

FINANCIAL STATEMENTS



COUNTY OF BUCHANAN, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2013

COUNTY OF BUCHANAN, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF BUCHANAN, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013

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FINANCIAL REPORT
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INTRODUCTORY SECTION

COUNTY OF BUCHANAN, VIRGINIA

BOARD OF SUPERVISORS

Trey Adkins	G. Roger Rife, Chairman	William Harris
James Branham		Steve Quinn
Buddy Fuller		Craig Stiltner

COUNTY SCHOOL BOARD

Robert Bevins	Willie Sullivan, Chairman	Wayne Deskins
Clarence Brown, Jr.		Heath Harrison
Austin Crumpton		Scotty Owens
	Patricia Rowe, Clerk	

OTHER OFFICIALS

Judge of the Circuit Court	Patrick Johnson
Clerk of the Circuit Court.....	Beverly Tiller
Judge of the General District Court.....	Richard Patterson
Judge of the Juvenile & Domestic Relations Court	Michael J. Bush
Commonwealth's Attorney	Gerald Arrington
Commissioner of the Revenue	Ruth Horn
Treasurer	Billy J. Keene
Sheriff.....	Ray Foster
Superintendent of Schools	Larry Ashby
Director of Social Services	Christopher Austin
County Administrator.....	Robert Craig Horn
County Attorney	Lee Moise

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Buchanan, 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 unit School Board, the discretely presented component unit Public Service Authority, each major fund, and the aggregate remaining fund information of the County of Buchanan, 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. We did not audit the financial statements of the discretely presented component unit Industrial Development Authority.

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 did not audit the financial statements of the discretely presented component-unit Buchanan County Industrial Development Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Buchanan County Industrial Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Buchanan, 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 of Buchanan, Virginia 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 budgetary comparison information, and schedule of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and other auditors 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Buchanan, 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 basic financial statements.

Other Information (continued)

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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors, 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 16, 2013, on our consideration of the County of Buchanan, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Buchanan, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
December 16, 2013

Basic Financial Statements

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

	Primary Governmental Activities	Component Unit School Board	Component Unit Public Service Authority	Component Unit Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 21,960,164	\$ 4,888,065	\$ 3,526,246	\$ 3,346,318
Receivables (net of allowance for uncollectibles):				
Taxes receivable	23,926,766	-	-	-
Accounts receivable	6,753,922	-	460,650	-
Due from component unit	2,332,000	-	-	-
Due from other governmental units	2,357,939	1,333,760	1,869,341	-
Prepaid items	-	12,170	91,048	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	26,204,658	-	-	-
Permanently restricted:				
Cash and cash equivalents	-	-	612,112	-
Capital assets (net of accumulated depreciation):				
Land	1,637,391	2,491,725	105,000	23,993,220
Buildings and improvements	11,497,210	7,441,717	-	7,302,543
Machinery and equipment	2,308,417	420,776	-	6,774
Utility plant and equipment	-	-	68,255,731	-
Infrastructure				14,461,038
Construction in progress	119,229	4,306	9,767,338	-
Total assets	\$ 99,097,696	\$ 16,592,519	\$ 84,687,466	\$ 49,109,893
LIABILITIES				
Accounts payable	\$ 3,417,261	\$ 453,303	\$ 3,606,780	\$ 230,839
Accrued wages	-	6,158,417	67,930	-
Accrued interest payable	151,729	-	45,917	-
Due to primary government	-	2,332,000	149,093	-
Long-term liabilities:				
Due within one year	1,456,013	620,893	1,041,477	2,988,745
Due in more than one year	8,660,379	843,364	6,698,181	160,142
Total liabilities	\$ 13,685,382	\$ 10,407,977	\$ 11,609,378	\$ 3,379,726
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 20,256,176	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ 20,256,176	\$ -	\$ -	\$ -
NET POSITION				
Net investment in capital assets	\$ 7,016,453	\$ 10,358,524	\$ 70,632,098	\$ 45,763,575
Restricted	26,878,497	148,428	612,112	-
Unrestricted (deficit)	31,261,188	(4,322,410)	1,833,878	(33,408)
Total net position	\$ 65,156,138	\$ 6,184,542	\$ 73,078,088	\$ 45,730,167

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Component Units	
							Public Service Authority	Industrial Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,326,934	\$ 6,831	\$ 394,411	\$ -	\$ (1,925,692)	\$ -	\$ -	\$ -
Judicial administration	1,569,540	23,337	757,346	-	(788,857)	-	-	-
Public safety	6,725,396	94,853	1,460,491	-	(5,170,052)	-	-	-
Public works	12,869,342	984,135	34,928	-	(11,850,279)	-	-	-
Health and welfare	9,800,358	-	6,785,392	-	(3,014,966)	-	-	-
Education	11,625,233	-	-	-	(11,625,233)	-	-	-
Parks, recreation, and cultural	821,133	79,755	115,907	-	(625,471)	-	-	-
Community development	11,679,658	-	-	-	(9,470,015)	-	-	-
Interest on long-term debt	352,676	-	-	2,209,643	(352,676)	-	-	-
Total governmental activities	\$ 57,770,270	\$ 1,188,911	\$ 9,548,475	\$ 2,209,643	\$ (44,823,241)	\$ -	\$ -	\$ -
Total primary government	\$ 57,770,270	\$ 1,188,911	\$ 9,548,475	\$ 2,209,643	\$ (44,823,241)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	39,123,360	1,078,585	22,820,995	\$ -	-	(15,223,780)	\$ -	\$ -
Public Service Authority	8,695,100	5,226,719	-	3,748,360	-	-	279,979	-
Industrial Development Authority	2,881,811	452,508	1,635,000	3,128,550	-	-	-	2,334,247
Total component units	\$ 47,818,460	\$ 6,305,304	\$ 22,820,995	\$ 3,748,360	\$ -	(15,223,780)	\$ 279,979	\$ 2,334,247
General revenues:								
General property taxes					\$ 18,306,411	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					1,842,435	-	-	-
Consumers' utility taxes					407,936	-	-	-
Mineral license tax					9,426,585	-	-	-
Methane gas tax					908,842	-	-	-
Coal road taxes					9,426,582	-	-	-
Other local taxes					461,772	-	-	-
Unrestricted revenues from use of money and property					101,469	12,011	892	6,237
Miscellaneous					158,550	82,774	115,658	-
Contributions from Buchanan County					-	10,637,948	3,730,000	-
Grants and contributions not restricted to specific programs					2,942,825	-	-	-
Total general revenues					\$ 43,983,407	\$ 10,732,733	\$ 3,846,550	\$ 6,237
Change in net position					(839,834)	(4,491,047)	4,126,529	2,340,484
Net position - beginning					65,995,972	10,675,589	68,951,559	43,389,683
Net position - ending					\$ 65,156,138	\$ 6,184,542	\$ 73,078,088	\$ 45,730,167

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 20,347,827	\$ -	\$ 184,390	\$ 20,532,217
Receivables (net of allowance for uncollectibles)				
for uncollectibles):				
Taxes receivable	23,145,534	781,232	-	23,926,766
Accounts receivable	6,753,922	-	-	6,753,922
Due from other funds	-	100,000	-	100,000
Due from component unit	2,332,000	-	-	2,332,000
Due from other governmental units	2,357,939	-	-	2,357,939
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	11,245,438	\$ 14,959,220	-	26,204,658
Total assets	<u>\$ 66,182,660</u>	<u>\$ 15,840,452</u>	<u>\$ 184,390</u>	<u>\$ 82,207,502</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,781,921	\$ 1,150,716	\$ -	\$ 2,932,637
Due to other funds	-	-	100,000	100,000
Total liabilities	<u>\$ 1,781,921</u>	<u>\$ 1,150,716</u>	<u>\$ 100,000</u>	<u>\$ 3,032,637</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 22,807,748	\$ -	\$ -	\$ 22,807,748
Unavailable revenue - contributions	5,200,000	-	-	5,200,000
Total deferred inflows of resources	<u>\$ 28,007,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,007,748</u>
Fund balances:				
Restricted (Note 15)	\$ 11,245,438	\$ 14,689,736	\$ -	\$ 25,935,174
Assigned (Note 15)	3,622,054	-	84,390	3,706,444
Unassigned	21,525,499	-	-	21,525,499
Total fund balances	<u>\$ 36,392,991</u>	<u>\$ 14,689,736</u>	<u>\$ 84,390</u>	<u>\$ 51,167,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,182,660</u>	<u>\$ 15,840,452</u>	<u>\$ 184,390</u>	<u>\$ 82,207,502</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	51,167,117
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,637,391
Buildings and improvements		11,497,210
Machinery and equipment		2,308,417
Construction in progress		<u>119,229</u>
		15,562,247
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unearned revenues	\$	2,551,572
Deferred inflows - lawsuit		<u>5,200,000</u>
		7,751,572
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		943,323
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds and capital lease	\$	(8,545,794)
Accrued interest payable		(151,729)
Accrued landfill closure/postclosure monitoring costs		(25,383)
Compensated absences		(614,873)
Net OPEB obligation		<u>(930,342)</u>
		(10,268,121)
Net position of governmental activities	<u>\$</u>	<u>65,156,138</u>

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 18,944,960	\$ -	\$ -	\$ 18,944,960
Other local taxes	13,047,570	9,426,582	-	22,474,152
Permits, privilege fees, and regulatory licenses	62,389	-	-	62,389
Fines and forfeitures	10,392	-	-	10,392
Revenue from the use of money and property	74,020	27,449	-	101,469
Charges for services	1,116,130	-	-	1,116,130
Miscellaneous	2,656,216	2,334	-	2,658,550
Recovered costs	349,712	-	-	349,712
Intergovernmental revenues:				
Commonwealth	8,403,904	-	-	8,403,904
Federal	6,297,039	-	-	6,297,039
Total revenues	<u>\$ 50,962,332</u>	<u>\$ 9,456,365</u>	<u>\$ -</u>	<u>\$ 60,418,697</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,887,435	\$ -	\$ -	\$ 2,887,435
Judicial administration	1,606,134	-	-	1,606,134
Public safety	6,860,562	-	-	6,860,562
Public works	5,588,931	7,589,590	-	13,178,521
Health and welfare	9,619,387	-	213,077	9,832,464
Education	10,784,980	-	-	10,784,980
Parks, recreation, and cultural	1,253,938	-	-	1,253,938
Community development	7,782,154	3,886,736	-	11,668,890
Capital projects	81,198	-	-	81,198
Debt service:				
Principal retirement	1,997,774	-	-	1,997,774
Interest and other fiscal charges	445,943	-	-	445,943
Total expenditures	<u>\$ 48,908,436</u>	<u>\$ 11,476,326</u>	<u>\$ 213,077</u>	<u>\$ 60,597,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,053,896</u>	<u>\$ (2,019,961)</u>	<u>\$ (213,077)</u>	<u>\$ (179,142)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 31,755	\$ 322,000	\$ 353,755
Transfers out	(73,755)	(280,000)	-	(353,755)
Total other financing sources (uses)	<u>\$ (73,755)</u>	<u>\$ (248,245)</u>	<u>\$ 322,000</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,980,141	\$ (2,268,206)	\$ 108,923	\$ (179,142)
Fund balances - beginning	34,412,850	16,957,942	(24,533)	51,346,259
Fund balances - ending	<u>\$ 36,392,991</u>	<u>\$ 14,689,736</u>	<u>\$ 84,390</u>	<u>\$ 51,167,117</u>

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

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

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

Net change in fund balances - total governmental funds	\$	(179,142)
--	----	-----------

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

Capital outlays	\$ 1,448,878	
Depreciation expenses	<u>(1,735,466)</u>	(286,588)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount consists of a decrease in property taxes receivable of (\$638,549) and a decrease in receivables related to a settlement with CNX of (\$2,500,000).

(3,138,549)

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.

Principal repayments:

General obligation bonds	\$ 1,958,873	
Capital lease	38,901	
Increase in landfill accrued closure and post-closure monitoring costs	<u>(425)</u>	1,997,349

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.

Decrease (increase) in compensated absences and OPEB liabilities	\$ (36,496)	
Decrease (increase) in net OPEB obligation	(232,998)	
Decrease (increase) in accrued interest payable	<u>93,267</u>	(176,227)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

943,323

Change in net position of governmental activities

\$ (839,834)

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

County of Buchanan, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2013

	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,427,947
Total assets	<u>\$ 1,427,947</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 484,624
Total liabilities	<u>\$ 484,624</u>
NET POSITION	
Restricted for health insurance claims	\$ 943,323
Total net position	<u><u>\$ 943,323</u></u>

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

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

	Internal Service Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 7,962,146
Total operating revenues	<u>\$ 7,962,146</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 7,020,311
Total operating expenses	<u>\$ 7,020,311</u>
Operating income (loss)	<u>\$ 941,835</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 1,488
Total nonoperating revenues (expenses)	<u>\$ 1,488</u>
Change in net position	\$ 943,323
Total net position - beginning	-
Total net position - ending	<u><u>\$ 943,323</u></u>

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

County of Buchanan, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 7,962,146
Payments for premiums	<u>(6,535,687)</u>
Net cash provided by (used for) operating activities	<u>\$ 1,426,459</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 1,488
Net cash provided by (used for) investing activities	<u>\$ 1,488</u>
 Net increase (decrease) in cash and cash equivalents	 \$ 1,427,947
 Cash and cash equivalents - beginning	 -
Cash and cash equivalents - ending	<u><u>\$ 1,427,947</u></u>
 Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 941,835</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in health claims payable	\$ 484,624
Total adjustments	<u>\$ 484,624</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,426,459</u></u>

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

County of Buchanan, Virginia
Statement of Fiduciary Net Position
Agency Fund
June 30, 2013

	Special Welfare Fund
ASSETS	
Cash and cash equivalents	\$ 71,202
Total assets	<u>\$ 71,202</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 71,202
Total liabilities	<u>\$ 71,202</u>

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

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO THE 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 Buchanan, Virginia (government) is a municipal corporation governed by an elected seven-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 – None

Discretely Presented Component Units – The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

The Buchanan County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type and does not issue a separate financial report.

The Buchanan County Public Service Authority provides water and sewer service to the County. The Public Service Authority board members are appointed by the Board of Supervisors. In addition, the County provides operational support. The complete financial report for the Authority may be obtained directly from the Authority.

The Buchanan County Industrial Development Authority (IDA) encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the IDA does not have separate taxing powers. The Industrial Development Authority is presented as an enterprise fund type. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices in the Buchanan County Courthouse, Grundy, Virginia 24614

Related Organizations – The County has no related organizations.

Jointly Governed Organizations - The County participates in the Cumberland Mountain Regional Community Services Board. Contributions for the year ended June 30, 2013 were \$20,000.

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

B. 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 position in the government-wide Statement of Net Position and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

C. 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 and fiduciary 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.

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

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

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

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 the government receives cash.

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 other funds. The general fund includes the activities of numerous funds merged for financial reporting purposes only. Fund balances of merged funds are either designated or restricted in the balance sheet.

The *coal road fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the specified purpose of improvements to roads used in conjunction with coal mining.

The *disaster relief fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources from the state and federal governments that are restricted or committed to expenditure for the specified purpose of natural disasters.

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

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Additionally, the government reports the following fund types:

Fiduciary 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 Special Welfare fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Public Service Authority and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

D. 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 does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and contributions. These amounts are deferred and recognized as an inflow of resources until the period that the amounts become available.

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

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.

2. Investments

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

3. Receivables and payables

Activity between funds that is 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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 on 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 \$2,547,272 at June 30, 2013 and is comprised solely of delinquent 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.

Note 1-Summary of Significant Accounting Policies: (Continued)**E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance: (Continued)****7. 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 of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 40
Machinery and equipment	5 - 12

8. 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. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

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

9. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

10. Fund equity

The County of Buchanan, Virginia follows provisions of 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 of Buchanan, Virginia's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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

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

10. Fund equity (Continued)

The County of Buchanan, Virginia establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by 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).

11. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

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

12. 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 requirement of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the entity’s net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from “net assets” to “net position.” The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

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

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

13. 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.

14. Net Position Flow Assumption

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.

Note 2-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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School Operating Fund). The School Operating Fund is integrated only at the level of legal adoption.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information: (Continued)

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. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations:

In the year ended June 30, 2013, the County's expenditures did not exceed its appropriations for any fund.

C. Deficit fund equity:

At June 30, 2013, there were no funds that had deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

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

The County and its Discretely Presented Component Units had no investments at June 30, 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 337,139	\$ -
State sales tax	-	510,272
Categorical aid	479,043	7,670
Non-categorical aid	341,606	-
Comprehensive Services Act	98,636	-
Other local tax	2,764	-
<u>Federal Government:</u>		
Virginia public assistance funds	270,536	-
Abandoned Mine Land Reclamation	811,481	-
Categorical aid	16,734	
School grants	-	815,818
Totals	\$ 2,357,939	\$ 1,333,760

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 5-Long-Term Obligations:Primary Government - Governmental Activity Indebtedness:

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

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
General obligation bonds	\$ 8,825,941	\$ -	\$ (719,853)	\$ 8,106,088
Capital leases	478,607	-	(38,901)	439,706
Refunding bond	1,239,020	-	(1,239,020)	-
Landfill closure and post closure liability	24,958	425	-	25,383
Compensated absences	578,377	470,279	(433,783)	614,873
Net OPEB obligation	697,344	257,679	(24,681)	930,342
	<u>\$ 11,844,247</u>	<u>\$ 728,383</u>	<u>\$ (2,456,238)</u>	<u>\$ 10,116,392</u>
Total				

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2014	\$ 863,207	\$ 303,570
2015	1,010,854	284,202
2016	1,024,684	240,696
2017	1,039,063	196,267
2018	1,054,017	151,263
2019-2022	<u>3,114,263</u>	<u>187,929</u>
Totals	<u>\$ 8,106,088</u>	<u>\$ 1,363,927</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 5-Long-Term Obligations: (Continued)Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$4,000,000 school bonds series 1999A, issued April 5, 1999 with interest payable semiannually at rates varying from 4.35% to 5.225% and annual principal installments of \$200,000 due through 2020.	\$ 1,400,000	\$ 200,000
\$1,000,000 school bonds series 1998B, issued October 5, 1998 with interest payable semiannually at rates varying from 3.6% to 5.1% and annual principal installments of \$50,000 due through 2019	300,000	50,000
\$3,500,000 school bonds series 2000A, issued May 18, 2000 with interest payable semiannually at rates varying from 5.10% to 6.35% and annual principal installments of \$175,000 due through 2021	1,400,000	175,000
\$5,740,370 school bonds series 2000B, issued October 10, 2000 with interest payable semiannually at rates varying from 4.975% to 5.85% and annual principal amounts varying from \$234,625 to \$369,332 due through July 15, 2020	2,674,088	302,587
\$2,332,000 Department of Mines, Mineral, and Energy loan, issued April 23, 2012 with quarterly interest payable at an annual interest rate of 1.90% and annual principal amounts varying from \$135,620 to \$308,266 due through October 30, 2021	2,332,000	135,620
Total General Obligation Bonds	\$ 8,106,088	\$ 863,207

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 5-Long-Term Obligations: (Continued)Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
Capital leases (See Note 12)	\$ 439,706	\$ 131,651
Landfill closure and post closure monitoring liability	25,383	-
Compensated absences	614,873	461,155
Net OPEB obligation	<u>930,342</u>	<u>-</u>
Total Other Obligations	<u>\$ 2,010,304</u>	<u>\$ 592,806</u>
Total Long-Term Obligations	<u>\$ 10,116,392</u>	<u>\$ 1,456,013</u>

Note 6-Long-Term Obligations-Component Units:Discretely Presented Component Unit-School Board-Indebtedness:

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

	<u>Balance July 1, 2012</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2013</u>
Net OPEB obligation	\$ 582,702	\$ 1,447,376	\$ (1,393,678)	\$ 636,400
Compensated Absences	<u>1,057,287</u>	<u>563,535</u>	<u>(792,965)</u>	<u>827,857</u>
Total	<u>\$ 1,639,989</u>	<u>\$ 2,010,911</u>	<u>\$ (2,186,643)</u>	<u>\$ 1,464,257</u>

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Note 6-Long-Term Obligations-Component Units: (continued)**Discretely Presented Component Unit-School Board-Indebtedness: (continued)**

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
Net OPEB obligation	\$ 636,400	\$ -
Compensated Absences	827,857	620,893
	<u>\$ 1,464,257</u>	<u>\$ 620,893</u>
Total Long-Term Obligations		

Note 7-Employee Retirement System and 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)

The County of Buchanan, Virginia contributes to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

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 at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at 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.

Note 7-Employee Retirement System and Defined Benefit Pension Plan: (continued)

A. Plan Description (continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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

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

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

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Note 7-Employee Retirement System and Defined Benefit Pension Plan: (continued)

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was 12.60% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2013 was 21.91% of annual covered payroll.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 7-Employee Retirement System and Defined Benefit Pension Plan: (continued)

C. Annual Pension Cost

For fiscal year 2013, the County of Buchanan, Virginia's annual pension cost of \$1,659,266 and \$566,862 was equal to the County of Buchanan, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information for County of Buchanan

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2013	\$ 1,659,266	100.00%	\$ -
	6/30/2012	1,108,099	100.00%	-
	6/30/2011	1,089,564	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2013	\$ 566,862	100.00%	\$ -
	6/30/2012	470,697	100.00%	-
	6/30/2011	447,999	100.00%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2012, the most recent actuarial valuation date, the plan was 65.06% funded. The actuarial accrued liability for benefits was \$45,086,416, and the actuarial value of assets was \$29,232,206, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,754,210. The covered payroll (annual payroll of active employees covered by the plan) was \$9,749,492, and ratio of the UAAL to the covered payroll was 161.59%.

Note 7-Employee Retirement System and Pension Plans: (continued)

D. Funded Status and Funding Progress (continued)

Discretely Presented Component Unit - School Board (Non-Professional Employees):

As of June 30, 2012, the most recent actuarial valuation date, the plan was 55.03% funded. The actuarial accrued liability for benefits was \$18,447,219, and the actuarial value of assets was \$10,151,682, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,295,537. The covered payroll (annual payroll of active employees covered by the plan) was \$2,493,114, and ratio of the UAAL to the covered payroll was 332.74%.

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

E. Discretely Presented Component Unit - School Board (Professional Employees)

Plan Description

The Buchanan County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$2,097,458, \$1,016,983, and \$588,178 for the fiscal years ended 2013, 2012, and 2011, respectively. Required employer contributions represented 11.66%, 6.33%, and 3.93% of covered payroll for the fiscal years ended 2013, 2012, and 2011, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 8-Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$28,007,748 is comprised of the following:

Unavailable Property Taxes – property tax revenue representing uncollected tax billings not available for funding of current expenditures totaled \$22,789,073.

Prepaid Property Taxes – property tax revenue representing paid prior to June 30, 2013 but not due until December 5, 2013 totaling \$18,675.

Unavailable Revenue - Settlement – unavailable revenue represents uncollected settlement from CNX Gas Company totaling \$5,200,000.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 9-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	\$ 1,637,391	\$ -	\$ -	\$ 1,637,391
Construction in progress	299,915	820,052	(1,000,738)	119,229
Total capital assets not being depreciated	<u>\$ 1,937,306</u>	<u>\$ 820,052</u>	<u>\$ (1,000,738)</u>	<u>\$ 1,756,620</u>
Capital assets, being depreciated:				
Buildings	\$ 23,943,551	\$ 1,057,621	\$ -	\$ 25,001,172
Machinery and equipment	6,911,655	571,943	(218,692)	7,264,906
Total capital assets, being depreciated	<u>\$ 30,855,206</u>	<u>\$ 1,629,564</u>	<u>\$ (218,692)</u>	<u>\$ 32,266,078</u>
Accumulated depreciation:				
Buildings	\$ (12,409,997)	\$ (1,093,965)	\$ -	\$ (13,503,962)
Machinery and equipment	(4,533,680)	(641,501)	218,692	(4,956,489)
Total accumulated depreciation	<u>\$ (16,943,677)</u>	<u>\$ (1,735,466)</u>	<u>\$ 218,692</u>	<u>\$ (18,460,451)</u>
Total capital assets being depreciated, net	<u>\$ 13,911,529</u>	<u>\$ (105,902)</u>	<u>\$ -</u>	<u>\$ 13,805,627</u>
Governmental activities capital assets, net	<u>\$ 15,848,835</u>	<u>\$ 714,150</u>	<u>\$ (1,000,738)</u>	<u>\$ 15,562,247</u>

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Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 139,799
Judicial administration	26,619
Public safety	282,372
Public works	225,692
Health and welfare	71,470
Education	759,056
Parks, recreation, and cultural	218,026
Community development	<u>12,432</u>
Total depreciation expense-governmental activities	<u>\$ 1,735,466</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**Note 9-Capital Assets:** (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,491,725	\$ -	\$ -	\$ 2,491,725
Construction in progress	4,306	-	-	4,306
Total capital assets not being depreciated	<u>\$ 2,496,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496,031</u>
Capital assets, being depreciated:				
Buildings	\$ 31,879,829	\$ -	\$ -	\$ 31,879,829
Machinery and equipment	3,494,032	112,552	(42,009)	3,564,575
Total capital assets being depreciated	<u>\$ 35,373,861</u>	<u>\$ 112,552</u>	<u>\$ (42,009)</u>	<u>\$ 35,444,404</u>
Accumulated depreciation:				
Buildings	\$ (23,606,516)	\$ (831,596)	\$ -	\$ (24,438,112)
Machinery and equipment	(3,022,123)	(163,685)	42,009	(3,143,799)
Total accumulated depreciation	<u>\$ (26,628,639)</u>	<u>\$ (995,281)</u>	<u>\$ 42,009</u>	<u>\$ (27,581,911)</u>
Total capital assets being depreciated, net	<u>\$ 8,745,222</u>	<u>\$ (882,729)</u>	<u>\$ -</u>	<u>\$ 7,862,493</u>
Governmental activities capital assets, net	<u>\$ 11,241,253</u>	<u>\$ (882,729)</u>	<u>\$ -</u>	<u>\$ 10,358,524</u>

Depreciation expense in the amount of \$995,281 was charged to the education function.

Note 10-Capital Leases:

The County has entered into a lease agreement to finance the acquisition of vehicles and computer equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the asset acquired through capital lease is as follows:

	Vehicles	Equipment	Total
Machinery & Equipment	\$ 597,472	\$ 41,631	\$ 639,103
Accumulated Depreciation	(150,672)	(20,211)	(170,883)
Total	<u>\$ 446,800</u>	<u>\$ 21,420</u>	<u>\$ 468,220</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 10-Capital Leases: (Continued)

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Vehicles	Equipment	Total
2014	\$ 139,244	\$ 9,384	\$ 148,628
2015	104,782	9,384	114,166
2016	104,782	6,907	111,689
2017	104,782	-	104,782
<hr/>			
Total minimum lease payments			479,265
Less: amount representing interest			(39,559)
Present value of minimum lease payments			<u>\$ 439,706</u>

Note 11-Risk Management:

The County and its' component unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and School Board participate with other organizations in a public entity risk pool for their coverage of general liability, crime, and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its' component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12-Contingencies:

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

A local private school filed suit against the County claiming that its real estate had been erroneously assessed for the 2000 tax year. The claim for the 2000 tax year is approximately \$20,000, however if the suit is successful the County may incur similar claims for all tax years since 2000. The County maintains that the property in question has been properly assessed and therefore no liability has been recorded in the financial statements as the loss, if any, cannot be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 12-Contingencies: (Continued)

A Corporation has requested refunds for the overpayment of severance taxes based on certain allowable deductions for the 2011 and 2012 tax years in the amount of \$112,598.49; however such amounts have not been verified. As the amount due from the County cannot be reasonably estimated until verification of the claim is complete, no liability for this claim has been recorded in the financial statements.

A Corporation has requested refunds in regards to an alleged overpayment of severance taxes for a four year period. The Corporation and County are working towards an amicable resolution. At the present time, a reasonable estimate of the claim payable, if any, cannot be made and therefore no amount has been recorded as a liability in the financial statements; however the County believes that refunds may be due and such amount may exceed \$100,000.

Note 13-Surety Bonds:

Primary Government:

Virginia Association of Counties Group Self Insurance Risk Pool - Surety:

All public officials	\$250,000 per occurrence
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Travelers Casualty and Surety Company of America:

Treasurer	\$ 400,000
Clerk of the Court	450,000
Commissioner of the Revenue	3,000
Sherriff	30,000

Component Unit – School Board:

Virginia Association of Counties (VACO) Risk Management Program

Larry Ashby, Superintendent of Schools	
Patricia Rowe, Clerk of the School Board	\$ 250,000
Willie Sullivan, Chairman, School Board	per
Nancy Sykes, Textbook/Payable Clerk	occurrence
Patty Lester, Deputy Clerk	
All School Board employees	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**Note 14-Landfill Closure and Post closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for at least thirty years after closure or leachate ceases to exist. The County has closed its landfill. \$25,383 is reported as landfill post closure care liability at June 30, 2013. This represents what it would cost to perform closure and post closure care in 2013. Actual costs for post closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post closure costs.

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

Note 15- Restricted Net Position and Committed/Assigned Fund Balances:

Governmental Activities:	Governmental	Governmental/Internal Service Funds		
	<u>Activities</u>	<u>Coal Road</u>	<u>General Fund</u>	<u>Self Insurance</u>
Restricted:				
Coal road expenditures	\$ 14,689,736	\$ 14,689,736	\$ -	\$ -
Law enforcement activities	249,684	-	249,684	-
Law library funds	32,279	-	32,279	-
Capital items (CNX Funds)	8,631,475	-	8,631,475	-
School construction	2,332,000	-	2,332,000	-
Health claims	943,323	-	-	943,323
Total restricted balances	\$ 26,878,497	\$ 14,689,736	\$ 11,245,438	\$ 943,323

Governmental Funds:	Governmental Funds	
	<u>General Fund</u>	<u>Disaster Fund</u>
Assigned funds		
Dog tax funds	\$ 64,425	\$ -
E-911 system	3,556,556	-
Debt service	1,073	-
Disaster relief	-	84,390
Total assigned funds	\$ 3,622,054	\$ 84,390

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**Note 16 – Construction Commitments:**

The School Board was involved in major construction projects during the fiscal year as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2013
Hurley Gym - HVAC project	\$ 469,548	\$ 320,575

Note 17 – Settlement Receivable:

On December 23, 2009, the County of Buchanan entered into a settlement agreement and release with CNX Gas Company, LLC, Consolidation Coal Company and the Commissioner of Revenue of Buchanan County, Virginia. Terms of the agreement require CNX to make cash payments totaling \$15 million dollars into a special account held by the County. These funds are limited to use for capital, special projects and other County expenditures as authorized by law, at the discretion of the Board of Supervisors. The following table presents payment amounts and due dates in accordance with terms of the agreement.

Payment due	Amount
December 31, 2013	\$ 2,500,000
December 31, 2014	2,700,000
Total	\$ 5,200,000

As a result of this agreement, the County has recognized a receivable as offset by a deferred inflow of resources in the amount of \$5,200,000 in the government-wide financial statements (statement of net position). Revenue will be recognized as funds become available for use.

Note 18-Other Postemployment Benefits (OPEB) – Health Insurance:**A. Plan Description****Primary Government – Department of Social Services:**

The County of Buchanan Department of Social Services (DSS) administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees of the DSS. The Plan will provide retiring employees and their dependents the option to continue health insurance offered by the DSS. To be eligible, the employee must meet the age and service criteria for immediate retirement benefits under VRS and must be 55 years of age or older. In addition, the retiree must have served at least five (5) years of employment with the DSS. The retiree may retain coverage through DSS for a period of 10 years or until they become eligible for Medicare, whichever occurs first. The benefits, employee contributions, and the employer contributions are governed by the DSS and can be amended through DSS Board action. The Plan does not issue a publicly available financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 18-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)**A. Plan Description (continued)**Discretely Presented Component Unit – School Board:

The School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. To be eligible, the employee must meet the age and service criteria for full-time retirement benefits under VRS, which requires that the employee be age 50 with 30 years of service. The employee may continue coverage until they become eligible for Medicare. The benefits, employee contributions, and the employer contributions are governed by the School Board and can be amended through School Board action. The Plan does not issue a publicly available financial report.

B. Funding PolicyPrimary Government – Department of Social Services:

The Department of Social Services currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County’s Department of Social Services has 53 active employees who are eligible for the program. The Department pays 100% of the retirees’ insurance premiums. The monthly rates were as follows at June 30, 2013, the date of the most recent actuarial valuation report:

Participants	Department of Social Services
Employee	\$ 562
Employee/Spouse	842
Employee/Child	1,264
Family	1,635

Discretely Presented Component Unit – School Board:

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 511 active employees who are eligible for the program. In addition, for retirees of the School Board, 100 percent of the premiums are the responsibility of the retiree. The rates were as follows at June 30, 2013, the date of the most recent actuarial valuation report:

Participants	School Board
Employee	\$ 944
Employee / Spouse	2,124

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 18-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

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 costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Primary Government – Department of Social Services:

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

	Department of Social Services
Annual required contribution	\$ 258,255
Interest on net OPEB obligation	27,894
Adjustment to annual required contribution	(28,470)
Annual OPEB cost (expense)	\$ 257,679
Contributions made	(24,681)
Increase in net OPEB obligation	\$ 232,998
Net OPEB obligation - beginning of year	697,344
Net OPEB obligation - ending of year	\$ 930,342

Primary Government – Department of Social Services:

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

	Fiscal Year Ended*	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
Department of Social Services	6/30/2013	\$ 257,579	10%	\$ 930,342
	6/30/2012	195,947	3%	697,345
	6/30/2011	208,085	4%	507,865

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 18-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

Discretely Presented Component Unit – School Board:

The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation:

	School Board
Annual required contribution	\$ 1,448,328
Interest on net OPEB obligation	23,308
Adjustment to annual required contribution	(24,261)
Annual OPEB cost (expense)	\$ 1,447,375
Contributions made	(1,393,677)
Increase in net OPEB obligation	\$ 53,698
Net OPEB obligation - beginning of year	582,702
Net OPEB obligation - ending of year	\$ 636,400

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

	Fiscal Year Ended*	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
School Board	6/30/2013	\$ 1,447,375	96%	\$ 636,400
	6/30/2012	1,633,500	92%	582,702
	6/30/2011	1,600,687	89%	453,502

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in 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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013Note 18-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

D. Funded Status and Funding Progress (continued)

Primary Government – Department of Social Services:

The funded status of the Plan as of June 30, 2013, the date of the most recent actuarial valuation, was as follows:

	<u>Department of Social Services</u>
Actuarial accrued liability (AAL)	\$ 2,667,396
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 2,667,396
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,948,639
UAAL as a percentage of covered payroll	136.89%

Discretely Presented Component Unit – School Board:

The funded status of the Plan as of June 30, 2013, the date of the most recent actuarial valuation, was as follows:

	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 19,698,091
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 19,698,091
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 20,575,715
UAAL as a percentage of covered payroll	95.73%

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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 18-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

E. Actuarial Methods and Assumptions (continued)

Primary Government – Department of Social Services:

In the June 30, 2013 the most recent actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions for the Department of Social Services included: inflation at 3.00%, an investment rate of return at 4.00%, and a healthcare trend rate of ranging from 2.9% to 6.0% in the first ten years and graded to 5.8% thereafter. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2013, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Discretely Presented Component Unit – School Board:

In the June 30, 2013 the most recent actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions for the School Board included: inflation at 2.50%, an investment rate of return at 4.00%, and a health care trend rate of 8.0% graded to 5.00% over 4 years. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2013, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 19-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.

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 16,637,950	\$ 16,637,950	\$ 18,944,960	\$ 2,307,010
Other local taxes	18,111,412	18,111,412	13,047,570	(5,063,842)
Permits, privilege fees, and regulatory licenses	41,960	41,960	62,389	20,429
Fines and forfeitures	2,000	7,138	10,392	3,254
Revenue from the use of money and property	63,490	63,490	74,020	10,530
Charges for services	908,012	908,012	1,116,130	208,118
Miscellaneous	2,561,685	2,561,685	2,656,216	94,531
Recovered costs	370,000	370,000	349,712	(20,288)
Intergovernmental revenues:				
Commonwealth	10,719,404	10,848,404	8,403,904	(2,444,500)
Federal	8,868,000	8,868,000	6,297,039	(2,570,961)
Total revenues	<u>\$ 58,283,913</u>	<u>\$ 58,418,051</u>	<u>\$ 50,962,332</u>	<u>\$ (7,455,719)</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,448,751	\$ 3,451,420	\$ 2,887,435	\$ 563,985
Judicial administration	1,739,074	1,767,280	1,606,134	161,146
Public safety	7,787,348	8,518,075	6,860,562	1,657,513
Public works	5,468,411	5,833,326	5,588,931	244,395
Health and welfare	18,316,719	18,466,349	9,619,387	8,846,962
Education	10,859,679	10,859,679	10,784,980	74,699
Parks, recreation, and cultural	1,142,992	1,674,947	1,253,938	421,009
Community development	13,653,709	13,583,006	7,782,154	5,800,852
Capital projects	435,000	342,325	81,198	261,127
Debt service:				
Principal retirement	926,357	1,958,874	1,997,774	(38,900)
Interest and other fiscal charges	406,601	447,209	445,943	1,266
Total expenditures	<u>\$ 64,184,641</u>	<u>\$ 66,902,490</u>	<u>\$ 48,908,436</u>	<u>\$ 17,994,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,900,728)</u>	<u>\$ (8,484,439)</u>	<u>\$ 2,053,896</u>	<u>\$ 10,538,335</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,270,000)	-	(73,755)	(73,755)
Total other financing sources (uses)	<u>\$ (1,270,000)</u>	<u>\$ -</u>	<u>\$ (73,755)</u>	<u>\$ (73,755)</u>
Net change in fund balances	\$ (7,170,728)	\$ (8,484,439)	\$ 1,980,141	\$ 10,464,580
Fund balances - beginning	7,179,728	7,179,728	34,412,850	27,233,122
Fund balances - ending	<u>\$ 9,000</u>	<u>\$ (1,304,711)</u>	<u>\$ 36,392,991</u>	<u>\$ 37,697,702</u>

County of Buchanan, Virginia
Special Revenue Fund - Coal Road 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				
Other local taxes	\$ 9,600,000	\$ 9,600,000	\$ 9,426,582	\$ (173,418)
Revenue from the use of money and property	30,000	30,000	27,449	(2,551)
Miscellaneous	15,000	15,000	2,334	(12,666)
Total revenues	<u>\$ 9,645,000</u>	<u>\$ 9,645,000</u>	<u>\$ 9,456,365</u>	<u>\$ (188,635)</u>
EXPENDITURES				
Current:				
Public works	\$ 10,481,727	\$ 13,680,076	\$ 7,589,590	\$ 6,090,486
Community development	2,400,000	2,400,000	3,886,736	(1,486,736)
Total expenditures	<u>\$ 12,881,727</u>	<u>\$ 16,080,076</u>	<u>\$ 11,476,326</u>	<u>\$ 4,603,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,236,727)</u>	<u>\$ (6,435,076)</u>	<u>\$ (2,019,961)</u>	<u>\$ 4,415,115</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	31,755	31,755	\$ -
Transfers out	(350,000)	(350,000)	(280,000)	70,000
Total other financing sources (uses)	<u>\$ (350,000)</u>	<u>\$ (318,245)</u>	<u>\$ (248,245)</u>	<u>\$ 70,000</u>
Net change in fund balances	<u>\$ (3,586,727)</u>	<u>\$ (6,753,321)</u>	<u>\$ (2,268,206)</u>	<u>\$ 4,485,115</u>
Fund balances - beginning	3,586,727	3,586,727	16,957,942	13,371,215
Fund balances - ending	<u>\$ -</u>	<u>\$ (3,166,594)</u>	<u>\$ 14,689,736</u>	<u>\$ 17,856,330</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ 213,077	\$ (213,077)
Total expenditures	\$ -	\$ -	\$ 213,077	\$ (213,077)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (213,077)	\$ (213,077)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 322,000	\$ 322,000
Total other financing sources (uses)	\$ -	\$ -	\$ 322,000	\$ 322,000
Net change in fund balances	\$ -	\$ -	\$ 108,923	\$ 108,923
Fund balances - beginning	-	-	(24,533)	(24,533)
Fund balances - ending	\$ -	\$ -	\$ 84,390	\$ 84,390

County of Buchanan, Virginia
Required Supplementary Information

Schedule of OPEB and Pension Funding Progress
For the Year Ended June 30, 2013

Primary Government:

County Retirement Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012	\$ 29,332,206	\$ 45,086,416	\$ 15,754,210	65.06%	\$ 9,749,492	161.59%
June 30, 2011	29,525,865	43,124,456	13,598,591	68.47%	9,734,348	139.70%
June 30, 2010	28,551,277	41,204,635	12,653,358	69.29%	9,802,022	129.09%

County OPEB Healthcare Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ -	\$ 2,667,396	\$ 2,667,396	0.00%	\$ 1,927,702	138.37%
June 30, 2012	-	1,854,220	1,854,220	0.00%	1,937,032	95.72%
June 30, 2011	-	1,973,297	1,973,297	0.00%	1,936,019	101.93%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2012	\$ 10,151,682	\$ 18,447,219	\$ 8,295,537	55.03%	\$ 2,493,114	332.74%
June 30, 2011	10,538,943	17,877,518	7,338,575	58.95%	2,295,389	319.71%
June 30, 2010	10,779,707	17,633,508	6,853,801	61.13%	2,512,344	272.81%

School Board OPEB Healthcare Plan:

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ -	\$ 19,698,091	\$ 19,698,091	0.00%	\$ 20,575,715	95.73%
June 30, 2011	-	21,682,586	21,682,586	0.00%	19,909,432	108.91%
June 30, 2009	-	19,637,861	19,637,861	0.00%	21,779,370	90.17%

Other Supplementary Information

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund is a fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

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

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 4,888,065
Due from other governmental units	1,333,760
Prepaid items	12,170
Total assets	<u>\$ 6,233,995</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 453,303
Accrued liabilities	6,158,417
Due to primary government	2,332,000
Total liabilities	<u>\$ 8,943,720</u>
Fund balances:	
Restricted	
Cafeteria Funds	\$ 148,428
Unassigned	(2,858,153)
Total fund balances	<u>\$ (2,709,725)</u>
Total liabilities and fund balances	<u>\$ 6,233,995</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ (2,709,725)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,358,524
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,464,257)
Net position of governmental activities	<u>\$ 6,184,542</u>

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

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 12,011
Charges for services	1,078,585
Miscellaneous	82,774
Recovered costs	299,376
Intergovernmental revenues:	
Local government	10,637,948
Commonwealth	18,690,919
Federal	4,130,076
Total revenues	<u>\$ 34,931,689</u>
EXPENDITURES	
Current:	
Education	\$ 38,707,550
Capital projects	8,189
Total expenditures	<u>\$ 38,715,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,784,050)</u>
Net change in fund balances	\$ (3,784,050)
Fund balances - beginning	1,074,325
Fund balances - ending	<u><u>\$ (2,709,725)</u></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	\$ (3,784,050)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	(882,729)
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.	175,732
Change in net position of governmental activities	<u><u>\$ (4,491,047)</u></u>

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

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 81,700	\$ 81,700	\$ 12,011	\$ (69,689)
Charges for services	766,006	766,006	1,078,585	312,579
Miscellaneous	2,815,087	2,815,087	82,774	(2,732,313)
Recovered costs	451,622	451,622	299,376	(152,246)
Intergovernmental revenues:				
Local government	10,763,030	10,763,030	10,637,948	(125,082)
Commonwealth	19,005,621	19,005,621	18,690,919	(314,702)
Federal	5,582,883	5,582,883	4,130,076	(1,452,807)
Total revenues	<u>\$ 39,465,949</u>	<u>\$ 39,465,949</u>	<u>\$ 34,931,689</u>	<u>\$ (4,534,260)</u>
EXPENDITURES				
Current:				
Education	\$ 37,376,768	\$ 37,376,768	\$ 38,707,550	\$ (1,330,782)
Capital projects	2,350,362	2,350,362	8,189	2,342,173
Debt service:				
Principal retirement	211,947	211,947	-	211,947
Total expenditures	<u>\$ 39,939,077</u>	<u>\$ 39,939,077</u>	<u>\$ 38,715,739</u>	<u>\$ 1,223,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (473,128)</u>	<u>\$ (473,128)</u>	<u>\$ (3,784,050)</u>	<u>\$ (3,310,922)</u>
Net change in fund balances	\$ (473,128)	\$ (473,128)	\$ (3,784,050)	\$ (3,310,922)
Fund balances - beginning	473,128	473,128	1,074,325	601,197
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,709,725)</u>	<u>\$ (2,709,725)</u>

Supporting Schedules

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,946,500	\$ 6,946,500	\$ 7,181,016	\$ 234,516
Real and personal public service corporation taxes	425,000	425,000	452,210	27,210
Personal property taxes	2,420,000	2,420,000	3,009,792	589,792
Mobile home taxes	87,000	87,000	86,631	(369)
Machinery and tools taxes	5,004,600	5,004,600	5,939,790	935,190
Mineral taxes	1,400,000	1,400,000	1,779,951	379,951
Merchant's capital taxes	68,700	68,700	97,780	29,080
Penalties	104,150	104,150	113,842	9,692
Interest	182,000	182,000	283,948	101,948
Total general property taxes	\$ 16,637,950	\$ 16,637,950	\$ 18,944,960	\$ 2,307,010
Other local taxes:				
Local sales and use taxes	\$ 1,620,000	\$ 1,620,000	\$ 1,842,435	\$ 222,435
Consumers' utility taxes	360,000	360,000	407,936	47,936
Consumption taxes	210,000	210,000	237,011	27,011
Mineral license tax	14,768,412	14,768,412	9,426,585	(5,341,827)
Methane gas tax	951,000	951,000	908,842	(42,158)
Utility license taxes	-	-	48,227	48,227
Bank stock taxes	-	-	100,819	100,819
Taxes on recordation and wills	87,000	87,000	6,912	(80,088)
Hotel and motel room taxes	40,000	40,000	39,633	(367)
Local tax on deeds	75,000	75,000	29,170	(45,830)
Total other local taxes	\$ 18,111,412	\$ 18,111,412	\$ 13,047,570	\$ (5,063,842)
Permits, privilege fees, and regulatory licenses:				
Animal licenses and fees	\$ -	\$ -	\$ 7,990	\$ 7,990
Transfer fees	650	650	843	193
Building permits	38,000	38,000	51,856	13,856
Other permits and licenses	3,310	3,310	1,700	(1,610)
Total permits, privilege fees, and regulatory licenses	\$ 41,960	\$ 41,960	\$ 62,389	\$ 20,429
Fines and forfeitures:				
Court fines and forfeitures	\$ 2,000	\$ 7,138	\$ 10,392	\$ 3,254
Total fines and forfeitures	\$ 2,000	\$ 7,138	\$ 10,392	\$ 3,254
Revenue from use of money and property:				
Revenue from use of money	\$ 53,010	\$ 53,010	\$ 55,383	\$ 2,373
Revenue from use of property	10,480	10,480	18,637	8,157
Total revenue from use of money and property	\$ 63,490	\$ 63,490	\$ 74,020	\$ 10,530
Charges for services:				
Charges for law enforcement and traffic control	\$ 78,212	\$ 78,212	\$ 4,799	\$ (73,413)
Charges for courthouse maintenance	7,500	7,500	9,235	1,735
Charges for Courthouse security	17,800	17,800	28,059	10,259
Charges for Commonwealth's Attorney	2,900	2,900	3,923	1,023
Miscellaneous jail and inmate fees	600	600	449	(151)
Law library fees	-	-	8,179	8,179
Charges for Copies	1,000	1,000	1,525	525
Charges for sanitation and waste removal	726,000	726,000	974,900	248,900

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

Schedule 1
Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for parks and recreation	\$ 55,500	\$ 55,500	\$ 67,472	\$ 11,972
Charges for library	8,500	8,500	12,283	3,783
Other Charges for Services	10,000	10,000	5,306	(4,694)
Total charges for services	\$ 908,012	\$ 908,012	\$ 1,116,130	\$ 208,118
Miscellaneous revenue:				
Confiscated property sale	\$ -	\$ -	\$ 28,914	\$ 28,914
CNX settlement payments	2,500,000	2,500,000	2,500,000	-
Miscellaneous	60,985	60,985	111,516	50,531
Donations	700	700	15,786	15,086
Total miscellaneous revenue	\$ 2,561,685	\$ 2,561,685	\$ 2,656,216	\$ 94,531
Recovered costs:				
Rebates and refunds	\$ 300,000	\$ 300,000	\$ 77,066	\$ (222,934)
VPA refunds	50,000	50,000	93,091	43,091
Other recovered costs	20,000	20,000	179,555	159,555
Total recovered costs	\$ 370,000	\$ 370,000	\$ 349,712	\$ (20,288)
Total revenue from local sources	\$ 38,696,509	\$ 38,701,647	\$ 36,261,389	\$ (2,440,258)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 51,000	\$ 51,000	\$ 88,777	\$ 37,777
Motor vehicle rental tax	2,600	2,600	1,761	(839)
Rolling stock tax	150,000	150,000	377,683	227,683
Telecommunications taxes	859,007	859,007	864,149	5,142
State recordation tax	-	-	12,347	12,347
Personal property tax relief funds	1,600,000	1,600,000	1,598,108	(1,892)
Total noncategorical aid	\$ 2,662,607	\$ 2,662,607	\$ 2,942,825	\$ 280,218
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 342,000	\$ 342,000	\$ 414,047	\$ 72,047
Sheriff	1,185,000	1,185,000	1,350,732	165,732
Commissioner of revenue	116,200	116,200	134,437	18,237
Treasurer	100,000	100,000	117,396	17,396
Registrar/electoral board	54,663	54,663	40,061	(14,602)
Clerk's fringes	249,000	249,000	343,299	94,299
Reduction in State Aid	-	-	(145,215)	(145,215)
Total shared expenses	\$ 2,046,863	\$ 2,046,863	\$ 2,254,757	\$ 207,894
Other categorical aid:				
Animal friendly plates	\$ -	\$ -	\$ 426	\$ 426
Litter control grant	8,000	8,000	9,928	1,928
Library grant	108,000	108,000	110,907	2,907
Public assistance and welfare administration	4,418,643	4,522,643	1,781,110	(2,741,533)
Victim-witness grant	46,221	46,221	72,149	25,928
Performing arts grant	5,000	5,000	5,000	-

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Fire Program Funds	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Asset Forfeiture	80,750	80,750	3,099	(77,651)
Office of justice programs	4,000	4,000	2,554	(1,446)
School resource officer grant	-	-	5,127	5,127
Violence against women	46,861	46,861	62,023	15,162
Two for Life Program	-	-	23,738	23,738
VA housing development authority	47,000	47,000	52,041	5,041
E-911 technology grant	36,000	36,000	40,094	4,094
JAG grant	-	-	2,554	2,554
Emergency management preparedness grant	-	-	19,540	19,540
USDA Grant	-	25,000	25,000	-
Comprehensive services act program	940,000	940,000	888,941	(51,059)
Other State Funds	169,459	169,459	102,091	(67,368)
Total other categorical aid	<u>\$ 6,009,934</u>	<u>\$ 6,138,934</u>	<u>\$ 3,206,322</u>	<u>\$ (2,932,612)</u>
Total categorical aid	<u>\$ 8,056,797</u>	<u>\$ 8,185,797</u>	<u>\$ 5,461,079</u>	<u>\$ (2,724,718)</u>
Total revenue from the Commonwealth	<u>\$ 10,719,404</u>	<u>\$ 10,848,404</u>	<u>\$ 8,403,904</u>	<u>\$ (2,444,500)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 2,743,464	\$ 2,743,464
Child and adult care food program	-	-	68,457	68,457
Community development block grant	7,849,000	7,849,000	252,719	(7,596,281)
State and community highway safety	19,000	19,000	24,096	5,096
Headstart programs	1,000,000	1,000,000	1,251,379	251,379
AML/DMME	-	-	1,956,924	1,956,924
Total categorical aid	<u>\$ 8,868,000</u>	<u>\$ 8,868,000</u>	<u>\$ 6,297,039</u>	<u>\$ (2,570,961)</u>
Total revenue from the federal government	<u>\$ 8,868,000</u>	<u>\$ 8,868,000</u>	<u>\$ 6,297,039</u>	<u>\$ (2,570,961)</u>
Total General Fund	<u>\$ 58,283,913</u>	<u>\$ 58,418,051</u>	<u>\$ 50,962,332</u>	<u>\$ (7,455,719)</u>
Special Revenue Funds:				
Coal Road Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ 9,600,000	\$ 9,600,000	\$ 9,426,582	\$ (173,418)
Total other local taxes	<u>\$ 9,600,000</u>	<u>\$ 9,600,000</u>	<u>\$ 9,426,582</u>	<u>\$ (173,418)</u>
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 27,449</u>	<u>\$ (2,551)</u>
Total revenue from use of money and property	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 27,449</u>	<u>\$ (2,551)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Coal Road Fund: (Continued)				
Miscellaneous revenue:				
Other miscellaneous	\$ 15,000	\$ 15,000	\$ 2,334	\$ (12,666)
Total miscellaneous revenue	\$ 15,000	\$ 15,000	\$ 2,334	\$ (12,666)
Total revenue from local sources	\$ 9,645,000	\$ 9,645,000	\$ 9,456,365	\$ (188,635)
Total Coal Road Fund	\$ 9,645,000	\$ 9,645,000	\$ 9,456,365	\$ (188,635)
Total Primary Government	\$ 67,928,913	\$ 68,063,051	\$ 60,418,697	\$ (7,644,354)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 81,700	\$ 81,700	\$ 12,011	\$ (69,689)
Total revenue from use of money and property	\$ 81,700	\$ 81,700	\$ 12,011	\$ (69,689)
Charges for services:				
Charges for adult/GED testing	\$ 500	\$ 500	\$ 62,223	\$ 61,723
Tuition charges	9,000	9,000	-	(9,000)
Charges for cafeteria sales	756,506	756,506	1,016,362	259,856
Total charges for services	\$ 766,006	\$ 766,006	\$ 1,078,585	\$ 312,579
Miscellaneous revenue:				
Miscellaneous	\$ 2,810,087	\$ 2,810,087	\$ 82,774	\$ (2,727,313)
Donations	5,000	5,000	-	(5,000)
Total miscellaneous revenue	\$ 2,815,087	\$ 2,815,087	\$ 82,774	\$ (2,732,313)
Recovered costs:				
Rebates and refunds	\$ 41,000	\$ 41,000	\$ 102,788	\$ 61,788
Insurance adjustments	80,000	80,000	-	(80,000)
JROTC payments	25,000	25,000	62,327	37,327
E-rate reimbursement	305,622	305,622	134,261	(171,361)
Total recovered costs	\$ 451,622	\$ 451,622	\$ 299,376	\$ (152,246)
Total revenue from local sources	\$ 4,114,415	\$ 4,114,415	\$ 1,472,746	\$ (2,641,669)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Buchanan, Virginia	\$ 10,763,030	\$ 10,763,030	\$ 10,637,948	\$ (125,082)
Total revenues from local governments	\$ 10,763,030	\$ 10,763,030	\$ 10,637,948	\$ (125,082)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,039,293	\$ 3,039,293	\$ 3,030,536	\$ (8,757)
Basic school aid	9,509,685	9,509,685	9,465,252	(44,433)
Gifted and talented	98,332	98,332	97,696	(636)
Remedial education	486,017	486,017	476,117	(9,900)
Special education	1,013,246	1,013,246	1,005,597	(7,649)
Textbook payment	83,764	83,764	189,979	106,215
Vocational SOQ payments	65,581	65,581	-	(65,581)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Social security fringe benefits	\$ 628,469	\$ 628,469	\$ 622,466	\$ (6,003)
Retirement fringe benefits	1,088,064	1,088,064	1,077,670	(10,394)
Mentor teacher grant	1,616	1,616	2,453	837
Early reading intervention	77,824	77,824	71,514	(6,310)
Alternative education	23,576	23,576	23,576	-
K3 initiative	576,835	576,835	573,603	(3,232)
Salary Supplements	165,528	165,528	-	(165,528)
Vocation education	736,259	736,259	771,152	34,893
Preschool initiative	-	-	48,506	48,506
Special education - foster children	45,241	45,241	39,574	(5,667)
At risk payments	559,664	559,664	553,929	(5,735)
School food	26,483	26,483	36,288	9,805
Technology	620,000	620,000	215,244	(404,756)
Standards of Learning algebra readiness	55,988	55,988	56,088	100
At risk four-year olds	48,506	48,506	165,528	117,022
Lottery proceeds	-	-	17,186	17,186
Other state funds	55,650	55,650	150,965	95,315
Total categorical aid	<u>\$ 19,005,621</u>	<u>\$ 19,005,621</u>	<u>\$ 18,690,919</u>	<u>\$ (314,702)</u>
Total revenue from the Commonwealth	<u>\$ 19,005,621</u>	<u>\$ 19,005,621</u>	<u>\$ 18,690,919</u>	<u>\$ (314,702)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 3,042,571	\$ 3,042,571	\$ 1,432,924	\$ (1,609,647)
Title VI-B, flow-through	-	-	909,262	909,262
Title VI-B, preschool	38,582	38,582	37,153	(1,429)
Drug free schools	22,460	22,460	-	(22,460)
Vocational education	80,000	80,000	82,732	2,732
Improving teacher quality	351,926	351,926	267,694	(84,232)
Technology grant	-	-	2,438	2,438
21st Century grant	380,879	380,879	129,130	(251,749)
School lunch program	1,580,150	1,580,150	1,178,058	(402,092)
Rural and low income schools	86,315	86,315	90,685	4,370
Total categorical aid	<u>\$ 5,582,883</u>	<u>\$ 5,582,883</u>	<u>\$ 4,130,076</u>	<u>\$ (1,452,807)</u>
Total revenue from the federal government	<u>\$ 5,582,883</u>	<u>\$ 5,582,883</u>	<u>\$ 4,130,076</u>	<u>\$ (1,452,807)</u>
Total School Operating Fund	<u>\$ 39,465,949</u>	<u>\$ 39,465,949</u>	<u>\$ 34,931,689</u>	<u>\$ (4,534,260)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 39,465,949</u>	<u>\$ 39,465,949</u>	<u>\$ 34,931,689</u>	<u>\$ (4,534,260)</u>

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 378,864	\$ 379,271	\$ 398,836	\$ (19,565)
General and financial administration:				
County administrator	\$ 496,207	\$ 496,262	\$ 441,604	\$ 54,658
County Attorney	141,008	141,008	136,223	4,785
Commissioner of revenue	465,919	466,714	341,316	125,398
Assessor	450,000	450,000	316,718	133,282
Central purchasing	139,000	139,000	66,504	72,496
Treasurer	544,587	545,469	482,174	63,295
Data processing	86,615	86,615	48,831	37,784
County garage	523,166	523,166	452,661	70,505
Total general and financial administration	\$ 2,846,502	\$ 2,848,234	\$ 2,286,031	\$ 562,203
Board of elections:				
Electoral board	\$ 42,700	\$ 23,980	\$ 21,061	\$ 2,919
Registrar	160,685	179,735	170,171	9,564
Voting buildings and machines	20,000	20,200	11,336	8,864
Total board of elections	\$ 223,385	\$ 223,915	\$ 202,568	\$ 21,347
Total general government administration	\$ 3,448,751	\$ 3,451,420	\$ 2,887,435	\$ 563,985
Judicial administration:				
Courts:				
Circuit court	\$ 217,443	\$ 225,267	\$ 225,007	\$ 260
Combined court	14,800	14,800	10,142	4,658
Juvenile court	13,500	13,500	12,002	1,498
Magistrates	17,150	17,150	6,996	10,154
Victim witness assistance program	66,614	68,793	68,789	4
Clerk of circuit court	651,575	669,778	523,957	145,821
Total courts	\$ 981,082	\$ 1,009,288	\$ 846,893	\$ 162,395
Commonwealth's attorney:				
Commonwealth's attorney	\$ 757,992	\$ 757,992	\$ 759,241	\$ (1,249)
Total commonwealth's attorney	\$ 757,992	\$ 757,992	\$ 759,241	\$ (1,249)
Total judicial administration	\$ 1,739,074	\$ 1,767,280	\$ 1,606,134	\$ 161,146
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,345,069	\$ 3,404,453	\$ 3,199,753	\$ 204,700
School resource officer	415,439	415,439	360,079	55,360
Total law enforcement and traffic control	\$ 3,760,508	\$ 3,819,892	\$ 3,559,832	\$ 260,060
Fire and rescue services:				
Fire department	\$ 486,000	\$ 934,270	\$ 469,742	\$ 464,528
Rescue squads	180,000	350,141	148,070	202,071
Total fire and rescue services	\$ 666,000	\$ 1,284,411	\$ 617,812	\$ 666,599
Correction and detention:				
Jail operation	\$ 1,800,725	\$ 1,800,725	\$ 1,348,316	\$ 452,409
Juvenile detention	71,964	71,964	71,964	-
Total correction and detention	\$ 1,872,689	\$ 1,872,689	\$ 1,420,280	\$ 452,409

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 149,130	\$ 159,130	\$ 144,105	\$ 15,025
Total inspections	\$ 149,130	\$ 159,130	\$ 144,105	\$ 15,025
Other protection:				
Animal control	\$ 360,059	\$ 367,991	\$ 283,359	\$ 84,632
Medical examiner	1,000	1,000	660	340
Emergency services	47,609	57,609	40,488	17,121
Forestry department	25,296	25,296	25,296	-
E-911	905,057	930,057	768,730	161,327
Total other protection	\$ 1,339,021	\$ 1,381,953	\$ 1,118,533	\$ 263,420
Total public safety	\$ 7,787,348	\$ 8,518,075	\$ 6,860,562	\$ 1,657,513
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 330,000	\$ 546,027	\$ 375,387	\$ 170,640
Total maintenance of highways, streets, bridges & sidewalks	\$ 330,000	\$ 546,027	\$ 375,387	\$ 170,640
Sanitation and waste removal:				
Sanitation officer	\$ 71,231	\$ 71,731	\$ 35,202	\$ 36,529
Waste authority	1,200,000	1,208,433	1,180,948	27,485
Landfill	2,271,000	2,289,688	2,270,779	18,909
Total sanitation and waste removal	\$ 3,542,231	\$ 3,569,852	\$ 3,486,929	\$ 82,923
Maintenance of general buildings and grounds:				
General properties	\$ 1,596,180	\$ 1,717,447	\$ 1,726,615	\$ (9,168)
Total maintenance of general buildings and grounds	\$ 1,596,180	\$ 1,717,447	\$ 1,726,615	\$ (9,168)
Total public works	\$ 5,468,411	\$ 5,833,326	\$ 5,588,931	\$ 244,395
Health and welfare:				
Health:				
Supplement of local health department	\$ 349,923	\$ 349,923	\$ 342,774	\$ 7,149
Total health	\$ 349,923	\$ 349,923	\$ 342,774	\$ 7,149
Welfare:				
Virginia housing development authority	\$ 125,908	\$ 125,908	\$ 103,188	\$ 22,720
Cumberland mountain community services	20,000	20,000	20,000	-
Disability Services Board	35,000	35,000	35,000	-
Senior citizens	81,993	125,383	45,022	80,361
Medical Assistance Services	28,577	30,817	26,064	4,753
Tri-county health clinic	6,000	6,000	6,000	-
Red Cross contributions	7,000	7,000	-	7,000
Food pantries	73,000	73,000	63,000	10,000
S V medical assistance	5,000	5,000	5,000	-
Social services	15,744,318	15,848,318	7,375,619	8,472,699
Head start	1,800,000	1,800,000	1,557,720	242,280
Other welfare	40,000	40,000	40,000	-
Total welfare	\$ 17,966,796	\$ 18,116,426	\$ 9,276,613	\$ 8,839,813
Total health and welfare	\$ 18,316,719	\$ 18,466,349	\$ 9,619,387	\$ 8,846,962

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Educational Contributions	\$ 79,732	\$ 79,732	\$ 79,732	\$ -
Bus transportation	68,000	68,000	67,300	700
Contribution to County School Board	10,711,947	10,711,947	10,637,948	73,999
Total education	<u>\$ 10,859,679</u>	<u>\$ 10,859,679</u>	<u>\$ 10,784,980</u>	<u>\$ 74,699</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 198,314	\$ 415,562	\$ 324,403	\$ 91,159
Park development	210,000	449,712	196,530	253,182
Community Events	9,500	9,500	9,500	-
Athletic programs	120,000	120,000	61,579	58,421
County fair	40,000	89,438	78,104	11,334
Total parks and recreation	<u>\$ 577,814</u>	<u>\$ 1,084,212</u>	<u>\$ 670,116</u>	<u>\$ 414,096</u>
Library:				
Contribution to county library	\$ 565,178	\$ 590,735	\$ 583,822	\$ 6,913
Total library	<u>\$ 565,178</u>	<u>\$ 590,735</u>	<u>\$ 583,822</u>	<u>\$ 6,913</u>
Total parks, recreation, and cultural	<u>\$ 1,142,992</u>	<u>\$ 1,674,947</u>	<u>\$ 1,253,938</u>	<u>\$ 421,009</u>
Community development:				
Planning and community development:				
Planning commission	\$ 8,500	\$ 8,500	\$ 5,075	\$ 3,425
Hurley Community Development	10,000	10,000	10,000	-
Contribution to industrial development authority	1,919,275	1,919,275	1,837,705	81,570
Tourism	5,000	5,000	3,094	1,906
Community arts council	15,000	15,000	15,000	-
Cumberland plateau planning district	35,000	35,000	35,000	-
Chamber of commerce	15,000	15,000	15,000	-
Peoples incorporated	10,000	10,000	2,000	8,000
Cumberland plateau regional housing	5,000	5,000	-	5,000
Neighbors united	25,000	25,000	25,000	-
Contribution to public service authority	2,200,000	2,200,000	2,200,000	-
Capital contributions to the public service authority	7,090,000	7,090,000	2,167,848	4,922,152
Other planning and community development	2,150,000	2,078,762	1,321,084	757,678
Total planning and community development	<u>\$ 13,487,775</u>	<u>\$ 13,416,537</u>	<u>\$ 7,636,806</u>	<u>\$ 5,779,731</u>
Environmental management:				
Auto removal	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Environmental management	1,000	1,000	-	1,000
Litter control	106,484	106,984	95,631	11,353
Total environmental management	<u>\$ 112,484</u>	<u>\$ 112,984</u>	<u>\$ 95,631</u>	<u>\$ 17,353</u>
Cooperative extension program:				
Extension office	\$ 53,450	\$ 53,485	\$ 49,717	\$ 3,768
Total cooperative extension program	<u>\$ 53,450</u>	<u>\$ 53,485</u>	<u>\$ 49,717</u>	<u>\$ 3,768</u>
Total community development	<u>\$ 13,653,709</u>	<u>\$ 13,583,006</u>	<u>\$ 7,782,154</u>	<u>\$ 5,800,852</u>
Capital projects:				
Poplar Gap Athletic Park	\$ 435,000	\$ 342,325	\$ 81,198	\$ 261,127
Total capital projects	<u>\$ 435,000</u>	<u>\$ 342,325</u>	<u>\$ 81,198</u>	<u>\$ 261,127</u>

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 926,357	\$ 1,958,874	\$ 1,997,774	\$ (38,900)
Interest and other fiscal charges	406,601	447,209	445,943	1,266
Total debt service	<u>\$ 1,332,958</u>	<u>\$ 2,406,083</u>	<u>\$ 2,443,717</u>	<u>\$ (37,634)</u>
Total General Fund	<u>\$ 64,184,641</u>	<u>\$ 66,902,490</u>	<u>\$ 48,908,436</u>	<u>\$ 17,994,054</u>
Special Revenue Funds:				
Coal Road Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 10,127,049	\$ 13,270,143	\$ 7,162,545	\$ 6,107,598
Engineering	354,678	409,933	427,045	(17,112)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 10,481,727</u>	<u>\$ 13,680,076</u>	<u>\$ 7,589,590</u>	<u>\$ 6,090,486</u>
Community development:				
Planning and community development:				
Virginia coalfield economic development authority	\$ 2,400,000	\$ 2,400,000	\$ 2,356,736	\$ 43,264
Contribution to Public Service Authority	-	-	1,530,000	(1,530,000)
Total planning and community development	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 3,886,736</u>	<u>\$ (1,486,736)</u>
Total Coal Road Fund	<u>\$ 12,881,727</u>	<u>\$ 16,080,076</u>	<u>\$ 11,476,326</u>	<u>\$ 4,603,750</u>
Disaster Relief Fund:				
Health and welfare:				
Welfare:				
Disaster relief	\$ -	\$ -	\$ 213,077	\$ (213,077)
Total welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,077</u>	<u>\$ (213,077)</u>
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,077</u>	<u>\$ (213,077)</u>
Total Disaster Relief Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,077</u>	<u>\$ (213,077)</u>
Total Primary Government	<u>\$ 77,066,368</u>	<u>\$ 82,982,566</u>	<u>\$ 60,597,839</u>	<u>\$ 22,384,727</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Instruction costs:				
Instruction	\$ 26,432,674	\$ 26,432,674	\$ 26,952,085	\$ (519,411)
Total instruction costs	<u>\$ 26,432,674</u>	<u>\$ 26,432,674</u>	<u>\$ 26,952,085</u>	<u>\$ (519,411)</u>
Operating costs:				
Administration and health services	\$ 1,520,498	\$ 1,520,498	\$ 1,725,552	\$ (205,054)
Pupil transportation	2,670,990	2,670,990	2,518,592	152,398
Operation and maintenance of school plant	4,389,267	4,389,267	5,211,136	(821,869)
Total operating costs	<u>\$ 8,580,755</u>	<u>\$ 8,580,755</u>	<u>\$ 9,455,280</u>	<u>\$ (874,525)</u>
School food services:				
Administration of school food program	\$ 2,363,339	\$ 2,363,339	\$ 2,300,185	\$ 63,154
Total education	<u>\$ 37,376,768</u>	<u>\$ 37,376,768</u>	<u>\$ 38,707,550</u>	<u>\$ (1,330,782)</u>

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

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Capital projects:				
School capital projects	\$ 2,350,362	\$ 2,350,362	\$ 8,189	\$ 2,342,173
Total capital projects	<u>\$ 2,350,362</u>	<u>\$ 2,350,362</u>	<u>\$ 8,189</u>	<u>\$ 2,342,173</u>
Total School Fund	<u>\$ 39,939,077</u>	<u>\$ 39,939,077</u>	<u>\$ 38,715,739</u>	<u>\$ 1,223,338</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 39,939,077</u></u>	<u><u>\$ 39,939,077</u></u>	<u><u>\$ 38,715,739</u></u>	<u><u>\$ 1,223,338</u></u>

Other Statistical Information

Table 1

County of Buchanan, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2012-13	\$ 2,326,934	\$ 1,569,540	\$ 6,725,396	\$ 12,869,342	\$ 9,800,358	\$ 11,625,233	\$ 821,133	\$ 11,679,658	\$ 352,676	\$ 57,770,270
2011-12	2,818,130	1,568,188	6,744,323	13,353,221	9,692,455	11,303,923	1,605,149	16,244,692	455,633	63,785,714
2010-11	2,445,816	1,458,837	6,255,234	9,092,200	10,005,009	10,596,199	1,338,390	12,495,596	474,006	54,161,287
2009-10	2,526,597	1,503,610	7,238,733	12,220,224	9,854,812	10,950,125	1,110,865	10,889,281	488,371	56,782,618
2008-09	2,236,065	1,496,850	5,582,374	9,775,242	8,554,662	10,451,349	1,036,665	10,585,692	585,818	50,304,717
2007-08	2,415,817	1,485,216	5,491,098	8,988,974	9,933,146	13,348,257	1,050,250	10,808,368	622,369	54,143,495
2006-07	2,466,603	1,296,688	4,868,217	6,541,506	8,342,751	12,184,691	937,249	11,157,179	613,858	48,408,742
2005-06	2,410,870	942,450	4,983,187	6,564,721	6,732,564	9,732,168	898,027	7,191,068	794,410	40,249,465
2004-05	2,082,579	838,654	4,166,023	5,864,142	7,588,598	8,535,513	886,775	5,104,815	837,418	35,904,517
2003-04	1,926,190	704,683	3,906,943	6,349,418	8,000,046	7,434,115	964,545	5,514,399	909,283	35,709,622

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES								Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Special Items		
2012-13	\$ 1,188,911	\$ 9,548,475	\$ 2,209,643	\$ 18,306,411	\$ 22,474,152	\$ -	\$ 101,469	\$ 158,550	\$ 2,942,825	\$ -	\$ 56,930,436	
2011-12	1,207,732	9,307,174	3,951,232	18,104,724	31,622,190	-	118,174	264,758	2,755,390	-	67,331,374	
2010-11	985,509	9,118,369	2,219,707	15,652,382	33,797,596	-	105,569	459,343	2,683,453	-	65,021,928	
2009-10	732,911	9,827,820	1,182,479	15,424,011	24,251,463	-	248,058	255,339	2,774,371	-	54,696,452	
2008-09	915,235	11,395,185	-	15,321,741	24,511,300	-	452,499	15,697,206	1,903,615	-	70,196,781	
2007-08	606,650	11,227,768	-	15,419,492	22,636,326	-	711,623	102,962	1,879,667	-	52,584,488	
2006-07	711,625	9,474,577	1,868,490	13,099,635	23,074,589	-	931,407	130,506	2,006,804	400,000	51,697,633	
2005-06	448,277	8,613,131	-	13,402,559	21,185,234	-	735,990	181,269	1,995,410	-	46,561,870	
2004-05	528,466	4,724,929	-	12,825,761	16,728,744	-	302,990	235,565	6,144,616	-	41,491,071	
2003-04	512,362	11,470,763	695,642	12,630,829	14,311,347	635	181,078	84,451	2,096,599	-	41,983,706	

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2012-13	\$ 2,887,435	\$ 1,606,134	\$ 6,860,562	\$ 13,178,521	\$ 9,832,464	\$ 38,854,582	\$ 1,253,938	\$ 11,668,890	\$ -	\$ 2,443,717	\$ 88,586,243
2011-12	2,940,042	1,551,048	6,597,098	13,359,206	9,767,726	38,510,376	1,366,309	16,487,517	-	1,522,762	92,102,084
2010-11	2,523,105	1,441,724	6,350,355	9,391,015	9,928,023	35,026,718	1,206,455	12,503,481	-	1,450,786	79,821,662
2009-10	2,505,591	1,481,044	7,564,899	12,248,097	9,794,702	38,250,585	1,132,458	10,916,029	-	1,581,334	85,474,739
2008-09	2,502,236	1,475,155	5,472,036	9,725,018	8,951,879	40,198,777	1,231,734	10,572,371	-	1,758,416	81,887,622
2007-08	2,451,995	1,500,399	5,441,603	9,071,353	10,044,317	38,964,368	1,040,878	10,907,559	-	1,910,468	81,332,940
2006-07	2,565,689	1,279,479	5,126,279	6,759,197	8,424,530	38,537,045	1,087,284	11,162,124	-	2,039,813	76,981,440
2005-06	2,494,982	919,842	5,073,552	6,330,430	7,806,698	32,783,057	895,789	7,189,451	255,985	2,335,950	66,085,736
2004-05	2,011,248	821,352	4,364,022	6,004,325	7,784,179	32,587,167	891,419	5,102,398	-	2,387,671	61,953,781
2003-04	2,123,844	730,922	4,252,556	6,464,282	8,032,736	31,070,204	962,280	5,513,331	-	2,562,715	61,712,870

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

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

Table 4

County of Buchanan, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2012-13	\$ 18,944,960	\$ 22,474,152	\$ 62,389	\$ 10,392	\$ 113,480	\$ 2,194,715	\$ 2,741,324	\$ 649,088	\$ 37,521,938	\$ 84,712,438
2011-12	17,523,639	31,622,190	64,360	1,873	131,824	2,194,608	2,522,943	752,872	41,409,940	96,224,249
2010-11	15,979,714	33,797,596	60,128	2,093	120,887	1,937,550	2,729,414	499,737	37,443,980	92,571,099
2009-10	15,669,518	24,251,463	56,514	3,150	299,638	1,843,880	3,494,636	610,602	41,759,387	87,988,788
2008-09	14,691,267	24,511,300	55,582	3,874	541,759	1,488,043	565,654	1,028,861	41,720,789	84,607,129
2007-08	14,022,812	22,636,326	55,490	2,429	796,631	1,159,344	264,730	949,086	39,636,532	79,523,380
2006-07	13,986,992	23,074,589	55,104	864	996,848	1,289,202	304,407	521,520	39,618,102	79,847,628
2005-06	13,290,980	21,185,234	61,261	1,584	816,624	1,056,123	271,820	1,378,136	34,945,542	73,007,304
2004-05	13,197,108	16,728,744	57,408	753	364,434	1,059,765	393,834	860,638	34,579,309	67,241,993
2003-04	12,939,963	14,311,347	46,833	635	236,015	1,138,190	278,998	1,132,778	36,526,335	66,611,094

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2012-13	\$ 18,347,580	\$ 17,491,799	95.34%	\$ 1,055,371	\$ 18,547,170	101.09%	\$ 4,004,450	21.83%
2011-12	17,497,786	16,582,159	94.77%	561,959	17,144,118	97.98%	5,022,496	28.70%
2010-11	15,773,431	14,928,378	94.64%	628,790	15,557,168	98.63%	4,826,997	30.60%
2009-10	17,017,825	16,287,430	95.71%	615,532	16,902,962	99.33%	4,871,095	28.62%
2008-09	16,555,917	15,470,562	93.44%	566,623	16,037,185	96.87%	3,822,322	23.09%
2007-08	15,566,179	14,985,550	96.27%	375,535	15,361,085	98.68%	4,596,088	29.53%
2006-07	15,661,517	14,863,934	94.91%	543,202	15,407,136	98.38%	4,526,971	28.91%
2005-06	14,907,300	13,849,976	92.91%	789,578	14,639,554	98.20%	4,572,310	30.67%
2004-05	14,599,476	13,720,416	93.98%	642,926	14,363,342	98.38%	4,726,542	32.37%
2003-04	14,398,666	13,682,225	95.02%	647,489	14,329,714	99.52%	5,743,143	39.89%

(1) Exclusive of penalties and interest.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		
					Real Estate	Personal Property	Total
2012-13	\$ 2,033,790,897	\$ 263,312,445	\$ 310,190,160	\$ 4,756,721	\$ 104,988,298	\$ 39,009	2,717,077,530
2011-12	2,054,634,044	258,035,354	268,621,205	4,122,968	96,364,828	21,783	2,681,800,182
2010-11	1,901,488,554	246,368,041	200,965,971	3,612,117	98,131,122	73,428	2,450,639,233
2009-10	1,963,249,615	232,988,630	209,908,959	4,060,911	96,957,674	51,570	2,507,217,359
2008-09	1,844,570,316	249,653,108	193,314,185	4,060,298	95,546,061	30,968	2,387,174,936
2007-08	1,842,678,083	229,238,821	172,198,735	3,836,073	99,311,572	52,251	2,347,315,535
2006-07	1,605,010,004	218,811,037	173,485,869	3,792,787	78,080,272	54,625	2,079,234,594
2005-06	1,590,555,567	208,364,940	149,398,124	3,506,983	88,806,157	89,511	2,040,721,282
2004-05	1,544,112,200	187,214,311	171,139,602	3,303,137	108,472,197	85,048	2,014,326,495
2003-04	1,479,487,712	183,892,706	164,352,156	3,032,760	129,080,337	604,726	1,960,450,397

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2012-13	\$ 0.43	\$ 1.95	\$ 1.95	\$ 2.00
2011-12	0.43	1.95	1.95	2.00
2010-11	0.43	1.95	1.95	2.00
2009-10	0.43	1.95	1.95	2.00
2008-09	0.43	1.95	1.95	2.00
2007-08	0.43	1.95	1.95	2.00
2006-07	0.49	1.95	1.95	2.00
2005-06	0.49	1.95	1.95	2.00
2004-05	0.49	1.95	2.00	1.95
2003-04	0.49	1.95	1.95	2.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012-13	23,990	\$ 2,717,078	\$ 8,106,088	\$ 8,106,088	0.30%	338
2011-12	24,098	2,681,800	8,825,941	8,825,941	0.33%	366
2010-11	24,098	2,450,639	8,651,967	8,651,967	0.35%	359
2009-10	26,978	2,507,217	9,562,967	9,562,967	0.38%	354
2008-09	26,978	2,387,175	10,465,367	10,465,367	0.44%	388
2007-08	26,978	2,347,316	11,453,794	11,453,794	0.49%	425
2006-07	26,978	2,079,235	12,540,556	12,540,556	0.60%	465
2005-06	26,978	2,040,721	13,621,296	13,621,296	0.67%	505
2004-05	26,978	2,014,326	14,821,329	14,821,329	0.74%	549
2003-04	26,978	1,960,450	16,166,386	16,166,386	0.82%	599

(1) Center for Public Service at the University of Virginia.

(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 revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Buchanan, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2012-13	\$ 1,997,774	\$ 445,943	\$ 2,443,717	\$ 88,586,243	2.76%
2011-12	1,043,211	479,551	1,522,762	92,102,084	1.65%
2010-11	947,291	503,495	1,450,786	79,821,662	1.82%
2009-10	1,059,841	521,493	1,581,334	85,474,739	1.85%
2008-09	1,140,358	615,905	1,756,263	81,887,622	2.14%
2007-08	1,233,773	674,693	1,908,466	81,332,940	2.35%
2006-07	1,414,775	625,038	2,039,813	76,981,440	2.65%
2005-06	1,519,838	816,112	2,335,950	66,085,736	3.53%
2004-05	1,518,440	869,231	2,387,671	61,953,781	3.85%
2003-04	1,600,939	961,776	2,562,715	61,712,870	4.15%

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

COMPLIANCE SECTION

Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Buchanan, 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 Buchanan, 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 Buchanan, Virginia's basic financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Buchanan, 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 the County of Buchanan, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Buchanan, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We did identify certain deficiencies in internal control, described, as item 2013-01 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Buchanan, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit,

and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Buchanan, Virginia's Response to Findings

The County of Buchanan, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Buchanan, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia
December 16, 2013

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Buchanan, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Buchanan, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Buchanan, Virginia's major federal programs for the year ended June 30, 2013. The County of Buchanan, 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 the County of Buchanan, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Buchanan, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Blacksburg, Virginia
December 16, 2013

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Child and Adult Care Food Program	10.558	NA	\$ 68,457
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
State Department of Agriculture:			
Food Distribution-Schools (Note C)	10.555	00070	\$ 72,067
Department of Education:			
School Breakfast Program	10.553	40591	285,699
National School Lunch Program	10.555	40623	845,774
Fresh Fruit and Vegetable Program	10.582	40599	46,585
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110, 0010111, 0040110, 0040111	554,676
Total Department of Agriculture			<u>\$ 1,801,191</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	50298	\$ 24,096
Total Department of Transportation			<u>\$ 24,096</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payment:			
Head Start	93.600	NA	\$ 1,251,379
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110, 0950111	18,144
Temporary Assistance for Needy Families (TANF)	93.558	0400110, 0400111	489,336
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110, 0500111	1,845
Chafee Education and Training Vouchers Program	93.599	9160110, 9160111	3,272
Low-Income Home Energy Assistance	93.568	0600410, 0600411	33,598
Chafee Foster Care Independence Program	93.674	9150110, 9150111	3,804
Children's Health Insurance Program	93.767	0540110, 0540111	13,811
Social Services Block Grant	93.667	1000110, 1000111	395,443
Medical Assistance Program	93.778	1200110, 1200111	334,256
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110, 0900111	2,591
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110, 0760111	72,805
Foster Care	93.658	1100110, 1100111	452,403
Adoption Assistance	93.659	1120110, 1120111	367,480
Total Department of Health and Human Services			<u>\$ 3,440,167</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass Through Payments:			
State Department of Housing and Community Development:			
Community Development Block Grant/States Program and Non-Entitlement Grants in Hawaii	14.228	50796/50799/50798	\$ 252,719
Total Department of Housing and Urban Development			<u>\$ 252,719</u>
DEPARTMENT OF INTERIOR:			
Pass Through Payments:			
<i>Department of Interior:</i>			
Abandoned Mine Land Reclamation	15.252	Unknown	\$ 1,956,924
Total Department of Interior			<u>\$ 1,956,924</u>

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
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
ENVIRONMENTAL PROTECTION AGENCY:			
Pass Through Payments:			
Virginia Resource Authority:			
Capitalization Grants for Drinking Water - State Revolving Funds	66.468	Unknown	\$ 2,200,559
Total Environmental Protection Agency			\$ 2,200,559
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Career and Technical Education - Basic grants to states	84.048	86647	\$ 82,732
Twenty-First Century Community Learning Centers	84.287	86784	129,130
Rural Education	84.358	86619	90,685
Improving Teacher Quality State Grants	84.367	86739	267,693
Title I Grants to Local Educational Agencies	84.010	86595	1,432,924
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States (Title VI-B)	84.027	87007A	909,263
Special Education-Preschool Grants	84.173	87063A	37,153
Education Technology State Grants	84.318	86747B	2,438
Total Department of Education			\$ 2,952,018
Total Expenditures of Federal Awards			\$ 12,627,674

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUCHANAN, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

NOTE A--BASIS OF PRESENTATION:

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

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

NOTE C -- FOOD DONATION

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

NOTE D -- RELATIONSHIP TO THE FINANCIAL STATEMENTS:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 6,297,039
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Total primary government	\$ 6,297,039
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Component Units:

School Board	\$ 4,130,076
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Public Service Authority	2,200,559
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Total Component Units	\$ 6,330,635
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 12,627,674
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County of Buchanan, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section .510 (a)?

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
93.778	Medical Assistance Program
66.468	Capitalization Grants for Drinking Water - State Revolving Fund

Dollar threshold used to distinguish between Type A
and Type B programs:

\$378,830

Auditee qualified as low-risk auditee?

Yes

County of Buchanan, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section II - Financial Statement Findings

Criteria:	Per Statement on Auditing Standards 115, the identification of adjustments to the financial statements by the auditor indicates that a deficiency exist.
Condition:	The auditor made several recommended adjustments to the financial statements for the current fiscal year. The recommended adjustments related to accrual entries (the posting of payables and receivables at year end).
Cause of Condition:	Some of the year end closing entries were not identified prior to the auditor's arrival to conduct the audit.
Effect of Condition:	There is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	Historically, the County and School Board have identified all year end adjusting entries; however a few entries were necessary for the current year financial statements to be presented in accordance with current reporting standards. We recommend that the County review the proposed journal entries and consider same during the next year end closing process.
Management's Response:	Management will implement the procedures recommended by the Auditor above.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior findings related to Federal programs.