	-	-	8,157,801
Permits, privilege fees, and regulatory licenses	172,766	-	-	-	172,766
Fines and forfeitures	235,024	-	-	-	235,024
Revenue from the use of money and property	53,549	-	24,680	-	78,229
Charges for services	1,482,185	-	-	-	1,482,185
Miscellaneous	764,848	1,706,530	-	-	2,471,378
Recovered costs	350,799	-	-	-	350,799
Intergovernmental revenues:					
Commonwealth	4,847,109	-	-	-	4,847,109
Federal	306,518	4,110,155	-	-	4,416,673
Total revenues	\$ 38,785,529	\$ 5,816,685	\$ 24,680	\$ -	\$ 44,626,894
EXPENDITURES					
Current:					
General government administration	\$ 1,588,585	\$ -	\$ -	\$ -	\$ 1,588,585
Judicial administration	1,278,954	-	-	-	1,278,954
Public safety	5,784,020	-	-	-	5,784,020
Public works	3,082,574	-	-	-	3,082,574
Health and welfare	1,413,425	-	-	-	1,413,425
Education	14,216,366	-	-	-	14,216,366
Parks, recreation, and cultural	1,345,586	-	-	-	1,345,586
Community development	2,238,899	5,098,312	-	-	7,337,211
Nondepartmental	1,723,096	-	-	-	1,723,096
Capital projects	-	-	21,849,069	-	21,849,069
Debt service:					
Principal retirement	2,074,994	-	1,600,000	-	3,674,994
Interest and other fiscal charges	2,289,521	-	22,444	-	2,311,965
Bond issue costs	281,128	-	6,644	-	287,772
Total expenditures	\$ 37,317,148	\$ 5,098,312	\$ 23,478,157	\$ -	\$ 65,893,617
Excess (deficiency) of revenues over (under) expenditures	\$ 1,468,381	\$ 718,373	\$ (23,453,477)	\$ -	\$ (21,266,723)
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (1,234,972)	\$ -	\$ -	\$ -	\$ (1,234,972)
Refunding bonds issued	11,760,000	-	-	-	11,760,000
General obligation bonds issued	-	-	21,895,000	-	21,895,000
Premium on refunding bonds issued	1,771,014	-	-	-	1,771,014
Premium on general obligation bonds issued	-	-	762,862	-	762,862
Payment to refunded bond escrow agent	(13,086,006)	-	-	-	(13,086,006)
Total other financing sources (uses)	\$ (789,964)	\$ -	\$ 22,657,862	\$ -	\$ 21,867,898
Net change in fund balances	\$ 678,417	\$ 718,373	\$ (795,615)	\$ -	\$ 601,175
Fund balances - beginning, as restated	20,375,384	(947,976)	5,180,090	254,255	24,861,753
Fund balances - ending	\$ 21,053,801	\$ (229,603)	\$ 4,384,475	\$ 254,255	\$ 25,462,928

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

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

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 601,175
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	24,313,760
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	(21,569)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	104,672
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(19,382,730)
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.	<u>(305,167)</u>
Change in net position of governmental activities	\$ <u><u>5,310,141</u></u>

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

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

Exhibit 7

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 966,341	\$ -	\$ 966,341
Accounts receivable	52,936	-	52,936
Due from other funds	62,896	-	62,896
Total current assets	\$ 1,082,173	\$ -	\$ 1,082,173
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 2,918,578	\$ -	\$ 2,918,578
Total restricted assets	\$ 2,918,578	\$ -	\$ 2,918,578
Capital assets, net of accumulated depreciation:			
Land	\$ 540,137	\$ -	\$ 540,137
Buildings and improvements	1,232,030	201,531	1,433,561
Machinery and equipment	372,498	4,416	376,914
Construction in progress	140,992	-	140,992
Total capital assets	\$ 2,285,657	\$ 205,947	\$ 2,491,604
Total noncurrent assets	\$ 5,204,235	\$ 205,947	\$ 5,410,182
Total assets	\$ 6,286,408	\$ 205,947	\$ 6,492,355
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 49,783	\$ 4,193	\$ 53,976
Advances from participating entities	74,292	-	74,292
Bonds payable - current portion	20,000	-	20,000
Capital lease payable - current portion	75,912	-	75,912
Unamortized premium on bond issue-current portion	6,081	-	6,081
Compensated absences-current portion	10,144	6,575	16,719
Total current liabilities	\$ 236,212	\$ 10,768	\$ 246,980
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 6,763	\$ 4,383	\$ 11,146
Net OPEB obligation	2,000	-	2,000
Closure and post-closure liability	1,916,329	-	1,916,329
Bonds payable - net of current portion	635,000	-	635,000
Unamortized premium on bond issue - net of current portion	115,543	-	115,543
Capital lease payable - net of current portion	241,493	-	241,493
Total noncurrent liabilities	\$ 2,917,128	\$ 4,383	\$ 2,921,511
Total liabilities	\$ 3,153,340	\$ 15,151	\$ 3,168,491
NET POSTION			
Net investment in capital assets	\$ 1,191,628	\$ 205,947	\$ 1,397,575
Restricted for debt service	1,002,249	-	1,002,249
Unrestricted (deficit)	939,191	(15,151)	924,040
Total net position	\$ 3,133,068	\$ 190,796	\$ 3,323,864

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

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

Exhibit 8

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
OPERATING REVENUES			
Charges for services:			
Landfill Rockbridge County	\$ 713,282	\$ -	\$ 713,282
Landfill City of Lexington	212,132	-	212,132
Landfill City of Buena Vista	109,554	-	109,554
Sale of recycles	-	3,671	3,671
Miscellaneous	144	-	144
Total operating revenues	\$ 1,035,112	\$ 3,671	\$ 1,038,783
OPERATING EXPENSES			
Personal services	\$ 264,061	\$ 260,535	\$ 524,596
Fringe benefits	76,160	80,348	156,508
Contractual services	261,289	45,037	306,326
Other charges	134,522	25,993	160,515
Rent	43,319	-	43,319
Depreciation	113,013	26,480	139,493
Total operating expenses	\$ 892,364	\$ 438,393	\$ 1,330,757
Operating income (loss)	\$ 142,748	\$ (434,722)	\$ (291,974)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 4,676	\$ -	\$ 4,676
Contribution-Maury Service Authority	-	(718,105)	(718,105)
Commonwealth of Virginia-litter control grant	-	26,161	26,161
Interest expense	(36,400)	-	(36,400)
Landfill closure costs and post-closure liability	(32,033)	-	(32,033)
Total nonoperating revenues (expenses)	\$ (63,757)	\$ (691,944)	\$ (755,701)
Income before transfers	\$ 78,991	\$ (1,126,666)	\$ (1,047,675)
Transfers in	\$ 139,993	\$ 1,094,979	\$ 1,234,972
Change in net position	\$ 218,984	\$ (31,687)	\$ 187,297
Total net position - beginning, as restated	2,914,084	222,483	3,136,567
Total net position - ending	\$ 3,133,068	\$ 190,796	\$ 3,323,864

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

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

Exhibit 9

	Enterprise Fund Landfill Fund	Enterprise Fund Recycling Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,016,866	\$ 7,864	\$ 1,024,730
Payments to suppliers	(493,211)	(71,366)	(564,577)
Payments to employees	(330,820)	(339,533)	(670,353)
Net cash provided by (used for) operating activities	\$ 192,835	\$ (403,035)	\$ (210,200)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Commonwealth of Virginia-litter control grant	\$ -	\$ 26,161	\$ 26,161
Operating transfer from general fund	153,098	1,094,979	1,248,077
Net cash provided by (used for) noncapital financing activities	\$ 153,098	\$ 1,121,140	\$ 1,274,238
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (710,217)	\$ -	\$ (710,217)
Proceeds from indebtedness	309,436	-	309,436
Principal payments on capital lease	(31,972)	-	(31,972)
Interest paid on capital lease	(36,400)	-	(36,400)
Contribution-Maury Service Authority	-	(718,105)	(718,105)
Net cash provided by (used for) capital and related financing activities	\$ (469,153)	\$ (718,105)	\$ (1,187,258)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 4,676	\$ -	\$ 4,676
Net increase (decrease) in cash and cash equivalents	\$ (118,544)	\$ -	\$ (118,544)
Cash and cash equivalents - beginning - including restricted	4,003,463	-	4,003,463
Cash and cash equivalents - ending - including restricted	\$ 3,884,919	\$ -	\$ 3,884,919
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 142,748	\$ (434,722)	\$ (291,974)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	113,013	26,480	139,493
(Increase) decrease in accounts receivable	(18,246)	4,193	(14,053)
Increase (decrease) in accounts payable	(54,081)	(336)	(54,417)
Increase (decrease) in compensated absences	9,401	1,350	10,751
Net cash provided by (used for) operating activities	\$ 192,835	\$ (403,035)	\$ (210,200)
Schedule of non-cash capital and related financing activities:			
Landfill closure costs	\$ 32,033	\$ -	\$ 32,033

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

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

Exhibit 10

	Primary Government Agency Funds	Component Unit Rockbridge Area Social Services Board Agency Funds	Component Unit Rockbridge Regional Jail Commission Agency Funds
ASSETS			
Cash and cash equivalents	\$ 91,403	\$ 4,062	\$ 28,121
Total assets	<u>\$ 91,403</u>	<u>\$ 4,062</u>	<u>\$ 28,121</u>
LIABILITIES			
Accounts payable	\$ (68,642)	\$ -	\$ -
Amounts held for payroll deductions	68,642	-	-
Amounts held for veterans memorial	10,385	-	-
Amounts held for drug enforcement	67,679	-	-
Amounts held for employee benefits	2,164	-	-
Amounts held for commonwealth attorney forfeitures	11,175	-	-
Amounts held for social services clients	-	4,062	-
Amounts held for inmates/jail	-	-	28,121
Total liabilities	<u>\$ 91,403</u>	<u>\$ 4,062</u>	<u>\$ 28,121</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended component units - The Rockbridge Solid Waste Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Rockbridge County. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 150 South Main Street, Lexington, Virginia 24450.

Discretely Presented Component Units:

Rockbridge County School Board:

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

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington, Buena Vista and Rockbridge County. The Rockbridge County Board of Supervisors appoints one (1) member to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member respectively. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2013. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (Continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2013. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Board is a legally separate organization. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2013. The Board is included in these financial statements because of the Board's fiscal dependency on the County. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Industrial Development Authority:

The County created the Industrial Development Authority to attract industry to the County and to provide financing for such industries. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 4 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Other Organizations (continued)

Excluded from the County's Financial Report: (Continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Authority's revenues. Summary financial information is included in Note 4 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office in Lexington, Virginia.

C. Government-wide and fund financial statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Broadband Technology Opportunities Program Fund is a special revenue fund of the County.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the School Capital Projects Fund and the Courthouse Construction Fund.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major proprietary funds:

The *landfill and recycling funds* account for and report the activities of the Rockbridge County Solid Waste Authority, a blended component unit of the government. The County operates the landfill and recycling operations of the Authority.

Additionally, the government reports the following fund types:

Fiduciary Trust and Agency funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefit and the Commonwealth Attorney Forfeitures Funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Cash and cash equivalents

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

2. *Receivables and payables*

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

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

3. *Inventory*

Inventory is valued using the *first in, first out* method. Inventories in the General Fund and Discretely Presented Component Unit - School Board consist of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

4. *Property Taxes*

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

5. *Allowance for Uncollectible Accounts*

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$572,934 at June 30, 2013 and is comprised solely of property taxes.

6. *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.

7. *Restricted Assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. These funds are restricted for the payment of future closure and post-closure costs associated with the County's landfill. The Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

8. Capital assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

10. Long-term obligations

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

10. Long-term obligations (continued)

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

11. Fund equity

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

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

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

12. *Net Position*

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

13. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County shows a deferred charge on refunding reported in to government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net asset" to "net position."

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was changed as a result of implementing this Statement and a restatement of prior balances was required to record a loan due from the Rockbridge Public Service Authority and to write off bond issue costs in the amount of \$1,295,130 in the governmental activities and \$25,753 in the business-type activities, respectively.

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$67,092,879) and (\$1,133,058) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds and loans payable	\$ (63,450,639)	\$ -
Capital leases payable	(173,515)	-
Unamortized premium on debt	(3,134,153)	-
Accrued interest payable	(1,063,288)	-
Deferred charge on refunding	1,121,006	-
Net OPEB obligation	(120,000)	(961,000)
Compensated absences	(272,290)	(172,058)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ (67,092,879)	\$ (1,133,058)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that 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. The details of these \$24,313,760 and \$1,180,534 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 28,305,957	\$ (412,347)
Depreciation expense	(1,100,462)	(1,298,854)
Allocation of debt financed school assets based on current year repayments	(2,891,735)	2,891,735
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 24,313,760	\$ 1,180,534

Another element of that reconciliation states that 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. The details of this (\$19,382,730) difference in the primary government are as follows:

Issuances:	
General obligation debt	\$ (21,895,000)
Revenue bonds	(11,760,000)
Premium on bonds	(2,533,876)
Principal repayments:	
General obligation debt	3,557,806
Capital leases	117,188
Payment to escrow agent for refunding	13,086,006
Amortization of premium on general obligation bonds	45,146
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (19,382,730)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these (\$305,167) and (\$194,615) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (15,780)	\$ 4,385
Net OPEB obligation	(10,000)	(199,000)
Accrued interest payable	(279,387)	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(305,167)</u>	\$ <u>(194,615)</u>

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also 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.
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.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

B. Excess of expenditures over appropriations:

For the year ended June 30, 2013, the following funds had expenditures exceeding appropriations:

Fund	Excess of Expenditures over Appropriations
Broadband Technology Opportunities	\$ 5,098,312
School Capital Projects	3,964,920
Component Unit School Board	535,643
Component Unit School Cafeteria	20,317
Total	<u>\$ 9,619,192</u>

C. Deficit fund equity

At June 30, 2013, the Broadband Technology Opportunities Fund had deficit fund equity of (\$229,603). Expenditures paid by the County towards the BTOP program are collected within approximately sixty days after payment through a grant reimbursement from the federal government and its local partners. The delay between expenditures and collection of the reimbursement resulted in this deficit fund equity.

NOTE 4—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington, Buena Vista and the County of Rockbridge. Summary financial information for the Boards at June 30, 2013 is provided below:

	Maury Service Authority	Rockbridge Area Community Services Board
Total assets	\$ 40,628,959	\$ 7,661,029
Total liabilities and deferred outflows of resources	19,082,652	4,983,257
Total net position	<u>\$ 21,635,423</u>	<u>\$ 2,677,772</u>
For the year ended June 30, 2013		
Operating revenue	\$ 2,611,051	\$ 4,896,759
Operating expenses	(2,854,758)	(8,327,560)
Nonoperating income (expense)	1,219,035	3,175,404
Change in net position	<u>\$ 975,328</u>	<u>\$ (255,397)</u>
Net position at beginning of year as restated	20,660,095	2,933,169
Net position at end of year	<u>\$ 21,635,423</u>	<u>\$ 2,677,772</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2013 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 489,387	\$ -	\$ -
Local sales taxes	457,302	-	-	-
Public assistance grants	-	-	-	43,447
Comprehensive services act	-	-	-	249,690
Communications tax	150,890	-	-	-
Shared expenses	157,099	-	114,520	-
Other	124,447	232,000	85,870	-
Federal Government:				
BTOP	117,674			
Other	15,980	146,259	-	68,107
Other Governmental Units:				
City of Lexington	-	-	17,467	-
City of Buena Vista	-	-	9,674	-
County of Rockbridge	-	-	28,067	-
Totals	\$ 1,023,392	\$ 867,646	\$ 255,598	\$ 361,244

NOTE 6—INTERFUND OBLIGATIONS:

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Other Funds	Due To Other Funds	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 209,183	\$ 62,896	\$ 1,545,248	\$ -
Broadband Technology Opportunities	-	207,346	-	-
Landfill Fund	62,896	-	-	-
School Capital Projects	-	1,837	-	-
Component Unit Rockbridge Area Social Services	-	-	-	546,541
Component Unit School Board	-	-	-	998,707
Total	\$ 272,079	\$ 272,079	\$ 1,545,248	\$ 1,545,248

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government – Governmental Activity Indebtedness:

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

Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 489,697	\$ 769,836	\$ 1,298,061	\$ 1,900,320
2015	480,000	799,255	1,340,037	1,738,271
2016	500,000	779,655	1,822,118	1,677,894
2017	135,000	767,293	1,884,665	1,602,878
2018	445,000	754,839	1,952,709	1,523,642
2019	580,000	732,727	2,015,553	1,444,548
2020	605,000	705,999	2,082,446	1,368,716
2021	635,000	675,846	2,154,438	1,286,916
2022	660,000	649,493	2,227,271	1,195,869
2023	685,000	621,918	2,195,253	1,106,851
2024	715,000	587,843	2,183,391	1,025,326
2025	755,000	553,655	1,950,000	957,604
2026	785,000	519,293	2,005,000	899,189
2027	820,000	483,146	1,780,000	844,779
2028	855,000	444,711	1,835,000	787,088
2029	905,000	403,852	1,895,000	723,456
2030	940,000	361,030	1,160,000	681,125
2031	990,000	316,196	1,185,000	498,036
2032	1,035,000	269,002	815,000	314,185
2033	1,075,000	219,561	840,000	288,946
2034	1,130,000	169,169	865,000	262,945
2035	1,180,000	117,726	890,000	236,181
2036	1,230,000	63,961	920,000	208,579
2037	355,000	27,625	950,000	180,061
2038	375,000	9,379	980,000	150,629
2039	-	-	1,010,000	119,650
2040	-	-	1,040,000	87,106
2041	-	-	1,075,000	53,531
2042	-	-	1,105,000	18,233
Total	\$ 18,359,697	\$ 11,803,006	\$ 43,455,942	\$ 23,182,554

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Governmental Activity Indebtedness: (continued)

Year Ending June 30,	Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 200,000	\$ 48,944	\$ 120,235	\$ 2,549
2015	180,000	57,173	53,280	499
2016	180,000	51,683	-	-
2017	180,000	45,293	-	-
2018	180,000	38,003	-	-
2019	175,000	30,814	-	-
2020	180,000	22,725	-	-
2021	180,000	13,635	-	-
2022	180,000	4,545	-	-
Total	<u>\$ 1,635,000</u>	<u>\$ 312,812</u>	<u>\$ 173,515</u>	<u>\$ 3,048</u>

Changes in Long-Term Obligations:

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

	Revenue Bonds	General Obligation Bonds	Unamortized Bond Premium	Literary Loans	Capital Leases	Net OPEB Obligation	Compensated Absences	Total
Balance at July 1, 2012	\$ 19,055,719	\$ 24,262,126	\$ 645,423	\$ 2,000,000	\$ 290,703	\$ 110,000	\$ 256,511	\$ 46,620,482
Issuances:								
General obligation bonds	-	20,460,000	-	-	-	-	-	20,460,000
Revenue bonds	11,760,000	-	-	-	-	-	-	11,760,000
Literary loans	-	-	-	1,435,000	-	-	-	1,435,000
Premium on bonds	-	-	2,533,876	-	-	-	-	2,533,876
Retirements:								
Revenue Bonds	(12,456,022)	-	-	-	-	-	-	(12,456,022)
General obligation bonds	-	(1,266,184)	-	-	-	-	-	(1,266,184)
Capital leases	-	-	-	-	(117,188)	-	-	(117,188)
Premium on bond issues	-	-	(45,146)	-	-	-	-	(45,146)
Literary loans	-	-	-	(1,800,000)	-	-	-	(1,800,000)
Increase in net OPEB obligation	-	-	-	-	-	10,000	-	10,000
Increase in compensated absences	-	-	-	-	-	-	15,779	15,779
Balance at June 30, 2013	<u>\$ 18,359,697</u>	<u>\$ 43,455,942</u>	<u>\$ 3,134,153</u>	<u>\$ 1,635,000</u>	<u>\$ 173,515</u>	<u>\$ 120,000</u>	<u>\$ 272,290</u>	<u>\$ 67,150,597</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activity Obligations: (continued)****Details of Long-Term Obligations:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue bonds:		
\$1,299,514, issued March 15, 2001 payable in semi-annual installments of principal and interest on March 1, and September 1, interest at 4.8%, through January 15, 2023	\$ 24,697	\$ 24,697
\$15,000,000, issued January 5, 2006 payable in semi-annual installments of principal and interest on February 1, and August 1, variable interest at 3.5%-5.0%, through August 1, 2015	1,070,000	345,000
\$6,000,000 issued December 19, 2007 payable in annual installments of approximately \$383,000, with interest at 4.58%, through June 30, 2038	5,505,000	120,000
\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through April 1, 2036	<u>11,760,000</u>	<u>-</u>
Total revenue bonds	\$ <u>18,359,697</u>	\$ <u>489,697</u>
General obligation bonds:		
\$1,500,000 issue dated May 17, 2001, payable in semi-annual installments of principal and interest on January 15, and July 15, through January 2022, interest at 4.79%	\$ 865,000	\$ 80,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023.	590,000	45,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	8,585,000	355,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	3,135,942	273,061

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Governmental Activity Obligations: (continued)

Details of Long-Term Details of Obligations:

	Total Amount	Amount Due Within One Year
General obligation bonds: (continued)		
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	\$ 2,710,000	\$ 150,000
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	7,110,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	20,460,000	-
Total school bonds	\$ 43,455,942	\$ 1,298,061
Literary loans:		
\$4,000,000 issue dated January 1, 2002, payable in various annual principal and interest installments through January 1, 2014, interest at 4%	\$ 200,000	\$ 200,000
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ 1,435,000	\$ -
Total literary loans	\$ 1,635,000	\$ 200,000
Capital leases:		
\$150,000 issued May 31, 2011 for vehicles for the Sheriff Department, due in quarterly payments of \$12,970 through May 13, 2014, interest at 2.29%	\$ 51,146	\$ 51,146
\$206,315 issued March 7, 2012 for vehicles for the Sheriff Department, due in quarterly payments of \$17,726 through March 7, 2015, interest at 1.89%	122,369	69,089
Total capital lease obligations	\$ 173,515	\$ 120,235
Unamortized bond premium	\$ 3,134,153	\$ 164,756
Net OPEB obligation (payable from the General Fund)	\$ 120,000	\$ -
Compensated absences (payable from the General Fund)	\$ 272,290	\$ 163,374
Total long-term obligations	\$ 67,150,597	\$ 2,436,123

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Enterprise Activity Obligations:

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

Year Ending June 30,	Landfill Fund			
	Revenue Bond		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 20,000	\$ 31,456	\$ 75,912	\$ 9,080
2015	20,000	30,631	60,199	6,853
2016	20,000	29,656	62,154	4,898
2017	25,000	28,653	64,172	2,880
2018	25,000	27,522	54,968	811
2019	25,000	26,316	-	-
2020	25,000	25,109	-	-
2021	30,000	23,700	-	-
2022	30,000	22,238	-	-
2023	30,000	20,800	-	-
2024	30,000	19,288	-	-
2025	35,000	17,622	-	-
2026	35,000	15,828	-	-
2027	35,000	14,134	-	-
2028	40,000	12,462	-	-
2029	40,000	10,763	-	-
2030	45,000	8,584	-	-
2031	45,000	6,278	-	-
2032	50,000	3,844	-	-
2033	50,000	1,281	-	-
Total	\$ 655,000	\$ 376,165	\$ 317,405	\$ 24,522

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government – Enterprise Activity Obligations: (Continued)

Changes in Long-Term Obligations:

The following is a summary of long-term obligations transactions of the enterprise activities for the year ended June 30, 2013.

	Landfill Closure and Post-Closure Liability	Net OPEB Obligation	Compensated Absences	Bond Payable	Premium on Bond Issue	Capital Leases	Total
Balance at July 1, 2012	\$ 1,884,296	\$ 2,000	\$ 17,114	\$ 655,000	\$ 121,624	\$ 39,940	\$ 2,719,974
Increase in							
compensated absences	-	-	10,751	-	-	-	10,751
Issuance of capital leases	-	-	-	-	-	309,437	309,437
Landfill closure and post-closure liability	32,033	-	-	-	-	-	32,033
Retirements:							
Principal on capital leases	-	-	-	-	-	(31,972)	(31,972)
Balance at June 30, 2013	<u>\$ 1,916,329</u>	<u>\$ 2,000</u>	<u>\$ 27,865</u>	<u>\$ 655,000</u>	<u>\$ 121,624</u>	<u>\$ 317,405</u>	<u>\$ 3,040,223</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Revenue bond:		
\$655,000 obligation due in varying annual principal installments, and semi-annual payments totaling \$51,456 annually with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 655,000	\$ 20,000
Capital leases:		
\$66,840 Issued April 24, 2011 for an excavator, due in monthly payments of \$1,982 through March 27, 2014, interest at 4.550%	\$ 17,606	\$ 17,606
\$309,436 Issued April 13, 2013 for a track loader, due in monthly payments of \$5,588 through April 15, 2018, interest at 4.550%	299,799	58,306
Total capital leases	<u>\$ 317,405</u>	<u>\$ 75,912</u>
Unamortized bond premium	\$ 121,624	\$ 6,081
Landfill closure and post-closure liability	\$ 1,916,329	\$ -
Net OPEB obligation	\$ 2,000	\$ -
Compensated absences	\$ 27,865	\$ 16,719
Total long-term obligations	<u>\$ 3,040,223</u>	<u>\$ 118,712</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority:

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

Years Ending June 30,	Revenue Bonds	
	Principal	Interest
2014	\$ 943,309	\$ 85,099
2015	954,642	72,991
2016	968,476	60,379
2017	886,759	47,214
2018	802,116	41,091
2019-2023	3,986,753	142,346
2024-2028	2,720,597	79,412
2029-2033	337,257	47,343
2034-2038	299,182	12,532
Total	\$ 11,899,091	\$ 588,407

Changes in Long-Term Obligations:

	Balance July 1, 2012	Issuance/ Additions	Retirement/ Reductions	Balance June 30, 2013
Water Fund:				
Revenue Bonds	\$ 1,307,601	\$ -	\$ 192,791	\$ 1,114,810
Rural Development Bond	-	1,468,752	1,048	1,467,704
Net OPEB obligation	5,700	1,140	-	6,840
Compensated Absences	20,244	4,634	-	24,878
Total Water Fund	\$ 1,333,545	\$ 1,474,526	\$ 193,839	\$ 2,614,232
Sewer Fund:				
Revenue Bonds	\$ 10,006,694	\$ -	\$ 690,117	\$ 9,316,577
Advances	1,259,130	361,082	-	1,620,212
Net OPEB obligation	4,300	860	-	5,160
Compensated Absences	15,272	3,496	-	18,768
Total Sewer Fund	\$ 11,285,396	\$ 365,438	\$ 690,117	\$ 10,960,717
Totals	\$ 12,618,941	\$ 1,839,964	\$ 883,956	\$ 13,574,949

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2001 Water Revenue Refunding Bond	\$ 117,107
Principal and interest payments on the Route 60 Project	68,104
Total	\$ 185,211

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Fund:		
Revenue Bonds:		
\$1,266,223 Water Revenue Refunding Bond dated March 1, 2001, payable in semi-annual installments through October 1, 2016. Interest rate of 4.74%. Payments on this bond are anticipated to be made by Rockbridge County.	\$ 373,637	\$ 100,338
\$767,900 Water Revenue Obligation issued through the Buena Vista Industrial Development Authority (Authority portion of \$1,400,000 issue), dated August 1, 1996, payable semi-annually through July 14, 2016, average interest rate of approximately 6.3%. Payments on this bond are anticipated to be made by Rockbridge County.	211,173	54,850
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	530,000	50,000
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,467,704	48,004
Total Bonds	\$ 2,582,514	\$ 253,192
Compensated absences	\$ 24,878	\$ 24,878
Net OPEB obligation	6,840	-
Total Water Fund	\$ 2,614,232	\$ 278,070
Sewer Fund:		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 9,316,577	\$ 690,117
Advances:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	1,620,212	-
Compensated absences	18,768	18,768
Net OPEB obligation	5,160	-
Total Sewer Fund	\$ 10,960,717	\$ 708,885
Total long-term obligations	\$ 13,574,949	\$ 986,955

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Regional Jail Commission:**Changes in Long-Term Obligations:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Net OPEB Obligation (payable from Rockbridge County Regional Jail Commission)	\$ 27,000	\$ 12,000	\$ 4,000	\$ 35,000
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	<u>140,301</u>	<u>7,729</u>	<u>-</u>	<u>148,030</u>
Total Long-Term Obligations	<u>\$ 167,301</u>	<u>\$ 19,729</u>	<u>\$ 4,000</u>	<u>\$ 183,030</u>

Details of long-term obligations:

	<u>Total</u> <u>Amount</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Net OPEB obligation	\$ 35,000	\$ -
Compensated absences	\$ 148,030	\$ 109,818
Total obligations	<u>\$ 183,030</u>	<u>\$ 109,818</u>

Component Unit – Rockbridge Area Social Services Board:Changes in Long-Term Obligations:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Issuance/</u> <u>Additions</u>	<u>Retirement/</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital lease	\$ 19,846	\$ -	\$ 12,229	\$ 7,617
Compensated Absences (payable from Rockbridge Area Social Services Board)	<u>107,677</u>	<u>-</u>	<u>18,253</u>	<u>89,424</u>
Total Long-Term Obligations	<u>\$ 127,523</u>	<u>\$ -</u>	<u>\$ 30,482</u>	<u>\$ 97,041</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit – Rockbridge Area Social Services Board: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Capital Lease:		
\$36,709 capital lease, issued May 27, 2009, payable in monthly installments of \$729, at 7% interest beginning June 2009 and ending May 2014	7,617	7,617
Compensated absences	89,424	53,654
	<u>\$ 97,041</u>	<u>\$ 61,271</u>

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

Years Ending June 30,	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 7,617	\$ 246
Total	<u>\$ 7,617</u>	<u>\$ 246</u>

Discretely Presented Component Unit-School Board-Indebtedness:

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

	<u>Balance July 1, 2012</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance June 30, 2013</u>
Compensated Absences	\$ 176,443	\$	-	\$	4,385	\$	172,058
Net OPEB Obligation	762,000		199,000		-		961,000
Total	<u>\$ 938,443</u>	\$	<u>199,000</u>	\$	<u>4,385</u>	\$	<u>1,133,058</u>

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 172,058	\$ 103,235
Net OPEB obligation	961,000	-
Total long-term obligations	<u>\$ 1,133,058</u>	<u>\$ 103,235</u>

NOTE 8—DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

A. Plan Description (continued)

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

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2013 were 13.34% and 7.98%, respectively of annual covered payroll.

The School Board's contributions for professional employees were \$1,939,535, \$943,498, and \$577,090, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% for 2013, 2012, and 2011 respectively, of current covered payroll.

Component Unit - Rockbridge County Regional Jail Commission

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Commission is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2013 was 9.86% of annual covered payroll.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

B. Funding Policy (continued)

Component Unit - Rockbridge County Public Service Authority

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2013 was 8.52% of annual covered payroll.

Component Unit - Rockbridge Area Social Services Board

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Board is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Board's contribution rate for the fiscal year ended 2013 was 9.14% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the Primary Government's annual pension cost of \$762,643 was equal to the County's required and actual contributions.

For fiscal year 2013, the County School Board's annual pension cost for the Board's non-professional employees was \$134,701 which was equal to the Board's required and actual contributions.

For fiscal year 2013, the Rockbridge County Regional Jail Commission's annual pension cost for the Board's non-professional employees was \$132,585 which was equal to the Commission's required and actual contributions.

For fiscal year 2013, the Rockbridge County Public Service Authority's annual pension cost of \$30,417 was equal to the Authority's required and actual contributions.

For fiscal year 2013, the Rockbridge Area Social Services Board's annual pension cost of \$75,830 was equal to the Board's required and actual contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 8—DEFINED BENEFIT PENSION PLAN (Continued):

C. Annual Pension Cost (Continued)

Trend information for the County and its discretely presented component units is as follows:

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:			
Fiscal year ending June 30, 2013	\$ 762,643	100%	\$ -
Fiscal year ending June 30, 2012	580,976	100%	-
Fiscal year ending June 30, 2011	588,669	100%	-
Component Unit - School Board Non-Professional Employees:			
Fiscal year ending June 30, 2013	\$ 134,701	100%	\$ -
Fiscal year ending June 30, 2012	67,096	100%	-
Fiscal year ending June 30, 2011	65,169	100%	-
Component Unit - Rockbridge Regional Jail Commission:			
Fiscal year ending June 30, 2013	\$ 132,585	100%	\$ -
Fiscal year ending June 30, 2012	137,598	100%	-
Fiscal year ending June 30, 2011	146,261	100%	-
Component Unit - Rockbridge County Public Service Authority:			
Fiscal year ending June 30, 2013	\$ 30,417	100%	\$ -
Fiscal year ending June 30, 2012	29,625	100%	-
Fiscal year ending June 30, 2011	27,440	100%	-
Component Unit - Rockbridge Area Social Services Board:			
Fiscal year ending June 30, 2013	\$ 75,830	100%	\$ -
Fiscal year ending June 30, 2012	60,610	100%	-
Fiscal year ending June 30, 2011	61,217	100%	-

The FY 2013 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 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the component units' assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and component units' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 8—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 73.56% funded. The actuarial accrued liability for benefits was \$28,278,010, and the actuarial value of assets was \$20,802,708, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,475,302. The covered payroll (annual payroll of active employees covered by the plan) was \$5,366,128, and ratio of the UAAL to the covered payroll was 139.31%. The Rockbridge County Regional Jail Commission Participates in the County's plan and does not have a separate actuarial valuation.

As of June 30, 2012, the most recent actuarial valuation date, the County School Board's non-professional plan was 83.16% funded. The actuarial accrued liability for benefits was \$7,193,562, and the actuarial value of assets was \$5,981,938, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,211,624. The covered payroll (annual payroll of active employees covered by the plan) was \$1,499,893, and ratio of the UAAL to the covered payroll was 80.78%.

As of June 30, 2012, the most recent actuarial valuation date, the Rockbridge Area Social Services Board's plan was 84.86% funded. The actuarial accrued liability for benefits was \$4,686,433, and the actuarial value of assets was \$3,977,054, resulting in an unfunded actuarial accrued liability (UAAL) of \$709,379. The covered payroll (annual payroll of active employees covered by the plan) was \$773,190, and ratio of the UAAL to the covered payroll was 91.75%.

As of June 30, 2012, the most recent actuarial valuation date, the Rockbridge County Public Service Authority's plan was 89.68% funded. The actuarial accrued liability for benefits was \$1,234,153, and the actuarial value of assets was \$1,106,807, resulting in an unfunded actuarial accrued liability (UAAL) of \$127,346. The covered payroll (annual payroll of active employees covered by the plan) was \$326,909, and ratio of the UAAL to the covered payroll was 38.95%.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS:

County and Other Participating Entities:

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

A. Plan Description

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

The Rockbridge Landfill and Component Units Rockbridge Regional Jail Commission and Rockbridge Public Service Authority (herein are referred to as Other Participating Entities) are included in this plan.

B. Funding Policy

The Rockbridge County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is presented in the following table for fiscal year 2013. The County has elected not to pre-fund OPEB liabilities. The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

County and Other Participating Entities: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the County and Other Participating entities' annual OPEB cost for the year, the estimated contribution to the Plan, and changes in the County and Other Participating Entities' net OPEB obligation to the Plan:

	County	Rockbridge Regional Jail	Rockbridge Landfill	Rockbridge Public Service Authority
Annual Required Contribution (ARC)	\$ 39,000	\$ 12,000	\$ 2,000	\$ 2,000
Interest on OPEB Obligation	5,000	1,000	-	-
Adjustment to ARC	(5,000)	(1,000)	-	-
Annual OPEB Cost	\$ 39,000	\$ 12,000	\$ 2,000	\$ 2,000
Contributions Made	(29,000)	(4,000)	(2,000)	-
Increase in Net OPEB Obligation	\$ 10,000	\$ 8,000	\$ -	\$ 2,000
Net OPEB Obligation -beginning of year	110,000	27,000	2,000	10,000
Net OPEB Obligation - end of year	\$ 120,000	\$ 35,000	\$ 2,000	\$ 12,000

For fiscal year 2013, the County's expected cash payment of \$29,000 was \$10,000 short of the OPEB cost.

For fiscal year 2013, the Rockbridge Regional Jail Commission's expected cash payment of \$4,000 was \$8,000 short of the OPEB cost.

For fiscal year 2013, the Rockbridge Landfill's expected cash payment was equal to the OPEB cost.

For fiscal year 2013, the Rockbridge Public Service Authority's expected cash payment of \$0 was \$2,000 short of the OPEB cost.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)**County and Other Participating Entities: (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

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

Annual OPEB Cost:			Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	Fiscal Year Ended	Annual OPEB Cost		
County	June 30, 2013	\$ 39,000	74.36%	\$ 120,000
	June 30, 2012	46,000	67.39%	110,000
	June 30, 2011	43,000	44.19%	95,000
Rockbridge Regional Jail	June 30, 2013	12,000	33.33%	35,000
	June 30, 2012	14,000	42.86%	19,000
	June 30, 2011	17,000	50.00%	12,000
Rockbridge Landfill	June 30, 2013	2,000	100.00%	2,000
	June 30, 2012	1,000	0.00%	2,000
	June 30, 2011	1,000	100.00%	2,000
Rockbridge Public Service Authority	June 30, 2013	2,000	0.00%	12,000
	June 30, 2012	3,000	123.33%	10,000
	June 30, 2011	3,000	0.00%	8,000

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012 is as follows:

Actuarial accrued liability (AAL)	\$ 448,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$ 448,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,655,000
UAAL as a percentage of covered payroll	6.73%

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

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

County and Other Participating Entities: (continued)

D. Funded Status and Funding Progress (continued)

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

E. Actuarial Methods and Assumptions

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

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. 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. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2012 was 20 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

School Board Health Insurance Plan

A. Plan Description

The Rockbridge County School Board offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the School Board in a benefits-eligible position for 10 of the last 13 years prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

A. Plan Description (continued)

Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy

The Rockbridge County School Board establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

The annual cost of other postemployment benefits (OPEB) under GASB 45 is based on the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$330,000 for fiscal year 2013. The School Board has elected not to pre-fund OPEB liabilities. The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the School Board's annual OPEB cost for the year, the estimated contributions to the Plan, and changes in the School Board's net OPEB obligation to the Plan:

	School Board
Annual Required Contribution (ARC)	\$ 332,000
Interest on OPEB Obligation	30,000
Adjustment to ARC	(32,000)
Annual OPEB Cost	\$ 330,000
Contributions Made	(131,000)
Increase in Net OPEB Obligation	\$ 199,000
Net OPEB Obligation - beginning of year	762,000
Net OPEB Obligation - end of year	\$ 961,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

B. Funding Policy (continued)

Annual OPEB Cost. For 2013, the School Board's expected cash payment of \$233,000 is \$199,000 less than the OPEB cost (expense) of \$332,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
June 30, 2013	\$	330,000	40%	\$	961,000
June 30, 2012		399,000	58%		762,000
June 30, 2011		387,000	52%		596,000

C. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012 is as follows:

Actuarial accrued liability (AAL)	\$	4,290,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		4,290,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	16,081,000
UAAL as a percentage of covered payroll		26.68%

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

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

D. Actuarial Methods and Assumptions

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

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

School Board Health Insurance Plan (continued)

D. Actuarial Methods and Assumptions (continued)

Cost Method

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. 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. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year). Under this method, inactive Participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual Participant amounts. An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method. Data is net of any retiree contributions. The UAAL is being amortized on an open basis. The remaining amortization at July 1, 2010 was 20 years.

Interest Assumptions	Not funded
Discount rate	4%
Payroll growth	2.50%

VRS Health Insurance Credit Program

A. Plan Description

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

VRS Health Insurance Credit Program (continued)

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.1% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$179,165, \$89,464, and \$88,130, respectively and equaled the required contributions for each year.

NOTE 10—DEFERRED INFLOWS/OUTFLOWS OF RESOURCES:

Deferred inflows of resources totaling \$7,984,173 is comprised of the following:

- A. Prepaid Property Taxes: Property taxes due subsequent to June 30, 2013 but paid in advance by taxpayers totaled \$407,793 at June 30, 2013.
- B. Unbilled Property Taxes: Property taxes for the second half of 2013 that had not been billed as of June 30, 2013 amounted to \$7,576,380.

Deferred outflows of resources totaling \$1,121,006 is comprised of the following:

- A. Deferred Charge on Refunding: Deferred inflows representing gain on refunding of debt but not available for funding of current expenditures totaled \$1,121,006 at June 30, 2013.

NOTE 11—CONTINGENT LIABILITIES:

Federal programs in which the County participates 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 12—DEPOSITS AND INVESTMENTS:

Deposits:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 12—DEPOSITS AND INVESTMENTS: (CONTNUED)

Investments:

Statutes authorize the County and its discretely component units 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 State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

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

Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 10,001,654
SNAP External Investment Pool	7,327,109
Total	<u>\$ 17,328,763</u>

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Interest Rate Risk

All County investments must be in securities maturing within five years.

NOTE 13—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2012 in the amount of \$1,718,759. The amount to be paid on January 1, 2014, and which is not included in the financial statements, totals \$1,742,885 for the fiscal year ended June 30, 2013.

The Government had the following material construction contracts outstanding at June 30, 2013:

<u>Project</u>	<u>Contractor</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
Component units:				
School Board:				
Maury River Middle School	MB Contractors, Inc.	\$ 23,955,000	\$ 19,662,579	\$ 4,292,421
Total School Board		<u>\$ 23,955,000</u>	<u>\$ 19,662,579</u>	<u>\$ 4,292,421</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 14—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,393,836	\$ -	\$ -	\$ 2,393,836
Construction in progress	4,241,442	29,464,965	-	33,706,407
Total capital assets not being depreciated	\$ 6,635,278	\$ 29,464,965	\$ -	\$ 36,100,243
Capital assets being depreciated:				
Buildings and improvements	\$ 53,374,524	\$ 57,425	\$ (4,635,264)	\$ 48,796,685
Machinery and equipment	3,092,084	307,503	(331,078)	3,068,509
Total capital assets being depreciated	\$ 56,466,608	\$ 364,928	\$ (4,966,342)	\$ 51,865,194
Accumulated depreciation:				
Buildings and improvements	\$ (7,342,938)	\$ (856,799)	\$ 219,593	\$ (7,980,144)
Machinery and equipment	(2,298,196)	(243,663)	252,818	(2,289,041)
Total accumulated depreciation	\$ (9,641,134)	\$ (1,100,462)	\$ 472,411	\$ (10,269,185)
Total capital assets being depreciated, net	\$ 46,825,474	\$ (735,534)	\$ (4,493,931)	\$ 41,596,009
Governmental activities capital assets, net	\$ 53,460,752	\$ 28,729,431	\$ (4,493,931)	\$ 77,696,252
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 540,137	\$ -	\$ -	\$ 540,137
Construction in progress	589,282	384,376	(832,666)	140,992
Total capital assets not being depreciated	\$ 1,129,419	\$ 384,376	\$ (832,666)	\$ 681,129
Capital assets being depreciated:				
Buildings and improvements	\$ 1,583,181	\$ 832,666	\$ -	\$ 2,415,847
Machinery and equipment	1,141,876	325,841	-	1,467,717
Total capital assets being depreciated	\$ 2,725,057	\$ 1,158,507	\$ -	\$ 3,883,564
Accumulated depreciation:				
Buildings and improvements	\$ (889,133)	\$ (93,153)	\$ -	\$ (982,286)
Machinery and equipment	(1,044,463)	(46,340)	-	(1,090,803)
Total accumulated depreciation	\$ (1,933,596)	\$ (139,493)	\$ -	\$ (2,073,089)
Total capital assets being depreciated, net	\$ 791,461	\$ 1,019,014	\$ -	\$ 1,810,475
Business-type activities capital assets, net	\$ 1,920,880	\$ 1,403,390	\$ (832,666)	\$ 2,491,604

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

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

Governmental activities:	
General government administration	\$ 812,916
Public safety	156,124
Public works	18,543
Parks, recreation, and cultural	101,529
Community Development	11,350
Total depreciation expense-governmental activities	\$ 1,100,462
Business-type activities:	
Solid Waste Authority	\$ 139,493
Total depreciation expense-business-type activities	\$ 139,493

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Construction in progress	2,519,686	-	(2,519,686)	-
Total capital assets not being depreciated	\$ 2,637,241	\$ -	\$ (2,519,686)	\$ 117,555
Capital assets being depreciated:				
Buildings and improvements	\$ 28,349,055	\$ 4,929,206	\$ -	\$ 33,278,261
Machinery and equipment	4,298,898	436,295	(420,779)	4,314,414
Total capital assets being depreciated	\$ 32,647,953	\$ 5,365,501	\$ (420,779)	\$ 37,592,675
Accumulated depreciation:				
Buildings and improvements	\$ (13,782,583)	\$ (1,316,377)	\$ -	\$ (15,098,960)
Machinery and equipment	(3,260,215)	(348,904)	366,427	(3,242,692)
Total accumulated depreciation	\$ (17,042,798)	\$ (1,665,281)	\$ 366,427	\$ (18,341,652)
Total capital assets being depreciated, net	\$ 15,605,155	\$ 3,700,220	\$ (54,352)	\$ 19,251,023
School Board capital assets, net	\$ 18,242,396	\$ 3,700,220	\$ (2,574,038)	\$ 19,368,578

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board: (continued)

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 1,445,688
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	219,593
Net increase in accumulated depreciation	<u>\$ 1,665,281</u>

- a. Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local government on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2013, is that school financed assets in the amount of \$39,126,978 are reported in the Primary Government for financial reporting purposes.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment	\$ 75,693	\$ -	\$ 75,693
Vehicle	73,036	-	73,036
Furniture and fixtures	8,857	-	8,857
Total capital assets being depreciated	<u>\$ 157,586</u>	<u>\$ -</u>	<u>\$ 157,586</u>
Accumulated depreciation			
Equipment	\$ (70,893)	\$ (1,200)	\$ (72,093)
Vehicle	(62,642)	(10,393)	(73,035)
Furniture and fixtures	(8,857)	-	(8,857)
Total accumulated depreciation	<u>\$ (142,392)</u>	<u>\$ (11,593)</u>	<u>\$ (153,985)</u>
Net capital assets	<u>\$ 15,194</u>	<u>\$ (11,593)</u>	<u>\$ 3,601</u>

Depreciation expense for the year ended June 30, 2013 was \$11,593.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Component Unit—Regional Jail Commission:

A summary of capital assets is summarized below:

	Beginning Balance	Additions	Ending Balance
Capital assets not being depreciated			
Construction in progress	\$ 151,053	\$ -	\$ 151,053
Capital assets being depreciated:			
Jail facility	\$ 3,711,513	\$ -	\$ 3,711,513
Food service equipment	73,170	-	73,170
Washers/dryers	20,253	-	20,253
Communications	7,106	-	7,106
Office equipment	98,157	-	98,157
Telephone system	24,765	-	24,765
Other equipment	229,857	42,117	271,974
Total capital assets being depreciated	\$ 4,164,821	\$ 42,117	\$ 4,206,938
Accumulated depreciation	(2,844,618)	(105,845)	(2,950,463)
Net capital assets	\$ 1,471,256	\$ (63,728)	\$ 1,407,528

Depreciation expense for the fiscal year totaled \$105,845.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 14—CAPITAL ASSETS: (CONTINUED)

Component Unit—Rockbridge County Public Service Authority:

A summary of changes in capital assets for the year ended June 30, 2013 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 369,989	\$ 11,270	\$ -	\$ 381,259
Construction in progress	773,782	1,771,366	(743,882)	1,801,266
Total capital assets not being depreciated	\$ 1,143,771	\$ 1,782,636	\$ (743,882)	\$ 2,182,525
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	357,300	306,329	(3,373)	660,256
Utility plant and equipment	33,835,274	516,524	(22,747)	34,329,051
Capital assets being depreciated	\$ 34,369,440	\$ 822,853	\$ (26,120)	\$ 35,166,173
Accumulated depreciation				
Buildings and improvements	\$ (91,481)	\$ (4,422)	\$ -	\$ (95,903)
Machinery and equipment	(326,286)	(44,209)	3,373	(367,122)
Utility plant and equipment	(9,784,856)	(825,841)	22,508	(10,588,189)
Total accumulated depreciation	\$ (10,202,623)	\$ (874,472)	\$ 25,881	\$ (11,051,214)
Capital assets being depreciated, net	\$ 24,166,817	\$ (51,619)	\$ (239)	\$ 24,114,959
Net capital assets	\$ 25,310,588	\$ 1,731,017	\$ (744,121)	\$ 26,297,484

Depreciation expense for the fiscal year totaled \$874,472.

NOTE 15—ADVANCES TO/FROM PARTICIPATING ENTITIES:

The general fund has established an asset for advances to other entities in the amount of \$1,683,691. This is comprised of advances to the component unit Rockbridge Public Service Authority and the Solid Waste Authority in the amounts of \$1,620,212 and \$63,479, respectively.

The Solid Waste Authority has established a liability for advances from participating localities as follows:

	Balance July 1, 2012	Increase (Decrease)	Balance June 30, 2013
City of Lexington	\$ 5,303	\$ -	\$ 5,303
City of Buena Vista	5,510	-	5,510
Rockbridge County	63,479	-	63,479
Total	\$ 74,292	\$ -	\$ 74,292

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Solid Waste Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The County of Rockbridge is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Solid Waste Authority to place a final cover on the landfill site when it is filled to capacity or 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 Solid Waste Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and currently has an estimated capacity to last until the year 2014. The \$1,916,329 reported as accrued closure and post-closure liability at June 30, 2013 represents the cumulative amount reported based on the estimated number of years remaining (one). The Authority expects to close the landfill in the year 2014. The estimated total current cost of the landfill closure and post-closure care of \$1,916,329 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Solid Waste Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 17—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 18—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2013:

	<u>Amount</u>
Department of Treasury - Division of Risk Management	
D. Bruce Patterson, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
Christopher J. Blalock, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	10,000
Blanket position - all employees	250,000

NOTE 19—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,234,972
Landfill Fund	139,993	-
Recycling Fund	1,094,979	-
Total	<u>\$ 1,234,972</u>	<u>\$ 1,234,972</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 20—CAPITAL LEASES:

The government has financed the acquisition of sheriff's vehicles and landfill equipment by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Component-unit Social Services Board
Assets:		
Machinery and equipment	\$ 371,950	\$ 52,088
Accumulated depreciation	(164,797)	(52,088)
Total	<u>\$ 207,154</u>	<u>\$ -</u>

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

Year Ended June 30,	Governmental Activities	Component-unit Social Services Board
2014	\$ 122,784	\$ 7,787
2015	53,779	-
Total minimum lease payments	\$ 176,563	\$ 7,787
Amount representing interest	(3,048)	(170)
Present value of minimum lease payments	<u>\$ 173,515</u>	<u>\$ 7,617</u>

NOTE 21—CURRENT REFUNDING:

On May 9, 2013, the County issued and \$1,435,000 general obligation bond, Series 2013A (Refunding Bond) and sold it to the Virginia Public School Authority (VPSA). The proceeds from the issuance and sale of the current refunding bond were used to redeem, refinance, and refund the outstanding principal amount of the County for one literary loan in the amount of \$1,600,000. The net carrying amount (including premium) of the new debt equaled the carrying amount of the old debt. The current refunding was undertaken to reduce total debt service payments over the next sixteen years by \$212,188 and resulted in total net present value savings of \$200,956 for the County.

NOTE 22—ADVANCE REFUNDING:

The government issued \$11,760,000 in revenue bonds at interest rates ranging from 4.261% to 4.823%. The proceeds were used to advance refund \$11,965,000 of outstanding 2005 Series C, public improvement bonds which had interest rates ranging from 3.5% to 5.0%. The net proceeds of \$13,531,014 (including a \$1,777,014 premium, and after payment of \$252,391 in underwriting fees, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt services payment on the refunding bonds. As a result, the 2005 Series C, 2005 Series B revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2013

NOTE 22—ADVANCE REFUNDING: (CONTINUED)

The reacquisition price exceeded the net carrying amount of the old debt by \$1,121,006. This amount is being amortized over the remaining life of the refunding debt. The government advance refunded the 2005 Series C revenue bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$742,744.

NOTE 23—BEGINNING FUND BALANCE/NET POSITION RESTATEMENT:

The beginning fund balance/net position of the General Fund, Governmental Activities and Business-type Activities (Solid Waste Authority) was adjusted to record advances to other entities not previously recorded, reclassify equipment and write off bond issue costs in accordance with GASB Statement No. 65-Items Previously Reported as Assets and Liabilities as follows:

	General Fund	Governmental Activities	Business-Type Activities
Fund Balance/Net position at July 1, 2012 as originally reported	\$ 19,116,254	\$ 31,143,791	\$ 2,922,487
To adjust for due from other entities-Rockbridge County PSA not previously recorded	1,259,130	1,259,130	-
To adjust for landfill excavator equipment originally recorded in the governmental activities	-	(17,350)	17,350
To adjust for write-off of bond issue costs in accordance with GASB Statement No. 65.	-	-	(25,753)
Fund Balance/Net position at July 1, 2012 as restated	\$ <u>20,375,384</u>	\$ <u>32,385,571</u>	\$ <u>2,914,084</u>

NOTE 24—UPCOMING PRONOUNCEMENTS:

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

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REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 21,049,684	\$ 21,048,410	\$ 22,414,930	\$ 1,366,520
Other local taxes	7,937,700	7,937,850	8,157,801	219,951
Permits, privilege fees, and regulatory licenses	208,500	208,500	172,766	(35,734)
Fines and forfeitures	171,000	171,000	235,024	64,024
Revenue from the use of money and property	74,000	74,000	53,549	(20,451)
Charges for services	1,345,100	1,345,100	1,482,185	137,085
Miscellaneous	541,700	541,700	764,848	223,148
Recovered costs	342,780	342,780	350,799	8,019
Intergovernmental revenues:				
Commonwealth	4,789,472	4,789,472	4,847,109	57,637
Federal	125,000	125,000	306,518	181,518
Total revenues	<u>\$ 36,584,936</u>	<u>\$ 36,583,812</u>	<u>\$ 38,785,529</u>	<u>\$ 2,201,717</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,603,709	\$ 1,704,743	\$ 1,588,585	\$ 116,158
Judicial administration	1,299,720	1,317,060	1,278,954	38,106
Public safety	5,509,687	5,881,315	5,784,020	97,295
Public works	2,760,458	3,178,965	3,082,574	96,391
Health and welfare	1,274,148	1,279,026	1,413,425	(134,399)
Education	16,020,165	17,108,216	14,216,366	2,891,850
Parks, recreation, and cultural	1,265,942	1,349,277	1,345,586	3,691
Community development	2,262,701	2,603,454	2,238,899	364,555
Nondepartmental	1,809,000	1,737,485	1,723,096	14,389
Debt service:				
Principal retirement	1,504,320	1,482,902	2,074,994	(592,092)
Interest and other fiscal charges	8,441	8,440	2,289,521	(2,281,081)
Bond issue costs	-	-	281,128	(281,128)
Total expenditures	<u>\$ 35,318,291</u>	<u>\$ 37,650,883</u>	<u>\$ 37,317,148</u>	<u>\$ 333,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,266,645</u>	<u>\$ (1,067,071)</u>	<u>\$ 1,468,381</u>	<u>\$ 2,535,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 210,000	\$ 210,000	\$ -	\$ (210,000)
Transfers out	(1,109,217)	(1,297,252)	(1,234,972)	62,280
Refunding bonds issued	-	-	11,760,000	11,760,000
Premium on refunding bonds issued	-	-	1,771,014	1,771,014
Payment to refunded bond escrow agent	-	-	(13,086,006)	(13,086,006)
Total other financing sources (uses)	<u>\$ (899,217)</u>	<u>\$ (1,087,252)</u>	<u>\$ (789,964)</u>	<u>\$ 297,288</u>
Net change in fund balances	\$ 367,428	\$ (2,154,323)	\$ 678,417	\$ 2,832,740
Fund balances - beginning, as restated	(367,428)	2,154,323	20,375,384	18,221,061
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,053,801</u>	<u>\$ 21,053,801</u>

Schedule of Pension Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:
County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 20,802,708	\$ 28,278,010	\$ 7,475,302	73.56%	\$ 5,366,128	139.31%
06/30/11	20,969,792	26,305,910	5,336,118	79.72%	5,386,435	99.07%
06/30/10	20,189,345	25,317,355	5,128,010	79.75%	5,498,053	93.27%

DISCRETELY PRESENTED COMPONENT UNITS:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 5,981,938	\$ 7,193,562	\$ 1,211,624	83.16%	\$ 1,499,893	80.78%
06/30/11	6,138,518	6,811,806	673,288	90.12%	1,455,186	46.27%
06/30/10	6,152,494	6,637,912	\$ 485,418	92.69%	1,537,350	31.57%

Component Unit-Rockbridge Area Social Services Board

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 3,977,054	\$ 4,686,433	\$ 709,379	84.86%	\$ 773,190	91.75%
06/30/11	4,193,626	4,823,665	630,039	86.94%	835,926	75.37%
06/30/10	4,136,771	4,556,809	420,038	90.78%	867,390	48.43%

Schedule of Pension Funding Progress
As of June 30, 2013 (continued)

Component Unit Rockbridge County Public Service Authority

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$	1,106,807	\$ 1,234,153	\$ 127,346	89.68%	\$ 326,909	38.95%
06/30/11		1,096,792	1,153,178	56,386	95.11%	304,331	18.53%
06/30/10		1,070,765	1,298,027	227,262	82.49%	301,331	75.42%

Other Postemployment Benefit Program
Schedule of OPEB Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:

**County Other Postemployment Benefit Program (includes Rockbridge
Regional Jail Commission, Landfill, and Rockbridge County Public
Service Authority)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ -	\$ 448,000	\$ 448,000	0.00%	\$ 6,655,000	6.73%
06/30/11	-	580,000	580,000	0.00%	6,387,000	9.08%
06/30/10	-	547,000	547,000	0.00%	6,387,000	8.56%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Postemployment Benefit Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ -	\$ 4,290,000	\$ 4,290,000	0.00%	\$ 16,081,000	26.68%
06/30/10	-	4,406,000	4,406,000	0.00%	16,143,000	27.29%

DISCRETELY PRESENTED COMPONENT UNIT:

Rockbridge County Public Service Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ -	\$ 12,000	\$ 12,000	0.00%	\$ 133,738	8.97%
01/01/09	-	11,000	11,000	0.00%	128,352	8.57%

OTHER SUPPLEMENTARY INFORMATION

School Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 24,680	\$ 24,680
Total revenues	\$ -	\$ -	\$ 24,680	\$ 24,680
EXPENDITURES				
Capital projects	\$ -	\$ 19,513,237	\$ 21,849,069	\$ (2,335,832)
Debt service:				
Principal retirement	-	-	1,600,000	(1,600,000)
Interest and other fiscal charges	-	-	22,444	(22,444)
Bond issue costs	-	-	6,644	(6,644)
Total expenditures	\$ -	\$ 19,513,237	\$ 23,478,157	\$ (3,964,920)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (19,513,237)	\$ (23,453,477)	\$ (3,940,240)
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	\$ -	\$ 19,513,237	\$ 21,895,000	\$ 2,381,763
Premium on bonds	-	-	762,862	762,862
Total other financing sources (uses)	\$ -	\$ 19,513,237	\$ 22,657,862	\$ 3,144,625
Net change in fund balances	\$ -	\$ -	\$ (795,615)	\$ (795,615)
Fund balances - beginning	-	-	5,180,090	5,180,090
Fund balances - ending	\$ -	\$ -	\$ 4,384,475	\$ 4,384,475

Courthouse Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	254,255	254,255
Fund balances - ending	<u>-</u>	<u>-</u>	<u>254,255</u>	<u>254,255</u>

	Agency Funds					Total
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ 67,679	\$ 10,385	\$ 2,164	\$ 11,175	\$ 91,403
Total assets	<u>\$ -</u>	<u>\$ 67,679</u>	<u>\$ 10,385</u>	<u>\$ 2,164</u>	<u>\$ 11,175</u>	<u>\$ 91,403</u>
LIABILITIES						
Accounts payable	\$ (68,642)	\$ -	\$ -	\$ -	\$ -	\$ (68,642)
Amounts held for payroll deduction	68,642	-	-	-	-	68,642
Amounts held for veterans memorial	-	-	10,385	-	-	10,385
Amounts held for drug enforcement	-	67,679	-	-	-	67,679
Amounts held for employee benefits	-	-	-	2,164	-	2,164
Amounts held for commonwealth attorney forfeitures	-	-	-	-	11,175	11,175
Total liabilities	<u>\$ -</u>	<u>\$ 67,679</u>	<u>\$ 10,385</u>	<u>\$ 2,164</u>	<u>\$ 11,175</u>	<u>\$ 91,403</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Payroll Deduction Fund				
LIABILITIES				
Accounts payable	\$ (71,586)	\$ 304,567	\$ 301,623	\$ (68,642)
Amounts held for payroll deduction	71,586	(304,567)	(301,623)	68,642
Total liabilities	\$ -	\$ -	\$ -	\$ -
Drug Fund				
ASSETS				
Cash and cash equivalents	\$ 49,556	\$ 23,234	\$ 5,111	\$ 67,679
Total assets	\$ 49,556	\$ 23,234	\$ 5,111	\$ 67,679
LIABILITIES				
Amounts held for drug enforcement	\$ 49,556	\$ 23,234	\$ 5,111	\$ 67,679
Total liabilities	\$ 49,556	\$ 23,234	\$ 5,111	\$ 67,679
Veterans Memorial Fund				
ASSETS				
Cash and cash equivalents	\$ 10,385	\$ -	\$ -	\$ 10,385
Total assets	\$ 10,385	\$ -	\$ -	\$ 10,385
LIABILITIES				
Amounts held for veterans memorial	\$ 10,385	\$ -	\$ -	\$ 10,385
Total liabilities	\$ 10,385	\$ -	\$ -	\$ 10,385
Employee Benefit Fund				
ASSETS				
Cash and cash equivalents	\$ 2,164	\$ -	\$ -	\$ 2,164
Total assets	\$ 2,164	\$ -	\$ -	\$ 2,164
LIABILITIES				
Amounts held for employee benefits	\$ 2,164	\$ -	\$ -	\$ 2,164
Total liabilities	\$ 2,164	\$ -	\$ -	\$ 2,164
Commonwealth Attorney Forfeitures Fund				
ASSETS				
Cash and cash equivalents	\$ 1,621	\$ 12,269	\$ 2,715	\$ 11,175
Total assets	\$ 1,621	\$ 12,269	\$ 2,715	\$ 11,175
LIABILITIES				
Amounts held for commonwelath's attorney forfeitures	\$ 1,621	\$ 12,269	\$ 2,715	\$ 11,175
Total liabilities	\$ 1,621	\$ 12,269	\$ 2,715	\$ 11,175
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 63,726	\$ 35,503	\$ 7,826	\$ 91,403
Total assets	\$ 63,726	\$ 35,503	\$ 7,826	\$ 91,403
LIABILITIES				
Accounts payable	\$ (71,586)	\$ 304,567	\$ 301,623	\$ (68,642)
Amounts held for payroll deduction	71,586	(304,567)	(301,623)	68,642
Amounts held for drug enforcement	49,556	23,234	5,111	67,679
Amounts held for veterans memorial	10,385	-	-	10,385
Amounts held for employee benefits	2,164	-	-	2,164
Amounts held for commonwelath's attorney forfeitures	1,621	12,269	2,715	11,175
Total liabilities	\$ 63,726	\$ 35,503	\$ 7,826	\$ 91,403

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Permanent Scholarship Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 200	\$ 148,779	\$ 40,402	\$ 189,381
Receivables (net of allowance for uncollectibles):				
Accounts receivable	184,204	3,348	-	187,552
Due from other governmental units	785,709	81,937	-	867,646
Inventories	-	40,531	-	40,531
Prepaid items	248,664	4,736	-	253,400
Total assets	<u>\$ 1,218,777</u>	<u>\$ 279,331</u>	<u>\$ 40,402</u>	<u>\$ 1,538,510</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 220,070	\$ 389	\$ -	\$ 220,459
Due to primary government	998,707	-	-	998,707
Total liabilities	<u>\$ 1,218,777</u>	<u>\$ 389</u>	<u>\$ -</u>	<u>\$ 1,219,166</u>
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ 40,531	\$ -	\$ 40,531
Prepaid items	248,664	4,736	-	253,400
Endowments	-	-	40,402	40,402
Committed:				
Special revenue funds	-	233,675	-	233,675
Unassigned	(248,664)	-	-	(248,664)
Total fund balances	<u>\$ -</u>	<u>\$ 278,942</u>	<u>\$ 40,402</u>	<u>\$ 319,344</u>
Total liabilities and fund balances	<u>\$ 1,218,777</u>	<u>\$ 279,331</u>	<u>\$ 40,402</u>	<u>\$ 1,538,510</u>

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

Total fund balances per above	\$ 319,344
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,368,578
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,133,058)
Net position of governmental activities	<u>\$ 18,554,864</u>

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

Exhibit 19

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 113	\$ 8	\$ 121
Charges for services	1,106,198	467,178	-	1,573,376
Miscellaneous	162,925	-	-	162,925
Intergovernmental revenues:				
Local government	14,147,982	-	-	14,147,982
Commonwealth	11,073,326	16,371	-	11,089,697
Federal	2,101,825	692,311	-	2,794,136
Total revenues	<u>\$ 28,592,256</u>	<u>\$ 1,175,973</u>	<u>\$ 8</u>	<u>\$ 29,768,237</u>
EXPENDITURES				
Current:				
Education	\$ 28,588,376	\$ 1,274,748	\$ -	\$ 29,863,124
Debt service:				
Interest and other fiscal charges	3,880	-	-	3,880
Total expenditures	<u>\$ 28,592,256</u>	<u>\$ 1,274,748</u>	<u>\$ -</u>	<u>\$ 29,867,004</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (98,775)	\$ 8	\$ (98,767)
Net change in fund balances	\$ -	\$ (98,775)	\$ 8	\$ (98,767)
Fund balances - beginning	-	377,717	40,394	418,111
Fund balances - ending	<u>-</u>	<u>278,942</u>	<u>40,402</u>	<u>319,344</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ (98,767)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	1,180,534
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	(54,352)
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.	(194,615)
Change in net position of governmental activities	<u>\$ 832,800</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,371,250	1,371,250	1,106,198	(265,052)
Miscellaneous	-	-	162,925	162,925
Intergovernmental revenues:				
Local government	13,902,454	14,017,502	14,147,982	130,480
Commonwealth	11,072,935	11,070,659	11,073,326	2,667
Federal	1,597,202	1,597,202	2,101,825	504,623
Total revenues	<u>\$ 27,943,841</u>	<u>\$ 28,056,613</u>	<u>\$ 28,592,256</u>	<u>\$ 535,643</u>
EXPENDITURES				
Current:				
Education	<u>\$ 27,940,841</u>	<u>\$ 28,053,613</u>	<u>\$ 28,588,376</u>	<u>\$ (534,763)</u>
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	3,000	3,000	3,880	(880)
Total expenditures	<u>\$ 27,943,841</u>	<u>\$ 28,056,613</u>	<u>\$ 28,592,256</u>	<u>\$ (535,643)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 20

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 100	\$ 100	\$ 113	\$ 13
611,556	611,556	467,178	(144,378)
-	-	-	-
-	-	-	-
13,300	13,300	16,371	3,071
629,475	629,475	692,311	38,048
\$ 1,254,431	\$ 1,254,431	\$ 1,175,973	\$ (103,246)
\$ 1,254,431	\$ 1,254,431	\$ 1,274,748	\$ (20,317)
-	-	-	-
-	-	-	-
\$ 1,254,431	\$ 1,254,431	\$ 1,274,748	\$ (20,317)
\$ -	\$ -	\$ (98,775)	\$ (123,563)
\$ -	\$ -	\$ (98,775)	\$ (123,563)
-	-	377,717	377,717
\$ -	\$ -	\$ 278,942	\$ 254,154

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2013

	Scholarship Private-Purpose Trust
ASSETS	
Cash and cash equivalents	\$ <u>13,780</u>
NET POSITION	
Held in trust for scholarships	\$ <u>13,780</u>

County of Rockbridge, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2013

Exhibit 22

	Scholarship Private-Purpose Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 5
Total additions	\$ 5
DEDUCTIONS	
Contributions to others	\$ (787)
Scholarships	(14,296)
Total deductions	\$ (15,083)
Change in net position	\$ (15,078)
Net position - beginning	28,858
Net position - ending	\$ 13,780

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SUPPORTING SCHEDULES

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

Schedule 1
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,446,084	\$ 15,446,084	\$ 16,152,227	\$ 706,143
Real and personal public service corporation taxes	722,000	722,000	802,734	80,734
Personal property taxes	4,194,600	4,193,326	4,521,469	328,143
Mobile home taxes	44,000	44,000	37,399	(6,601)
Machinery and tools taxes	333,000	333,000	356,921	23,921
Penalties	210,000	210,000	276,343	66,343
Interest	100,000	100,000	267,837	167,837
Total general property taxes	<u>\$ 21,049,684</u>	<u>\$ 21,048,410</u>	<u>\$ 22,414,930</u>	<u>\$ 1,366,520</u>
Other local taxes:				
Local sales and use taxes	\$ 2,375,000	\$ 2,375,000	\$ 2,392,591	\$ 17,591
Consumers' utility taxes	1,554,000	1,554,000	1,522,050	(31,950)
Business license taxes	800,000	800,000	913,827	113,827
Motor vehicle licenses	541,700	541,850	537,855	(3,995)
Bank stock taxes	102,000	102,000	87,703	(14,297)
Taxes on recordation and wills	200,000	200,000	191,861	(8,139)
Lodging tax	1,140,000	1,140,000	1,194,689	54,689
Meals tax	1,225,000	1,225,000	1,317,225	92,225
Total other local taxes	<u>\$ 7,937,700</u>	<u>\$ 7,937,850</u>	<u>\$ 8,157,801</u>	<u>\$ 219,951</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,300	\$ 8,300	\$ 11,489	\$ 3,189
Land use application fees	2,000	2,000	1,340	(660)
Transfer fees	700	700	693	(7)
Permits and other licenses	197,500	197,500	159,244	(38,256)
Total permits, privilege fees, and regulatory licenses	<u>\$ 208,500</u>	<u>\$ 208,500</u>	<u>\$ 172,766</u>	<u>\$ (35,734)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 171,000	\$ 171,000	\$ 235,024	\$ 64,024
Revenue from use of money and property:				
Revenue from use of money	\$ 55,000	\$ 55,000	\$ 26,018	\$ (28,982)
Revenue from use of property	19,000	19,000	27,531	8,531
Total revenue from use of money and property	<u>\$ 74,000</u>	<u>\$ 74,000</u>	<u>\$ 53,549</u>	<u>\$ (20,451)</u>
Charges for services:				
Sheriff's fees	\$ 6,700	\$ 6,700	\$ 10,269	\$ 3,569
Charges for courthouse maintenance	56,000	56,000	51,257	(4,743)
Courthouse security fees	161,200	161,200	167,288	6,088
Consolidated share-Buena Vista	23,400	23,400	23,400	-
Charges for Commonwealth's Attorney	2,000	2,000	4,347	2,347
Charges for garage services	473,000	473,000	645,400	172,400
Charges for sanitation and waste removal	507,100	507,100	477,409	(29,691)
Charges for parks and recreation	99,100	99,100	85,038	(14,062)
Erosion Sediment Control Fee	14,000	14,000	17,457	3,457
DNA Fee	600	600	320	(280)
Total charges for services	<u>\$ 1,345,100</u>	<u>\$ 1,345,100</u>	<u>\$ 1,482,185</u>	<u>\$ 137,085</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Schedule 1
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 541,700	\$ 541,700	\$ 764,848	\$ 223,148
Total miscellaneous revenue	\$ 541,700	\$ 541,700	\$ 764,848	\$ 223,148
Recovered costs:				
Lexington contribution-court building	\$ -	\$ -	\$ 9,407	\$ 9,407
Joint services City of Lexington	170,000	170,000	170,690	690
Charges for hazard materials cleanup	40,000	40,000	16,162	(23,838)
Fiscal agent fees	50,600	50,600	48,193	(2,407)
Other recovered costs	82,180	82,180	106,347	24,167
Total recovered costs	\$ 342,780	\$ 342,780	\$ 350,799	\$ 8,019
Total revenue from local sources	\$ 31,670,464	\$ 31,669,340	\$ 33,631,902	\$ 1,962,562
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 63,000	\$ 63,000	\$ 77,033	\$ 14,033
Mobile home titling tax	20,000	20,000	14,889	(5,111)
Timber sales	2,000	2,000	1,871	(129)
Motor vehicle rental tax	35,000	35,000	45,385	10,385
State recordation tax	67,700	67,700	50,897	(16,803)
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,637,324	\$ 2,637,324	\$ 2,639,699	\$ 2,375
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 322,814	\$ 322,814	\$ 312,824	\$ (9,990)
Sheriff	1,098,258	1,098,258	1,046,784	(51,474)
Commissioner of revenue	98,818	98,818	97,248	(1,570)
Treasurer	79,666	79,666	79,337	(329)
Registrar/electoral board	48,381	48,381	33,549	(14,832)
Clerk of the Circuit Court	248,191	248,191	251,016	2,825
Total shared expenses	\$ 1,896,128	\$ 1,896,128	\$ 1,820,758	\$ (75,370)
Other categorical aid:				
Emergency medical services	\$ -	\$ -	\$ 11,590	\$ 11,590
Victim-witness grant	30,235	30,235	30,776	541
Fire program	49,000	49,000	112,605	63,605
NBSWCD support	117,018	117,018	120,573	3,555
Other	59,767	59,767	111,108	51,341
Total other categorical aid	\$ 256,020	\$ 256,020	\$ 386,652	\$ 130,632
Total categorical aid	\$ 2,152,148	\$ 2,152,148	\$ 2,207,410	\$ 55,262
Total revenue from the Commonwealth	\$ 4,789,472	\$ 4,789,472	\$ 4,847,109	\$ 57,637

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 65,000	\$ 65,000	\$ 101,310	\$ 36,310
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 14,379	\$ 14,379
Rental assistance	60,000	60,000	56,582	(3,418)
DEQ mining rents and royalties	-	-	872	872
Homeland security grant	-	-	70,228	70,228
Economic development grant	-	-	27,000	27,000
Domestic violence	-	-	33,147	33,147
DHCD	-	-	3,000	3,000
Total categorical aid	\$ 60,000	\$ 60,000	\$ 205,208	\$ 145,208
Total revenue from the federal government	\$ 125,000	\$ 125,000	\$ 306,518	\$ 181,518
Total General Fund	\$ 36,584,936	\$ 36,583,812	\$ 38,785,529	\$ 2,201,717
Capital Projects Funds:				
Broadband Technology Opportunities Program				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,706,530	\$ 1,706,530
Total miscellaneous revenue	\$ -	\$ -	\$ 1,706,530	\$ 1,706,530
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Broadband technology opportunities program	\$ -	\$ -	\$ 4,110,155	\$ 4,110,155
Total categorical aid	\$ -	\$ -	\$ 4,110,155	\$ 4,110,155
Total revenue from the federal government	\$ -	\$ -	\$ 4,110,155	\$ 4,110,155
Total Broadband Technology Opportunities Program	\$ -	\$ -	\$ 5,816,685	\$ 5,816,685
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 24,680	\$ 24,680
Total School Capital Projects Fund	\$ -	\$ -	\$ 24,680	\$ 24,680
Total Primary Government	\$ 36,584,936	\$ 36,583,812	\$ 44,626,894	\$ 8,043,082

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ -	\$ -	\$ 6,198	\$ 6,198
Tuition-City of Lexington, Buena Vista	1,371,250	1,371,250	1,100,000	(271,250)
Total charges for services	<u>\$ 1,371,250</u>	<u>\$ 1,371,250</u>	<u>\$ 1,106,198</u>	<u>\$ (265,052)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 162,925	\$ 162,925
Total revenue from local sources	<u>\$ 1,371,250</u>	<u>\$ 1,371,250</u>	<u>\$ 1,269,123</u>	<u>\$ (102,127)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 13,902,454	\$ 14,017,502	\$ 14,147,982	\$ 130,480
Total revenues from local governments	<u>\$ 13,902,454</u>	<u>\$ 14,017,502</u>	<u>\$ 14,147,982</u>	<u>\$ 130,480</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,859,970	\$ 2,859,970	\$ 2,860,950	\$ 980
Basic school aid	5,146,960	5,146,960	5,192,162	45,202
Remedial summer education	26,520	26,520	-	(26,520)
Regular foster care	15,656	15,656	-	(15,656)
Gifted and talented	58,437	58,437	59,036	599
Remedial education	144,823	144,823	146,307	1,484
Special education	706,251	706,251	693,033	(13,218)
Textbook payment	113,991	113,991	115,159	1,168
Vocational standards of quality payments	166,419	166,419	168,125	1,706
Social security fringe benefits	344,272	344,272	347,800	3,528
Retirement fringe benefits	574,210	574,210	580,094	5,884
Early reading intervention	46,149	46,149	44,557	(1,592)
Homebound education	10,578	10,578	14,019	3,441
Vocational education other	56,990	56,990	41,455	(15,535)
At risk payments	114,788	114,788	115,916	1,128
Composite index	102,293	102,293	102,293	-
Standards of learning algebra readiness	19,551	19,551	19,551	-
Reduced class size	171,660	171,660	169,761	(1,899)
Group life insurance	21,596	21,596	21,818	222
Technology grant	232,000	232,000	232,000	-
At risk four-year olds	97,862	97,862	94,804	(3,058)
English as a second language	16,107	16,107	11,934	(4,173)
Adult Ed GED	23,576	23,576	28,576	5,000
Other state funds	2,276	-	13,976	13,976
Total categorical aid	<u>\$ 11,072,935</u>	<u>\$ 11,070,659</u>	<u>\$ 11,073,326</u>	<u>\$ 2,667</u>
Total revenue from the Commonwealth	<u>\$ 11,072,935</u>	<u>\$ 11,070,659</u>	<u>\$ 11,073,326</u>	<u>\$ 2,667</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 63,000	\$ 63,000	\$ 80,891	\$ 17,891
Adult literacy	54,060	54,060	68,470	14,410
Title I	415,953	415,953	526,829	110,876
Title VI-B, special education flow-through	466,054	466,054	668,062	202,008
Vocational education	40,422	40,422	51,197	10,775
Title VI-B, special education pre-school	11,653	11,653	14,759	3,106
Title II, Part A	96,371	96,371	122,059	25,688
Twenty-first century community learning centers	417,475	417,475	528,756	111,281
Total action against poverty	31,989	31,989	40,516	8,527
Technology grant	226	226	286	60
Total categorical aid	<u>\$ 1,597,202</u>	<u>\$ 1,597,202</u>	<u>\$ 2,101,825</u>	<u>\$ 504,623</u>
Total revenue from the federal government	<u>\$ 1,597,202</u>	<u>\$ 1,597,202</u>	<u>\$ 2,101,825</u>	<u>\$ 504,623</u>
Total School Operating Fund	<u>\$ 27,943,841</u>	<u>\$ 28,056,613</u>	<u>\$ 28,592,256</u>	<u>\$ 535,643</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 113	\$ 13
Charges for services:				
Cafeteria sales	\$ 611,556	\$ 611,556	\$ 467,178	\$ (144,378)
Total revenue from local sources	<u>\$ 611,656</u>	<u>\$ 611,656</u>	<u>\$ 467,291</u>	<u>\$ (144,365)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,300	\$ 13,300	\$ 16,371	\$ 3,071
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 629,475	\$ 629,475	\$ 596,133	\$ (33,342)
Twenty-first century community learning centers	-	-	770	770
Commodities	-	-	70,620	70,620
Total action against poverty	-	-	24,788	24,788
Total categorical aid	<u>\$ 629,475</u>	<u>\$ 629,475</u>	<u>\$ 692,311</u>	<u>\$ 38,048</u>
Total revenue from the federal government	<u>\$ 629,475</u>	<u>\$ 629,475</u>	<u>\$ 692,311</u>	<u>\$ 38,048</u>
Total School Cafeteria Fund	<u>\$ 1,254,431</u>	<u>\$ 1,254,431</u>	<u>\$ 1,175,973</u>	<u>\$ (103,246)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 29,198,272</u>	<u>\$ 29,311,044</u>	<u>\$ 29,768,229</u>	<u>\$ 432,397</u>

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

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 66,993	\$ 77,105	\$ 77,862	\$ (757)
General and financial administration:				
County administrator	\$ 204,331	\$ 207,389	\$ 204,670	\$ 2,719
Legal services	153,888	161,120	156,051	5,069
Commissioner of revenue	257,103	257,405	251,167	6,238
Land use	1,260	958	798	160
Treasurer	300,591	300,591	283,016	17,575
Central accounting	129,630	131,060	127,406	3,654
Data processing	136,790	139,790	123,447	16,343
Director of fiscal services	211,435	290,637	202,768	87,869
Central stores	-	-	28,918	(28,918)
Total general and financial administration	\$ 1,395,028	\$ 1,488,950	\$ 1,378,241	\$ 110,709
Board of elections:				
Electoral board and officials	\$ 141,688	\$ 138,688	\$ 132,482	\$ 6,206
Total board of elections	\$ 141,688	\$ 138,688	\$ 132,482	\$ 6,206
Total general government administration	\$ 1,603,709	\$ 1,704,743	\$ 1,588,585	\$ 116,158
Judicial administration:				
Courts:				
Circuit court	\$ 65,329	\$ 65,329	\$ 59,209	\$ 6,120
County court	21,797	25,370	23,450	1,920
Victim witness coordinator	55,735	55,735	53,611	2,124
Clerk of the circuit court	366,625	380,392	364,743	15,649
Courthouse security	357,535	357,535	350,167	7,368
Total courts	\$ 867,021	\$ 884,361	\$ 851,180	\$ 33,181
Commonwealth's attorney:				
Commonwealth's attorney	\$ 432,699	\$ 432,699	\$ 427,774	\$ 4,925
Total commonwealth's attorney	\$ 432,699	\$ 432,699	\$ 427,774	\$ 4,925
Total judicial administration	\$ 1,299,720	\$ 1,317,060	\$ 1,278,954	\$ 38,106
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,025,415	\$ 2,301,342	\$ 2,318,866	\$ (17,524)
Fire and rescue services:				
Fire prevention	\$ 862,000	\$ 841,283	\$ 837,831	\$ 3,452
Emergency management	106,232	156,922	143,891	13,031
Rescue services	578,199	726,433	704,778	21,655
Consolidated Dispatch	653,882	722,014	677,019	44,995
Total fire and rescue services	\$ 2,200,313	\$ 2,446,652	\$ 2,363,519	\$ 83,133
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 766,000	\$ 637,363	\$ 619,253	\$ 18,110
Probation office	6,150	6,150	4,726	1,424
Juvenile probation and detention	42,196	42,196	42,196	-
Total correction and detention	\$ 814,346	\$ 685,709	\$ 666,175	\$ 19,534

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 284,958	\$ 260,227	\$ 235,744	\$ 24,483
Other protection:				
Animal control	\$ 13,650	\$ 16,380	\$ 16,380	\$ -
Other protective services	171,005	171,005	183,336	(12,331)
Total other protection	\$ 184,655	\$ 187,385	\$ 199,716	\$ (12,331)
Total public safety	\$ 5,509,687	\$ 5,881,315	\$ 5,784,020	\$ 97,295
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 12,500	\$ 8,500	\$ 7,198	\$ 1,302
Total maintenance of highways, streets, bridges & sidewalks	\$ 12,500	\$ 8,500	\$ 7,198	\$ 1,302
Sanitation and waste removal:				
County pickup	\$ 1,139,500	\$ 1,260,164	\$ 1,231,049	\$ 29,115
Special enforcement-litter control	114,682	112,221	100,497	11,724
Total sanitation and waste removal	\$ 1,254,182	\$ 1,407,613	\$ 1,366,774	\$ 40,839
Maintenance of general buildings and grounds:				
General properties	\$ 508,692	\$ 606,725	\$ 574,827	\$ 31,898
Central garage	985,084	1,156,127	1,133,775	22,352
Total maintenance of general buildings and grounds	\$ 1,493,776	\$ 1,762,852	\$ 1,708,602	\$ 54,250
Total public works	\$ 2,760,458	\$ 3,178,965	\$ 3,082,574	\$ 96,391
Health and welfare:				
Health:				
Supplement of local health department	\$ 248,395	\$ 229,161	\$ 229,161	\$ -
Other contributions	66,677	66,902	66,677	225
Total health	\$ 315,072	\$ 296,063	\$ 295,838	\$ 225
Mental health and mental retardation:				
Community services board	\$ 140,736	\$ 158,161	\$ 158,161	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 772,659	\$ 772,659	\$ 746,358	\$ 26,301
Other public assistance and welfare administration	45,681	52,143	48,368	3,775
Tax relief for the elderly	-	-	164,700	(164,700)
Total welfare	\$ 818,340	\$ 824,802	\$ 959,426	\$ (134,624)
Total health and welfare	\$ 1,274,148	\$ 1,279,026	\$ 1,413,425	\$ (134,399)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 68,384	\$ 68,384	\$ 68,384	\$ -
Contribution to County School Board	15,951,781	17,039,832	14,147,982	2,891,850
Total education	\$ 16,020,165	\$ 17,108,216	\$ 14,216,366	\$ 2,891,850

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 606,988	\$ 679,830	\$ 630,451	\$ 49,379
Préschool	104,697	105,190	104,795	395
Total parks and recreation	<u>\$ 711,685</u>	<u>\$ 785,020</u>	<u>\$ 735,246</u>	<u>\$ 49,774</u>
Library:				
Contribution to county libraries	\$ 554,257	\$ 564,257	\$ 610,340	\$ (46,083)
Total parks, recreation, and cultural	<u>\$ 1,265,942</u>	<u>\$ 1,349,277</u>	<u>\$ 1,345,586</u>	<u>\$ 3,691</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 273,374	\$ 277,090	\$ 266,830	\$ 10,260
Geographic information system	156,767	161,295	150,143	11,152
Rental assistance	75,324	75,324	73,292	2,032
Industrial development	886,230	1,123,455	1,179,901	(56,446)
Other community development	68,605	120,605	102,761	17,844
Contribution to Public Service Authority	510,136	480,416	117,944	362,472
Total planning and community development	<u>\$ 1,970,436</u>	<u>\$ 2,238,185</u>	<u>\$ 1,890,871</u>	<u>\$ 347,314</u>
Environmental management:				
Agriculture and home economics	\$ 80,600	\$ 80,600	\$ 67,716	\$ 12,884
Other environmental management	80,069	149,073	145,657	3,416
Total environmental management	<u>\$ 160,669</u>	<u>\$ 229,673</u>	<u>\$ 213,373</u>	<u>\$ 16,300</u>
Cooperative extension program:				
Extension office	\$ 131,596	\$ 135,596	\$ 134,655	\$ 941
Total community development	<u>\$ 2,262,701</u>	<u>\$ 2,603,454</u>	<u>\$ 2,238,899</u>	<u>\$ 364,555</u>
Nondepartmental:				
Miscellaneous	\$ 59,000	\$ 18,726	\$ 4,337	\$ 14,389
Annexation payment	1,750,000	1,718,759	1,718,759	-
Total nondepartmental	<u>\$ 1,809,000</u>	<u>\$ 1,737,485</u>	<u>\$ 1,723,096</u>	<u>\$ 14,389</u>
Debt service:				
Principal retirement	\$ 1,504,320	\$ 1,482,902	\$ 2,074,994	\$ (592,092)
Interest and other fiscal charges	8,441	8,440	2,289,521	(2,281,081)
Bond issue costs	-	-	281,128	(281,128)
Total debt service	<u>\$ 1,512,761</u>	<u>\$ 1,491,342</u>	<u>\$ 4,645,643</u>	<u>\$ (3,154,301)</u>
Total General Fund	<u>\$ 35,318,291</u>	<u>\$ 37,650,883</u>	<u>\$ 37,317,148</u>	<u>\$ 333,735</u>
Capital Projects Funds:				
Broadband Technology Opportunities Program:				
Community development:				
Planning and community development:				
Capital projects	\$ -	\$ -	\$ 5,098,312	\$ (5,098,312)
Total planning and community development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,098,312</u>	<u>\$ (5,098,312)</u>
Total Rockbridge Area Net Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,098,312</u>	<u>\$ (5,098,312)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ -	\$ 19,513,237	\$ 21,849,069	\$ (2,335,832)
Total capital projects	<u>\$ -</u>	<u>\$ 19,513,237</u>	<u>\$ 21,849,069</u>	<u>\$ (2,335,832)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,600,000	\$ (1,600,000)
Interest and other fiscal charges	\$ -	\$ -	\$ 22,444	\$ (22,444)
Bond issue costs	-	-	6,644	(6,644)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,629,088</u>	<u>\$ (1,629,088)</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 19,513,237</u>	<u>\$ 23,478,157</u>	<u>\$ (3,964,920)</u>
Total Primary Government	<u>\$ 35,318,291</u>	<u>\$ 57,164,120</u>	<u>\$ 65,893,617</u>	<u>\$ (8,729,497)</u>

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 21,551,137	\$ 21,162,426	\$ 21,898,342	\$ (735,916)
Administration, attendance and health	1,313,090	1,360,477	1,234,306	126,171
Pupil transportation	1,955,922	2,052,794	2,014,463	38,331
Operation and maintenance	3,100,692	3,270,393	3,221,120	49,273
Facilities	20,000	207,523	220,145	(12,622)
Total education	\$ 27,940,841	\$ 28,053,613	\$ 28,588,376	\$ (534,763)
Debt service:				
Interest and other fiscal charges	\$ 3,000	\$ 3,000	\$ 3,880	\$ (880)
Total debt service	\$ 3,000	\$ 3,000	\$ 3,880	\$ (880)
Total School Operating Fund	\$ 27,943,841	\$ 28,056,613	\$ 28,592,256	\$ (535,643)
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,254,431	\$ 1,254,431	\$ 1,274,748	\$ (20,317)
Total School Cafeteria Fund	\$ 1,254,431	\$ 1,254,431	\$ 1,274,748	\$ (20,317)
Total Discretely Presented Component Unit - School Board	\$ 29,198,272	\$ 29,311,044	\$ 29,867,004	\$ (555,960)

OTHER STATISTICAL INFORMATION

COUNTY OF ROCKBRIDGE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 811,714	\$ 2,664,635	\$ 1,034,139	\$ 4,760,174
Restricted	526,198	572,094	1,597,814	1,990,486
Unrestricted	<u>7,862,482</u>	<u>7,031,749</u>	<u>10,533,679</u>	<u>12,595,832</u>
Total governmental activities net position	<u>\$ 9,200,394</u>	<u>\$ 10,268,478</u>	<u>\$ 13,165,632</u>	<u>\$ 19,346,492</u>
Business-type activities				
Net investment in capital assets	\$ 1,522,102	\$ 1,319,499	\$ 1,445,213	\$ 1,458,874
Restricted	-	-	-	-
Unrestricted	<u>(193,120)</u>	<u>285,740</u>	<u>344,247</u>	<u>400,752</u>
Total business-type activities net position	<u>\$ 1,328,982</u>	<u>\$ 1,605,239</u>	<u>\$ 1,789,460</u>	<u>\$ 1,859,626</u>
Primary government				
Net investment in capital assets	\$ 2,333,816	\$ 3,984,134	\$ 2,479,352	\$ 6,219,048
Restricted	526,198	572,094	1,597,814	1,990,486
Unrestricted	<u>7,669,362</u>	<u>7,317,489</u>	<u>10,877,926</u>	<u>12,996,584</u>
Total primary government net position	<u>\$ 10,529,376</u>	<u>\$ 11,873,717</u>	<u>\$ 14,955,092</u>	<u>\$ 21,206,118</u>

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 9,678,247	\$ 12,942,462	\$ 12,355,645	\$ 11,866,668	\$ 12,943,272	\$ 10,937,946
1,441,943	935,021	935,021	960,040	1,002,603	5,459,836
13,004,039	17,260,280	16,443,020	17,653,362	17,197,916	21,297,930
<u>\$ 24,124,229</u>	<u>\$ 31,137,763</u>	<u>\$ 29,733,686</u>	<u>\$ 30,480,070</u>	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>
\$ 1,373,896	\$ 1,421,280	\$ 1,427,172	\$ 1,338,861	\$ 1,086,965	\$ 1,397,575
-	-	-	-	1,176,854	1,002,249
575,480	875,031	1,201,435	1,570,098	881,152	924,040
<u>\$ 1,949,376</u>	<u>\$ 2,296,311</u>	<u>\$ 2,628,607</u>	<u>\$ 2,908,959</u>	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>
\$ 11,052,143	\$ 14,363,742	\$ 13,782,817	\$ 13,205,529	\$ 14,030,237	\$ 12,335,521
1,441,943	935,021	935,021	960,040	2,179,457	6,462,085
13,579,519	18,135,311	17,644,455	19,223,460	18,079,068	22,221,970
<u>\$ 26,073,605</u>	<u>\$ 33,434,074</u>	<u>\$ 32,362,293</u>	<u>\$ 33,389,029</u>	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government administration	\$ 1,111,450	\$ 1,500,137	\$ 925,309	\$ 1,516,336
Judicial administration	536,139	225,334	1,070,338	573,554
Public safety	3,689,644	4,084,091	4,108,605	4,518,686
Public works	1,975,258	2,454,678	2,558,759	2,547,356
Health and welfare	696,286	1,128,269	1,021,507	1,429,744
Education	10,412,045	12,086,002	12,660,147	12,426,048
Parks, recreation and cultural	1,100,441	991,522	1,089,369	1,131,484
Community development	1,078,395	1,393,738	2,136,809	2,250,998
Interest on long-term debt	1,091,455	1,280,603	2,082,251	1,469,578
Nondepartmental	1,111,003	1,138,150	1,227,014	2,035,190
Total governmental activities expenses	\$ 22,802,116	\$ 26,282,524	\$ 28,880,108	\$ 29,898,974
Business-type activities:				
Landfill	\$ 909,617	\$ 959,640	\$ 1,106,115	\$ 1,336,355
Recycling	745,718	762,301	770,109	871,600
Total business-type activities expenses	\$ 1,655,335	\$ 1,721,941	\$ 1,876,224	\$ 2,207,955
Total primary government expenses	\$ 24,457,451	\$ 28,004,465	\$ 30,756,332	\$ 32,106,929
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 397,816	\$ 472,096	\$ 501,055	\$ 17,550
Judicial administration	201,399	155,163	294,156	264,441
Public safety	12,075	3,510	14,876	13,424
Public works	414,127	475,341	537,203	793,320
Parks, recreation and cultural	72,386	71,357	71,673	84,576
Community development	243,994	449,386	428,816	390,853
Operating grants and contributions	2,136,026	1,918,191	2,346,099	2,550,447
Capital grants and contributions	144,064	-	778,179	53,776
Total governmental activities program revenues	\$ 3,621,887	\$ 3,545,044	\$ 4,972,057	\$ 4,168,387

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,398,329	\$ 2,170,904	\$ 2,332,278	\$ 2,333,275	\$ 2,335,818	\$ 2,011,030
4,699,190	2,725,181	1,211,172	1,186,366	1,021,390	1,267,789
4,658,008	4,926,453	5,364,665	5,160,253	5,406,165	5,700,091
3,001,287	2,856,775	3,040,215	2,824,461	2,949,751	3,052,847
1,471,189	1,527,149	1,459,423	1,498,930	1,505,526	1,414,009
14,126,792	14,178,044	14,437,698	13,085,583	16,631,591	16,126,417
1,236,686	1,358,529	1,361,665	1,267,868	1,299,526	1,442,669
1,699,223	1,831,694	2,109,085	2,585,270	2,369,189	2,246,495
2,087,610	1,733,021	1,932,209	1,862,608	1,730,059	1,718,759
1,698,751	2,060,962	1,944,765	1,747,190	1,969,401	2,833,978
<u>\$ 36,077,065</u>	<u>\$ 35,368,712</u>	<u>\$ 35,193,175</u>	<u>\$ 33,551,804</u>	<u>\$ 37,218,416</u>	<u>\$ 37,814,084</u>
\$ 1,215,648	\$ 1,058,560	\$ 969,972	\$ 862,292	\$ 825,011	\$ 960,797
1,059,036	1,001,618	954,393	983,111	1,159,742	1,156,498
<u>\$ 2,274,684</u>	<u>\$ 2,060,178</u>	<u>\$ 1,924,365</u>	<u>\$ 1,845,403</u>	<u>\$ 1,984,753</u>	<u>\$ 2,117,295</u>
<u>\$ 38,351,749</u>	<u>\$ 37,428,890</u>	<u>\$ 37,117,540</u>	<u>\$ 35,397,207</u>	<u>\$ 39,203,169</u>	<u>\$ 39,931,379</u>
\$ 23,400	\$ 35,100	\$ 11,700	\$ 23,400	\$ 23,400	\$ 23,400
443,137	388,462	346,456	437,863	510,896	457,916
17,878	16,838	15,584	5,840	6,317	22,078
1,153,570	1,028,928	1,154,832	958,805	1,236,913	1,122,809
113,061	84,892	90,891	96,748	95,487	85,038
350,169	190,262	204,569	181,875	192,207	178,734
2,416,922	2,398,519	2,165,017	2,426,783	2,257,672	2,412,618
46,189	4,260,000	-	303,653	1,993,245	5,816,685
<u>\$ 4,564,326</u>	<u>\$ 8,403,001</u>	<u>\$ 3,989,049</u>	<u>\$ 4,434,967</u>	<u>\$ 6,316,137</u>	<u>\$ 10,119,278</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Landfill	\$ 998,041	\$ 1,185,681	\$ 1,185,380	\$ 1,261,870
Recycling	72,938	77,592	66,982	85,533
Operating grants and contributions	16,789	16,393	23,975	19,626
Total business-type activities program revenues	\$ 1,087,768	\$ 1,279,666	\$ 1,276,337	\$ 1,367,029
Total primary government program revenues	\$ 4,709,655	\$ 4,824,710	\$ 6,248,394	\$ 5,535,416
Net (expense) / revenue				
Governmental activities	\$ (19,180,229)	\$ (22,737,480)	\$ (23,908,051)	\$ (25,730,587)
Business-type activities	(567,567)	(442,275)	(599,887)	(840,926)
Total primary government net expense	\$ (19,747,796)	\$ (23,179,755)	\$ (24,507,938)	\$ (26,571,513)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 13,190,248	\$ 15,058,380	\$ 15,762,626	\$ 17,743,425
Local sales and use taxes	2,021,305	2,317,974	2,401,773	2,486,192
Motor vehicle licenses taxes	423,550	545,606	556,542	567,994
Consumer utility taxes	854,444	963,485	1,130,956	1,326,139
Business licenses taxes	597,177	665,463	733,059	740,306
Other local taxes	2,227,495	2,823,964	3,107,199	3,057,021
Unrestricted grants and contributions	2,651,634	2,520,022	2,836,695	2,822,212
Unrestricted revenues from use of money and property	191,814	423,668	729,779	1,467,557
Miscellaneous	75,420	78,567	180,730	1,962,010
Transfers	(657,216)	(657,299)	(634,154)	(767,116)
Total governmental activities	\$ 21,575,871	\$ 24,739,830	\$ 26,805,205	\$ 31,405,740
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 24,132	\$ 57,820	\$ 125,164	\$ 143,976
Miscellaneous	627	3,413	24,790	-
Transfers	657,216	657,299	634,154	767,116
Total business-type activities	\$ 681,975	\$ 718,532	\$ 784,108	\$ 911,092
Total primary government	\$ 22,257,846	\$ 25,458,362	\$ 27,589,313	\$ 32,316,832
Change in Net Position				
Governmental activities	\$ 2,395,642	\$ 2,002,350	\$ 2,897,154	\$ 5,675,153
Business-type activities	114,408	276,257	184,221	70,166
Total primary government	\$ 2,510,050	\$ 2,278,607	\$ 3,081,375	\$ 5,745,319

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,184,892	\$ 1,266,573	\$ 1,213,411	\$ 1,116,260	\$ 1,063,507	\$ 1,034,968
189,307	101,959	104,549	77,872	23,714	-
23,798	23,013	18,913	21,503	18,461	26,161
\$ 1,397,997	\$ 1,391,545	\$ 1,336,873	\$ 1,215,635	\$ 1,105,682	\$ 1,061,129
\$ 5,962,323	\$ 9,794,546	\$ 5,325,922	\$ 5,650,602	\$ 7,421,819	\$ 11,180,407
\$ (31,512,739)	\$ (26,965,711)	\$ (31,204,126)	\$ (29,116,837)	\$ (30,902,279)	\$ (27,694,806)
(876,687)	(668,633)	(587,492)	(629,768)	(879,071)	(1,056,166)
\$ (32,389,426)	\$ (27,634,344)	\$ (31,791,618)	\$ (29,746,605)	\$ (31,781,350)	\$ (28,750,972)
\$ 19,225,297	\$ 20,100,078	\$ 19,737,346	\$ 19,903,929	\$ 20,241,098	\$ 22,519,602
2,484,176	2,337,807	2,238,747	2,226,190	2,292,809	2,392,591
565,841	556,865	547,407	542,034	537,280	537,855
1,616,873	1,529,343	1,538,143	1,541,967	1,520,806	1,522,050
831,582	855,953	723,687	775,021	851,571	913,827
2,777,979	2,579,150	2,662,945	2,642,418	2,687,544	2,791,478
2,669,612	2,895,242	2,766,489	2,706,042	2,761,428	2,741,009
1,461,742	462,662	240,641	145,518	74,448	78,229
8,211,798	3,643,804	272,957	239,873	1,710,031	743,278
(890,124)	(981,659)	(948,313)	(859,771)	(1,111,015)	(1,234,972)
\$ 38,954,776	\$ 33,979,245	\$ 29,780,049	\$ 29,863,221	\$ 31,566,000	\$ 33,004,947
\$ 76,310	\$ 32,743	\$ 6,505	\$ 4,938	\$ 4,000	\$ 4,676
3	1,166	117	10,264	68	3,815
890,124	981,659	948,313	859,771	1,111,015	1,234,972
\$ 966,437	\$ 1,015,568	\$ 954,935	\$ 874,973	\$ 1,115,083	\$ 1,243,463
\$ 39,921,213	\$ 34,994,813	\$ 30,734,984	\$ 30,738,194	\$ 32,681,083	\$ 34,248,410
\$ 7,442,037	\$ 7,013,534	\$ (1,424,077)	\$ 746,384	\$ 663,721	\$ 5,310,141
89,750	346,935	367,443	245,205	236,012	187,297
\$ 7,531,787	\$ 7,360,469	\$ (1,056,634)	\$ 991,589	\$ 899,733	\$ 5,497,438

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	2004	2005	2006	2007	2008
General fund					
Reserved	\$ 526,198	\$ 572,094	\$ 1,597,814	\$ 1,549,574	\$ 1,404,760
Unreserved	7,756,750	9,181,652	10,578,376	13,409,914	14,292,634
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ <u>8,282,948</u>	\$ <u>9,753,746</u>	\$ <u>12,176,190</u>	\$ <u>14,959,488</u>	\$ <u>15,697,394</u>
All other governmental funds					
Restricted					
Assigned, reported in:					
Capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	<u>11,193,011</u>	<u>4,946,271</u>	<u>14,314,160</u>	<u>10,582,108</u>	<u>6,620,625</u>
Total all other governmental funds	\$ <u>11,193,011</u>	\$ <u>4,946,271</u>	\$ <u>14,314,160</u>	\$ <u>10,582,108</u>	\$ <u>6,620,625</u>

(1) The County implemented GASB 54 in fiscal year 2011, the fund balances for previous years have not been restated per GASB 54 classifications.

Table 3

2009	2010	2011 (1)	2012	2013	
\$ 1,863,469	\$ 2,531,217	\$ -	\$ -	\$ -	
15,037,799	13,602,863	-	-	-	
-	-	102,799	121,348	116,671	
-	-	1,018,434	1,002,603	1,075,361	
-	-	856,172	646,172	707,419	
-	-	1,259,523	2,061,918	1,934,997	
-	-	14,124,282	15,284,213	17,219,353	
\$ <u>16,901,268</u>	\$ <u>16,134,080</u>	\$ <u>17,361,210</u>	\$ <u>19,116,254</u>	\$ <u>21,053,801</u>	
				4,384,475	
\$ -	\$ -	\$ 278,115	\$ 5,434,345	\$ 254,255	
-	-	(90,345)	(947,976)	-	
<u>535,995</u>	<u>314,661</u>	<u>-</u>	<u>-</u>	<u>(229,603)</u>	
\$ <u>535,995</u>	\$ <u>314,661</u>	\$ <u>187,770</u>	\$ <u>4,486,369</u>	\$ <u>4,409,127</u>	

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
General property taxes	\$ 12,215,031	\$ 13,468,616	\$ 14,703,809	\$ 15,926,023	\$ 17,167,695
Other local taxes	5,941,358	6,123,971	7,316,492	7,929,529	8,177,652
Permits, privilege fees and regulatory licenses	223,126	251,559	449,386	437,233	377,199
Fines and forfeitures	32,965	40,230	66,080	71,574	80,978
Revenue from use of money and property	180,966	191,814	423,668	729,779	1,467,557
Charges for services	834,074	1,050,008	1,111,387	1,338,972	1,105,987
Miscellaneous	96,132	75,420	78,567	162,730	537,870
Recovered costs	190,333	490,319	502,562	974,760	1,748,308
Intergovernmental:					
Commonwealth	3,983,568	4,549,699	4,160,230	4,864,082	5,038,154
Federal	282,401	382,025	277,983	1,096,891	388,281
Total revenues	\$ 28,739,739	\$ 26,623,661	\$ 29,090,164	\$ 33,531,573	\$ 36,089,681
Expenditures					
General government administration	\$ 1,162,054	\$ 1,316,118	\$ 1,486,047	\$ 1,623,703	\$ 1,609,206
Judicial administration	503,983	610,563	605,384	1,068,975	1,156,273
Public safety	3,540,944	3,960,581	4,088,831	4,273,230	4,863,985
Public works	2,065,034	1,985,848	3,144,564	2,506,206	2,413,698
Health and welfare	690,819	696,286	1,128,269	1,021,506	1,429,744
Education	9,382,117	10,187,881	10,547,631	10,974,800	10,596,063
Parks, recreation and cultural	903,723	1,097,492	1,011,319	1,087,400	1,124,798
Community development	1,207,784	1,086,868	1,392,441	2,131,787	2,258,256
Non-Departmental	1,070,839	1,117,968	1,145,122	1,227,971	1,469,578
Capital projects	4,590,930	2,557,207	12,496,492	6,801,707	5,056,909
Debt service					
Principal	997,242	7,086,362	2,376,378	2,487,469	2,795,373
Interest and other fiscal charges	743,435	644,397	1,440,657	1,746,288	2,153,457
Bond issue costs	-	-	-	-	-
Total expenditures	\$ 26,858,904	\$ 32,347,571	\$ 40,863,135	\$ 36,951,042	\$ 36,927,340
Excess of revenues over (under) expenditures	\$ 1,880,835	\$ (5,723,910)	\$ (11,772,971)	\$ (3,419,469)	\$ (837,659)
Other financing sources (uses)					
Transfers in	\$ (635,811)	\$ 278,708	\$ 84,940	\$ 1,059,250	\$ 750,000
Transfers out	-	(935,924)	(742,239)	(1,693,404)	(1,517,116)
Refunding bonds issued	-	-	-	-	-
Bonds issued	1,000,000	17,878,104	6,469,871	15,620,130	-
Premium on bonds issued	-	-	213,677	-	-
Capital leases	161,614	206,471	970,780	223,826	150,314
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	\$ 525,803	\$ 17,427,359	\$ 6,997,029	\$ 15,209,802	\$ (616,802)
Net change in fund balances	\$ 2,406,638	\$ 11,703,449	\$ (4,775,942)	\$ 11,790,333	\$ (1,454,461)
Debt service as a percentage of noncapital expenditures	6.48%	25.95%	13.46%	14.04%	15.53%

Table 4

	2008	2009	2010	2011	2012	2013
\$	19,267,635	\$ 19,905,850	\$ 19,568,375	\$ 19,778,269	\$ 20,928,182	\$ 22,414,930
	8,276,451	7,859,118	7,710,929	7,727,630	7,890,010	8,157,801
	335,529	188,491	202,087	181,875	192,207	172,766
	196,529	177,259	153,837	223,673	284,725	235,024
	1,461,742	462,662	240,641	145,518	74,448	78,229
	1,569,157	1,378,732	1,468,108	1,298,983	1,588,288	1,482,185
	657,112	363,416	257,616	239,873	2,150,539	2,471,378
	8,187,010	3,798,055	359,866	343,712	303,718	350,799
	4,904,117	4,686,608	4,652,229	4,935,567	4,733,732	4,847,109
	228,606	607,153	299,277	500,911	2,278,613	4,416,673
\$	45,083,888	\$ 39,427,344	\$ 34,912,965	\$ 35,376,011	\$ 40,424,462	\$ 44,626,894
\$	1,592,669	\$ 1,592,002	\$ 1,774,607	\$ 1,642,181	\$ -1,612,340	\$ 1,588,585
	1,149,258	1,292,358	1,199,478	1,183,984	1,188,236	1,278,954
	5,081,176	5,144,522	5,334,327	5,198,378	5,535,432	5,784,020
	2,853,198	2,709,261	2,911,708	2,944,557	2,956,944	3,082,574
	1,471,189	1,527,091	1,459,363	1,498,725	1,503,694	1,413,425
	12,166,930	12,259,269	12,565,769	11,514,555	12,848,581	14,216,366
	1,230,352	1,248,904	1,257,674	1,170,665	1,197,527	1,345,586
	2,093,877	1,838,680	2,101,876	2,998,230	6,177,505	7,337,211
	1,698,751	1,733,021	1,932,209	1,747,190	1,730,059	1,723,096
	17,915,845	9,482,489	62,263	36,677	2,335,173	21,849,069
	3,923,340	2,326,302	2,320,388	1,758,226	1,854,205	3,674,994
	2,040,141	2,172,542	2,033,512	1,939,473	2,026,423	2,311,965
	-	-	-	-	-	287,772
\$	53,216,726	\$ 43,326,441	\$ 34,953,174	\$ 33,632,841	\$ 40,966,119	\$ 65,893,617
\$	(8,132,838)	\$ (3,899,097)	\$ (40,209)	\$ 1,743,170	\$ (541,657)	\$ (21,266,723)
\$	1,750,000	\$ -	\$ 175,135	\$ -	\$ 1,087,294	\$ -
	(2,640,124)	(981,659)	(1,123,448)	(859,771)	(2,198,309)	(1,234,972)
	-	-	-	-	-	11,760,000
	6,000,000	-	-	-	7,500,000	21,895,000
	157,000	-	-	216,840	206,315	2,533,876
	-	-	-	-	-	(13,086,006)
\$	5,266,876	\$ (981,659)	\$ (948,313)	\$ (642,931)	\$ 6,595,300	\$ 21,867,898
\$	(2,865,962)	\$ (4,880,756)	\$ (988,522)	\$ 1,100,239	\$ 6,053,643	\$ 601,175
	16.89%	13.29%	12.48%	11.01%	10.05%	13.59%

COUNTY OF ROCKBRIDGE, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value
2013	\$ 2,406,225,814	\$ 181,627,780	\$ 6,529,754	\$ 14,352,182	\$ 130,966,279	\$ 2,739,701,809
2012	2,393,006,606	174,030,130	6,943,019	13,415,023	118,289,855	2,705,684,633
2011	2,381,260,966	168,167,630	9,112,766	10,822,737	113,384,467	2,682,748,566
2010	2,436,189,073	161,297,226	9,172,343	11,287,004	92,656,310	2,710,601,956
2009	2,403,426,774	185,101,529	9,042,587	11,098,157	85,950,278	2,694,619,325
2008	2,361,326,219	178,824,784	9,418,745	11,110,174	99,002,561	2,659,682,483
2007	2,329,760,003	176,096,685	9,629,610	10,784,021	104,485,747	2,630,756,066
2006	1,925,857,100	161,836,619	9,040,714	9,153,108	76,590,621	2,182,478,162
2005	1,508,942,650	144,732,914	9,500,275	8,822,636	87,857,810	1,759,856,285
2004	1,474,592,453	111,618,056	9,428,608	18,327,547	98,018,619	1,711,985,283

Source: Commissioner of Revenue
Real estate is assessed at 100% of market value.

Table 5

	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	2,739,701,809	100.00%
	2,705,684,633	100.00%
	2,682,748,566	100.00%
	2,710,601,956	100.00%
	2,694,619,325	100.00%
	2,659,682,483	100.00%
	2,630,756,066	100.00%
	2,182,478,162	100.00%
	1,759,856,285	100.00%
	1,711,985,283	100.00%

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Tax Year	Direct Rates				
	Real Estate		Personal Property	Mobile Homes	Machinery and Tools
	1st Half	2nd Half			
2013	\$ 0.67	\$ 0.67	\$ 4.25	\$ 0.67	\$ 2.55
2012	0.64	0.64	4.25	0.64	2.55
2011	0.61	0.61	4.25	0.61	2.55
2010	0.59	0.59	4.25	0.59	2.55
2009	0.59	0.59	4.25	0.59	2.55
2008	0.55	0.59	4.25	0.55	2.55
2007	0.55	0.55	4.25	0.55	2.35
2006	0.73	0.55	3.75	0.73	2.35
2005	0.685	0.73	3.75	0.685	2.35
2004	0.64	0.685	3.25	0.64	2.35

(1) Per \$100 of assessed value.

(2) Tax year reflects calendar year

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$	23,894,710	\$ 23,332,287	97.65%	\$ -	\$ 23,332,287	97.65%
2012		23,041,039	22,189,814	96.31%	172,877	22,362,691	97.06%
2011		21,983,597	21,203,088	96.45%	365,902	21,568,990	98.11%
2010		21,601,653	20,791,246	96.25%	521,506	21,312,752	98.66%
2009		22,272,956	21,510,651	96.58%	567,812	22,078,463	99.13%
2008		21,315,874	20,582,879	96.56%	559,146	21,142,025	99.18%
2007		20,300,479	18,785,345	92.54%	1,482,598	20,267,943	99.84%
2006		18,873,765	17,083,003	90.51%	1,762,564	18,845,567	99.85%
2005		16,929,945	15,896,003	93.89%	1,007,674	16,903,677	99.84%
2004		15,006,213	14,438,618	96.22%	537,864	14,976,482	99.80%

Source: Commissioner of Revenue, County Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2013		Fiscal Year 2004	
		2013 Assessed Valuation	% of Total Assessed Valuation	2004 Assessed Valuation	% of Total Assessed Valuation
Lexington Retirement Community, Inc.	Health Provider	27,726,900	1.152%	11,138,500	0.755%
Stonewall/Medusa/CWB&S/Barger	Real Estate & Industry	20,980,790	0.872%	14,319,700	0.971%
White's/Lee Hi/Berkstresser	Industry & Service	18,503,000	0.769%	10,913,600	0.740%
Natural Bridge of Virginia, LLC	Hospitality	17,138,400	0.712%	8,431,700	0.572%
Wal-Mart Real Estate Business Trust	Retail	8,992,900	0.374%	7,586,200	0.514%
Aladdin Manufacturing Corporation	Industry	8,978,700	0.373%	14,705,600	0.997%
Elmech, Inc. (Wingate Hotel)	Hospitality	8,415,600	0.350%	3,009,000	0.204%
Lowe's Home Center	Retail	7,912,500	0.329%	413,800	0.028%
West Airslie Farms, LLC	Agriculture	3,795,700	0.158%	5,310,200	0.360%
Laurie Jeanne Landeau	Individual	3,634,600	0.151%	6,716,700	0.455%
		<u>126,079,090</u>	<u>5.241%</u>	<u>82,545,000</u>	<u>5.598%</u>

Source: Commissioner of Revenue

COUNTY OF ROCKBRIDGE, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table 9

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2013	22,090	2,406,225,814	66,584,792	-	66,584,792	2.77%	3,014
2012	22,307	2,393,006,606	45,963,268	-	45,963,268	1.92%	2,060
2011	22,307	2,381,260,966	40,486,947	-	40,486,947	1.70%	1,815
2010	22,307	2,436,189,073	42,006,156	-	42,006,156	1.72%	1,883
2009	22,498	2,403,426,774	44,154,212	-	44,154,212	1.84%	1,963
2008	22,450	2,361,326,219	46,190,760	-	46,190,760	1.96%	2,057
2007	22,313	2,329,760,003	43,845,628	-	43,845,628	1.88%	1,965
2006	22,379	1,925,857,100	46,363,901	-	46,363,901	2.41%	2,072
2005	21,737	1,508,942,650	31,977,315	-	31,977,315	2.12%	1,471
2004	21,570	1,400,236,275	28,411,746	-	28,411,746	2.03%	1,317

(1) www.coopercenter.org

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/post-closure care liability, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (\$million)*</u>	<u>Per Capita Personal Income*</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemploy- ment Rate</u>
2013	22,090	989	\$28,442	47	2,505	6.00%
2012	22,155	989	\$28,442	40	2,498	5.60%
2011	22,307	989	\$28,442	40	2,498	5.90%
2010	22,498	989	\$28,442	40	2,650	6.30%
2009	22,450	989	\$28,442	40	2,677	6.70%
2008	22,313	989	\$28,442	40	2,801	4.10%
2007	22,379	989	\$28,442	40	2,714	2.90%
2006	21,737	989	\$28,442	40	2,748	2.70%
2005	21,570	N/A	N/A	N/A	2,724	3.10%
2004	21,371	N/A	N/A	N/A	2,765	3.20%

Source: www.fedstats.gov, www.bls.gov, Weldon Cooper Center, & Rockbridge County School Division.

*Data as of 2006. Independent cities of Buena Vista and Lexington included with Rockbridge County.
Data not available separately.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk*	750	1	12.39%	900	n/a	0.00%
Walmart	266	2	4.40%	n/a	n/a	0.00%
Whites Travel Center	170	3	2.81%	n/a	n/a	0.00%
Kendall	154	4	2.54%	120	n/a	0.00%
Rockbridge Community Services Board	146	5	2.41%	n/a	n/a	0.00%
Vesuvius Corporation	120	6	1.98%	n/a	n/a	0.00%
Lowe's	111	7	1.83%	n/a	n/a	0.00%
Fitzgerald Lumber	84	8	1.39%	75	n/a	0.00%
Natural Bridge Hotel (off season)	75	9	1.24%	75	n/a	0.00%
Stella Jones (Burke Parsons Bowlby Corp)**	50	10	0.83%	n/a	n/a	0.00%
Totals	1,926		31.82%	n/a		n/a

*Figures do not include temporary employees - with temporary employees, employment is at 800.
Businesses with 2004 Employment figure marked n/a do not maintain their records that far back.

Sources: Individual company human resource departments.
Note: Excludes government, schools, and state/local agencies.

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Function	Fiscal Year				
	2004	2005	2006	2007	2008
General government	24	24	25	25	25
Judicial administration	11	12	12	13	13
Public safety					
Sheriffs department	36	36	36	38	38
Building inspections	4	4	4	4	4
Animal control	2	2	2	2	2
Public works					
General maintenance	6	6	6	6	6
Landfill	14	14	14	16	16
Engineering	1	1	1	1	1
Health and welfare					
Department of social services	26	25	25	25	25
Culture and recreation					
Parks and recreation	3	3	3	3	3
Community development					
Planning	3	3	4	4	4
Totals	130	130	132	137	137

Source: Individual county departments

Table 12

Fiscal Year				
2009	2010	2011	2012	2013
22	22	21	21	21
12	12	12	12	12
36	38	38	38	38
5	4	4	4	4
2	2	2	2	2
6	6	6	6	6
15	15	10	10	10
1	-	-	-	-
25	25	25	25	25
3	3	3	3	3
5	5	5	5	5
132	132	126	126	126

COUNTY OF ROCKBRIDGE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Fire and rescue:					
Number of calls answered	4,549	2,443	1,671	3,829	4,962
Building inspections:					
Permits issued	724	589	535	688	409
Landfill:					
Refuse collected (tons/day)	142	140	160	167	113
Recycling (tons/day)	9	12	14	15	15
Health and welfare					
Department of Social Services:					
Caseload	717	1,495	2,342	2,412	2,850

*Calls dispatched; excludes Lexington and Buena Vista Fire and Rescue

**Tons per day based on 287 work days

***Includes cities of Buena Vista and Lexington, excludes private enterprises

Source: Individual county departments--only information that is currently available.

Table 13

Fiscal Year				
2009	2010	2011	2012	2013
4,876	4,876	4,983	5,636	4791*
281	294	310	274	310
110	97	138**	138**	141**
16	13	11***	11***	13***
2,931	3,622	6,714	6,714	6,366

COUNTY OF ROCKBRIDGE, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
General government				
Administration buildings	1	1	1	1
Public safety				
Building inspections:				
Vehicles	3	3	3	4
Animal control:				
Vehicles	2	2	2	2
Landfill:				
Sites	1	1	1	1
Health and welfare				
Department of Social Services:				
Vehicles	-	1	1	1
Culture and recreation				
Parks and recreation:				
Vehicles	3	3	3	3
Swimming pools	2	2	2	2
Community development				
Planning:				
Vehicles	3	3	3	3
Sheriff (Law Enforcement):				
Vehicles	37	37	37	37

Source: Individual county departments--only information that is currently available

Table 14

Fiscal Year					
2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
4	4	4	3	3	3
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	4	4	4
3	3	3	3	3	3
2	2	2	2	2	2
3	3	3	3	3	3
37	38	38	39	39	39

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2013

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 364,743	\$ 251,016	\$ 113,727	24.95%	\$ 28,375
Circuit Court - Expenses	59,209	-	59,209	24.95%	14,773
General District and J&D Court	23,450	-	23,450	24.95%	5,851
Courthouse Maintenance	298,224	-	298,224	24.95%	74,407
Administration Building, 150 S. Main Street	225,346	-	225,346	5.90%	13,295
25th Court Services Unit-Juvenile Probation	4,726	-	4,726	20.37%	963
Commonwealth's Attorney	427,774	312,824	114,950	24.95%	28,680
Sheriff's Salary	110,262	89,339	20,923	24.95%	5,220
Advancement of Agriculture (City Agent)	<u>134,655</u>	<u>-</u>	<u>134,655</u>	<u>15.00%</u>	<u>20,198</u>
Totals	\$ <u>1,648,389</u>	\$ <u>653,179</u>	\$ <u>995,210</u>		\$ <u>191,762</u>

Table 15

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
\$ -	\$ -
-	-
-	-
-	-
-	-
18.34%	867
-	-
-	-
-	-
<hr/>	
	\$ <u><u>867</u></u>

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COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ROCKBRIDGE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farn, Cox Associates

Staunton, Virginia
December 6, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF ROCKBRIDGE, VIRGINIA

Report on Compliance for Each Major Federal Program

We have audited County of Rockbridge, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Rockbridge, Virginia's major federal programs for the year ended June 30, 2013. County of Rockbridge, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Rockbridge, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Rockbridge, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Rockbridge, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of County of Rockbridge, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Rockbridge, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over compliance.

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

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

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

Robinson, Fanner, Cox Associates

Staunton, Virginia
December 6, 2013

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: Pass Through Payments: Child Nutrition Cluster			
Department of Agriculture: Food Distribution	10.555	40623	\$ 70,620
Department of Education: National School Lunch Program	10.555	40623	466,584
Total School Lunch Program			<u>\$ 537,204</u>
School Breakfast Program	10.553	40591	\$ 129,549
Schools and Roads - Grants to States	10.665	43841	<u>80,891</u>
Total Department of Agriculture			<u>\$ 747,644</u>
Department of Commerce: Pass Through Payments: Department of Commerce: Broadband Technology Opportunities Program	11.557	Not/Available	<u>\$ 4,110,155</u>
Environmental Protection Agency: Pass Through Payments: Department of Environmental Quality: DEQ Royalty Grants	66.000	Not/Available	<u>\$ 872</u>
Department of Homeland Security: Pass Through Payments: Department of Emergency Services: State Homeland Security Program	97.073	Not/Available	\$ 51,228
Hazard Mitigation Grant	97.039	Not/Available	<u>19,000</u>
Total Department of Homeland Security			<u>\$ 70,228</u>
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Section 8 Housing Assistance Payments Program	14.195	Not/Available	\$ 56,582
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not/Available	<u>\$ 30,000</u>
Total Department of Housing and Urban Development			<u>\$ 86,582</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	2009-WF-AX0037	\$ 33,147
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2010 50364 3984	\$ 14,379
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education-Basic Grants to States	84.002	42801	\$ 68,470
Title I: Grants to Local Educational Agencies	84.010	42901	526,829
Special Education Cluster			
Title VI-B: Special Education Grants to States	84.027	43071	668,062
Title VI-B: Special Education Preschool Grant	84.173	Not/Available	14,759
Career and Technical Education - Basic Grants to States	84.048	61095	51,197
Improving Teacher Quality State Grants	84.367	61480	122,059
Twenty-First Century Community Learning Centers	84.287	60565	529,526
Action Against Poverty	84.000	Not/Available	65,304
ARRA - Education Technology State Grants	84.386	Not/Available	286
Total Department of Education			\$ 2,046,492
Total Expenditures of Federal Awards			\$ 7,109,499

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Rockbridge, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Rockbridge, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Rockbridge, Virginia.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the County had food commodities totaling \$40,531 in inventory.

NOTE 4 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	
General fund	\$ 306,518
Broadband Technology Opportunities Program	4,110,155
Department of the Interior - Payment in Lieu of Taxes	(101,310)
Total primary government	\$ 4,315,363
Discretely presented component unit - School Board:	
School operating fund	\$ 2,101,825
School cafeteria fund	692,311
Total discretely presented component unit - School Board	\$ 2,794,136
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 7,109,499

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.557	Broadband Technology Opportunities Program

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.

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