

# County of Warren, Virginia

## Comprehensive Annual Financial Report

Year Ended June 30, 2013





**COUNTY OF WARREN, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2013**

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COUNTY OF WARREN, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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# COUNTY OF WARREN

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Front Royal, Virginia 22630

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**Douglas P. Stanley**  
County Administrator

## BOARD OF SUPERVISORS

\*\*\*\*\*

### CHAIRMAN

Archie A. Fox  
*Fork  
District*

### VICE-CHAIRMAN

Linda P. Glavis  
*South River  
District*

Tony F. Carter  
*Happy Creek  
District*

Daniel J. Murray, Jr.  
*North River  
District*

Richard H. Traczyk  
*Shenandoah  
District*

November 15, 2013

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

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

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

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

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

*Front Royal-Warren County  
Rivers of Opportunity-Mountains of Success*

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

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

## **THE REPORTING ENTITY AND ITS SERVICES**

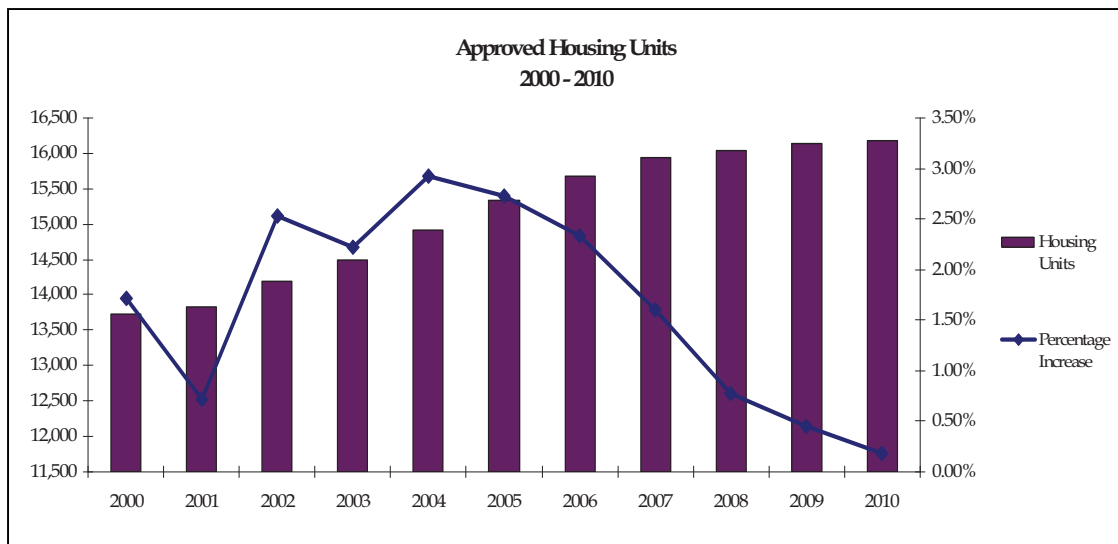
The County of Warren report includes all funds of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board and the Industrial Development Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The EDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors and Town of Front Royal.

## **COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION**

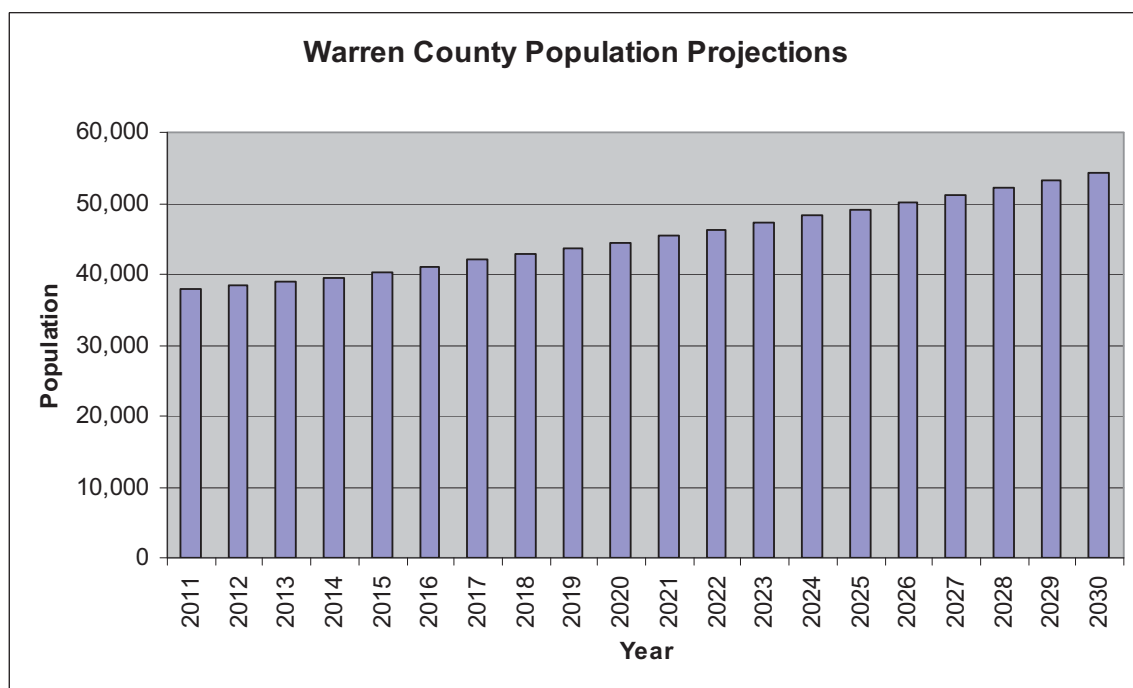
Warren County’s existing industrial sectors include but are not limited to agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile, higher education and trucking.

During FY 2013, Warren County’s unemployment rate ranged from a low of 5.0% (April 2013) to a high of 6.7% (January 2013), with an average rate of 5.7%, slightly lower than in FY 2012. During FY 2013, Warren County continued to experience similar unemployment rates on average as Virginia (5.7%), but significantly lower rates than the national average (7.7%).

The total reported value of new construction for permits issued in FY 2013 was up 15% from FY 2012, up 15% from FY 2011 and up 27.6% from FY 2010; almost all of the increase attributable to Dominion Power Plant and RSW Regional Jail projects. The total reported value of all types of construction for permits issued in FY 2013 was up 109% from FY 2012, up 9% as compared to FY 2011, and up 17% from FY 2009.



The 2010 Census showed that Warren County's population increased from 31,584 to 37,439 or an increase of 5,855 persons (18.53%). Warren County's U S Census estimated population for 2012 was 38,077 up from the 2011 count of 37,749 for a 0.8% increase. The County Planning Department projections show a steady conservative population growth of 1.25% to 2.00% over the next 20 years.



As the Washington Metropolitan area continues to expand, Warren County and the surrounding area will continue to see additional residential growth pressures and an influx of new homeowners. This will be somewhat offset with the rise of fuel costs which make commuting to work in the Northern Virginia area less attractive to our residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past few years a number of large industrial projects have opened in the Route 340/522 Corridor including:

### Industrial Development Projects

Park/Company	Land Acquisition	Construction Investment	Jobs	Salary	Bldg Size	Total Investment
<b><i>Stephens Park</i></b>						
Atlantic Skyline	\$975,000	\$11,025,000	25	\$50,000+	85,000 SF	\$12,000,000
Interbake		\$13,000,000	321	\$10.75/hr+	199,210 SF	\$13,000,000
Baugh SYSCO	\$5,732,456	\$41,638,624	327	\$11.55/hr+	830,000 SF	\$47,371,080
<b><i>Kelley Park</i></b>						
LeHew LLC	\$858,000	\$6,642,000	0	n/a	200,000 SF	\$7,500,000
KIP LLC	\$595,800	\$3,000,000	0	n/a	50,000 SF	\$595,800
Rapp Electric Co-Op	\$5,500,000		52	\$50,000+	30,000 SF	\$5,500,000
LeHew 14.1 Acres	\$1,514,500		110	n/a		\$1,514,500
<b>TOTAL</b>	<b>\$15,175,756</b>	<b>\$75,305,624</b>	<b>835</b>			<b>\$90,481,380</b>

Commercial development has grown significantly over the past three years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) developments have been developed. These two shopping centers are providing significant sales, meals and real estate taxes to the community. Within the past year the facilities have added a Rent-a-Center and Roy Rogers. The County has approved plans for a car wash and BB&T bank branch which should be completed within 4-6 months.

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in 2004 with 425 permits issued, the 10-year average has been 289 permits per year. The climb in housing construction has diminished significantly since 2004 with 52 permits issued in 2010. This represents the lowest total since the County has been keeping records for the past 30 years. The following chart shows the increase in the number of units and the percentage growth in the County since 2000.

#### **FY 2013 Other Economic Development Accomplishments:**

- **Grant Program** - The EDA chose three local businesses to receive cash grants during business appreciation week in 2013. The Award program was designed in 2011 in observance of Virginia's Business Appreciation Week. The awards are made to local small businesses showing excellence in business practices and contributing to the community in some way. This year's recipients were Culligan (\$1,000), The Kiln Doctor (\$750), and Liberty Tax (\$500).
- **Virginia Brownfield Restoration and Economic Redevelopment Fund** - The EDA was awarded \$50,000 from Virginia Economic Development Partnership and Virginia Resource Authority for engineering design on the Avtex site. The EDA completed the design and a copy is available at the EDA offices.
- **Enterprise Zone Boundary Adjustment** - Application for boundary adjustment was completed in 2012 and submitted to Department of Housing & Community Development. In November 2012 the application was approved and Warren County expanded the Cedarville Enterprise Zone by 810 acres.
- **Business Attraction:** In conjunction with the Town, EDA, utility providers, Health Department, and VDOT, the County created the Business Development Review Committee which allows business owners an opportunity to address each entity at the same time in order to help alleviate any problems throughout the process. The businesses that have benefitted from this committee within the past year are as follows; Front Royal Christian School (Strasburg Rd.), Blue Wing Frog, Miller Winery, The Kiln Doctor, Thai restaurant, Applewood Center, Baked Bagels and More, Brazilian Desserts, Strong Oaks Wood Shop, VFW Flea Market, Evelyn Payne rezoning request, Sunflower Cottage, Coffee Roaster, Maverick's, Hiker Hostel, Boarding Kennel, Virginia Hills Church, Church, Tattoo parlor, Pawn Shop, Hall's Laundromat, Popeye's.

- **Regional Collaboration Initiative:** Warren County EDA published a “Regional Jobs Assessment Report,” in collaboration with Byrd School of Business at Shenandoah University. Report defines the emerging and diminishing jobs in the Northern Shenandoah Valley. As a result of that report, a Regional Summit has been organized to bring the leadership of the localities in the Northern Valley together to determine how they can work together on regional economic development strategies.

### County Vision Statement

Our community’s vision is that we must maintain and enhance the quality of life for the residents of Warren County. To do so, the quality and character of Warren County’s natural resources should be preserved, conserved, and used effectively to ensure that future citizens will enjoy the benefits of:

- An adequate, sustainable, clean, and potable supply of both surface water and ground water;
- Clean air;
- Farming and open spaces;
- The beauty of our rivers, mountains, and scenic views;
- Protection of our rural character;
- Quality educational facilities and system;
- A balanced tax base; and
- Sound fiscal management.

This mandates that we plan for sustainable growth based on these limited resources. This can be translated to saying our annual residential growth rate should be maintained at approximately 2%, no more than 3% annually and our industrial/commercial tax base sustained at 20 to 25%.

Only by doing so can we provide quality schools, safety on our roads and in our communities, a balanced tax base, equitable paying jobs, reduced out-of-county commuting, and other social amenities associated with our quality of life expectations.

### Future Capital Improvements

There are a number of projects either in the planning or implementation stages that will improve the services that are provided by the County. These projects include:

The County has started preliminary work on a second middle school. A site has been identified and approved off the proposed Leach Run Parkway and an architectural contract has been approved for the design. The second middle school will allow the school system to get to ideal grade structure of K-5 (Elementary), 6-8 (Middle School) and 9-12 (High School) and will allow for the 8<sup>th</sup> grade to be moved out of Warren County and Skyline High Schools - thereby creating additional capacities at each of those schools. The reconfiguration of grades will create capacity at the secondary level for the next 15-20 years in the school system. Beginning in FY 2012-2013 the County started setting funds aside in the budget for the project. In the FY 2013-2014 budget there is \$200,000 included as a debt service payment reserve.

The County has also recently completed work on the Warren County Public Safety Building to house the Sheriff’s Office and the Fire and Rescue Department. The facility was opened in October 2012 and completed in June 2013. The cost of the project was \$14,511,244.

The County is starting the renovation of the former Warren County Middle School facility and its conversion to the Warren County Health and Human Services Building. In May 2013 a project to install a new roof and remove asbestos from the building was completed at a cost of \$2,485,368. The County and its architect will be developing schematic designs and moving forward with the development of construction plans over the next year to renovate space for the Warren County Department of Social Services and Health Department. It is anticipated that construction would start in the summer of 2014 and be completed by the summer of 2015.

The County is currently working with Shenandoah and Rappahannock Counties on a regional jail project to alleviate overcrowding at the County's current jail located on Jackson Street. The \$55,674,800 177,360 square foot facility is under construction and is approximately 60% complete as of July 1, 2013. The facility will be substantially completed by March 1, 2014 and ready to open by July 1, 2014. The County has started to build a fund reserve for the project and has included \$250,000 in the FY 2009-2010, \$200,000 in the FY 2010-2011 budget, \$100,000 in the FY 2011-2012 budget and \$350,000 in FY2013-2014. The County will need to start paying debt service on the project in FY 2015-2016.

Over the past several years, the Parks and Recreation Department has completed a number of significant projects including the Warren County Skatepark, Freewheeling Way accessible park, Linden Park and a new concession/restroom building and playground equipment at the Skyline Soccerplex. The County also recently completed the paving of Little League Drive at a cost of \$143,177.63. The next major project involves the development of Rockland Park as a regional park facility complete with hiking trails, playing fields, Frisbee golf course, playground and camping facilities and eventually a stage and recreation center. County staff is currently working on securing grant opportunities for the park to begin implementation of the adopted development plan. Other smaller projects include the replacement of the construction of Phase II of Eastham Trail and the construction of a replacement for the Fantasyland restroom building; both of which should be completed by fall 2013.

County officials, staff and the community need to continue to work together to promote and enhance the county in which we live and the quality of life for its residents. It is a continuing goal that Warren County remains a productive and promising community as well as maintaining fiscal stability for many, many years to come.

## PROPERTY TAX RATES

All local tax rates and fees for services rates impacting FY2013 revenue remained the same as the previous year.

## GOVERNMENT'S FINANCIAL POLICIES

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct proportion to the reduction in State funding. The County has adhered to its adopted financial policies and has maintained its undesignated fund balance at or near the required 15% of the total operating budget.

## OTHER INFORMATION

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

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



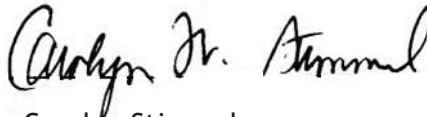
**Certificate of Achievement:** The County is a proud recipient of the GFOA *Distinguished Budget Presentation Award*. The *Distinguished Budget Presentation Award* issued by the Government Finance Officers Association requires that a government prepare and present a budget document that exceeds guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The County has received this award for the previous three years.

**Acknowledgments:** The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Management Services. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Planning Department, Economic Development Authority and other employees for their assistance in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Douglas P. Stanley', with a stylized, cursive script.

Douglas P. Stanley, AICP ICMA-CM  
County Administrator

A handwritten signature in black ink, appearing to read 'Carolyn M. Stimmel', with a cursive script.

Carolyn Stimmel,  
Director of Finance

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## COUNTY OF WARREN, VIRGINIA

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### Board of Supervisors

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Archie A. Fox, Chair  
Linda P. Glavis, Vice-Chair  
Tony F. Carter  
Daniel J. Murray  
Richard H. Traczyk

### County School Board

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Catherine R. Bower, Chair  
Kimberly M. Athey, Vice-Chair  
Roy K. Boyles  
Joanne F. Cherefko  
James S. Wells

### Advisory Board for Warren County Social Services

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Staige Miller, Chair  
Bill Crawford, Vice-Chair  
Christine Hartman  
Richard Swanson  
Robert Cullers

### Other Officials

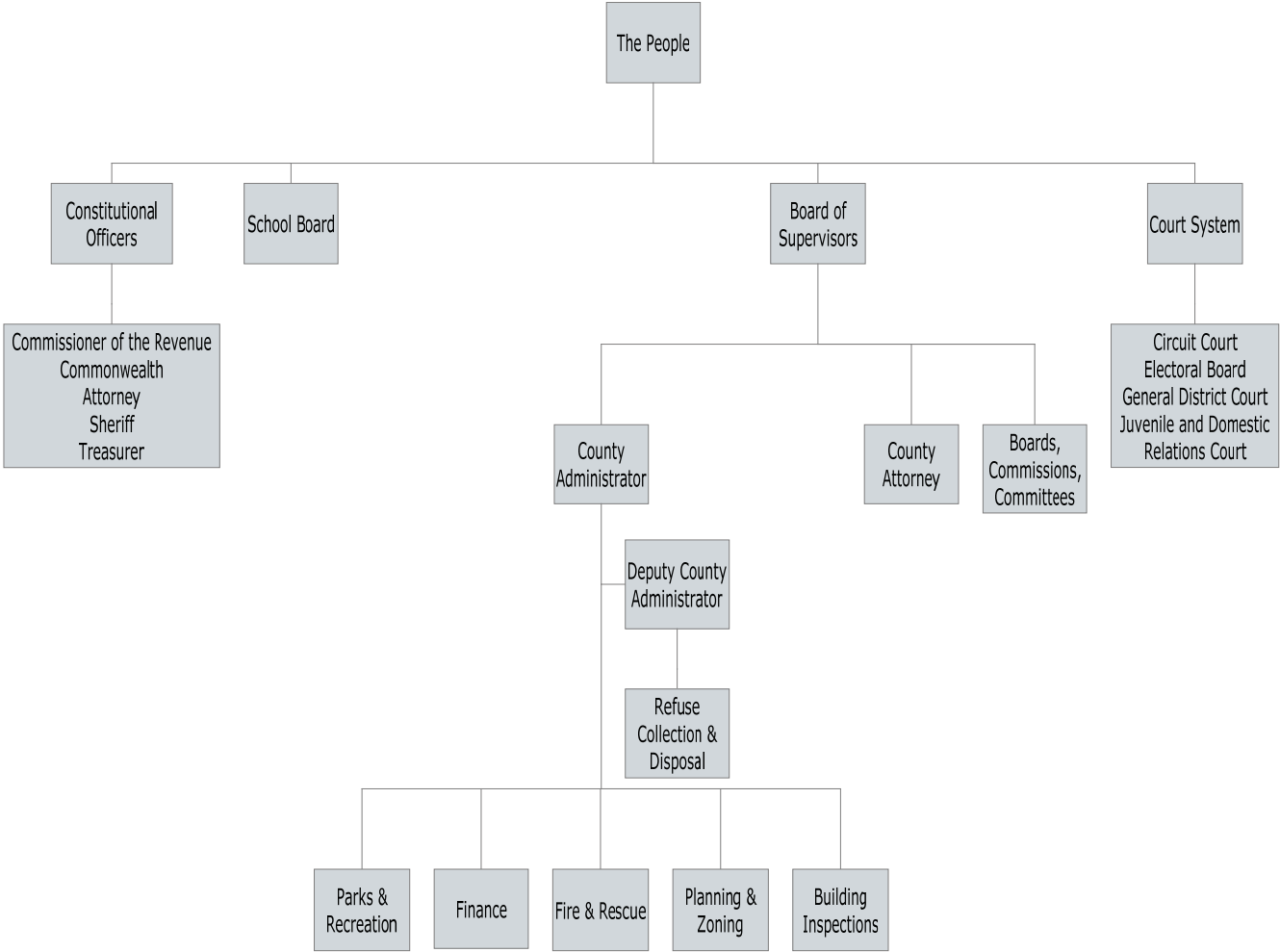
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Judge of Circuit Court..... Dennis L. Hupp  
Judge of Circuit Court..... John E. Wetsel, Jr.  
Judge of Circuit Court..... Thomas J. Wilson, IV  
Judge of Circuit Court..... James V. Lane  
Clerk of Circuit Court ..... Jennifer R. Sims  
Chief Judge of General District Court ..... Richard A. Claybrook, Jr.  
Judge of Juvenile and Domestic ..... William W. Sharp  
Judge of Juvenile and Domestic ..... Ronald L. Napier  
Commonwealth's Attorney ..... Brian M. Madden  
Commissioner of Revenue ..... Sherry T. Sours  
Treasurer ..... Wanda F. Bryant  
Sheriff ..... Daniel T. McEathron  
Superintendent of Schools..... Pamela M. McInnis  
Director of Social Services..... Helen Elizabeth Reavis  
County Attorney..... Blair D. Mitchell  
County Administrator ..... Douglas P. Stanley  
Director of Finance ..... Carolyn W. Stimmel



# County of Warren Organizational Chart

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# 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 Warren, Virginia

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority which represent 38 percent of the assets, 38 percent of the total net position and 1 percent of total revenues of the aggregated discretely presented component units. Those financial statements were audited by other auditors whose report therein has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority, is based 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 the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, 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 17 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Warren, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

### *Other Information (Continued)*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the County of Warren, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Warren, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
(Charlottesville, Virginia)  
January 13, 2014

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## **Management's Discussion and Analysis**

As management of the County of Warren, we offer readers of the County of Warren's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets and deferred outflows of resources of the County of Warren exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$81,035,211 (net position), an increase of \$4,360,289.
- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of \$40,600,682, an increase of \$2,969,599 from the prior year. The majority of the balance or \$40,138,560 (excluding the School Bond Construction Fund) is available for spending at the government's discretion (unassigned, assigned or committed).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,132,916.
- The County of Warren's total long-term obligations decreased by \$4,798,692 during the current fiscal year, mainly due to regular principal payments.

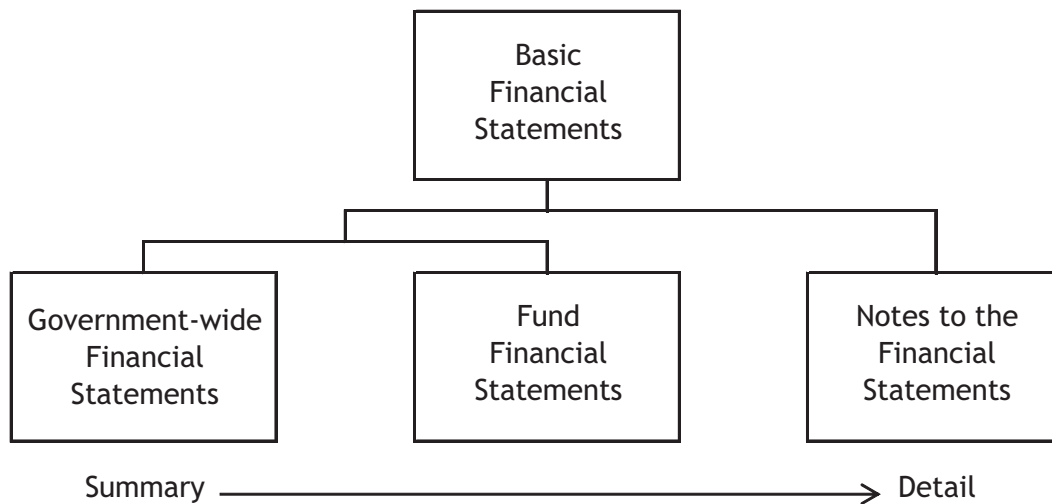
### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to County of Warren's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County of Warren.

The County implemented GASB Statements Number 63 and 65 for the fiscal year ended June 30, 2013. The implementation of the standards required restatement of the beginning equity as described in Note 17 of the Notes to the Financial Statements. The summary comparative information presented in the Management's Discussion and Analysis reports the effect of the implementation of the new standards retroactively. Additional information regarding the implementation of GASB Statements Number 63 and 65 can be found in Notes 1 and 17.

## Components of the Basic Financial Statements

Figure 1



### Basic Financial Statements

The first two statements (Pages 31 through 33) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Pages 37 through 43) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's individual funds.

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

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).

## Required Components of the Comprehensive Annual Financial Report: (Continued)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration, public safety, administration of justice, education, health and welfare, planning and community development and parks, recreation, and cultural activities.

The government-wide financial statements include not only the County of Warren, Virginia itself (known as the primary government), but also a legally separate school district and an Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia ('IDA'). Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Warren, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Fund, School Bond Construction Fund, Drug Forfeiture Fund, Proffers Fund, Sanitary District Fund and the General Capital Projects Fund. The General Fund, Special Projects Fund and School Bond Construction Fund are considered to be major funds.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

## **Required Components of the Comprehensive Annual Financial Report: (Continued)**

Proprietary funds - The County maintains two proprietary funds - the Health Insurance Fund for each the County and School Board. The Health Insurance Funds are a internal service funds and are used to account for costs of providing health and dental insurance to employees. Proprietary funds use the accrual basis of accounting, similar to a private sector business. These funds are restricted in their use for current and future health related costs only, including a reserve to meet future retiree obligations.

Fiduciary funds - The County is the trustee, or fiduciary agent, for the County's agency funds and private-purpose trust funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 47 through 82 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules. Required supplementary information can be found on pages 85 through 89 of this report.

### **Government-Wide Financial Analysis**

The presentation of government-wide financial statements for the fiscal year ended June 30, 2003, was the beginning of a new era in financial reporting for the County of Warren, and many other units of government across the United States. Prior to that year, the County of Warren maintained their governmental fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net position of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County of Warren. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County of Warren's financial reports as well as those of many other units of government.

Government-Wide Financial Analysis: (Continued)

County of Warren, Virginia  
Statement of Net Position - Comparative

Figure 2

	Governmental Activities	
	2013	2012
Current and other assets	\$ 59,839,336	\$ 58,910,354
Capital assets	150,395,679	151,908,991
Total assets	<u>\$ 210,235,015</u>	<u>\$ 210,819,345</u>
Deferred outflows of resources	<u>\$ 5,780,661</u>	<u>\$ 6,093,900</u>
Long-term liabilities	\$ 118,797,144	\$ 123,595,836
Other liabilities	3,336,464	3,210,992
Total liabilities	<u>\$ 122,133,608</u>	<u>\$ 126,806,828</u>
Deferred inflows of resources	<u>\$ 12,846,857</u>	<u>\$ 11,692,403</u>
Net position:		
Net investment in capital assets	\$ 41,283,508	\$ 39,807,455
Restricted	462,122	472,751
Unrestricted	39,289,581	38,133,808
Total net position	<u><u>\$ 81,035,211</u></u>	<u><u>\$ 78,414,014</u></u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County of Warren exceeded liabilities and deferred inflows of resources by \$81,035,211 as of June 30, 2013, compared to \$78,414,014 as of June 30, 2012. Fifty-one percent of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$39,289,581) may be used to meet the government's ongoing obligations to citizens and creditors.

## Government-Wide Financial Analysis: (Continued)

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Collection of real property and personal property taxes exceeded the amount budgeted by \$167,041 and \$612,426, respectively.
- Revenue from use of money came in under the budgeted amount by \$380,488 in FY 2013, due to continued lower interest rates experienced in the economic downturn.
- Sales tax revenue was more than projected by \$2,851,573, mainly due to the construction of the Dominion power plant and RSW Regional Jail.
- Revenue from building permits came in under budget by \$22,037 due to the continued faltering housing sector of the economy. Although still under budget, revenue from building permits was \$57,173 more than in FY2012.
- Recordation tax revenue came in over budget by \$79,111 and \$149,699 more than in FY2012.
- Revenue from business licenses was over budget by \$328,778, mainly due to the construction of the Dominion power plant and RSW Regional Jail.

### County of Warren, Virginia Statement of Activities - Comparative

Figure 3

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 3,192,451	\$ 5,105,524
Operating grants and contributions	7,533,613	7,984,531
Capital grants and contributions	261,197	295,688
General revenues:		
Property taxes	35,453,198	34,768,063
Other taxes	10,097,315	6,811,776
Grants and contributions not restricted to specific programs	5,818,324	5,781,049
Other	781,774	1,041,441
Total revenues	\$ 63,137,872	\$ 61,788,072
Expenses:		
General government	\$ 3,325,816	\$ 4,763,989
Judicial administration	1,337,703	1,409,961
Public safety	12,715,103	12,298,117
Public works	5,184,861	4,770,471
Health and welfare	6,372,322	7,693,313
Parks, recreation and cultural	3,321,806	3,154,449
Community development	1,215,861	1,257,830
Education	20,616,162	19,409,698
Interest and other fiscal charges	4,687,949	4,699,187
Total expenses	\$ 58,777,583	\$ 59,457,015
Change in net position	\$ 4,360,289	\$ 2,331,057
Net position, July 1	78,414,014	76,082,957
Restatement of beginning Net Position - implementation of GASB No. 65 (Note 17)	(1,739,092)	-
Net position, June 30	\$ 81,035,211	\$ 78,414,014

## Financial Analysis of the County's Funds

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

**Governmental Funds.** The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County of Warren. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,132,916, an increase of \$3,375,767 from last year. Included in the budget for FY2012-2013, there were miscellaneous capital items to be funded from this unassigned fund balance which would have reduced the fund balance by \$1,010,038. Although the use of fund balance is generally restricted to capital items, an exception was made in FY2012-2013 to fund salary increases, knowing that funding would be available in the FY2013-2014 budget with the start of the Dominion power plant project. With the increased revenues that resulted in FY2012-2013 from the construction of this project and the RSW Regional Jail, fund balance was not needed as a funding source for these items and increased substantially including these expenditures.

At June 30, 2013, the governmental funds of County of Warren reported a combined fund balance of \$40,416,778, an increase of \$2,531,465 from last year. This change mainly resulted from the increased revenues received due to the construction of the Dominion power plant project and the RSW Regional Jail.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were greater than budgeted primarily due to the construction of the Dominion power plant and the RSW Regional Jail. Local sales and use taxes were greater than anticipated by \$2,851,573. Business licenses were also greater than budgeted by \$328,778.

Revenue from the use of money was under budget by \$380,488 due to the continued decline in interest rates paid by financial institutions.

The General Fund budget was amended during the fiscal year. The total general fund original budgeted expenditures (excluding transfers) were increased or amended by \$2,289,808. Significant budgeted increases were reported in the public safety and debt service functions to appropriate for increase debt service obligations and expenditures of the E-911 and emergency service departments. The final budgeted revenues of the General Fund were increased by \$816,194 over original budgeted amounts. Increases in budgeted revenues were reported in estimated general property taxes and other local taxes, more specifically sales tax.

### Capital Asset and Debt Administration:

**Capital assets.** The County of Warren's investment in capital assets for its governmental activities as of June 30, 2013, totals \$150,395,679 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, a new high school, renovation of an existing school for a second high school, renovation of the former high school for a middle school and a new public safety building.



**Capital Asset and Debt Administration: (Continued)**

**County of Warren, Virginia**  
**Capital Assets, net of accumulated depreciation**

**Figure 4**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$ 11,380,832	\$ 11,322,771
Buildings and improvements	134,344,736	123,501,606
Machinery and equipment	1,237,060	1,468,572
Non-depreciable capital assets	387,070	387,070
Construction in progress	3,045,981	15,228,972
<b>Total</b>	<b>\$ 150,395,679</b>	<b>\$ 151,908,991</b>

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

**Long-term Obligations.** As of June 30, 2013, the County of Warren had total bonded debt outstanding of \$103,523,528. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both revenue and general obligation bonds and all other long-term obligations.

**County of Warren, Virginia**  
**Long-term Obligations**

**Figure 5**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
General obligation and lease revenue bonds	\$ 103,523,528	\$ 107,990,065
Compensated absences	1,223,784	1,114,085
Net OPEB obligation	2,086,100	1,708,500
Notes payable	594,428	584,492
Capital leases	424,503	454,145
Landfill postclosure	307,945	496,150
<b>Total</b>	<b>\$ 108,160,288</b>	<b>\$ 112,347,437</b>

As part of a multi-year school construction funding plan, in FY 2004, the County was reviewed by the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's and FITCH IBCA, Inc. Discussions with each of the agencies covered financial, economic, debt-related and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of Staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies. (Moody's: A2, S&P: A+ (upgraded to AA- and recently upgraded again to AA), FITCH: A+) These credit ratings helped the County secure favorable long-term financing for the Phase 1 school projects and will help to ensure that the County is able to maximize its borrowing ability in the future. Given the magnitude of recent and future proposed borrowings, the County Board of Supervisors has formally adopted a series of Fiscal Policy Guidelines so as to better manage and measure fiscal matters.

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



## **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- Unemployment. Warren County's unemployment rate as of November 2013 was 4.9%, lower than the State average of 5.0%.
- New jobs. The County added approximately 124 new jobs last year.
- Commercial development. The County currently has two shopping centers (Crooked Run and Riverton Commons) where stores have been opening since July 2007. The Crooked Run Shopping Center has been completed with Target as the anchor store. The County has approved Phase II of the Crooked Run Shopping Center and Cedarville Center for additional retail and restaurant pads. The Riverton Commons Shopping Center includes a Wal-Mart Supercenter and Lowe's as anchors. The strip center is at approximately 80% occupancy and all but three of the pad sites have been completed.
- Industrial development. The County, in conjunction with the Front Royal-Warren County Economic Development Authority, continues to market the community to several large industrial prospects. It is anticipated that the County will be able to attract some additional significant industrial investment into the County in the 2013-2014 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities:** The FY 2013-2014 budget process again proved to be a difficult one given the slowdown in construction in the area and continued State budget cuts. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more (4.52%) than those of FY 2012-2013. The increase results from an expected increase in state and federal funding for schools and an expected increase in property taxes and sales tax due to the construction of the Dominion Power Plant and RSW Regional Jail. The FY2014 Budget was adopted with no increase in the real estate and personal property tax rates.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to \$40,863,408.

The General Fund budget also includes \$1,414,770 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

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## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Position  
June 30, 2013

	Primary Government	Component Unit	
	Governmental Activities	School Board	Industrial Development Authority
<b>ASSETS</b>			
Cash and cash equivalents	\$ 38,013,485	\$ 9,167,498	\$ 758,975
Investments in property	-	-	9,069,482
Receivables (net of allowance for uncollectibles):			
Taxes receivable	15,979,361	-	-
Accounts receivable	435,240	-	110
Notes receivable	-	-	298,654
Interest receivable	70,260	-	-
Due from other funds	830,802	-	-
Due from component unit	3,111,282	-	-
Due from other governmental units	993,706	1,592,995	-
Prepaid items	-	-	6,728
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	405,200	-	1,130
Other assets	-	-	2,783
Capital assets (net of accumulated depreciation):			
Land	11,380,832	1,656,064	128,578
Non-depreciable assets	387,070	-	-
Buildings and improvements	132,942,015	3,072,928	603,296
Improvements other than buildings	1,402,721	-	-
Machinery and equipment	1,237,060	2,168,577	-
Construction in progress	3,045,981	-	-
Total assets	\$ 210,235,015	\$ 17,658,062	\$ 10,869,736
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 5,780,661	\$ -	\$ -
Total deferred outflows of resources	\$ 5,780,661	\$ -	\$ -
<b>LIABILITIES</b>			
Accounts payable	\$ 1,815,076	\$ 127,934	\$ 7,184
Accrued liabilities	184,904	5,274,419	4,872
Customers' deposits	13,909	-	7,400
Accrued interest payable	1,322,575	-	6,359
Due to primary government	-	3,111,282	-
Unearned revenue	-	-	900
Long-term liabilities:			
Due within one year	12,896,009	249,148	2,272,706
Due in more than one year	105,901,135	2,039,785	4,372,494
Total liabilities	\$ 122,133,608	\$ 10,802,568	\$ 6,671,915
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 12,846,857	\$ -	\$ -
Total deferred inflows of resources	\$ 12,846,857	\$ -	\$ -
<b>NET POSITION</b>			
Net investment in capital assets	\$ 41,283,508	\$ 6,695,256	\$ 3,156,156
Restricted for:			
Scholarships	-	-	1,130
Public safety	51,216	-	-
Proffers	410,906	-	-
Unrestricted	39,289,581	160,238	1,040,535
Total net position	\$ 81,035,211	\$ 6,855,494	\$ 4,197,821

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 3,325,816	\$ 173,887	\$ 272,033	\$ 10,306
Judicial administration	1,337,703	248,492	656,780	-
Public safety	12,715,103	1,266,792	2,977,357	190,305
Public works	5,184,861	855,074	39,105	20,979
Health and welfare	6,372,322	-	3,522,646	-
Education	20,616,162	-	-	-
Parks, recreation, and cultural	3,321,806	429,712	10,000	-
Community development	1,215,861	218,494	55,692	39,607
Interest on long-term debt	4,687,949	-	-	-
Total governmental activities	<u>\$ 58,777,583</u>	<u>\$ 3,192,451</u>	<u>\$ 7,533,613</u>	<u>\$ 261,197</u>
Total primary government	<u>\$ 58,777,583</u>	<u>\$ 3,192,451</u>	<u>\$ 7,533,613</u>	<u>\$ 261,197</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 50,523,061	\$ 1,316,033	\$ 30,039,124	\$ -
Industrial Development Authority	794,735	113,905	51,855	117,147
Total component units	<u>\$ 51,317,796</u>	<u>\$ 1,429,938</u>	<u>\$ 30,090,979</u>	<u>\$ 117,147</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business licenses				
Meals tax				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Payment from Warren County				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, restated (Note 17)				
Net position - ending				

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Unit	
		Industrial
Governmental Activities	School Board	Development Authority

\$ (2,869,590)  
 (432,431)  
 (8,280,649)  
 (4,269,703)  
 (2,849,676)  
 (20,616,162)  
 (2,882,094)  
 (902,068)  
 (4,687,949)  
\$ (47,790,322)

\$ (19,167,904) \$ -  
 - (511,828)  
(19,167,904) \$ (511,828)

\$ 35,453,198	\$ -	\$ -
6,351,573	-	-
692,508	-	-
928,778	-	-
-	-	-
757,306	-	-
1,367,150	-	-
373,913	864	20,812
372,121	479,115	675
-	17,902,075	441,378
5,818,324	-	-
35,740	-	-
<u>\$ 52,150,611</u>	<u>\$ 18,382,054</u>	<u>\$ 462,865</u>
\$ 4,360,289	\$ (785,850)	\$ (48,963)
76,674,922	7,641,344	4,246,784
<u>\$ 81,035,211</u>	<u>\$ 6,855,494</u>	<u>\$ 4,197,821</u>

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,880,433	\$ 22,378,456	\$ -	\$ 613,593	\$ 36,872,482
Receivables (net of allowance for uncollectibles):					
Taxes receivable	14,874,797	-	-	1,104,564	15,979,361
Accounts receivable	435,240	-	-	-	435,240
Interest receivable	70,260	-	-	-	70,260
Due from other funds	831,122	-	-	-	831,122
Due from component unit	3,111,282	-	-	-	3,111,282
Due from other governmental units	993,706	-	-	-	993,706
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	462,122	462,122
Total assets	<u>\$ 34,196,840</u>	<u>\$ 22,378,456</u>	<u>\$ -</u>	<u>\$ 2,180,279</u>	<u>\$ 58,755,575</u>
<b>LIABILITIES</b>					
Reconciled overdraft	\$ -	\$ -	\$ 56,922	\$ -	\$ 56,922
Accounts payable	1,682,423	-	126,982	5,671	1,815,076
Customers' deposits	13,909	-	-	-	13,909
Due to other funds	-	-	-	320	320
Unearned revenue	3,625	-	-	-	3,625
Total liabilities	<u>\$ 1,699,957</u>	<u>\$ -</u>	<u>\$ 183,904</u>	<u>\$ 5,991</u>	<u>\$ 1,889,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 15,363,967	\$ -	\$ -	\$ 1,084,978	\$ 16,448,945
Total deferred inflows of resources	<u>\$ 15,363,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,978</u>	<u>\$ 16,448,945</u>
<b>FUND BALANCES</b>					
Restricted:					
Construction	\$ -	\$ -	\$ -	\$ 410,906	\$ 410,906
Public safety	-	-	-	51,216	51,216
Committed:					
Capital improvements (Note 14)	-	22,378,456	-	-	22,378,456
Sanitary districts - roads, etc.	-	-	-	473,674	473,674
Assigned:					
Capital improvements	-	-	-	153,514	153,514
Unassigned	17,132,916	-	(183,904)	-	16,949,012
Total fund balances	<u>\$ 17,132,916</u>	<u>\$ 22,378,456</u>	<u>\$ (183,904)</u>	<u>\$ 1,089,310</u>	<u>\$ 40,416,778</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,196,840</u>	<u>\$ 22,378,456</u>	<u>\$ -</u>	<u>\$ 2,180,279</u>	<u>\$ 58,755,575</u>

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

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

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Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 40,416,778

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

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

Capital assets, cost	\$ 175,787,604	
Less: accumulated depreciation	<u>(25,391,925)</u>	150,395,679

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

Unavailable property taxes	\$ 3,605,711
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Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

956,101

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

Bonds & note payable, net of discount, premium & deferred amount on refunding	(108,804,226)	
Accrued interest payable	(1,322,575)	
Capital lease obligations	(307,945)	
Compensated absences	(1,223,784)	
Landfill closure & postclosure liability	(594,428)	
Net OPEB obligation	<u>(2,086,100)</u>	<u>(114,339,058)</u>

Net position of governmental activities	\$ <u><u>81,035,211</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 34,664,859	\$ -	\$ -	\$ 1,445,061	\$ 36,109,920
Other local taxes	10,097,315	-	-	-	10,097,315
Permits, privilege fees, and regulatory licenses	665,598	-	-	-	665,598
Fines and forfeitures	80,083	-	-	-	80,083
Revenue from the use of money and property	373,913	-	-	-	373,913
Charges for services	2,446,770	-	-	-	2,446,770
Miscellaneous	317,934	-	-	54,176	372,110
Recovered costs	45,031	-	38,239	-	83,270
Intergovernmental revenues:					
Local government	-	-	-	-	-
Commonwealth	11,739,055	-	-	6,768	11,745,823
Federal	1,867,311	-	-	-	1,867,311
Total revenues	\$ 62,297,869	\$ -	\$ 38,239	\$ 1,506,005	\$ 63,842,113
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,680,167	\$ -	\$ -	\$ -	\$ 2,680,167
Judicial administration	1,534,198	-	-	-	1,534,198
Public safety	11,671,628	-	-	17,397	11,689,025
Public works	3,638,688	-	-	1,081,831	4,720,519
Health and welfare	6,245,724	-	-	-	6,245,724
Education	19,150,024	-	-	-	19,150,024
Parks, recreation, and cultural	3,036,924	-	-	-	3,036,924
Community development	1,060,749	-	-	-	1,060,749
Nondepartmental	235,430	-	-	-	235,430
Capital projects	2,762,874	-	476,373	-	3,239,247
Debt service:					
Principal retirement	3,499,383	-	-	-	3,499,383
Interest, issuance costs, other fiscal charges	4,478,371	-	-	-	4,478,371
Total expenditures	\$ 59,994,160	\$ -	\$ 476,373	\$ 1,099,228	\$ 61,569,761
Excess (deficiency) of revenues over (under) expenditures	\$ 2,303,709	\$ -	\$ (438,134)	\$ 406,777	\$ 2,272,352
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 3,004,715	\$ 2,309,898	\$ -	\$ 6,407	\$ 5,321,020
Transfers out	(1,932,657)	(2,671,950)	-	(457,300)	(5,061,907)
Total other financing sources (uses)	1,072,058	(362,052)	-	(450,893)	259,113
Net change in fund balances	\$ 3,375,767	\$ (362,052)	\$ (438,134)	\$ (44,116)	\$ 2,531,465
Fund balances - beginning	13,757,149	22,740,508	254,230	1,133,426	37,885,313
Fund balances - ending	\$ 17,132,916	\$ 22,378,456	\$ (183,904)	\$ 1,089,310	\$ 40,416,778

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

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

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

Net change in fund balances - total governmental funds	\$	2,531,465
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are adjustments related to capital assets reported in the current period.

Capital asset additions	\$	2,145,655	
Depreciation expense		<u>(3,658,967)</u>	(1,513,312)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(656,719)
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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.

(Increase) decrease in landfill closure & postclosure liability	\$	(9,936)	
Increase (decrease) in deferred amount on refunding		(313,239)	
Principal payments		4,684,384	
Discount and premium amortization		<u>611,543</u>	4,972,752

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following are the details of these adjustments:

(Increase) decrease accrued interest payable	(282,009)	
(Increase) decrease in net OPEB obligation	(377,600)	
(Increase) decrease in compensated absences	<u>(109,698)</u>	(769,307)

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

Insurance premiums, internal service fund - reported as charges for services on Exhibit 2	2,319,628	
Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	(2,300,844)	
Transfer out, internal service fund - reported as expense in the respective fund on Exhibit 2	<u>(223,374)</u>	(204,590)

Change in net position of governmental activities	\$	<u><u>4,360,289</u></u>
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The notes to the financial statements are an integral part of this statement.



Statement of Net Position  
Internal Service Fund  
June 30, 2013

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	<u>Health Insurance Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,141,005
Total assets	<u>\$ 1,141,005</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims and judgments - Incurred but not reported	\$ 184,904
Total liabilities	<u>\$ 184,904</u>
<b>NET POSITION</b>	
Unrestricted	\$ 956,101
Total net position	<u><u>\$ 956,101</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Fund  
For the Year Ended June 30, 2013

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	<u>Health Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 2,319,628
Total operating revenues	<u>\$ 2,319,628</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 2,300,844
Total operating expenses	<u>\$ 2,300,844</u>
Operating income (loss)	<u>\$ 18,784</u>
Income before transfers	18,784
Transfers out	\$ (223,374)
Change in net position	<u>\$ (204,590)</u>
Total net position - beginning	<u>1,160,691</u>
Total net position - ending	<u><u>\$ 956,101</u></u>

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

Statement of Cash Flows  
Internal Service Fund  
For the Year Ended June 30, 2013

	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 2,319,628
Payments for claims	<u>(2,289,202)</u>
Net cash provided by (used for) operating activities	<u>\$ 30,426</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>(223,374)</u>
Net cash provided by (used for) noncapital financing activities	<u>(223,374)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (192,948)</u>
Cash and cash equivalents - beginning	<u>1,333,953</u>
Cash and cash equivalents - ending	<u><u>\$ 1,141,005</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ 18,784</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in IBNR	\$ 12,467
Increase (decrease) in accounts payable	<u>(825)</u>
Total adjustments	<u>\$ 11,642</u>
Net cash provided by (used for) operating activities	<u><u>\$ 30,426</u></u>

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

	Private- Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 215,828	\$ 56,843
Due from other governmental units	-	1,218,784
Total assets	<u>\$ 215,828</u>	<u>\$ 1,275,627</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 5,453
Amounts held for social services clients	-	18,592
Due to general fund	-	830,802
Due to other governmental units	-	392,982
Amounts held for others	-	27,798
Total liabilities	<u>\$ -</u>	<u>\$ 1,275,627</u>
<b>NET POSITION</b>		
Held in trust for scholarships	<u>\$ 215,828</u>	

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

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2013

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	<b>Private- Purpose Trust</b>
<b>ADDITIONS</b>	
Revenue from the use of money	\$ 10,566
Miscellaneous	<u>2,756</u>
Total additions	<u>\$ 13,322</u>
<b>DEDUCTIONS</b>	
Scholarships	<u>\$ 20,400</u>
Total deductions	<u>\$ 20,400</u>
Change in net position	\$ (7,078)
Net position - beginning	<u>222,906</u>
Net position - ending	<u><u>\$ 215,828</u></u>

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

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## COUNTY OF WARREN, VIRGINIA

### Notes to Financial Statements June 30, 2013

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#### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

The financial statements of the County of Warren, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

#### **Warren County Public Schools:**

Warren County Public Schools (the "Schools") is responsible for elementary and secondary education within the County. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors.

The Schools report four special revenue funds (school operating, cafeteria, textbook, and vocational building funds), one capital projects fund (school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund. Warren County Public Schools does not issue separate financial statements.

#### **Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:**

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. County contributions accounted for approximately 59 percent of the Industrial Development Authority's revenues during fiscal year 2013. The Authority is accounted for as a proprietary fund and uses the accrual basis of accounting.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

#### **A. Government-wide and Fund Financial Statements**

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

**A. Government-wide and Fund Financial Statements: (Continued)**

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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

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

Statement of Activities - The new 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 is 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 are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual report including the government's original budget to the current comparison of final budget and actual results.



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

**B. Other Related Organizations**

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

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

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary funds (internal service funds) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

The general fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the component unit school board. The General Fund is considered a major fund for government-wide reporting purposes.

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

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

**1. Governmental Funds: (Continued)**

Capital Projects Funds - The Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County reports the Special Projects and School Bond Construction funds as major capital projects funds and the General Capital Projects fund as a non-major capital project fund.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds: Drug Forfeiture, Proffers, and Sanitary District. All of the above funds are reported as non-major funds.

- 2. Fiduciary Funds - (Trust and Agency Funds)** - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund, Northern Warren Fire Department Building Fund, Northern Warren Fire Department Fund, and the Shenandoah Farms Volunteer Fire Department Fund.
- 3. Proprietary Funds** - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of the Internal Service Funds.

Internal Service Funds - account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Health Insurance Funds reported by the Primary Government and the Component Unit-School Board.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

#### **D. Budgets and Budgetary Accounting:**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is legally enacted through passage of appropriation resolutions.
4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County Departments.
7. Both the original and amended budget are presented in the accompanying financial statements.
8. The following General Fund departments reported actual expenditures in excess of appropriations: (Reference Exhibit 12):
  - Various public safety departments
  - Various capital projects
  - Various parks and recreation departments
  - Various community development departments

Additionally the following nonmajor and Component Unit funds reported actual expenditures in excess of appropriations:

- Drug forfeiture fund
- County capital projects fund

#### **E. Cash and Cash Equivalents:**

The County's cash and cash equivalents consist of demand deposits and certificates of deposits with an initial maturity date of less than three months.

#### **F. Allowance for Uncollectible Accounts:**

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to \$902,804 at June 30, 2013.

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

**G. Capital Assets:**

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index. Donated capital assets are donated at estimated fair market value at the date of donation.

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

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

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years
Land improvements	20 years

**H. Bond Issue Costs:**

Bond issue costs are expensed as incurred.

**I. Compensated Absences:**

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2013, leave liabilities of the County amounted to \$714,711 of outstanding vacation accruals, \$316,549 of outstanding compensatory time and \$192,524 of outstanding sick accruals, representing a net increase of \$109,698. At June 30, 2013, leave liabilities of the Schools amounted to \$714,895 of outstanding vacation accruals, \$387,189 of personal leave time and \$396,936 of outstanding sick accruals, representing a net increase of \$42,803.

**J. Long-term Obligations:**

In the government-wide financial statements, long-term debt and other long-term and other long-term obligations are reported as liabilities in the applicable governmental activities.

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

**K. Fund Equity:**

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

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

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of 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. 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).

**L. Net Position:**

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

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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

#### **M. Net Position Flow Assumption:**

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

#### **N. Deferred Outflows/Inflows of Resources:**

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

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

#### **O. Property Taxes Receivable:**

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

#### **P. Restricted Assets:**

The County reports restricted net position in the amount of \$462,122 (Exhibit 1). The net position is restricted for specific capital projects as a result of proffers received and for public safety. The restricted amounts are reported in separate funds in the fund financial statements.



## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 2—DEPOSITS AND INVESTMENTS:**

#### **Deposits**

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

#### **Investments**

Statutes authorize the County 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 does not have an investment policy that addresses the various types of risks related to investments.

#### **Credit Risk of Debt Securities**

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

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 1,093,580
Total	\$ 1,093,580

#### **External Investment Pools**

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



COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund balances at June 30, 2013 were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
Major funds:		
General	\$ 831,122	\$ -
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Undistributed local sales tax fund	-	825,802
Flexible spending fund	-	5,000
	<u>          </u>	<u>          </u>
Total	\$ <u>831,122</u>	\$ <u>831,122</u>

Interfund transfers for the year ended June 30, 2013 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major governmental funds:		
General	\$ 3,004,715	\$ 1,932,657
Special projects	2,309,898	2,671,950
Nonmajor governmental funds:		
County capital projects fund	-	42,451
Sanitary districts	6,407	414,849
Agency funds:		
Northern Warren fire department	-	35,472
Northern Warren volunteer fire department building fund		3,010
Shenandoah Farms volunteer fire department fund	2,743	
Internal service fund:		
County health insurance fund	-	223,374
	<u>          </u>	<u>          </u>
Total	\$ <u>5,323,763</u>	\$ <u>5,323,763</u>

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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**NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:**

Due from/to balances between the County and its component units at June 30, 2013, were as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government:		
General	\$ <u>          -</u>	\$ <u>3,111,282</u>
Component units:		
Warren County School Board	\$ <u>3,111,282</u>	\$ <u>          -</u>

Contributions from the Primary Government to the School Board Component Unit for school operations for for the year ended June 30, 2013 were as follows:

	<u>Contributions To</u>	<u>Contributions From</u>
Primary government:		
General	\$               -	\$ 19,113,750
School Board component unit:		
School operating fund	18,913,750	-
School textbook fund	<u>200,000</u>	<u>-</u>
	\$ <u>19,113,750</u>	\$ <u>19,113,750</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:**

Amounts due from/to other governmental units are as follows at June 30, 2013:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>General Fund</u>	<u>Agency Fund</u>	<u>School Board</u>
Commonwealth of Virginia:			
Virginia Public Assistance funds	\$ 110,430	\$ -	\$ -
State sales tax	-	-	1,024,331
Constitutional officer reimbursements	284,026	-	-
Recordation tax refunds	40,132	-	-
Miscellaneous grants	1,394	-	22,140
Comprehensive services act	162,117	-	-
Aviation grant	10,246	-	-
Confinement reimbursement	88,460	-	-
Communication tax	149,606	-	-
Local sales tax	-	1,218,784	-
Federal Government:			
Virginia Public Assistance funds	146,110	-	-
Local law enforcement block grant	1,185	-	-
School fund grants	-	-	373,174
School food	-	-	173,350
Total due from other governmental units	\$ <u>993,706</u>	\$ <u>1,218,784</u>	\$ <u>1,592,995</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 6—CAPITAL ASSETS:**

**Primary Government:**

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 11,322,771	\$ 58,061	\$ -	\$ 11,380,832
Construction in progress	15,228,972	1,584,883	13,767,874	3,045,981
Other non-depreciable assets	<u>387,070</u>	<u>-</u>	<u>-</u>	<u>387,070</u>
Total capital assets not being depreciated	\$ <u>26,938,813</u>	\$ <u>1,642,944</u>	\$ <u>13,767,874</u>	\$ <u>14,813,883</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 139,053,731	\$ 13,916,314	\$ -	\$ 152,970,045
Improvements other than buildings	1,788,136	88,788	-	1,876,924
Machinery, equipment and vehicles	<u>5,861,269</u>	<u>265,483</u>	<u>-</u>	<u>6,126,752</u>
Total capital assets being depreciated	\$ <u>146,703,136</u>	\$ <u>14,270,585</u>	\$ <u>-</u>	\$ <u>160,973,721</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 16,959,904	\$ 3,068,126	\$ -	\$ 20,028,030
Improvements other than buildings	380,357	93,846	-	474,203
Machinery, equipment and vehicles	<u>4,392,697</u>	<u>496,995</u>	<u>-</u>	<u>4,889,692</u>
Total accumulated depreciation	\$ <u>21,732,958</u>	\$ <u>3,658,967</u>	\$ <u>-</u>	\$ <u>25,391,925</u>
Net capital assets governmental activities	\$ <u><u>151,908,991</u></u>	\$ <u><u>12,254,562</u></u>	\$ <u><u>13,767,874</u></u>	\$ <u><u>150,395,679</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

**Component Unit—School Board:**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Total capital assets not being depreciated	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Capital assets being depreciated:				
Buildings and improvements	\$ 6,405,041	\$ 276,454	\$ -	\$ 6,681,495
Machinery, equipment and vehicles	7,047,709	43,344	-	7,091,053
Total capital assets being depreciated	\$ 13,452,750	\$ 319,798	\$ -	\$ 13,772,548
Less: accumulated depreciation:				
Buildings and improvements	\$ 3,514,146	\$ 94,421	\$ -	\$ 3,608,567
Machinery, equipment and vehicles	4,393,263	529,213	-	4,922,476
Total accumulated depreciation	\$ 7,907,409	\$ 623,634	\$ -	\$ 8,531,043
Net capital assets component unit school board	\$ 7,201,405	\$ (303,836)	\$ -	\$ 6,897,569

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Warren, Virginia for the year ended June 30, 2013, is that school financed assets in the amount of \$103,852,889 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government administration	\$	203,828
Judicial administration		69,164
Public safety		664,357
Public works		66,683
Health and welfare		7,286
Education		2,398,624
Parks, recreation and cultural		103,731
Community Development		<u>145,294</u>
Total Governmental activities	\$	<u><u>3,658,967</u></u>
Component Unit School Board	\$	<u><u>623,634</u></u>

**Component Unit-Industrial Development Authority:**

A summary of changes in the industrial development authority's capital assets is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Total capital assets not being depreciated	\$ <u>128,578</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>128,578</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 780,026	\$ 1,815	\$ -	\$ 781,841
Machinery and equipment	<u>129,246</u>	<u>-</u>	<u>-</u>	<u>129,246</u>
Total capital assets being depreciated	\$ <u>909,272</u>	\$ <u>1,815</u>	\$ <u>-</u>	\$ <u>911,087</u>
Less: accumulated depreciation	\$ <u>267,399</u>	\$ <u>40,392</u>	\$ <u>-</u>	\$ <u>307,791</u>
Net capital assets component unit industrial development authority	\$ <u><u>770,451</u></u>	\$ <u><u>(38,577)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>731,874</u></u>

# COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

## NOTE 7—LONG-TERM OBLIGATIONS:

### Primary Government and Component Unit—School Board:

The following is a summary of changes in long-term obligations for the primary government and school board for the year ended June 30, 2013.

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
<b>Governmental Obligations:</b>					
Primary Government:					
General obligation and lease revenue bonds	\$ 107,990,065	\$ -	\$ 4,466,537	\$ 103,523,528	\$ 12,071,028
Compensated absences payable	1,114,085	109,699	-	1,223,784	122,378
Net OPEB obligation	1,708,500	571,900	194,300	2,086,100	-
Landfill postclosure costs	584,492	9,936	-	594,428	-
Notes payable	454,145	-	29,642	424,503	30,822
Capital leases	496,150	-	188,205	307,945	63,275
Totals	\$ 112,347,437	\$ 691,535	\$ 4,878,684	\$ 108,160,288	\$ 12,287,503
Premium on bonds	\$ 11,248,399	\$ -	\$ 611,543	\$ 10,636,856	\$ 608,506
Total for financial statement presentation - Primary Government	\$ 123,595,836	\$ 691,535	\$ 5,490,227	\$ 118,797,144	\$ 12,896,009
Component Unit - School Board:					
Capital lease	\$ 297,878	\$ -	\$ 95,565	\$ 202,313	\$ 99,246
Compensated absences	1,541,823	-	42,803	1,499,020	149,902
Net OPEB obligation	465,700	272,600	150,700	587,600	-
Total School Board	\$ 2,305,401	\$ 272,600	\$ 289,068	\$ 2,288,933	\$ 249,148
Total Governmental Obligations	\$ 125,901,237	\$ 964,135	\$ 5,779,295	\$ 121,086,077	\$ 13,145,157

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

### NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

#### Primary Government: (Continued)

Details of the primary government's debt at June 30, 2013 are as follows:

	<u>Amount Outstanding</u>
<u>General obligation bonds</u>	
\$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the \$3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	\$ 3,024,600
\$7,500,000 public facility bonds through Build America Bonds, issued May 25, 2010. The bonds were issued in anticipation of a literary loan to finance school construction. Interest is payable through March 2014 when the outstanding balance (\$7.5 million) is payable. Interest is payable at 4.02%. The County will receive a Build America Bond subsidy to effectively reduce interest to a rate of 2.61%.	7,500,000
\$23,620,000 general obligation school bonds issued September 12, 1995, payable in variable amounts; interest rate of 5.75% through July 15, 2015.	3,555,000
Total general obligation bonds	\$ 14,079,600
<u>Lease Revenue Bonds:</u>	
\$68,265,000 school lease revenue bonds series 2004B, issued October 1, 2004, payable in variable amounts and interest rates (3.00% to 5.00%) through 2035. During FY 2012 the bonds were partially refunded in the amount of \$58,785,000. The outstanding balance will be paid over the original bond financing agreement through 2015.	\$ 3,395,000
\$13,416,124 (including premium of \$686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	9,893,928
\$45,700,000 lease revenue refunding bonds Series 2011B, issued November 16, 2011, payable in variable amounts; with variable interest rates of 2.125% to 5.125%, through October 1, 2028. The bonds were issued to partially refund Series 2004B lease revenue bonds and refund the outstanding balance of the Series 2009 lease revenue refunding bonds for an economic gain of \$3,013,688.	44,855,000
\$31,300,000 lease revenue refunding bonds Series 2012A, issued June 13, 2012, payable in variable amounts; with variable interest rates of 4.524% to 5.125%, through April 1, 2035. The bonds were issued to partially refund the Series 2004B lease revenue bonds for an economic gain of \$2,342,981.	31,300,000
Total lease revenue bonds	\$ 89,443,928
Total general obligation and lease revenue bonds	\$ 103,523,528



COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

	<u>Amount Outstanding</u>
<u>Notes payable</u>	
\$650,000 note payable, issued January 17, 2004, payable in monthly installments of \$3,908.11, included interest at a rate of 3.91% through July 2014 at which time the entire remaining balance of principal and accrued interest are payable in full.	\$ <u>424,503</u>
Total notes payable	\$ <u><u>424,503</u></u>

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

Year Ending June 30,	County Obligations					
	Bonds Payable		Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 12,071,028	\$ 4,672,453	\$ 30,822	\$ 16,076	\$ 63,275	\$ 1,508
2015	4,700,114	4,150,924	393,681	1,285	53,493	318
2016	4,869,310	3,892,544	-	-	31,863	-
2017	3,803,443	3,714,381	-	-	159,314	-
2018	3,937,430	3,561,425	-	-	-	-
2019-2023	21,410,001	15,342,053	-	-	-	-
2024-2028	25,002,202	9,934,692	-	-	-	-
2029-2033	19,330,000	4,428,013	-	-	-	-
2034-2036	8,400,000	429,706	-	-	-	-
Total	\$ <u>103,523,528</u>	\$ <u>50,126,191</u>	\$ <u>424,503</u>	\$ <u>17,361</u>	\$ <u>307,945</u>	\$ <u>1,826</u>

Annual requirements to amortize long-term obligations of the Component Unit—School Board for the year ended June 30, 2013 are as follows:

Year Ending June 30,	School Board Obligations	
	Capital Lease	
	Principal	Interest
2014	\$ 99,246	\$ 7,791
2015	<u>103,067</u>	<u>3,970</u>
Total	\$ <u>202,313</u>	\$ <u>11,761</u>

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

The following is a summary of changes in long-term obligations for the Component Unit Industrial Development Authority for the year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Issuance</u>	<u>Retirement</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
<b>Industrial Development Authority:</b>					
Notes payable	\$ <u>6,546,641</u>	\$ <u>4,486,641</u>	\$ <u>4,388,082</u>	\$ <u>6,645,200</u>	\$ <u>2,272,706</u>
Total IDA	\$ <u>6,546,641</u>	\$ <u>4,486,641</u>	\$ <u>4,388,082</u>	\$ <u>6,645,200</u>	\$ <u>2,272,706</u>

Reference the separately issued financial statements for details of the notes payable.

### **NOTE 8—CAPITAL LEASES:**

#### **Primary Government and Component Unit—School Board:**

##### Capital leases

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles for use in the sheriff's department, recreation and parks, and the general government; equipment for county administration and the recreation and parks department; and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The school board has entered into a lease agreement for financing the acquisition of school buses.

**COUNTY OF WARREN, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

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**NOTE 8—CAPITAL LEASES: (CONTINUED)**

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

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
2014	\$ 64,783	\$ 107,037
2015	53,811	107,037
2016	31,863	-
2017	53,105	
2018	53,105	
2019	53,105	
Total minimum lease payments	\$ 309,772	\$ 214,074
Less: amount representing interest	1,827	11,761
Present value of minimum lease payments	<u>\$ 307,945</u>	<u>\$ 202,313</u>

**NOTE 9—DEFINED BENEFIT PENSION PLAN:****A. Plan Description**

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.

**NOTE 9—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

**A. Plan Description (Continued)**

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

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 6.00%; under Plan 2, the COLA cannot exceed 5.00%. 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 by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

### **NOTE 9—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5% 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 of 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 June 30, 2013 was 12.44% of the annual covered payroll. The School Board's contribution rate for fiscal year 2013 was 10.81% for non-professional employees.

The Warren County School Board professional employees' contribution rates are 11.66%, 6.33% and 3.93% of annual covered payroll for fiscal years ended 2013, 2012, and 2011, respectively. For the three years ended June 30, 2013, 2012 and 2011, employer contributions paid to the VRS statewide cost-sharing pool for professional employees of the School Board (excluding the employee share) totaled \$3,158,263, \$1,616,050 and \$1,003,596.

#### **C. Annual Pension Cost**

For the fiscal year ended June 30, 2013, the County's annual pension cost of \$1,139,559 and the School Board's annual pension cost for non-professional employees in the amount of \$330,468 were equal to the required and actual contributions.

##### **Three-Year Trend Information for County - Primary Government**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)'</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2011	\$ 871,030	100%	-
June 30, 2012	854,891	100%	-
June 30, 2013	1,139,559	100%	-

##### **Three-Year Trend Information for School Board - Non-professional**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)'</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2011	\$ 227,414	100%	-
June 30, 2012	237,503	100%	-
June 30, 2013	330,468	100%	-

' Employer portion only.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)**

#### **C. Annual Pension Cost: (Continued)**

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.6% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

#### **D. Funded Status and Funding Progress**

##### County

As of June 30, 2012, the most recent actuarial valuation date, the plan was 76.44% funded. The actuarial accrued liability for benefits was \$33,340,140, and the actuarial value of assets was \$25,484,939, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,855,201. The covered payroll (annual payroll of active employees covered by the plan) was \$8,823,209 and the ratio of the UAAL to the covered payroll was 89.03%.

##### School Board (non-professional employees)

As of June 30, 2012, the most recent actuarial valuation date, the plan was 86.42% funded. The actuarial accrued liability for benefits was \$8,040,267, and the actuarial value of assets was \$6,948,062, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,092,205. The covered payroll (annual payroll of active employees covered by the plan) was \$2,911,263 and the ratio of the UAAL to the covered payroll was 37.52%.

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

### **NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES:**

Unearned 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. Deferred inflows of resources is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES: (CONTINUED)**

#### Primary Government - Deferred Inflows of Resources

##### General fund:

Delinquent taxes not collected within 60 days	\$	3,605,713
Prepaid property taxes - property taxes paid in advance		1,147,355
2nd half property tax assessments		10,610,899

##### Sanitary districts fund:

Delinquent taxes not collected within 60 days		421,590
Prepaid property taxes - property taxes paid in advance		24,023
2nd half property tax assessments		639,365
Total deferred inflows of resources - governmental funds (Exhibit 3)	\$	<u><u>16,448,945</u></u>

#### Primary Government - Unearned Revenue

##### General fund:

Unearned grant revenue	\$	<u>3,625</u>
Total unearned revenue - governmental funds (Exhibit 3)	\$	<u><u>3,625</u></u>

### **NOTE 11—COMMITMENTS AND CONTINGENCIES:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

#### Series 1996 Bond - Route 340/522 Water and Sewer Project - Support Agreement

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia ("IDA") issued revenue bonds dated November 26, 1996 in the amount of \$4,125,000 to finance construction of a water and sewer project located near Route 340/522. The bonds were subsequently refinanced with the issuance of the Refunding Bonds on March 1, 2005 in the amount of \$3,300,000. The Town of Front Royal ("Town") is the owner and operator of the water and sewer assets constructed.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 11—COMMITMENTS AND CONTINGENCIES: (CONTINUED)**

The County and Town entered into a debt support agreement with the IDA whereby pledging financial support to satisfy the annual bond debt service payments. The County and Town agreed to provide support equal to 80% and 20%, respectively, of the annual debt service. In accordance with the Support Agreement and Bond Documents, the County is to budget annually the payment to the IDA. However, in any year the County does not budget and provide the annual financial support, the IDA is liable for 100% of the bond debt service payment. Therefore, the County has not recorded the annual support agreement as a long-term liability in the financial statements.

Details of the IDA bond, including the County's related support obligation are as follows:

Fiscal Year	IDA Long-term Debt		County Commitment - 80%	
	Principal	Interest	Principal	Interest
2014	\$ 300,000	\$ 39,670	\$ 240,000	\$ 31,736
2015	305,000	28,810	244,000	23,048
2016	320,000	17,591	256,000	14,073
2017	330,000	5,924	264,000	4,739

### **NOTE 12—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:**

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. 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 after closure. The \$594,428 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2013, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented \$8,248, \$339,698 and \$246,842, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.



## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### NOTE 13—SURETY BONDS:

	<u>Amount</u>
VA Department of General Services:	
Jennifer Sims, Clerk of the Circuit Court	\$ 400,000
Wanda Bryant, Treasurer	400,000
Sherry T. Sours, Commissioner of the Revenue	3,000
Daniel T. McEathron, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Pamela M. McInnis, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

### NOTE 14—COMMITTED FUND BALANCE—SPECIAL PROJECTS FUND:

	<u>Amount</u>
Permanent Reserves (Twice-a-year billing)	\$ 6,878,327
Public Safety Building/20 Year Capital Improvement Plan	3,639,098
Enterprise Zone Set Aside (School Capital Improvements)	1,483,407
Historic Tax Credits	1,338,167
RSW Regional Jail	1,234,224
School Capital Improvements	1,215,903
Sanitary Districts	1,019,046
Police, Fire and Rescue	961,701
Buildings & Grounds - Improvements	820,934
VDOT (Revenue Sharing)	813,740
Miscellaneous	723,682
Sanitation	526,717
Reassessment	249,500
Social Services	242,586
Elections	240,882
E-911 System	174,436
Parks & Recreation	170,436
Groundwater Study	120,550
Vehicles	117,761
Gypsy Moth Program	94,539
Circuit Court	91,775
Planning	88,948
Juvenile Detention Facility	30,009
Miscellaneous	102,087
Total Special Projects Fund	\$ <u>22,378,456</u>

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 15—RISK MANAGEMENT:**

#### **Primary Government**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County's assets and operations. Coverage currently includes \$5,000,000 commercial general liability, \$5,000,000 automobile liability, and \$3,000,000 public officials liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

Effective July 1, 2005, the County established a self-insurance health care benefit for all County employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$80,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The County uses information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2013 is \$184,904, and calculated as follows:

<u>Fiscal Year</u>		<u>Liability beginning of year</u>	<u>Current year claims and changes in estimates</u>		<u>Claims payments</u>		<u>Liability end of year</u>	
2011	\$	130,874	\$	1,885,308	\$	1,861,513	\$	154,669
2012		154,669		1,978,458		1,960,690		172,437
2013		172,437		2,300,844		2,288,377		184,904

#### **Schools Component Unit**

Effective October 1, 1993, Warren County Public Schools established a self-insurance health care benefit for all school employees. Claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$100,000. The maximum annual liability to 115% of the expected annual liability through the purchase of aggregate stop loss insurance. Claims processing and payments for all health care claims are made through a third-party administrator. The Schools use information provided by the third-party administrator and a health care administrator and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2013 is \$390,507, and calculated as follows:

<u>Fiscal Year</u>		<u>Liability beginning of year</u>		<u>Current year claims and changes in estimates</u>		<u>Claims payments</u>		<u>Liability end of year</u>
2011	\$	365,315	\$	4,875,229	\$	4,933,394	\$	307,150
2012		307,150		4,143,675		4,113,825		337,000
2013		337,000		4,657,991		4,604,484		390,507

**NOTE 15—RISK MANAGEMENT: (CONTINUED)**

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:**

**Background**

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

**County:**

**A. Plan Description:**

In addition to the pension benefits described in Note 9, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

**B. Funding Policy:**

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

**COUNTY OF WARREN, VIRGINIA**

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)****County: (Continued)****C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$571,900 for fiscal year 2013. The County has paid \$194,300 towards this obligation during the fiscal year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments, County contributions and credit for the implicit rate subsidy made during the year for the retirees by the County. The following table shows the components of the County's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	\$	573,400
Interest on net OPEB obligation		68,300
Adjustment to annual required contribution		<u>(69,800)</u>
Annual OPEB cost (expense)	\$	571,900
Contributions made		<u>(194,300)</u>
Increase in net OPEB obligation	\$	377,600
Net OPEB obligation, beginning of year		<u>1,708,500</u>
Net OPEB obligation, end of year	\$	<u><u>2,086,100</u></u>

For 2013, the County's cash payment of \$194,300 was \$377,600 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 and two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 573,500	25%	\$ 1,258,700
June 30, 2012	600,200	25%	1,708,500
June 30, 2013	571,900	34%	2,086,100

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

#### **County: (Continued)**

#### **D. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

##### **Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2013 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 6,022,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	6,022,100
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	8,030,600
UAAL as a percentage of covered payroll	74.99%

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

#### **E. Actuarial Methods and Assumptions:**

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

##### **Cost Method**

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

**County: (Continued)**

**E. Actuarial Methods and Assumptions: (Continued)**

Cost Method: (Continued)

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Assumptions

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Health care trend rates	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

**School Board:**

**A. Plan Description:**

In addition to the pension benefits described in Note 9, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board’s plan for active employees. The retiree’s spouse can receive benefits under the plan with the premium to be paid by the retiree.

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

**NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

**School Board: (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$272,600 for fiscal year 2013. The School Board has paid \$150,700 towards this obligation during the fiscal year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the School Board's net OPEB obligation.

Annual required contribution	\$	273,000
Interest on net OPEB obligation		18,600
Adjustment to annual required contribution		<u>(19,000)</u>
Annual OPEB cost (expense)	\$	272,600
Contributions made		<u>(150,700)</u>
Increase in net OPEB obligation		121,900
Net OPEB obligation, beginning of year		<u>465,700</u>
Net OPEB obligation, end of year	\$	<u><u>587,600</u></u>

For 2013, the School Board's expected cash payment of \$150,700 was \$121,900 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 257,100	47%	\$ 353,200
June 30, 2012	265,800	58%	465,700
June 30, 2013	272,600	55%	587,600



## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

#### **School Board: (Continued)**

##### **D. Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2013, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 2,602,300
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,602,300
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	26,603,000
UAAL as a percentage of covered payroll	9.78%

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

##### **E. Actuarial Methods and Assumptions**

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

##### **Cost Method**

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.



## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 16—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

#### **School Board: (Continued)**

##### **E. Actuarial Methods and Assumptions: (Continued)**

###### **Cost Method: (Continued)**

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Discount rate (unfunded)	4.00%
Amortization payment increase rate	2.50%
Amortization period	30 years
Healthcare Trend Rate	9% - 5%

The unfunded accrued actuarial liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at the date of the valuation was 30 years.

#### **Health Insurance Credit Program**

##### **A. Plan Description**

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

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

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

##### **B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$300,675, \$153,180 and \$152,221, respectively, and equaled the required contributions for each year.

## COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements  
June 30, 2013 (Continued)

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### **NOTE 17-ADOPTION OF ACCOUNTING PRINCIPLES: (CONTINUED)**

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

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

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this Statement resulted in the following restatement of net position:

Beginning net position was restated for the following purposes:

Beginning Net Position - July 1, 2012, previously reported	\$ 78,414,014
Implementation of GASB Statement No. 65:	
Remove bond issue costs	<u>(1,739,092)</u>
Beginnig Net Position - July 1, 2012, restated	<u><u>\$ 76,674,922</u></u>

### **NOTE 18-UPCOMING GASB PRONOUNCEMENTS**

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions and to better report pension expense and pension liabilities. This statement is effective for periods beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

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## General Fund

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

For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 32,762,281	\$ 32,798,572	\$ 34,664,859	\$ 1,866,287
Other local taxes	6,785,000	6,842,306	10,097,315	3,255,009
Permits, privilege fees, and regulatory licenses	664,030	671,635	665,598	(6,037)
Fines and forfeitures	50,000	50,000	80,083	30,083
Revenue from the use of money and property	668,160	756,018	373,913	(382,105)
Charges for services	2,409,359	2,554,726	2,446,770	(107,956)
Miscellaneous	325,000	398,794	317,934	(80,860)
Recovered costs	20,000	42,170	45,031	2,861
Intergovernmental revenues:				
Commonwealth	11,870,906	12,183,704	11,739,055	(444,649)
Federal	2,370,727	2,443,732	1,867,311	(576,421)
Total revenues	\$ 57,925,463	\$ 58,741,657	\$ 62,297,869	\$ 3,556,212
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	\$ 201,539	\$ 203,274	\$ 176,435	\$ 26,839
County administrator	589,054	618,287	614,651	3,636
County attorney	301,305	304,535	307,033	(2,498)
Commissioner of revenue	670,602	681,806	607,118	74,688
Reassessment	125,000	-	-	-
Treasurer	468,224	474,683	467,648	7,035
Finance and purchasing	314,199	305,211	302,540	2,671
Electoral board and officials	261,437	274,433	204,742	69,691
Total general government administration	\$ 2,931,360	\$ 2,862,229	\$ 2,680,167	\$ 182,062
Judicial administration				
Circuit court	\$ 59,200	\$ 59,200	\$ 36,104	\$ 23,096
General district court	9,645	9,645	15,952	(6,307)
Special magistrates	6,250	6,250	4,415	1,835
Clerk of the circuit court	490,400	518,652	482,808	35,844
Juvenile and domestic relations court	19,000	19,000	16,107	2,893
Sheriff - courts	296,004	304,353	282,359	21,994
Law library	24,000	24,000	13,063	10,937
Commonwealth's attorney	680,967	689,706	683,390	6,316
Total judicial adminstration	\$ 1,585,466	\$ 1,630,806	\$ 1,534,198	\$ 96,608
Public safety				
Sheriff - law enforcement	\$ 3,933,246	\$ 4,055,769	\$ 4,017,533	\$ 38,236
Work release program	269,253	275,741	348,437	(72,696)
E - 911 system	530,694	708,189	705,264	2,925
Cost recovery fees	51,500	51,500	59,244	(7,744)
Cost recovery reimbursement to fire companies	104,000	104,000	104,109	(109)
Contributions to fire and rescue squads	877,806	963,383	963,562	(179)
Emergency services	1,909,552	2,149,747	2,155,363	(5,616)
Jail	2,034,440	2,051,933	2,055,868	(3,935)
Probation office	56,850	55,850	39,810	16,040
Juvenile detention center	204,502	251,862	251,862	-
Building	443,191	472,380	471,516	864
Animal control	482,438	489,519	498,760	(9,241)
Medical examiner	280	280	300	(20)
Total public safety	\$ 10,897,752	\$ 11,630,153	\$ 11,671,628	\$ (41,475)

## General Fund

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

For the Year Ended June 30, 2013

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works				
Streets and highways	\$ 18,500	\$ 25,791	\$ 25,791	\$ -
Refuse collection	663,142	817,100	817,326	(226)
Refuse disposal	2,262,735	2,145,782	2,000,905	144,877
General properties	741,865	794,647	794,666	(19)
Total public works	\$ 3,686,242	\$ 3,783,320	\$ 3,638,688	\$ 144,632
Health and welfare				
Local health department	\$ 299,674	\$ 299,674	\$ 299,674	\$ -
Northwestern community services	275,000	275,000	275,000	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	3,924,686	3,973,321	3,610,958	362,363
Shenandoah area agency on aging	40,000	40,000	40,000	-
Warren county council on domestic violence	18,050	37,050	37,050	-
Other social services	45,512	63,858	66,258	(2,400)
Property tax relief for the elderly and handicapped	-	-	291,836	(291,836)
Comprehensive Services Act	2,272,125	1,988,321	1,622,448	365,873
Total health and welfare	\$ 6,877,547	\$ 6,679,724	\$ 6,245,724	\$ 434,000
Education				
Contribution to local school board	\$ 20,410,314	\$ 20,366,470	\$ 19,113,750	\$ 1,252,720
Contributions to community college	36,274	36,274	36,274	-
Total education	\$ 20,446,588	\$ 20,402,744	\$ 19,150,024	\$ 1,252,720
Parks, recreation, and cultural				
Programs and operations	\$ 1,896,017	\$ 1,878,381	\$ 1,846,994	\$ 31,387
Outreach program / youth center	50,000	20,000	23,919	(3,919)
Golf club operations	302,720	326,033	389,511	(63,478)
Browntown community center	2,000	2,000	2,000	-
Blue ridge arts council	10,000	10,000	10,000	-
4-H center	2,500	2,500	2,500	-
Other cultural enrichment	3,500	9,500	9,500	-
Contribution to Samuels Public Library	752,500	752,500	752,500	-
Total parks, recreation and cultural	\$ 3,019,237	\$ 3,000,914	\$ 3,036,924	\$ (36,010)
Community development				
Planning and zoning administration	\$ 373,922	\$ 382,772	\$ 377,160	\$ 5,612
Enterprise zone grant - IDA	1,414,770	78,374	78,374	-
340/522 water and sewer project - IDA	268,137	268,137	268,136	1
Industrial development authority	103,313	103,313	103,313	-
Other contributions	550	550	550	-
Contribution to soil and water conservation district	10,000	10,000	10,000	-
Abandoned vehicle program	20,000	20,000	1,840	18,160
Air show	-	-	38,862	(38,862)
Airport Commission operations	53,675	93,191	95,235	(2,044)
VPI extension service	97,565	101,660	87,279	14,381
Total community development	\$ 2,341,932	\$ 1,057,997	\$ 1,060,749	\$ (2,752)
Nondepartmental				
Retiree medical insurance and unemployment insurance	\$ 101,740	\$ 103,695	\$ 104,185	\$ (490)
Central equipment and maintenance	128,000	128,000	131,245	(3,245)
Other nondepartmental	150,000	-	-	-
Total nondepartmental	\$ 379,740	\$ 231,695	\$ 235,430	\$ (3,735)

## General Fund

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

For the Year Ended June 30, 2013

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Capital projects				
Economic development	\$ 246,766	\$ 246,766	\$ 228,748	\$ 18,018
Soccer fields	50,000	166,939	54,311	112,628
Fishnet property	100,000	169,546	169,650	(104)
Public safety building	526,954	59,225	59,225	-
Bing crosby stadium renovations	15,000	15,000	175,566	(160,566)
Route 522 beautification project	-	37,642	62,184	(24,542)
Airport capital projects	608,500	614,934	29,934	585,000
Eastham Park	75,000	77,500	131,996	(54,496)
Building improvement fund	133,960	133,960	168,865	(34,905)
Revenue sharing projects	250,000	111,455	111,455	-
20 year capital improvement plan	100,000	1,414,310	1,369,743	44,567
Vehicles and equipment	-	36,113	84,567	(48,454)
Other capital projects	920,525	165,456	116,630	48,826
Total capital projects	\$ 3,026,705	\$ 3,248,846	\$ 2,762,874	\$ 485,972
Debt service				
Principal retirement	\$ 3,499,383	\$ 3,499,383	\$ 3,499,383	\$ -
Interest	1,549,768	4,503,717	4,478,371	25,346
Total debt service	\$ 5,049,151	\$ 8,003,100	\$ 7,977,754	\$ 25,346
Total expenditures	\$ 60,241,720	\$ 62,531,528	\$ 59,994,160	\$ 2,537,368
Excess (deficiency) of revenues over (under) expenditures	\$ (2,316,257)	\$ (3,789,871)	\$ 2,303,709	\$ 6,093,580
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 104,018	\$ 3,170,895	\$ 3,004,715	\$ (166,180)
Transfers out	-	(1,932,657)	(1,932,657)	-
Total other financing sources (uses)	\$ 104,018	\$ 1,238,238	\$ 1,072,058	\$ (166,180)
Net change in fund balances	\$ (2,212,239)	\$ (2,551,633)	\$ 3,375,767	\$ 5,927,400
Fund balances - beginning	2,212,239	2,551,633	13,757,149	11,205,516
Fund balances - ending	\$ -	\$ -	\$ 17,132,916	\$ 17,132,916

All budget amounts are recorded in accordance with accounting principles generally accepted in the United States of America.

Schedule of Pension Funding Progress for the Virginia Retirement System  
Last Three Fiscal Years

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2012	\$ 25,484,939	\$ 33,340,140	\$ 7,855,201	76.44%	\$ 8,823,209	89.03%
6/30/2011	25,047,978	31,826,557	6,778,579	78.70%	8,879,673	76.34%
6/30/2010	23,933,504	29,561,953	5,628,449	80.96%	8,729,573	64.48%

School Board Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2012	\$ 6,948,062	\$ 8,040,267	\$ 1,092,205	86.42%	\$ 2,911,263	37.52%
6/30/2011	6,835,886	8,014,204	1,178,318	85.30%	2,859,402	41.21%
6/30/2010	6,585,346	7,594,774	1,009,428	86.71%	2,861,402	35.28%



Schedule of OPEB Funding Progress  
Last Three Valuation Periods

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## County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	\$ -	\$ 5,099,000	\$ 5,099,000	0.00%	\$ 8,234,200	61.92%
1/1/2011	-	5,539,200	5,539,200	0.00%	8,234,200	67.27%
1/1/2013	-	6,022,100	6,022,100	0.00%	8,030,600	74.99%

## School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
1/1/2011	\$ -	\$ 2,613,800	\$ 2,613,800	0.00%	\$ 17,607,400	14.84%
1/1/2011	-	2,735,200	2,735,200	0.00%	17,607,400	15.53%
1/1/2013	-	2,602,300	2,602,300	0.00%	26,603,000	9.78%

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**OTHER SUPPLEMENTARY INFORMATION**

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 School Bond Construction Fund  
 For the Year Ended June 30, 2013

	School Bond Construction Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 102,085	\$ 476,373	\$ (374,288)
Total expenditures	\$ -	\$ 102,085	\$ 476,373	\$ (374,288)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (102,085)	\$ (476,373)	\$ (374,288)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 102,085	\$ -	\$ (102,085)
Total other financing sources (uses)	\$ -	\$ 102,085	\$ -	\$ (102,085)
Net change in fund balances	\$ -	\$ -	\$ (476,373)	\$ (476,373)
Fund balances - beginning	-	-	254,230	254,230
Fund balances - ending	\$ -	\$ -	\$ (222,143)	\$ (222,143)

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 460,079	\$ 153,514	\$ 613,593
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,104,564	-	1,104,564
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	462,122	-	462,122
Total assets	<u>\$ 2,026,765</u>	<u>\$ 153,514</u>	<u>\$ 2,180,279</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,671	\$ -	\$ 5,671
Due to other funds	320	-	320
Total liabilities	<u>\$ 5,991</u>	<u>\$ -</u>	<u>\$ 5,991</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,084,978	\$ -	\$ 1,084,978
Total deferred inflows of resources	<u>\$ 1,084,978</u>	<u>\$ -</u>	<u>\$ 1,084,978</u>
<b>FUND BALANCES</b>			
Restricted:			
Construction	\$ 410,906	\$ -	\$ 410,906
Public safety	51,216	-	51,216
Committed:			
Sanitary districts - roads, etc.	473,674	-	473,674
Assigned:			
Capital improvements	-	153,514	153,514
Total fund balances	<u>\$ 935,796</u>	<u>\$ 153,514</u>	<u>\$ 1,089,310</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,026,765</u>	<u>\$ 153,514</u>	<u>\$ 2,180,279</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
General property taxes	\$ 1,445,061	\$ -	\$ 1,445,061
Miscellaneous	54,176	-	54,176
Intergovernmental revenues:			
Commonwealth	6,768	-	6,768
Total revenues	<u>\$ 1,506,005</u>	<u>\$ -</u>	<u>\$ 1,506,005</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ 17,397	\$ -	\$ 17,397
Public works	1,081,831	-	1,081,831
Total expenditures	<u>\$ 1,099,228</u>	<u>\$ -</u>	<u>\$ 1,099,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 406,777</u>	<u>\$ -</u>	<u>\$ 406,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 6,407	\$ -	\$ 6,407
Transfers out	(414,849)	(42,451)	(457,300)
Total other financing sources (uses)	<u>\$ (408,442)</u>	<u>\$ (42,451)</u>	<u>\$ (450,893)</u>
Net change in fund balances	\$ (1,665)	\$ (42,451)	\$ (44,116)
Fund balances - beginning	937,461	195,965	1,133,426
Fund balances - ending	<u><u>\$ 935,796</u></u>	<u><u>\$ 153,514</u></u>	<u><u>\$ 1,089,310</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2013

	<u>Drug Forfeiture</u>	<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 460,079	\$ 460,079
Receivables (net of allowance for uncollectibles):				
Taxes receivable	-	-	1,104,564	1,104,564
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	51,216	410,906	-	462,122
Total assets	<u>\$ 51,216</u>	<u>\$ 410,906</u>	<u>\$ 1,564,643</u>	<u>\$ 2,026,765</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 5,671	\$ 5,671
Due to other funds	-	-	320	320
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,991</u>	<u>\$ 5,991</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 1,084,978	\$ 1,084,978
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,978</u>	<u>\$ 1,084,978</u>
<b>FUND BALANCES</b>				
Restricted:				
Construction	\$ -	\$ 410,906	\$ -	\$ 410,906
Public safety	51,216	-	-	51,216
Committed:				
Sanitary districts - roads, etc.	-	-	473,674	473,674
Total fund balances	<u>\$ 51,216</u>	<u>\$ 410,906</u>	<u>\$ 473,674</u>	<u>\$ 935,796</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,216</u>	<u>\$ 410,906</u>	<u>\$ 1,564,643</u>	<u>\$ 2,026,765</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2013

	Drug Forfeiture	Proffers	Sanitary Districts	Total
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 1,445,061	\$ 1,445,061
Miscellaneous	-	-	54,176	54,176
Intergovernmental revenues:				
Commonwealth	6,768	-	-	6,768
Total revenues	<u>\$ 6,768</u>	<u>\$ -</u>	<u>\$ 1,499,237</u>	<u>\$ 1,506,005</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 17,397	\$ -	\$ -	\$ 17,397
Public works	-	-	1,081,831	1,081,831
Total expenditures	<u>\$ 17,397</u>	<u>\$ -</u>	<u>\$ 1,081,831</u>	<u>\$ 1,099,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,629)</u>	<u>\$ -</u>	<u>\$ 417,406</u>	<u>\$ 406,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 6,407	\$ 6,407
Transfers out	-	-	(414,849)	(414,849)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (408,442)</u>	<u>\$ (408,442)</u>
Net change in fund balances	\$ (10,629)	\$ -	\$ 8,964	\$ (1,665)
Fund balances - beginning	61,845	410,906	464,710	937,461
Fund balances - ending	<u>\$ 51,216</u>	<u>\$ 410,906</u>	<u>\$ 473,674</u>	<u>\$ 935,796</u>

COUNTY OF WARREN, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2013

	Drug Forfeiture			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	6,768	6,768
Total revenues	\$ -	\$ -	\$ 6,768	\$ 6,768
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 17,397	\$ (17,397)
Public works	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 17,397	\$ (17,397)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (10,629)	\$ (10,629)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (10,629)	\$ (10,629)
Fund balances - beginning	-	-	61,845	61,845
Fund balances - ending	\$ -	\$ -	\$ 51,216	\$ 51,216

Proffers				Sanitary Districts			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 1,472,712	\$ 1,549,461	\$ 1,445,061	\$ (104,400)
-	-	-	-	-	45,000	54,176	9,176
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 1,472,712	\$ 1,594,461	\$ 1,499,237	\$ (95,224)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,406,679	1,187,512	1,081,831	105,681
\$ -	\$ -	\$ -	\$ -	\$ 1,406,679	\$ 1,187,512	\$ 1,081,831	\$ 105,681
\$ -	\$ -	\$ -	\$ -	\$ 66,033	\$ 406,949	\$ 417,406	\$ 10,457
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,407	\$ 6,407	\$ -
-	-	-	-	(66,033)	(413,356)	(414,849)	(1,493)
\$ -	\$ -	\$ -	\$ -	\$ (66,033)	\$ (406,949)	\$ (408,442)	\$ (1,493)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,964	\$ 8,964
-	-	410,906	410,906	-	-	464,710	464,710
\$ -	\$ -	\$ 410,906	\$ 410,906	\$ -	\$ -	\$ 473,674	\$ 473,674

Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2013

---

	General Capital Projects	Total
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 153,514	\$ 153,514
Total assets	\$ <u>153,514</u>	\$ <u>153,514</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ -
Total liabilities	\$ <u>-</u>	\$ <u>-</u>
<b>FUND BALANCES</b>		
Assigned:		
Capital projects	\$ 153,514	\$ 153,514
Total fund balances	\$ <u>153,514</u>	\$ <u>153,514</u>
Total liabilities and fund balances	\$ <u>153,514</u>	\$ <u>153,514</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Fund  
 For the Year Ended June 30, 2013

---

	<b>General Capital Projects</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Revenue from the use of money and property	\$ -	\$ -
Total revenues	\$ -	\$ -
	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES</b>		
Capital projects	\$ -	\$ -
Total expenditures	\$ -	\$ -
	<u>                    </u>	<u>                    </u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -
	<u>                    </u>	<u>                    </u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	(42,451)	(42,451)
Total other financing sources (uses)	\$ (42,451)	\$ (42,451)
	<u>                    </u>	<u>                    </u>
Net change in fund balances	\$ (42,451)	\$ (42,451)
Fund balances - beginning	195,965	195,965
Fund balances - ending	\$ 153,514	\$ 153,514
	<u>                    </u>	<u>                    </u>

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

	General Capital Projects			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (42,451)	\$ (42,451)
Total other financing sources (uses)	\$ -	\$ -	\$ (42,451)	\$ (42,451)
Net change in fund balances	\$ -	\$ -	\$ (42,451)	\$ (42,451)
Fund balances - beginning	-	-	195,965	195,965
Fund balances - ending	\$ -	\$ -	\$ 153,514	\$ 153,514

Combining Statement of Fiduciary Net Position  
Private-purpose Trust Funds  
June 30, 2013

Private-purpose Trust Funds

	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 949	\$ 8,381	\$ 54,624	\$ 147,766	\$ 60	\$ 4,048	\$ 215,828
Total assets	<u>\$ 949</u>	<u>\$ 8,381</u>	<u>\$ 54,624</u>	<u>\$ 147,766</u>	<u>\$ 60</u>	<u>\$ 4,048</u>	<u>\$ 215,828</u>
<b>NET POSITION</b>							
Held in trust for:							
Reserved for scholarships	\$ 949	\$ 8,381	\$ 54,624	\$ 147,766	\$ 60	\$ 4,048	\$ 215,828
Total net position	<u>\$ 949</u>	<u>\$ 8,381</u>	<u>\$ 54,624</u>	<u>\$ 147,766</u>	<u>\$ 60</u>	<u>\$ 4,048</u>	<u>\$ 215,828</u>

Combining Statement of Changes in Fiduciary Net Position  
Private-purpose Trust Funds  
June 30, 2013

	Private-purpose Trust Funds						Total
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	
<b>ADDITIONS</b>							
Revenue from the use of money	\$ 21	\$ 101	\$ 6	\$ 18	\$ 10,403	\$ 17	\$ 10,566
Miscellaneous	-	-	-	2,756	-	-	2,756
Total additions	<u>\$ 21</u>	<u>\$ 101</u>	<u>\$ 6</u>	<u>\$ 2,774</u>	<u>\$ 10,403</u>	<u>\$ 17</u>	<u>\$ 13,322</u>
<b>DEDUCTIONS</b>							
Scholarships	\$ 500	\$ 500	\$ 3,000	\$ 1,500	\$ 14,400	\$ 500	\$ 20,400
Total deductions	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 3,000</u>	<u>\$ 1,500</u>	<u>\$ 14,400</u>	<u>\$ 500</u>	<u>\$ 20,400</u>
Change in net position	\$ (479)	\$ (399)	\$ (2,994)	\$ 1,274	\$ (3,997)	\$ (483)	\$ (7,078)
Total net position - beginning	1,428	8,780	57,618	146,492	4,057	4,531	222,906
Total net position - ending	<u>\$ 949</u>	<u>\$ 8,381</u>	<u>\$ 54,624</u>	<u>\$ 147,766</u>	<u>\$ 60</u>	<u>\$ 4,048</u>	<u>\$ 215,828</u>



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

	Agency Funds						Total
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund	Shenandoah Farms Vol. Fire Department Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 18,592	\$ -	\$ 10,426	\$ 25,955	\$ 2,862	\$ (992)	\$ 56,843
Due from other governmental units	-	1,218,784	-	-	-	-	1,218,784
Total assets	<u>\$ 18,592</u>	<u>\$ 1,218,784</u>	<u>\$ 10,426</u>	<u>\$ 25,955</u>	<u>\$ 2,862</u>	<u>\$ (992)</u>	<u>\$ 1,275,627</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,453	\$ 5,453
Amounts held for social services clients	18,592	-	-	-	-	-	18,592
Due to general fund	-	825,802	5,000	-	-	-	830,802
Due to other governmental units	-	392,982	-	-	-	-	392,982
Amounts held for others	-	-	5,426	25,955	2,862	(6,445)	27,798
Total liabilities	<u>\$ 18,592</u>	<u>\$ 1,218,784</u>	<u>\$ 10,426</u>	<u>\$ 25,955</u>	<u>\$ 2,862</u>	<u>\$ (992)</u>	<u>\$ 1,275,627</u>

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,043	\$ 8,823	\$ 11,274	\$ 18,592
Total assets	<u>\$ 21,043</u>	<u>\$ 8,823</u>	<u>\$ 11,274</u>	<u>\$ 18,592</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 21,043	\$ 8,823	\$ 11,274	\$ 18,592
Total liabilities	<u>\$ 21,043</u>	<u>\$ 8,823</u>	<u>\$ 11,274</u>	<u>\$ 18,592</u>
<b>Undistributed Local Sales Tax Fund:</b>				
<b>ASSETS</b>				
Due from other governmental units	\$ 700,587	\$ 8,015,968	\$ 7,497,771	\$ 1,218,784
Total assets	<u>\$ 700,587</u>	<u>\$ 8,015,968</u>	<u>\$ 7,497,771</u>	<u>\$ 1,218,784</u>
<b>LIABILITIES</b>				
Due to other governmental units	\$ 131,045	\$ 1,664,395	\$ 1,402,458	\$ 392,982
Due to general fund	569,542	6,351,573	6,095,313	825,802
Total liabilities	<u>\$ 700,587</u>	<u>\$ 8,015,968</u>	<u>\$ 7,497,771</u>	<u>\$ 1,218,784</u>
<b>Flexible Spending Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,626	\$ -	\$ 200	\$ 10,426
Total assets	<u>\$ 10,626</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 10,426</u>
<b>LIABILITIES</b>				
Due to general fund	\$ 5,000	\$ -	\$ -	\$ 5,000
Amounts held for others	5,626	-	200	5,426
Total liabilities	<u>\$ 10,626</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 10,426</u>
<b>North Warren Fire Department Building Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,965	\$ 10,000	\$ 3,010	\$ 25,955
Total assets	<u>\$ 18,965</u>	<u>\$ 10,000</u>	<u>\$ 3,010</u>	<u>\$ 25,955</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 18,965	\$ 10,000	\$ 3,010	\$ 25,955
Total liabilities	<u>\$ 18,965</u>	<u>\$ 10,000</u>	<u>\$ 3,010</u>	<u>\$ 25,955</u>

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>North Warren Fire Department Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 64,602	\$ 61,740	\$ 2,862
Total assets	<u>\$ -</u>	<u>\$ 64,602</u>	<u>\$ 61,740</u>	<u>\$ 2,862</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ -	\$ 64,602	\$ 61,740	\$ 2,862
Total liabilities	<u>\$ -</u>	<u>\$ 64,602</u>	<u>\$ 61,740</u>	<u>\$ 2,862</u>
<b>Shenandoah Farms Volunteer Fire Department Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 95,714	\$ 96,706	\$ (992)
Total assets	<u>\$ -</u>	<u>\$ 95,714</u>	<u>\$ 96,706</u>	<u>\$ (992)</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ -	\$ 95,714	\$ 102,159	\$ (6,445)
Accounts payable	-	5,453	-	5,453
Total liabilities	<u>\$ -</u>	<u>\$ 101,167</u>	<u>\$ 102,159</u>	<u>\$ (992)</u>
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 50,634	\$ 179,139	\$ 172,930	\$ 56,843
Due from other governmental units	700,587	8,015,968	7,497,771	1,218,784
Total assets	<u>\$ 751,221</u>	<u>\$ 8,195,107</u>	<u>\$ 7,670,701</u>	<u>\$ 1,275,627</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 5,453	\$ -	\$ 5,453
Amounts held for social services clients	21,043	8,823	11,274	18,592
Due to general fund	574,542	6,351,573	6,095,313	830,802
Due to other governmental units	131,045	1,664,395	1,402,458	392,982
Amounts held for others	24,591	170,316	167,109	27,798
Total liabilities	<u>\$ 751,221</u>	<u>\$ 8,200,560</u>	<u>\$ 7,676,154</u>	<u>\$ 1,275,627</u>

## Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2013

	School Operating Fund	School Cafeteria Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,466,815	\$ 859,148	\$ 89,015	\$ 234,238	\$ 7,649,216
Due from other funds	-	83,015	-	-	83,015
Due from other governmental units	1,592,995	-	-	-	1,592,995
Total assets	<u>\$ 8,059,810</u>	<u>\$ 942,163</u>	<u>\$ 89,015</u>	<u>\$ 234,238</u>	<u>\$ 9,325,226</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 75,483	\$ 52,451	\$ -	\$ -	\$ 127,934
Accrued liabilities	4,790,030	93,882	-	-	4,883,912
Due to other funds	83,015	-	-	-	83,015
Due to primary government	3,111,282	-	-	-	3,111,282
Total liabilities	<u>\$ 8,059,810</u>	<u>\$ 146,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,206,143</u>
<b>FUND BALANCES</b>					
Committed:					
Education - capital improvements	\$ -	\$ -	\$ 89,015	\$ -	\$ 89,015
Assigned:					
Education	-	795,830	-	234,238	1,030,068
Total fund balances	<u>\$ -</u>	<u>\$ 795,830</u>	<u>\$ 89,015</u>	<u>\$ 234,238</u>	<u>\$ 1,119,083</u>
Total liabilities and fund balances	<u>\$ 8,059,810</u>	<u>\$ 942,163</u>	<u>\$ 89,015</u>	<u>\$ 234,238</u>	<u>\$ 9,325,226</u>

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

Total fund balances per above \$ 1,119,083

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

Capital assets	\$ 15,428,612	
Less: accumulated depreciation	<u>(8,531,043)</u>	6,897,569

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,127,775

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital lease	\$ (202,311)	
Compensated absences	(1,499,022)	
Net OPEB obligation	<u>(587,600)</u>	(2,288,933)

Net position of governmental activities \$ 6,855,494

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

	School Operating Fund	School Cafeteria Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
<b>REVENUES</b>					
Charges for services	\$ -	\$ 1,316,032	\$ -	\$ -	\$ 1,316,032
Miscellaneous	419,113	-	-	-	419,113
Intergovernmental revenues:					
Local government	18,913,750	-	-	200,000	19,113,750
Commonwealth	26,124,796	-	-	-	26,124,796
Federal	3,914,328	-	-	-	3,914,328
Total revenues	<u>\$ 49,371,987</u>	<u>\$ 1,316,032</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 50,888,019</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 46,579,452	\$ 2,422,527	\$ 6,679	\$ 198,285	\$ 49,206,943
Debt service:					
Principal retirement	1,280,565	-	-	-	1,280,565
Interest and other fiscal charges	254,601	-	-	-	254,601
Total expenditures	<u>\$ 48,114,618</u>	<u>\$ 2,422,527</u>	<u>\$ 6,679</u>	<u>\$ 198,285</u>	<u>\$ 50,742,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,257,369</u>	<u>\$ (1,106,495)</u>	<u>\$ (6,679)</u>	<u>\$ 1,715</u>	<u>\$ 145,910</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 1,257,369	\$ -	\$ -	\$ 1,257,369
Transfers out	(1,257,369)	-	-	-	(1,257,369)
Total other financing sources (uses)	<u>\$ (1,257,369)</u>	<u>\$ 1,257,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 150,874	\$ (6,679)	\$ 1,715	\$ 145,910
Fund balances - beginning	-	644,956	95,694	232,523	973,173
Fund balances - ending	<u>\$ -</u>	<u>\$ 795,830</u>	<u>\$ 89,015</u>	<u>\$ 234,238</u>	<u>\$ 1,119,083</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	\$ 145,910
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are adjustments related to capital assets reported in the current period.

Capital asset additions	319,798	
Depreciation expense	<u>(623,634)</u>	(303,836)

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 payments on capital lease	95,565
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in net OPEB obligation	(121,900)	
(Increase) decrease in compensated absences	<u>42,803</u>	(79,097)

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.

(644,392)

Change in net position of governmental activities	\$ <u>(785,850)</u>
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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			Variance with Final Budget Positive Negative
	Original	Final	Actual	
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	296,200	264,847	419,113	154,266
Intergovernmental revenues:				
Local government	20,410,314	20,166,470	18,913,750	(1,252,720)
Commonwealth	25,337,293	25,645,609	26,124,796	479,187
Federal	2,407,319	2,546,913	3,914,328	1,367,415
Total revenues	\$ 48,451,126	\$ 48,623,839	\$ 49,371,987	\$ 748,148
EXPENDITURES				
Current:				
Education	\$ 46,397,755	\$ 46,949,312	\$ 46,579,452	\$ 369,860
Debt service:				
Principal retirement	1,340,350	1,340,350	1,280,565	59,785
Interest and other fiscal charges	713,021	334,177	254,601	79,576
Total expenditures	\$ 48,451,126	\$ 48,623,839	\$ 48,114,618	\$ 509,221
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,257,369	\$ 1,257,369
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(1,257,369)	(1,257,369)
Total other financing sources (uses)	\$ -	\$ -	\$ (1,257,369)	\$ (1,257,369)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				
Budgeted Amounts				Variance with Final Budget Positive (Negative)
Original	Final	Actual		
\$ 1,369,287	\$ 1,369,287	\$ 1,316,032	\$	(53,255)
-	-	-		-
-	-	-		-
-	-	-		-
911,790	911,790	-		(911,790)
<u>\$ 2,281,077</u>	<u>\$ 2,281,077</u>	<u>\$ 1,316,032</u>	<u>\$</u>	<u>(965,045)</u>
\$ 2,281,077	\$ 2,281,077	\$ 2,422,527	\$	(141,450)
-	-	-		-
-	-	-		-
<u>\$ 2,281,077</u>	<u>\$ 2,281,077</u>	<u>\$ 2,422,527</u>	<u>\$</u>	<u>(141,450)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,106,495)</u>	<u>\$</u>	<u>(1,106,495)</u>
\$ -	\$ -	\$ 1,257,369	\$	1,257,369
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,369</u>	<u>\$</u>	<u>1,257,369</u>
\$ -	\$ -	\$ 150,874	\$	150,874
-	-	644,956		644,956
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,830</u>	<u>\$</u>	<u>795,830</u>

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

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Local government	-	-	-	-	-	200,000	200,000	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -
<b>EXPENDITURES</b>								
Current:								
Education	\$ -	\$ -	\$ 6,679	\$ (6,679)	\$ -	\$ 200,000	\$ 198,285	\$ 1,715
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 6,679	\$ (6,679)	\$ -	\$ 200,000	\$ 198,285	\$ 1,715
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (6,679)	\$ (6,679)	\$ -	\$ -	\$ 1,715	\$ 1,715
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (6,679)	\$ (6,679)	\$ -	\$ -	\$ 1,715	\$ 1,715
Fund balances - beginning	-	-	95,694	95,694	-	-	232,523	232,523
Fund balances - ending	\$ -	\$ -	\$ 89,015	\$ 89,015	\$ -	\$ -	\$ 234,238	\$ 234,238



## Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2013

	<u>Health Insurance Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,518,282
Total assets	<u>\$ 1,518,282</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims and judgments - Incurred but not reported	\$ 390,507
Total liabilities	<u>\$ 390,507</u>
<b>NET POSITION</b>	
Unrestricted	\$ 1,127,775
Total net position	<u><u>\$ 1,127,775</u></u>

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

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	<u>Health Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 4,012,393
Total operating revenues	<u>\$ 4,012,393</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 4,657,991
Total operating expenses	<u>\$ 4,657,991</u>
Operating income (loss)	<u>\$ (645,598)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 1,206
Total nonoperating revenues (expenses)	<u>\$ 1,206</u>
Change in net position	\$ (644,392)
Total net position - beginning	<u>1,772,167</u>
Total net position - ending	<u><u>\$ 1,127,775</u></u>

## Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2013

	<b>Health Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 4,012,393
Payments for claims	(4,604,484)
Net cash provided by (used for) operating activities	<u>\$ (592,091)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 1,206
Net cash provided by (used for) investing activities	<u>\$ 1,206</u>
Net increase (decrease) in cash and cash equivalents	\$ (590,885)
Cash and cash equivalents - beginning	<u>2,109,167</u>
Cash and cash equivalents - ending	<u><u>\$ 1,518,282</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (645,598)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in IBNR	53,507
Total adjustments	<u>\$ 53,507</u>
Net cash provided by (used for) operating activities	<u><u>\$ (592,091)</u></u>

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## **Supporting Schedules**

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 22,250,000	\$ 22,250,000	\$ 22,417,041	\$ 167,041
Real and personal public service corporation taxes	575,000	575,000	1,623,707	1,048,707
Personal property taxes	8,558,781	8,558,781	9,171,207	612,426
Mobile home taxes	7,500	7,500	10,969	3,469
Machinery and tools taxes	675,000	711,291	679,487	(31,804)
Land redemptions	1,000	1,000	-	(1,000)
Rollback taxes	-	-	30,231	30,231
Mineral rights	-	-	2,931	2,931
Penalties	435,000	435,000	438,076	3,076
Interest	260,000	260,000	291,210	31,210
Total general property taxes	\$ 32,762,281	\$ 32,798,572	\$ 34,664,859	\$ 1,866,287
Other local taxes:				
Local sales and use taxes	\$ 3,500,000	\$ 3,500,000	\$ 6,351,573	\$ 2,851,573
Consumers' utility taxes	685,000	685,000	692,508	7,508
E-911 telephone taxes	45,000	45,000	42,168	(2,832)
Business license taxes	600,000	600,000	928,778	328,778
Motor vehicle licenses	685,000	685,000	684,061	(939)
Taxes on recordation and wills	500,000	500,000	579,111	79,111
Hotel and motel room taxes	70,000	70,000	61,810	(8,190)
Restaurant food taxes	700,000	757,306	757,306	-
Total other local taxes	\$ 6,785,000	\$ 6,842,306	\$ 10,097,315	\$ 3,255,009
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 36,000	\$ 36,000	\$ 35,688	\$ (312)
Building and related permits	250,000	257,605	235,568	(22,037)
Zoning, subdivision fees and rezoning permits	30,000	30,000	27,616	(2,384)
Land use application fees	-	-	230	230
Transfer fees	2,500	2,500	1,442	(1,058)
Weapon permits	10,000	10,000	30,629	20,629
Bank franchise fees	-	-	28,607	28,607
Parks and rec user fees	295,530	295,530	236,863	(58,667)
Septage fees	40,000	40,000	48,955	8,955
Other fees	-	-	20,000	20,000
Total permits, privilege fees, and regulatory licenses	\$ 664,030	\$ 671,635	\$ 665,598	\$ (6,037)
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,000	\$ 50,000	\$ 80,083	\$ 30,083
Total fines and forfeitures	\$ 50,000	\$ 50,000	\$ 80,083	\$ 30,083
Revenue from use of money and property:				
Revenue from use of money	\$ 500,000	\$ 500,000	\$ 119,512	\$ (380,488)
Revenue from use of property	168,160	256,018	254,401	(1,617)
Total revenue from use of money and property	\$ 668,160	\$ 756,018	\$ 373,913	\$ (382,105)
Charges for services:				
Excess fees of clerk	\$ 50,000	\$ 50,000	\$ 9,447	\$ (40,553)
Sheriff's fees	-	-	(3,322)	(3,322)
Courthouse security fees	90,000	90,000	70,495	(19,505)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Administrative fee	\$ 160,000	\$ 160,000	\$ 143,304	\$ (16,696)
Charges for Commonwealth's Attorney	1,000	1,000	4,777	3,777
Inmate phone usage	30,000	30,000	27,224	(2,776)
Airport hangar rental fees and fuel sales	157,659	157,659	164,568	6,909
Work release fees	170,000	170,000	194,771	24,771
Charges for sanitation and waste removal	875,000	875,000	806,119	(68,881)
Charges for other and sale of maps	-	-	1,976	1,976
Golf club membership dues, golf fees, shop sales	201,000	201,000	192,849	(8,151)
Charges for air show	-	-	24,638	24,638
Courthouse maintenance fees	62,500	62,500	51,772	(10,728)
Cost recovery	588,200	733,567	730,091	(3,476)
Charges for law library	24,000	24,000	16,143	(7,857)
Other court charges	-	-	11,918	11,918
Total charges for services	<u>\$ 2,409,359</u>	<u>\$ 2,554,726</u>	<u>\$ 2,446,770</u>	<u>\$ (107,956)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 250,000	\$ 323,794	\$ 230,895	\$ (92,899)
Sale of recyclable materials	75,000	75,000	87,039	12,039
Total miscellaneous revenue	<u>\$ 325,000</u>	<u>\$ 398,794</u>	<u>\$ 317,934</u>	<u>\$ (80,860)</u>
Recovered costs:				
Other recovered costs	\$ -	\$ 22,170	\$ 33,671	\$ 11,501
Expenditure refunds	20,000	20,000	11,360	(8,640)
Total recovered costs	<u>\$ 20,000</u>	<u>\$ 42,170</u>	<u>\$ 45,031</u>	<u>\$ 2,861</u>
Total revenue from local sources	<u>\$ 43,683,830</u>	<u>\$ 44,114,221</u>	<u>\$ 48,691,503</u>	<u>\$ 4,577,282</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 45,000	\$ 45,000	\$ 58,536	\$ 13,536
Mobile home titling tax	3,000	3,000	2,134	(866)
State recordation tax	150,000	150,000	147,809	(2,191)
Personal property tax relief funds	4,541,219	4,541,219	4,541,220	1
Communication taxes	975,000	975,000	916,942	(58,058)
Total noncategorical aid	<u>\$ 5,714,219</u>	<u>\$ 5,714,219</u>	<u>\$ 5,666,641</u>	<u>\$ (47,578)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 349,431	\$ 349,431	\$ 337,879	\$ (11,552)
Sheriff	2,406,039	2,406,039	2,461,648	55,609
Commissioner of revenue	139,998	139,998	133,503	(6,495)
Treasurer	95,870	95,870	96,330	460
Registrar/electoral board	40,000	40,000	37,981	(2,019)
Clerk of the Circuit Court	274,005	274,005	277,192	3,187
Total shared expenses	<u>\$ 3,305,343</u>	<u>\$ 3,305,343</u>	<u>\$ 3,344,533</u>	<u>\$ 39,190</u>



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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 1,298,979	\$ 1,298,979	\$ 1,217,790	\$ (81,189)
Comprehensive services act	977,242	977,242	750,061	(227,181)
Emergency medical services	40,000	40,000	40,305	305
Registrar equipment grant	-	10,306	10,306	-
Litter control grant	-	14,563	14,563	-
Care of prisoners	300,000	300,000	301,804	1,804
Technology trust funds	-	22,331	19,934	(2,397)
Abandoned vehicle program	20,000	20,000	1,950	(18,050)
VA domestic violence victims grant	40,000	40,000	23,299	(16,701)
Victim-witness grant	20,534	20,534	23,286	2,752
Fire programs funds	46,033	46,033	-	(46,033)
Juvenile crime control	33,806	33,806	34,927	1,121
Airport grant	69,750	108,791	40,692	(68,099)
Other categorical aid	5,000	231,557	248,964	17,407
Total other categorical aid	\$ 2,851,344	\$ 3,164,142	\$ 2,727,881	\$ (436,261)
Total categorical aid	\$ 6,156,687	\$ 6,469,485	\$ 6,072,414	\$ (397,071)
Total revenue from the Commonwealth	\$ 11,870,906	\$ 12,183,704	\$ 11,739,055	\$ (444,649)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 45,000	\$ 45,000	\$ 50,748	\$ 5,748
Interest subsidy - Build America Bonds	105,525	105,525	100,935	(4,590)
Total noncategorical aid	\$ 150,525	\$ 150,525	\$ 151,683	\$ 1,158
Categorical aid:				
Welfare administration and public assistance	\$ 1,587,641	\$ 1,587,641	\$ 1,498,450	\$ (89,191)
Comprehensive Services Act - Federal	56,345	56,345	56,345	-
State and community highway safety grant	-	-	2,269	2,269
Highway planning and construction	-	1,572	1,572	-
Juvenile justice and delinquency prevention	-	18,346	18,346	-
State homeland security grant	-	28,087	28,087	-
Community Development Block Grant	-	25,000	25,000	-
Crime victims assistance	27,466	27,466	27,466	-
Ed Byrne justice assistance grant	-	-	1,185	1,185
Ed Byrne memorial state and local law enforcement	50,000	50,000	42,301	(7,699)
Airport improvement program	498,750	498,750	14,607	(484,143)
Total categorical aid	\$ 2,220,202	\$ 2,293,207	\$ 1,715,628	\$ (577,579)
Total revenue from the federal government	\$ 2,370,727	\$ 2,443,732	\$ 1,867,311	\$ (576,421)
Total General Fund	\$ 57,925,463	\$ 58,741,657	\$ 62,297,869	\$ 3,556,212

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Drug Forfeiture Fund:</b>				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 6,768	\$ 6,768
Total categorical aid	\$ -	\$ -	\$ 6,768	\$ 6,768
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,768	\$ 6,768
Total Drug Forfeiture Fund	\$ -	\$ -	\$ 6,768	\$ 6,768
<b>Sanitary District Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,472,712	\$ 1,549,461	\$ 1,445,061	\$ (104,400)
Total general property taxes	\$ 1,472,712	\$ 1,549,461	\$ 1,445,061	\$ (104,400)
Miscellaneous revenue:				
New construction fee	\$ -	\$ 45,000	\$ 54,176	\$ 9,176
Total miscellaneous revenue	\$ -	\$ 45,000	\$ 54,176	\$ 9,176
Total revenue from local sources	\$ 1,472,712	\$ 1,594,461	\$ 1,499,237	\$ (95,224)
Total Sanitary District Fund	\$ 1,472,712	\$ 1,594,461	\$ 1,499,237	\$ (95,224)
<b>School Bond Construction Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 38,239	\$ 38,239
Total recovered costs	\$ -	\$ -	\$ 38,239	\$ 38,239
Total revenue from local sources	\$ -	\$ -	\$ 38,239	\$ 38,239
Total School Bond Construction Fund	\$ -	\$ -	\$ 38,239	\$ 38,239
Total Primary Government	\$ 59,398,175	\$ 60,336,118	\$ 63,842,113	\$ 3,505,995

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 296,200	\$ 264,847	\$ 419,113	\$ 154,266
Total miscellaneous revenue	\$ 296,200	\$ 264,847	\$ 419,113	\$ 154,266
Total revenue from local sources	\$ 296,200	\$ 264,847	\$ 419,113	\$ 154,266
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Warren, Virginia	\$ 20,410,314	\$ 20,166,470	\$ 18,913,750	\$ (1,252,720)
Total revenues from local governments	\$ 20,410,314	\$ 20,166,470	\$ 18,913,750	\$ (1,252,720)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,070,922	\$ 6,070,922	\$ 6,058,502	\$ (12,420)
Basic school aid	12,923,061	12,820,963	13,073,263	252,300
Remedial summer education	56,645	56,645	28,033	(28,612)
Adult secondary education	2,125	2,125	-	(2,125)
Gifted and talented	152,057	152,057	154,836	2,779
Remedial education	362,347	362,347	368,970	6,623
Special education	10,629	10,629	12,987	2,358
Textbook payment	301,881	290,299	295,605	5,306
Vocational SOQ payments	287,692	287,692	293,069	5,377
Social security fringe benefits	844,399	844,399	859,833	15,434
Retirement fringe benefits	1,252,040	1,410,567	1,436,349	25,782
Group life insurance benefits	51,764	51,764	52,710	946
State lottery payments	-	-	16,625	16,625
Early reading intervention	82,106	93,835	85,723	(8,112)
Jail education	38,341	38,341	7,832	(30,509)
GED program	15,717	15,717	17,717	2,000
School food	-	-	27,174	27,174
At risk payments	474,376	416,430	421,219	4,789
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	52,036	68,036	70,083	2,047
Mentor teacher program	2,963	6,906	6,906	-
English as a second language	70,168	70,814	68,950	(1,864)
K-3 initiative	391,229	395,503	420,175	24,672
Homebound education	1,562,623	1,562,623	1,591,184	28,561
School construction funds	-	284,035	272,200	(11,835)
Other state funds	74,172	74,960	226,851	151,891
Total categorical aid	\$ 25,337,293	\$ 25,645,609	\$ 26,124,796	\$ 479,187
Total revenue from the Commonwealth	\$ 25,337,293	\$ 25,645,609	\$ 26,124,796	\$ 479,187

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ -	\$ -	\$ 1,358	\$ 1,358
Title I; Grants to local educational agencies	707,483	797,935	636,669	(161,266)
Title I; Grants to local educational agencies - ARRA	-	6,124	6,123	(1)
Title VI-B; Special education grants to states	1,072,378	1,112,378	1,151,943	39,565
Title VI-B; Special education preschool grants	30,087	30,087	30,040	(47)
Vocational education	78,221	81,239	81,239	-
Title II, Part D; Enhancing state grants	220,141	220,141	-	(220,141)
English language acquisition grant	13,581	13,581	7,761	(5,820)
Title II Part A; Improving teacher quality state grants	-	-	225,480	225,480
National school lunch and breakfast program	-	-	1,392,926	1,392,926
Education jobs funds - ARRA	240,428	240,428	240,428	-
Other federal categorical	45,000	45,000	140,361	95,361
Total categorical aid	<u>\$ 2,407,319</u>	<u>\$ 2,546,913</u>	<u>\$ 3,914,328</u>	<u>\$ 1,367,415</u>
Total revenue from the federal government	<u>\$ 2,407,319</u>	<u>\$ 2,546,913</u>	<u>\$ 3,914,328</u>	<u>\$ 1,367,415</u>
Total School Operating Fund	<u>\$ 48,451,126</u>	<u>\$ 48,623,839</u>	<u>\$ 49,371,987</u>	<u>\$ 748,148</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,369,287	\$ 1,369,287	\$ 1,316,032	\$ (53,255)
Total charges for services	<u>\$ 1,369,287</u>	<u>\$ 1,369,287</u>	<u>\$ 1,316,032</u>	<u>\$ (53,255)</u>
Total revenue from local sources	<u>\$ 1,369,287</u>	<u>\$ 1,369,287</u>	<u>\$ 1,316,032</u>	<u>\$ (53,255)</u>
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 911,790	\$ 911,790	\$ -	\$ (911,790)
Total categorical aid	<u>\$ 911,790</u>	<u>\$ 911,790</u>	<u>\$ -</u>	<u>\$ (911,790)</u>
Total revenue from the federal government	<u>\$ 911,790</u>	<u>\$ 911,790</u>	<u>\$ -</u>	<u>\$ (911,790)</u>
Total School Cafeteria Fund	<u>\$ 2,281,077</u>	<u>\$ 2,281,077</u>	<u>\$ 1,316,032</u>	<u>\$ (965,045)</u>
<b>School Textbook Fund:</b>				
Intergovernmental revenues:				
Revenue from local sources:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	\$ -	\$ 200,000	\$ 200,000	\$ -
Total revenues from local governments	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Total School Textbook Fund	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Total Component Unit - School Board	<u>\$ 50,732,203</u>	<u>\$ 51,104,916</u>	<u>\$ 50,888,019</u>	<u>\$ (216,897)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 201,539	\$ 203,274	\$ 176,435	\$ 26,839
General and financial administration:				
County administrator	\$ 589,054	\$ 618,287	\$ 614,651	\$ 3,636
County attorney	301,305	304,535	307,033	(2,498)
Commissioner of revenue	670,602	681,806	607,118	74,688
Reassessment	125,000	-	-	-
Treasurer	468,224	474,683	467,648	7,035
Finance and purchasing	314,199	305,211	302,540	2,671
Total general and financial administration	\$ 2,468,384	\$ 2,384,522	\$ 2,298,990	\$ 85,532
Board of elections:				
Electoral board and officials	\$ 261,437	\$ 274,433	\$ 204,742	\$ 69,691
Total board of elections	\$ 261,437	\$ 274,433	\$ 204,742	\$ 69,691
Total general government administration	\$ 2,931,360	\$ 2,862,229	\$ 2,680,167	\$ 182,062
Judicial administration:				
Courts:				
Circuit court	\$ 59,200	\$ 59,200	\$ 36,104	\$ 23,096
General district court	9,645	9,645	15,952	(6,307)
Special magistrates	6,250	6,250	4,415	1,835
Clerk of the circuit court	490,400	518,652	482,808	35,844
Juvenile and domestic relations court	19,000	19,000	16,107	2,893
Sheriff - courts	296,004	304,353	282,359	21,994
Law library	24,000	24,000	13,063	10,937
Total courts	\$ 904,499	\$ 941,100	\$ 850,808	\$ 90,292
Commonwealth's attorney:				
Commonwealth's attorney	\$ 680,967	\$ 689,706	\$ 683,390	\$ 6,316
Total commonwealth's attorney	\$ 680,967	\$ 689,706	\$ 683,390	\$ 6,316
Total judicial administration	\$ 1,585,466	\$ 1,630,806	\$ 1,534,198	\$ 96,608
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	\$ 3,933,246	\$ 4,055,769	\$ 4,017,533	\$ 38,236
Work release program	269,253	275,741	348,437	(72,696)
E - 911 system	530,694	708,189	705,264	2,925
Total law enforcement and emergency services	\$ 4,733,193	\$ 5,039,699	\$ 5,071,234	\$ (31,535)
Fire and rescue services:				
Cost recovery fees	\$ 51,500	\$ 51,500	\$ 59,244	\$ (7,744)
Cost recovery reimbursement to fire companies	104,000	104,000	104,109	(109)
Contributions to fire and rescue squads	877,806	963,383	963,562	(179)
Emergency services	1,909,552	2,149,747	2,155,363	(5,616)
Total fire and rescue services	\$ 2,942,858	\$ 3,268,630	\$ 3,282,278	\$ (13,648)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 2,034,440	\$ 2,051,933	\$ 2,055,868	\$ (3,935)
Probation office	56,850	55,850	39,810	16,040
Juvenile detention center	204,502	251,862	251,862	-
Total correction and detention	\$ 2,295,792	\$ 2,359,645	\$ 2,347,540	\$ 12,105
Inspections:				
Building	\$ 443,191	\$ 472,380	\$ 471,516	\$ 864
Total inspections	\$ 443,191	\$ 472,380	\$ 471,516	\$ 864
Other protection:				
Animal control	\$ 482,438	\$ 489,519	\$ 498,760	\$ (9,241)
Medical examiner	280	280	300	(20)
Total other protection	\$ 482,718	\$ 489,799	\$ 499,060	\$ (9,261)
Total public safety	\$ 10,897,752	\$ 11,630,153	\$ 11,671,628	\$ (41,475)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	\$ 18,500	\$ 25,791	\$ 25,791	\$ -
Total maintenance of highways, streets, bridges & sidewalks	\$ 18,500	\$ 25,791	\$ 25,791	\$ -
Sanitation and waste removal:				
Refuse collection	\$ 663,142	\$ 817,100	\$ 817,326	\$ (226)
Refuse disposal	2,262,735	2,145,782	2,000,905	144,877
Total sanitation and waste removal	\$ 2,925,877	\$ 2,962,882	\$ 2,818,231	\$ 144,651
Maintenance of general buildings and grounds:				
General properties	\$ 741,865	\$ 794,647	\$ 794,666	\$ (19)
Total maintenance of general buildings and grounds	\$ 741,865	\$ 794,647	\$ 794,666	\$ (19)
Total public works	\$ 3,686,242	\$ 3,783,320	\$ 3,638,688	\$ 144,632
Health and welfare:				
Health:				
Local health department	\$ 299,674	\$ 299,674	\$ 299,674	\$ -
Total health	\$ 299,674	\$ 299,674	\$ 299,674	\$ -
Mental health and mental retardation:				
Northwestern community services	\$ 275,000	\$ 275,000	\$ 275,000	\$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	\$ 277,500	\$ 277,500	\$ 277,500	\$ -

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 3,924,686	\$ 3,973,321	\$ 3,610,958	\$ 362,363
Shenandoah area agency on aging	40,000	40,000	40,000	-
Warren county council on domestic violence	18,050	37,050	37,050	-
Other social services	45,512	63,858	66,258	(2,400)
Property tax relief for the elderly and handicapped	-	-	291,836	(291,836)
Comprehensive Services Act	2,272,125	1,988,321	1,622,448	365,873
Total welfare	\$ 6,300,373	\$ 6,102,550	\$ 5,668,550	\$ 434,000
Total health and welfare	\$ 6,877,547	\$ 6,679,724	\$ 6,245,724	\$ 434,000
Education:				
Contribution to local school board	\$ 20,410,314	\$ 20,366,470	\$ 19,113,750	\$ 1,252,720
Contributions to community college	36,274	36,274	36,274	-
Total education	\$ 20,446,588	\$ 20,402,744	\$ 19,150,024	\$ 1,252,720
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	\$ 1,896,017	\$ 1,878,381	\$ 1,846,994	\$ 31,387
Outreach program / youth center	50,000	20,000	23,919	(3,919)
Golf club operations	302,720	326,033	389,511	(63,478)
Total parks and recreation	\$ 2,248,737	\$ 2,224,414	\$ 2,260,424	\$ (36,010)
Cultural enrichment:				
Browntown community center	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Blue ridge arts council	10,000	10,000	10,000	-
4-H center	2,500	2,500	2,500	-
Other cultural enrichment	3,500	9,500	9,500	-
Total cultural enrichment	\$ 18,000	\$ 24,000	\$ 24,000	\$ -
Library:				
Contribution to Samuels Public Library	\$ 752,500	\$ 752,500	\$ 752,500	\$ -
Total library	\$ 752,500	\$ 752,500	\$ 752,500	\$ -
Total parks, recreation, and cultural	\$ 3,019,237	\$ 3,000,914	\$ 3,036,924	\$ (36,010)
Community development:				
Planning and community development:				
Planning and zoning administration	\$ 373,922	\$ 382,772	\$ 377,160	\$ 5,612
Enterprise zone grant - IDA	1,414,770	78,374	78,374	-
340/522 water and sewer project - IDA	268,137	268,137	268,136	1
Industrial development authority	103,313	103,313	103,313	-
Other contributions	550	550	550	-
Total planning and community development	\$ 2,160,692	\$ 833,146	\$ 827,533	\$ 5,613

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Abandoned vehicle program	20,000	20,000	1,840	18,160
Total environmental management	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 11,840</u>	<u>\$ 18,160</u>
Airport:				
Air show	\$ -	\$ -	\$ 38,862	\$ (38,862)
Airport Commission operations	53,675	93,191	95,235	(2,044)
Total airport	<u>\$ 53,675</u>	<u>\$ 93,191</u>	<u>\$ 134,097</u>	<u>\$ (40,906)</u>
Cooperative extension program:				
VPI extension service	\$ 97,565	\$ 101,660	\$ 87,279	\$ 14,381
Total cooperative extension program	<u>\$ 97,565</u>	<u>\$ 101,660</u>	<u>\$ 87,279</u>	<u>\$ 14,381</u>
Total community development	<u>\$ 2,341,932</u>	<u>\$ 1,057,997</u>	<u>\$ 1,060,749</u>	<u>\$ (2,752)</u>
Nondepartmental:				
Retiree medical insurance and unemployment insurance	\$ 101,740	\$ 103,695	\$ 104,185	\$ (490)
Central equipment and maintenance	128,000	128,000	131,245	(3,245)
Other nondepartmental	150,000	-	-	-
Total nondepartmental	<u>\$ 379,740</u>	<u>\$ 231,695</u>	<u>\$ 235,430</u>	<u>\$ (3,735)</u>
Capital projects:				
Economic development	\$ 246,766	\$ 246,766	\$ 228,748	\$ 18,018
Soccer fields	50,000	166,939	54,311	112,628
Fishnet property	100,000	169,546	169,650	(104)
Public safety building	526,954	59,225	59,225	-
Bing crosby stadium renovations	15,000	15,000	175,566	(160,566)
Route 522 beautification project	-	37,642	62,184	(24,542)
Airport capital projects	608,500	614,934	29,934	585,000
Eastham Park	75,000	77,500	131,996	(54,496)
Building improvement fund	133,960	133,960	168,865	(34,905)
Revenue sharing projects	250,000	111,455	111,455	-
20 year capital improvement plan	100,000	1,414,310	1,369,743	44,567
Vehicles and equipment	-	36,113	84,567	(48,454)
Other capital projects	920,525	165,456	116,630	48,826
Total capital projects	<u>\$ 3,026,705</u>	<u>\$ 3,248,846</u>	<u>\$ 2,762,874</u>	<u>\$ 485,972</u>



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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 3,499,383	\$ 3,499,383	\$ 3,499,383	\$ -
Interest	1,549,768	4,503,717	4,478,371	25,346
Total debt service	<u>\$ 5,049,151</u>	<u>\$ 8,003,100</u>	<u>\$ 7,977,754</u>	<u>\$ 25,346</u>
Total General Fund	<u>\$ 60,241,720</u>	<u>\$ 62,531,528</u>	<u>\$ 59,994,160</u>	<u>\$ 2,537,368</u>
<b>Special Revenue Funds:</b>				
<b>Drug Forfeiture Fund:</b>				
Public safety				
Other protection				
Drug forfeiture	\$ -	\$ -	\$ 17,397	\$ (17,397)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,397</u>	<u>\$ (17,397)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,397</u>	<u>\$ (17,397)</u>
Total Drug Forfeiture Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,397</u>	<u>\$ (17,397)</u>
<b>Sanitary Districts Fund:</b>				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,406,679	\$ 1,187,512	\$ 1,081,831	\$ 105,681
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 1,406,679</u>	<u>\$ 1,187,512</u>	<u>\$ 1,081,831</u>	<u>\$ 105,681</u>
Total public works	<u>\$ 1,406,679</u>	<u>\$ 1,187,512</u>	<u>\$ 1,081,831</u>	<u>\$ 105,681</u>
Total Sanitary District Fund	<u>\$ 1,406,679</u>	<u>\$ 1,187,512</u>	<u>\$ 1,081,831</u>	<u>\$ 105,681</u>
<b>Capital Projects Fund:</b>				
<b>School Bond Construction Fund:</b>				
Capital projects expenditures:				
School construction	\$ -	\$ 102,085	\$ 476,373	\$ (374,288)
Total capital projects	<u>\$ -</u>	<u>\$ 102,085</u>	<u>\$ 476,373</u>	<u>\$ (374,288)</u>
Total School Bond Construction Fund	<u>\$ -</u>	<u>\$ 102,085</u>	<u>\$ 476,373</u>	<u>\$ (374,288)</u>
Total Primary Government	<u>\$ 61,648,399</u>	<u>\$ 63,821,125</u>	<u>\$ 61,569,761</u>	<u>\$ 2,251,364</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 35,200,231	\$ 35,751,788	\$ 34,989,006	\$ 762,782
Administration, attendance and health	1,749,421	1,749,421	1,928,342	(178,921)
Pupil transportation	2,261,910	2,261,910	2,233,555	28,355
Operation and maintenance	5,845,888	5,845,888	5,960,084	(114,196)
Technology	<u>1,340,305</u>	<u>1,340,305</u>	<u>1,468,465</u>	<u>(128,160)</u>
Total education	<u>\$ 46,397,755</u>	<u>\$ 46,949,312</u>	<u>\$ 46,579,452</u>	<u>\$ 369,860</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
<b>Debt service:</b>				
Principal retirement	\$ 1,340,350	\$ 1,340,350	\$ 1,280,565	\$ 59,785
Interest and other fiscal charges	713,021	334,177	254,601	79,576
Total debt service	<u>\$ 2,053,371</u>	<u>\$ 1,674,527</u>	<u>\$ 1,535,166</u>	<u>\$ 139,361</u>
 Total School Operating Fund	 <u>\$ 48,451,126</u>	 <u>\$ 48,623,839</u>	 <u>\$ 48,114,618</u>	 <u>\$ 509,221</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 2,281,077	\$ 2,281,077	\$ 2,422,527	\$ (141,450)
Total school food services	<u>\$ 2,281,077</u>	<u>\$ 2,281,077</u>	<u>\$ 2,422,527</u>	<u>\$ (141,450)</u>
 Total education	 <u>\$ 2,281,077</u>	 <u>\$ 2,281,077</u>	 <u>\$ 2,422,527</u>	 <u>\$ (141,450)</u>
 Total School Cafeteria Fund	 <u>\$ 2,281,077</u>	 <u>\$ 2,281,077</u>	 <u>\$ 2,422,527</u>	 <u>\$ (141,450)</u>
<b>Vocational Building Fund:</b>				
Education:				
Vocational building	\$ -	\$ -	\$ 6,679	\$ (6,679)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,679</u>	<u>\$ (6,679)</u>
 Total Vocational Building Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,679</u>	 <u>\$ (6,679)</u>
<b>School Textbook Fund:</b>				
Education:				
Textbook expenditures	\$ -	\$ 200,000	\$ 198,285	\$ 1,715
Total education	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 198,285</u>	<u>\$ 1,715</u>
 Total School Textbook Fund	 <u>\$ -</u>	 <u>\$ 200,000</u>	 <u>\$ 198,285</u>	 <u>\$ 1,715</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 50,732,203</u>	 <u>\$ 51,104,916</u>	 <u>\$ 50,742,109</u>	 <u>\$ 362,807</u>

## Other Statistical Information

### Contents

### Tables

#### Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

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#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

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#### Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

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#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

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

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COUNTY OF WARREN, VIRGINIA

Table 1

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
Governmental activities										
Net investment in capital assets	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137	\$ 33,051,889	\$ 39,807,455	\$ 41,283,508
Restricted	220,968	99,200	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122
Unrestricted	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581
Total governmental activities net position	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882	\$ 76,082,957	\$ 78,414,014	\$ 81,035,211
Primary government										
Net investment in capital assets	\$ 10,216,305	\$ 17,397,255	\$ 18,877,770	\$ 22,451,670	\$ 23,611,594	\$ 23,980,653	\$ 28,433,137	\$ 33,051,889	\$ 39,807,455	\$ 41,283,508
Restricted	220,968	99,200	166,400	401,600	530,100	671,806	404,906	404,906	472,751	462,122
Unrestricted	19,050,328	19,511,473	26,349,543	31,777,104	28,187,733	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581
Total primary government net position	\$ 29,487,601	\$ 37,007,928	\$ 45,393,713	\$ 54,630,374	\$ 52,329,427	\$ 52,959,076	\$ 72,103,882	\$ 76,082,957	\$ 78,414,014	\$ 81,035,211

COUNTY OF WARREN, VIRGINIA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,923,215	\$ 2,466,844	\$ 2,673,036	\$ 2,911,298	\$ 2,902,924	\$ 3,215,515	\$ 3,151,069	\$ 3,911,301	\$ 4,763,989	\$ 3,325,816
Judicial administration	928,883	1,009,922	1,082,540	1,339,218	1,551,450	1,349,421	1,422,107	1,377,697	1,409,961	1,337,703
Public safety	6,578,525	7,874,128	9,213,506	9,838,477	10,932,498	11,053,220	11,282,726	11,302,344	12,298,117	12,715,103
Public works	3,642,059	4,076,368	4,411,167	4,922,261	4,874,698	4,578,357	4,742,144	5,226,893	4,770,471	5,184,861
Health and welfare	5,903,567	6,379,449	6,890,563	7,161,649	7,904,706	7,814,495	7,701,920	7,072,800	7,693,313	6,372,322
Education	15,089,710	13,087,605	14,711,826	15,430,281	21,134,088	19,282,393	19,142,956	20,702,750	19,409,698	20,616,162
Parks, recreation and cultural	1,504,339	1,976,434	2,036,104	4,539,947	4,588,560	4,339,242	2,755,644	3,681,010	3,154,449	3,321,806
Community development	997,256	1,496,777	1,202,645	1,105,175	1,305,378	1,258,578	1,194,165	1,200,522	1,257,830	1,215,861
Non-departmental	204,876	102,283	132,142	122,559	123,071	123,990	139,412	136,821	-	-
Interest on long-term debt	1,029,468	3,689,200	4,759,007	4,631,534	4,426,329	5,329,882	5,407,080	5,535,466	4,699,187	4,687,949
Total governmental activities expenses	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223	\$ 60,147,604	\$ 59,457,015	\$ 58,777,583
Total primary government expenses	\$ 37,849,472	\$ 42,159,010	\$ 47,112,536	\$ 52,002,399	\$ 59,743,702	\$ 58,345,093	\$ 56,939,223	\$ 60,147,604	\$ 59,457,015	\$ 58,777,583
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 164,271	\$ 204,773	\$ 231,981	\$ 460,606	\$ 365,131	\$ 401,650	\$ 459,098	\$ 489,180	\$ 477,385	\$ 173,887
Judicial administration	167,043	273,236	333,535	437,513	413,847	364,648	363,139	375,716	332,962	248,492
Public safety	628,397	1,007,107	1,053,699	1,691,282	1,986,541	1,924,180	1,901,618	1,919,051	2,299,296	1,266,792
Public works	672,582	1,192,016	1,398,722	1,172,961	1,481,020	1,123,668	1,068,864	951,891	891,139	855,074
Health and welfare	-	50,994	25,021	28,536	38,141	269,513	278,137	250,371	293,177	-
Parks, recreation and cultural	150,374	149,192	337,190	504,600	512,869	525,998	534,070	549,381	570,267	429,712
Community development	76,372	86,365	192,265	240,698	209,791	179,738	179,771	213,341	241,298	218,494
Operating grants and contributions	7,912,853	8,135,771	9,356,103	9,614,388	9,725,186	9,620,915	8,915,568	8,784,738	7,984,270	7,533,944
Capital grants and contributions	376,952	40,369	544,210	1,315,675	1,714,549	187,969	234,304	630,340	295,688	261,197
Total governmental activities program revenues	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569	\$ 14,164,009	\$ 13,385,482	\$ 10,987,592
Total primary government program revenues	\$ 10,148,844	\$ 11,139,823	\$ 13,472,726	\$ 15,466,259	\$ 16,447,075	\$ 14,598,279	\$ 13,934,569	\$ 14,164,009	\$ 13,385,482	\$ 10,987,592
Net (expense) / revenue										
Governmental activities	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)	\$ (45,983,595)	\$ (46,071,533)	\$ (47,789,991)
Total primary government net expense	\$ (27,700,628)	\$ (31,019,187)	\$ (33,639,810)	\$ (36,536,140)	\$ (43,296,627)	\$ (43,746,814)	\$ (43,004,654)	\$ (45,983,595)	\$ (46,071,533)	\$ (47,789,991)

COUNTY OF WARREN, VIRGINIA

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 21,362,306	\$ 23,673,512	\$ 25,646,664	\$ 27,823,493	\$ 30,282,018	\$ 30,117,767	\$ 49,583,450	\$ 33,922,048	\$ 34,768,063	\$ 35,453,198
Local sales and use taxes	1,957,375	2,190,929	2,262,675	2,364,724	2,692,913	2,837,283	2,838,297	2,931,450	3,281,603	6,351,573
Taxes on recordation and wills	543,441	1,133,365	1,127,774	897,902	613,479	450,074	486,031	418,073	321,394	462,347
Communication taxes	-	-	-	438,269	1,022,051	928,624	-	-	-	-
Consumer utility taxes	974,898	1,034,003	1,070,406	854,830	666,366	681,492	670,372	683,604	687,180	692,508
Business licenses taxes	1,013,569	1,207,130	1,269,066	1,354,944	1,193,715	1,017,697	749,297	569,485	906,752	928,778
Meals tax (1)	-	-	-	-	-	628,516	667,916	690,672	724,799	757,306
Other local taxes	987,114	1,181,462	1,117,208	934,988	1,075,012	908,094	624,143	775,901	890,048	904,803
Unrestricted grants and contributions	4,449,359	4,520,582	5,636,350	4,803,851	4,754,973	4,541,517	5,458,531	5,312,483	5,781,049	5,818,324
Unrestricted revenues from use of money and property	162,299	1,378,994	3,065,850	6,074,437	1,518,252	1,088,900	861,058	459,208	392,301	373,583
Miscellaneous	335,075	262,875	1,383,413	225,363	349,774	1,176,499	210,365	4,199,746	649,401	372,120
Transfers	-	-	-	-	-	-	-	-	-	35,740
<b>Total governmental activities</b>	<b>\$ 31,785,436</b>	<b>\$ 36,582,852</b>	<b>\$ 42,579,406</b>	<b>\$ 45,772,801</b>	<b>\$ 44,168,553</b>	<b>\$ 44,376,463</b>	<b>\$ 62,149,460</b>	<b>\$ 49,962,670</b>	<b>\$ 48,402,590</b>	<b>\$ 52,150,280</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 31,785,436	\$ 36,582,852	\$ 42,579,406	\$ 45,772,801	\$ 44,168,553	\$ 44,376,463	\$ 62,149,460	\$ 49,962,670	\$ 48,402,590	\$ 52,150,280
<b>Governmental activities</b>										
<b>Total primary government</b>	<b>\$ 4,084,808</b>	<b>\$ 5,563,665</b>	<b>\$ 8,939,596</b>	<b>\$ 9,236,661</b>	<b>\$ 871,926</b>	<b>\$ 629,649</b>	<b>\$ 19,144,806</b>	<b>\$ 3,979,075</b>	<b>\$ 2,331,057</b>	<b>\$ 4,360,289</b>
<b>Governmental activities</b>	<b>\$ 4,084,808</b>	<b>\$ 5,563,665</b>	<b>\$ 8,939,596</b>	<b>\$ 9,236,661</b>	<b>\$ 871,926</b>	<b>\$ 629,649</b>	<b>\$ 19,144,806</b>	<b>\$ 3,979,075</b>	<b>\$ 2,331,057</b>	<b>\$ 4,360,289</b>

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.

(2) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items

COUNTY OF WARREN, VIRGINIA

Table 3

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

	2005	2006	2007	2008	2009	2010	2011 *	2012 *	2013
General fund									
Unreserved	\$ 17,433,209	\$ 21,995,055	\$ 25,920,082	\$ 17,205,359	\$ 15,452,280	\$ 17,195,830			
Total general fund	<u>\$ 17,433,209</u>	<u>\$ 21,995,055</u>	<u>\$ 25,920,082</u>	<u>\$ 17,205,359</u>	<u>\$ 15,452,280</u>	<u>\$ 17,195,830</u>			
All other governmental funds									
Reserved	\$ 77,194,689	\$ 37,608,880	\$ 8,918,159	\$ 2,726,776	\$ 22,703,534	\$ 12,954,446			
Unreserved, reported in:									
Special revenue funds	442,567	327,243	363,359	126,553	26,645	(54,216)			
Capital projects funds	5,033,233	6,869,431	9,672,514	11,741,182	12,970,305	26,672,946			
Total all other governmental funds	<u>\$ 82,670,489</u>	<u>\$ 44,805,554</u>	<u>\$ 18,954,032</u>	<u>\$ 14,594,511</u>	<u>\$ 35,700,484</u>	<u>\$ 39,573,176</u>			
General fund							\$ 13,566,706	\$ 13,757,149	\$ 17,132,916
Unassigned							<u>\$ 13,566,706</u>	<u>\$ 13,757,149</u>	<u>\$ 17,132,916</u>
Total general fund									
All other governmental funds									
Restricted							\$ 4,994,702	\$ 726,981	\$ 462,122
Committed							27,769,270	23,205,218	22,852,130
Assigned							195,965	195,965	153,514
Unassigned							-	-	(183,904)
Total all other governmental funds							<u>32,959,937</u>	<u>24,128,164</u>	<u>23,283,862</u>
Total fund balance, governmental funds							<u>\$ 46,526,643</u>	<u>\$ 37,885,313</u>	<u>\$ 40,416,778</u>

\* The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.



COUNTY OF WARREN, VIRGINIA

Table 4

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
General property taxes	\$ 21,692,697	\$ 23,622,839	\$ 25,211,738	\$ 28,235,949	\$ 29,615,065	\$ 30,304,803	\$ 47,236,991	\$ 33,878,123	\$ 34,090,051	\$ 36,109,920
Other local taxes	5,432,715	6,746,889	6,847,128	6,883,177	7,263,536	7,451,780	6,036,056	6,069,186	6,811,776	10,097,315
Permits, privilege fees and regulatory licenses	860,766	1,041,773	1,094,150	917,128	648,763	508,254	506,320	555,982	527,806	665,598
Fines and forfeitures	65,231	93,745	102,119	93,529	62,110	42,395	48,014	49,216	24,776	80,083
Revenue from use of money and property	279,646	1,378,994	3,059,748	6,052,586	1,501,355	1,086,205	861,058	459,208	392,301	373,913
Charges for services	942,152	1,813,216	2,271,272	2,007,538	2,271,201	1,915,160	1,800,540	2,237,108	2,408,251	2,446,770
Miscellaneous	208,621	217,997	1,079,321	474,236	2,014,035	1,172,533	227,306	4,199,744	649,404	372,110
Recovered costs	-	59,825	102,821	632,889	576,439	677,069	553,957	317,422	14,514	83,270
Intergovernmental:										
Commonwealth	10,203,697	10,826,918	13,189,971	12,329,646	12,469,533	11,526,007	12,217,113	11,787,400	11,954,053	11,745,823
Federal	2,202,197	1,869,804	2,219,884	3,392,408	2,124,856	2,819,257	2,380,365	2,940,161	2,106,954	1,867,311
<b>Total revenues</b>	<b>\$ 41,887,722</b>	<b>\$ 47,672,000</b>	<b>\$ 55,178,152</b>	<b>\$ 61,019,086</b>	<b>\$ 58,546,893</b>	<b>\$ 57,503,463</b>	<b>\$ 71,867,720</b>	<b>\$ 62,493,550</b>	<b>\$ 58,979,886</b>	<b>\$ 63,842,113</b>
<b>Expenditures</b>										
General government administration	\$ 1,908,881	\$ 2,058,452	\$ 2,544,341	\$ 2,309,828	\$ 2,396,688	\$ 2,521,049	\$ 2,450,952	\$ 3,023,745	\$ 2,671,164	\$ 2,680,167
Judicial administration	811,180	959,252	1,017,171	1,127,029	1,196,882	1,152,773	1,208,840	1,387,022	1,448,578	1,534,198
Public safety	6,952,973	8,488,185	8,744,615	9,678,565	9,834,048	9,675,347	9,606,720	10,192,987	10,453,211	11,689,025
Public works	3,340,435	3,894,742	4,308,991	4,681,406	4,678,045	4,146,798	4,251,706	4,127,601	4,199,431	4,720,519
Health and welfare	5,870,910	6,394,223	6,691,125	7,163,028	7,448,551	7,351,875	7,280,066	6,688,564	6,706,491	6,245,724
Education	16,769,680	14,761,096	15,883,584	15,588,578	18,616,370	18,875,998	18,901,332	20,687,963	18,643,244	19,150,024
Parks, recreation and cultural	1,453,936	1,380,437	1,756,337	1,992,193	2,243,701	2,277,426	2,565,936	2,779,555	2,828,558	3,036,924
Community development	831,658	937,181	704,743	801,080	987,983	975,573	856,205	781,834	734,419	792,613
Non-departmental	204,876	102,283	114,462	389,752	475,784	172,356	182,337	197,336	249,404	235,430
Capital projects	1,143,112	15,141,486	41,729,898	34,411,243	14,279,414	8,887,092	19,454,905	13,537,702	11,760,452	3,507,383
Debt service										
Principal	449,240	684,518	1,113,143	1,149,551	1,165,548	1,525,382	3,711,768	4,490,955	3,458,550	3,499,383
Interest and other fiscal charges	234,470	1,866,039	4,060,595	4,022,879	3,813,327	4,819,350	4,964,661	5,231,529	6,758,827	4,478,371
<b>Total expenditures</b>	<b>\$ 39,971,351</b>	<b>\$ 56,667,894</b>	<b>\$ 88,669,005</b>	<b>\$ 83,315,132</b>	<b>\$ 67,136,341</b>	<b>\$ 62,381,019</b>	<b>\$ 75,435,428</b>	<b>\$ 73,126,793</b>	<b>\$ 69,912,329</b>	<b>\$ 61,569,761</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 1,916,371</b>	<b>\$ (8,995,894)</b>	<b>\$ (33,490,853)</b>	<b>\$ (22,296,046)</b>	<b>\$ (8,589,448)</b>	<b>\$ (4,877,556)</b>	<b>\$ (3,567,708)</b>	<b>\$ (10,633,243)</b>	<b>\$ (10,932,443)</b>	<b>\$ 2,272,352</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 3,402,555	\$ 4,562,108	\$ 7,761,927	\$ 6,405,058	\$ 12,639,909	\$ 6,429,432	\$ 22,414,429	\$ 15,793,316	\$ 12,805,447	\$ 5,321,020
Transfers out	(3,402,555)	(4,562,108)	(7,761,927)	(6,405,058)	(12,673,070)	(6,429,432)	(22,375,833)	(15,721,064)	(12,360,880)	(5,061,907)
Issuance of bonds	-	83,265,000	-	-	12,730,401	46,775,450	11,192,300	-	77,000,000	-
Premium on bonds issued	-	1,973,716	-	-	686,698	-	-	-	10,859,925	-
Discount on bonds issued	-	-	-	-	-	(40,000)	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	(15,000,000)	(23,000,000)	(2,450,000)	-	(86,013,379)	-
Issuance capital leases	1,290,942	2,530,232	226,751	284,690	304,139	495,000	403,054	318,628	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 1,290,942</b>	<b>\$ 87,768,948</b>	<b>\$ 226,751</b>	<b>\$ 284,690</b>	<b>\$ (1,311,923)</b>	<b>\$ 24,230,450</b>	<b>\$ 9,183,950</b>	<b>\$ 390,880</b>	<b>\$ 2,291,113</b>	<b>\$ 259,113</b>
<b>Net change in fund balances</b>	<b>\$ 3,207,313</b>	<b>\$ 78,773,054</b>	<b>\$ (33,264,102)</b>	<b>\$ (22,011,356)</b>	<b>\$ (9,901,371)</b>	<b>\$ 19,352,894</b>	<b>\$ 5,616,242</b>	<b>\$ (10,242,363)</b>	<b>\$ (8,641,330)</b>	<b>\$ 2,531,465</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.76%</b>	<b>6.14%</b>	<b>11.02%</b>	<b>10.58%</b>	<b>8.06%</b>	<b>11.21%</b>	<b>11.66%</b>	<b>13.46%</b>	<b>15.15%</b>	<b>13.25%</b>

(1) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 5

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Fiscal Year	General Government		Health and Welfare			Parks, Recreation, and			Community Development			Non-departmental	Debt Service		Total
	Administration	Judicial Administration	Public Safety	Public Works	Welfare	Education (2)	Cultural	Development	Service	Service					
2003-04	\$ 1,908,881	\$ 811,180	\$ 6,952,973	\$ 3,340,435	\$ 5,870,910	\$ 39,493,996	\$ 1,453,936	\$ 831,658	-	\$ 3,077,328	\$ 63,741,297				
2004-05	2,058,452	959,252	8,488,185	3,894,742	6,394,223	41,797,866	1,380,437	937,181	-	4,696,099	70,606,437				
2005-06	2,544,341	1,017,171	8,744,615	4,308,991	6,691,125	40,809,276	1,756,337	890,950	-	7,245,211	74,008,017				
2006-07	2,309,828	1,127,029	9,678,565	4,681,406	7,163,028	43,935,553	1,992,193	801,080	-	7,174,053	78,862,735				
2007-08	2,396,688	1,196,882	9,834,048	4,678,045	7,448,551	47,741,628	2,243,701	987,983	-	6,915,189	83,442,715				
2008-09	2,521,049	1,152,773	9,675,347	4,146,798	7,351,875	48,022,270	2,277,426	975,573	172,356	8,217,033	84,512,500				
2009-10	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080				
2010-11	3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	781,834	197,336	11,356,255	88,270,946				
2011-12	2,671,164	1,448,578	10,453,211	4,199,431	6,706,491	46,365,366	2,828,558	734,419	249,404	11,887,803	87,544,425				
2012-13	2,680,167	1,534,198	11,689,025	4,720,519	6,245,724	49,243,217	3,036,924	1,060,749	235,430	9,512,920	89,958,873				

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

(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

(3) Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

COUNTY OF WARREN, VIRGINIA

Table 6

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
2003-04	\$ 21,692,697	\$ 5,432,715	\$ 860,766	\$ 65,231	\$ 430,805	\$ 2,040,939	\$ 4,031,639	\$ -	\$ 34,008,133	\$ 68,562,925
2004-05	23,622,839	6,746,889	1,041,773	93,745	551,501	3,005,579	3,872,864	59,825	37,275,360	76,270,375
2005-06	25,211,738	6,847,128	1,094,150	102,119	3,064,164	3,665,679	1,316,930	102,821	41,538,374	82,943,103
2006-07	28,235,949	6,883,177	917,128	93,529	6,073,046	3,328,318	818,470	632,889	44,465,619	91,448,125
2007-08	29,615,065	7,263,536	648,763	62,110	1,543,815	3,643,342	720,142	576,439	44,109,698	88,182,910
2008-09	30,304,803	7,451,780	508,254	42,395	1,086,849	3,310,229	1,577,659	677,069	43,622,251	88,581,289
2009-10	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	43,614,828	102,126,244
2010-11	33,878,123	6,069,186	555,982	49,216	424,507	3,509,824	4,452,764	17,463	42,024,470	90,981,535
2011-12	34,090,051	6,811,776	527,806	24,776	386,991	3,739,774	885,906	14,514	41,811,690	88,293,284
2012-13	36,109,920	10,097,315	665,598	80,083	373,913	3,762,802	791,223	45,031	43,652,258	95,578,143

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

(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

(3) Activity of the school self-insurance fund is not reported in the above table beginning in fiscal year 2006.

(4) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 7

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Recordation and Wills Tax	Business License Tax	Communication Tax	Meals Tax (1)	Other Local Taxes	Total
2004	\$ 21,362,306	\$ 1,957,375	\$ 974,898	\$ 543,441	\$ 1,013,569	\$ -	\$ -	\$ 987,114	\$ 26,838,703
2005	23,673,512	2,190,929	1,034,003	1,133,365	1,207,130	-	-	1,181,462	30,420,401
2006	25,646,664	2,262,675	1,070,406	1,127,774	1,269,066	-	-	1,117,208	32,493,793
2007	27,823,493	2,364,724	854,830	897,902	1,354,944	438,269	-	1,373,257	35,107,419
2008	30,282,018	2,692,913	666,366	613,479	1,193,715	1,022,051	-	1,021,862	37,492,404
2009	30,117,767	2,837,283	681,492	450,074	1,017,697	928,624	628,516	908,094	37,569,547
2010	49,583,450	2,838,297	670,372	486,031	749,297	932,498	667,916	1,110,174	57,038,035
2011	33,922,049	2,931,450	683,604	313,489	569,485	927,882	690,672	880,485	40,919,116
2012	34,768,063	3,281,603	687,180	321,394	906,752	909,027	724,799	890,048	42,488,866
2013	36,109,920	6,351,573	692,508	59,111	928,778	916,942	757,306	1,308,039	47,124,177

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

COUNTY OF WARREN, VIRGINIA

Table 8

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

Fiscal Year	Personal Property			Machinery and Tools	Public Service	Total Taxable Assessed Value	Overlapping Tax Rate		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Homes	Town of Front Royal				Pers. Prop.	Real Estate		
2004	\$ 2,024,030,300	\$ 326,324,172	\$ 23,889,510	\$ 52,954,863	\$ 2,427,198,845	\$ 0.60	\$ 0.13	\$ 2,427,198,845	100.00%	
2005	2,296,416,720	336,831,968	20,171,800	54,718,870	2,708,139,358	0.60	0.13	2,708,139,358	100.00%	
2006	2,232,709,900	275,486,114	24,482,595	45,019,071	2,577,697,680	0.60	0.13	2,577,697,680	100.00%	
2007	2,322,050,800	413,895,353	19,761,215	37,241,703	2,792,949,071	0.60	0.13	2,792,949,071	100.00%	
2008	4,618,588,000	426,788,783	54,714,951	67,587,582	5,167,679,316	0.60	0.07	5,167,679,316	100.00%	
2009	4,737,808,700	422,529,586	54,831,030	71,830,670	5,286,999,986	0.60	0.07	5,286,999,986	100.00%	
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	0.60	0.07	5,310,288,654	100.00%	
2011	4,816,929,300	336,375,506	55,042,750	83,128,930	5,291,476,486	0.64	0.11	5,291,476,486	100.00%	
2012	3,783,054,400	338,756,346	51,946,980	95,214,200	4,268,971,926	0.64	0.11	4,268,971,926	100.00%	
2013	3,795,435,900	345,186,421	52,915,970	93,483,110	4,287,021,401	0.64	0.11	4,287,021,401	100.00%	

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.  
Fiscal Year 2010 is comprised of the 2009 calendar year assessment.  
Fiscal Year 2011 is comprised of the 2010 calendar year assessment.  
Fiscal Year 2012 is comprised of the 2011 calendar year assessment.  
Fiscal Year 2013 is comprised of the 2012 calendar year assessment.

COUNTY OF WARREN, VIRGINIA

Table 9

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate (3)	Personal Property (2)(3)	Mobile Homes (3)	Machinery and Tools (2)(3)
2004	0.76	3.15	0.76	2.25
2005	0.79	3.15	0.79	2.25
2006	0.79	3.15	0.79	2.25
2007	0.82	3.15	0.82	2.25
2008	0.45	3.15	0.45	1.30
2009	0.45	3.15	0.45	1.30
2010	0.46/0.46	4.00/4.00	0.46/0.46	1.30/1.30
2011	0.46/0.59	4.00/4.00	0.46/0.59	1.30/1.30
2012	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2013	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30

- (1) Per \$100 of assessed value  
(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.  
(3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA

Table 10

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3,5)	Collected within the Fiscal			Collections in Subsequent Years (1)	Total Collections to Date	
		Year of the Levy	Percentage of Levy			Amount (1) (3)	Percentage of Levy
			Collections (1,4,5)				
2003-04	\$ 20,678,868	\$ 19,815,413	95.82%	\$ 620,023	\$ 20,435,436	98.82%	
2004-05	22,942,829	21,857,551	95.27%	853,251	22,710,802	98.99%	
2005-06	29,431,720	29,247,722	99.37%	536,451	29,784,173	101.20%	
2006-07	32,091,748	31,437,990	97.96%	776,957	32,214,947	100.38%	
2007-08	34,384,133	33,113,731	96.31%	620,850	33,734,581	98.11%	
2008-09	35,112,209	33,368,512	95.03%	924,484	34,292,996	97.67%	
2009-10	55,429,700	50,060,893	90.31%	771,805	50,832,698	91.71%	
2010-11	37,294,301	35,493,841	95.17%	1,883,653	37,377,494	100.22%	
2011-12	37,825,616	35,949,106	95.04%	1,724,106	37,673,212	99.60%	
2012-13	38,819,912	37,870,536	97.55%	-	37,870,536	97.55%	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years plus current tax year.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(4) Includes personal property tax relief from the Commonwealth of Virginia.

(5) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment - tax collections includes personal property tax relief for calendar year 2009 only.

COUNTY OF WARREN, VIRGINIA

Table 11

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Years	Governmental Activities								Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
	General		Lease		Other		Capital					
	Obligation Bonds		Revenue Bonds		Notes/ Bonds		Leases					
2004	\$	19,308,772	\$	-	\$	14,847	\$	1,133,550	\$	20,457,169	2.05%	600
2005		17,919,015		83,265,000		55,476		3,093,633		104,333,124	9.48%	2,983
2006		16,522,681		83,265,000		25,677		2,397,040		102,210,398	8.55%	2,859
2007		15,114,663		83,265,000		584,846		1,753,666		100,718,175	9.15%	2,775
2008		26,429,273		68,265,000		560,780		1,091,323		96,346,376	6.97%	2,626
2009		24,468,064		92,040,450		535,424		805,767		117,849,705	8.52%	3,210
2010		31,207,549		89,592,428		510,067		729,453		122,039,497	8.60%	3,260
2011		28,075,211		87,320,985		482,652		742,336		116,621,184	8.22%	3,094
2012		15,521,800		92,468,265		454,145		496,150		108,940,360	7.67%	2,838
2013		14,079,600		89,443,928		424,503		307,945		104,255,976	6.81%	2,716

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Amounts in table do not include premiums or discounts

(1) See the Schedule of Demographic and Economic Statistics - Table 13



COUNTY OF WARREN, VIRGINIA

Table 12

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
			Debt to Assessed Value (2)		
2004	\$ 19,308,773	\$ 19,308,773	0.80%	\$	567
2005	101,184,015	101,184,015	3.74%		2,893
2006	99,787,681	99,787,681	3.87%		2,791
2007	98,379,663	98,379,663	3.52%		2,813
2008	94,694,273	94,694,273	1.83%		2,581
2009	116,508,514	116,508,514	2.20%		3,173
2010	120,799,977	120,799,977	2.27%		3,227
2011	115,396,196	115,396,196	2.18%		3,062
2012	107,990,065	107,990,065	2.53%		2,814
2013	103,523,528	103,523,528	2.38%		2,697

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 8

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes capital leases, OPEB obligation and compensated absences.

(4) The County is not subject to a legal debt margin

(5) The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA

Table 13

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	September 30 School Enrollment	Unemployment Rate
2004	34,074	\$ 1,000,185	\$ 28,995	38	5,076	3.20%
2005	34,977	1,100,204	31,455	38	5,174	2.90%
2006	35,752	1,196,000	33,452	38	5,268	2.80%
2007	36,300	1,256,000	34,600	38	5,332	3.10%
2008	36,695	1,382,000	37,661	38	5,273	4.20%
2009	36,713	1,384,000	37,697	38	5,319	6.60%
2010	37,439	1,419,574	37,917	39	5,339	6.61%
2011	37,688	1,419,574	37,666	39	5,340	6.20%
2012	38,381	1,419,574	36,986	39	5,394	5.00%
2013	38,387	1,530,374	39,867	39	5,390	4.90%

Source: Weldon Cooper Center, Annual school report - prepared by the County, [www.fedstats.gov](http://www.fedstats.gov).  
Updated Personal Income is not available. The 2010 number was used as an estimate.

COUNTY OF WARREN, VIRGINIA

Table 14

Principal Employers Current Year	
	Current Year
Employer	Employees
Warren County School Board	956
Valley Health System	503
Family Dollar Services	410
Ferguson Enterprises, Inc.	382
County of Warren	326
E.I. DuPont De Nemours Company	325
Baugh Northeast, Inc.	320
Interbake Foods	300
Totals	4,325

Note: Information for 10 years prior was unavailable. Information regarding total employment within the County was unavailable.

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# 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 Warren, 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, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Warren, 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 Warren, Virginia's basic financial statements, and have issued our report thereon dated January 13, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

## Purpose of this Report

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

*Robinson, Farmer Cox Associates*  
Charlottesville, Virginia  
January 13, 2014

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

### Report on Compliance for Each Major Federal Program

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

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

### *Opinion on Each Major Federal Program*

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

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

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

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

*Robinson, Farmer Cox Associates*  
Charlottesville, Virginia  
January 13, 2014



COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950112/0950113	\$ 4,034
Temporary assistance for needy families	93.558	0400112/0400113	294,579
Refugee and entrant assistance - state administered programs	93.566	0500112/0500113	1,138
Low income home energy assistance	93.568	0600412/0600413	15,779
Child Care and Development Fund Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760112/0760113	45,898
Stephanie Tubbs Jones child welfare services program	93.645	0900112/0900113	1,382
Children's health insurance program	93.767	0540112/0540113	7,951
Foster care - Title IV-E	93.658	1100112/1100113	193,939
Adoption assistance	93.659	1120112/1120113	191,982
Social services block grant	93.667	1000112/1000113	276,707
Chafee education and training vouchers program	93.599	9160112	10,981
Chafee foster care independence program	93.674	9150112/9150113	10,760
Medical assistance program	93.778	1200112/1200113	188,651
Total Department Health and Human Services			\$ 1,243,781
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food distribution - Summer food service program	10.559	10.559/2012/2013	\$ 1,902
School breakfast program	10.553	10.553/2012 / 2013IN109941	281,900
Food distribution - National school lunch program	10.555	10.555/2012 / 2013IN109941	178,160
Department of Education:			
National school lunch program	10.555	10.555/2012 / 2013IN109941	930,964
Subtotal CFDA 10.555			\$ 1,109,124
Department of Education:			
Child nutrition cluster:			
Schools and roads - Grants to states	10.665	10.665/2013	1,358
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010112/0010113/0040112	311,014
Total Department of Agriculture			\$ 1,705,298
Department of Housing and Urban Development:			
Direct payments:			
Community development block grants states program and non-entitlement grants in Hawaii	14.228		\$ 25,000
Total Department of Housing and Urban Development			\$ 25,000

COUNTY OF WARREN, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Edward Byrne memorial state and local law enforcement assistance	16.580		\$ 42,301
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime victim assistance	16.575	12VAGX0001	\$ 27,466
Edward Byrne memorial justice assistance act grant program	16.738	12DJBX0272	1,185
Juvenile justice and delinquency prevention allocation to states	16.540	12JFFX0027	18,346
Total Department of Justice			\$ 89,298
Department of Transportation:			
Direct Payments:			
Airport improvement program	20.106		\$ 14,607
Pass Through Payments:			
Virginia Department of Transportation:			
Highway planning and construction	20.205	N/A	\$ 1,572
Department of Motor Vehicles:			
Alcohol impaired driving countermeasures incentive grants	20.601	K8-2012-52142-4520	\$ 2,269
Total Department of Transportation			\$ 18,448
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
State homeland security grant program	97.073	77501-52700	\$ 28,087
Total Department of Homeland Security			\$ 28,087
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A cluster:			
Title I: Grants to local educational agencies	84.010	S010A110046/S010A120046S010A100046	\$ 636,669
ARRA - Title I: Grants to local educational agencies	84.389	S389A090046	6,123
Special education cluster:			
Title VI-B: Special education grants to states	84.027	H027A110107/H027A120107	1,151,943
Title VI-B: Special education preschool grants	84.173	H173A120112/H173A110112	30,040
Career and technical education: Basic grants to states	84.048	V048A110046/V048A120046	81,239
English language acquisition grants	84.365	S365A110046/S365A120046	7,761
ARRA - Education jobs fund	84.410	S411A100047/S410A120047	240,428
Improving teacher quality state grants	84.367	S367A100044/S367A110044	225,480
Total Department of Education			\$ 2,379,683
Total Expenditures of Federal Awards			\$ 5,489,595

See accompanying notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF WARREN, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

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#### Note 1 - Basis of Presentation

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

#### Note 2 - Summary of Significant Accounting Policies

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

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

#### Note 3 - Food Donation

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

#### Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General fund	\$	1,867,311
Less: Build America Bond interest subsidy		(100,935)
Total Primary Government	\$	<u>1,766,376</u>

Component Unit - Warren County School Board:

School operating fund	\$	3,914,328
Less: E-Rate		(140,361)
Department of the Interior - Payments in lieu of taxes	15.226	(50,748)
Total Component Unit - Warren County School Board	\$	<u>3,723,219</u>

Total federal expenditures per basic financial statements	\$	<u>5,489,595</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>5,489,595</u>
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COUNTY OF WARREN, VIRGINIA

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

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
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
10.561	State administrative matching grants for the supplemental nutrition assistance program
10.553/10.555/10.559	Child Nutrition Cluster:
84.410	ARRA - Education jobs fund

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

**Section II - Financial Statement Findings**

None

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

None

**Section IV - Prior Year Audit Findings**

None