

# COUNTY OF GREENE, VIRGINIA



## FINANCIAL REPORT YEAR ENDED JUNE 30, 2013



**County of Greene, Virginia**

**Financial Report**

**Year Ended June 30, 2013**

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## Table of Contents

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	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
 <b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1 Statement of Net Position	10
Exhibit 2 Statement of Activities	11
 <b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	13
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities—Governmental Funds	14
Exhibit 6 Statement of Fiduciary Net Position—Fiduciary Funds	15
Notes to Financial Statements	16-53
 <b><u>Required Supplementary Information:</u></b>	
Exhibit 7 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund	54-58
Exhibit 8 Schedule of Pension Funding Progress—Virginia Retirement System	59
Exhibit 9 Schedule of OPEB Funding Progress	60
 <b><u>Other Supplementary Information:</u></b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—Debt Service Fund	61
Exhibit 11 Schedule of Changes in Assets and Liabilities—Agency Fund	62
 <b>Discretely Presented Component Unit—School Board:</b>	
Exhibit 12 Combining Balance Sheet	63
Exhibit 13 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	64
Exhibit 14 Reconciliation of Schedule of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	65
Exhibit 15 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	66-67

## Table of Contents (Continued)

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### Page

#### Other Supplementary Information (Continued)

##### **Supporting Schedule:**

Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds and Discretely Presented Component Unit	68-73
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##### Statistical Information:

Table 1	Government-Wide Expenses by Function—Last Ten Fiscal Years	74-75
Table 2	Government-Wide Revenues—Last Ten Fiscal Years	76-77
Table 3	General Government Expenditures by Function—Last Ten Fiscal Years	78-79
Table 4	General Government Revenues by Source—Last Ten Fiscal Years	80-81
Table 5	Property Tax Levies and Collections—Last Ten Fiscal Years	82
Table 6	Assessed Value of Taxable Property—Last Ten Fiscal Years	83
Table 7	Property Tax Rates—Last Ten Fiscal Years	84
Table 8	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita—Last Ten Fiscal Years	85
Table 9	Schedule of Operating Revenues and Expenditures for Transportation Activity	86

##### Compliance:

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 <i>Government Auditing Standards</i>	87-88
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	89-90
Schedule of Expenditures of Federal Awards	91-92
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs	94

## COUNTY OF GREENE, VIRGINIA

### BOARD OF SUPERVISORS

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James F. Frydl, Chairman  
Davis Lamb, Vice-Chairman  
Clarence (Buggs) Peyton  
David Cox  
Eddie Deane

### COUNTY SCHOOL BOARD

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Michelle Flynn, Chairman  
Sharon Mack, Vice Chairman  
Troy Harlow  
Rodney Kibler  
Jason Collier

### COUNTY SOCIAL SERVICE BOARD

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Larry Miller, Chairman  
Susan Gibbs, Vice-Chairman  
Eddie Deane

### OTHER OFFICIALS

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Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court .....	Marie C. Durrer
Judge of the General District Court .....	William G. Barkley
Judge of Juvenile & Domestic Relations District Court.....	Susan L. Whitlock
Commonwealth's Attorney .....	Ronald L. Morris
Commissioner of the Revenue .....	Larry V. Snow
Treasurer.....	Stephanie A. Deal
Sheriff .....	Steve Smith
Superintendent of Schools.....	Dave Jeck
Director of Department of Social Services.....	James Howard
County Administrator .....	Vacant





# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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

### Report on the Financial Statements

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

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

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

### *Auditors' Responsibility*

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

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

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

## ***Opinions***

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

## ***Emphasis of Matter***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Information***

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

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

*Other Information (Continued)*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of the County of Greene, 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 Greene, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Co. Associates*  
Charlottesville, Virginia  
January 3, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,078,175 (net position).
- Our combined long-term obligations decreased \$674,996 during the current fiscal year.

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported expenditures excess of revenues of \$2,186,978 (Exhibit 4) which includes contributions totaling \$11,549,574 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$17,446,453, a decrease of \$2,186,979 in comparison with the prior year.

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

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

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

## **Overview of the Financial Statements (Continued)**

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

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

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

The Government-wide financial statements include not only the County of Greene, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Greene, Virginia is financially accountable. Financial information for this component unit 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 Greene, 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 two categories; governmental funds and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and in a separate exhibit following the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds - the General Fund, the Debt Service Fund, and the School Capital Projects Fund.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 14 of this report.

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.

## Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and a schedule of pension funding progress and other supplementary information including the presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,078,175 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position			
	Governmental Activities		
	2013	2012	
Current and other assets	\$ 31,694,154	\$ 33,091,250	
Capital assets	52,492,442	52,016,732	
Total assets	\$ 84,186,596	\$ 85,107,982	
Deferred outflows of resources:			
Deferred amount on refunding	\$ 996,326	\$ -	
Long-term liabilities outstanding	\$ 43,963,236	\$ 43,814,812	
Current liabilities	7,089,677	15,611,096	
Total liabilities	\$ 51,052,913	\$ 59,425,908	
Deferred inflows of resources:			
Unavailable property tax revenue	\$ 10,051,834	\$ -	
Net position:			
Net investment in capital assets	\$ 11,102,109	\$ 11,734,104	
Unrestricted	12,976,066	13,947,970	
Total net position	\$ 24,078,175	\$ 25,682,074	

At the end of the current fiscal year, the County's net investment in capital assets is \$11,102,109.

The County's net position decreased \$1,603,899 during the current fiscal year.

## Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net position by \$1,603,899. Key elements of this increase are as follows:

### **County of Greene, Virginia's Changes in Net Position For the Years Ended June 30, 2013 and 2012**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues:		
Charges for services	\$ 4,036,847	\$ 3,891,179
Operating grants and contributions	3,947,101	3,892,236
Capital grants and contributions	-	40,000
General revenues:		
General property taxes	16,673,523	16,830,631
Other local taxes	4,144,565	3,799,812
Commonwealth of Virginia non-categorical aid	2,805,709	2,889,095
Other general revenues	225,518	265,200
Total revenues	\$ 31,833,263	\$ 31,608,153
Expenses:		
General government administration	\$ 2,980,297	\$ 2,569,601
Judicial administration	857,949	796,212
Public safety	6,446,145	5,925,042
Public works	1,633,036	1,668,381
Health and welfare	3,359,730	3,283,874
Education	13,691,015	10,876,226
Parks, recreation, and cultural	638,132	655,517
Community development	2,003,035	1,896,573
Interest and other fiscal charges	1,827,823	1,714,067
Total expenses	\$ 33,437,162	\$ 29,385,493
Change in net position	\$ (1,603,899)	\$ 2,222,660
Net position, July 1, 2012	25,682,074	23,459,414
Net position, June 30, 2013	\$ 24,078,175	\$ 25,682,074



## **Government-wide Financial Analysis (Continued)**

Other local taxes increased by \$344,753 during the year, due primarily to an increase in local sales tax. All other revenues decreased by a net of \$119,643. The County's contribution to the School Board totaled \$12,839,595 for the year compared to \$10,918,614 in the prior year, an increase of \$1,920,981.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$17,446,453 , a decrease of \$2,186,979 in comparison with the prior year.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$1,962,383 and can be briefly summarized as follows:

- \$388,412 in increases for public safety
- \$1,370,197 in increases for capital projects
- \$203,774 in other increases and decreases

Budgeted revenues of the general fund increased \$353,912, including increases of \$260,713 for intergovernmental revenues and \$93,199 of other increases.

## **Capital Asset and Debt Administration**

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2013 totals \$52,492,442 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$47,153,622. Of this amount \$44,252,984 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$674,996 during the current fiscal year.

Additional information on the County of Greene, Virginia's long-term debt can be found in Note 5 of this report.

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

- The unemployment rate for the County is currently 4.6 percent, which is a decrease from a rate of 5.5 percent a year ago. This compares favorably to the state's average unemployment rate of 5.5 percent and compares favorably to the national average rate of 7.6 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

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

The fiscal year 2013 budget increased from \$52,476,202 to \$53,486,183 or \$1,009,981 (2%).

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Greene, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 358, Stanardsville, Virginia 22973.

## **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 Units	
	Governmental Activities	School Board	Greene County EDA
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 18,415,934	\$ 218,068	\$ 265,359
Receivables (net of allowance for uncollectibles):			
Property taxes	10,657,935	-	-
Accounts receivable	217,965	-	26,990
Due from other governments	2,402,320	545,176	-
Due from primary government	-	2,581,955	-
Total current assets	\$ 31,694,154	\$ 3,345,199	\$ 292,349
Noncurrent assets:			
Land held for resale	\$ -	\$ -	\$ 160,771
Capital assets:			
Land	3,670,334	127,800	-
Infrastructure, net of depreciation	18,313,671	-	-
Buildings and improvements, net of depreciation	15,509,172	8,312,985	-
Equipment, net of depreciation	709,097	1,493,614	-
Construction in progress	14,290,168	-	-
Total noncurrent assets	\$ 52,492,442	\$ 9,934,399	\$ 160,771
Total assets	\$ 84,186,596	\$ 13,279,598	\$ 453,120
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	\$ 996,326	\$ -	\$ -
Total assets and deferred outflows of resources	\$ 85,182,922	\$ 13,279,598	\$ 453,120
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 647,963	\$ 615,033	\$ 6,828
Accrued liabilities	-	2,418,556	-
Due to component unit	2,581,955	-	-
Accrued interest payable	669,373	15,625	-
Current portion of long-term obligations	3,190,386	469,531	-
Total current liabilities	\$ 7,089,677	\$ 3,518,745	\$ 6,828
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	43,963,236	1,459,535	-
Total liabilities	\$ 51,052,913	\$ 4,978,280	\$ 6,828
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	\$ 10,051,834	\$ -	\$ -
<b>NET POSITION</b>			
Net Investment in capital assets	\$ 11,102,109	\$ 9,044,120	\$ -
Unrestricted	12,976,066	(742,802)	446,292
Total net position	\$ 24,078,175	\$ 8,301,318	\$ 446,292
Total liabilities, deferred inflows of resources and net position	\$ 85,182,922	\$ 13,279,598	\$ 453,120

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

Statement of Activities  
For the Year Ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,980,297	\$ -	\$ 183,922	\$ -	\$ (2,796,375)	\$ -	\$ -
Judicial administration	857,949	264,834	404,903	-	(188,212)	-	-
Public safety	6,446,145	404,291	1,095,639	-	(4,946,215)	-	-
Public works	1,633,036	1,675,074	-	-	42,038	-	-
Health and welfare	3,359,730	-	1,824,520	-	(1,535,210)	-	-
Education	13,691,015	131,171	-	-	(13,559,844)	-	-
Parks, recreation, and cultural	638,132	67,240	-	-	(570,892)	-	-
Community development	2,003,035	1,494,237	438,117	-	(70,681)	-	-
Interest on long-term obligations	1,827,823	-	-	-	(1,827,823)	-	-
Total governmental activities	\$ 33,437,162	\$ 4,036,847	\$ 3,947,101	\$ -	\$ (25,453,214)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 30,671,281	\$ 649,491	\$ 17,586,481	\$ -	\$ -	\$ (12,435,309)	\$ -
Greene County EDA	119,860	-	-	-	-	-	(119,860)
Total component units	\$ 30,791,141	\$ 649,491	\$ 17,586,481	\$ -	\$ -	\$ (12,435,309)	\$ (119,860)
General revenues:							
General property taxes					\$ 16,673,523	\$ -	\$ -
Local sales and use tax					1,729,123	-	-
Business license taxes					479,396	-	-
Consumer utility taxes					399,493	-	-
Motor vehicle licenses					443,090	-	-
Meals taxes					618,564	-	-
Taxes on recordation and wills					259,565	-	-
Other local taxes					215,334	-	-
Grants and contributions not restricted to specific programs					2,805,709	-	-
Unrestricted revenues from use of money and property					46,711	13,613	613
Miscellaneous					178,807	334,549	5,654
Payment from primary government					-	12,839,595	114,176
Total general revenues					\$ 23,849,315	\$ 13,187,757	\$ 120,443
Change in net position					\$ (1,603,899)	\$ 752,448	\$ 583
Net position - beginning					25,682,074	7,548,870	445,709
Net position - ending					\$ 24,078,175	\$ 8,301,318	\$ 446,292

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



## **Fund Financial Statements**

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Balance Sheet - Governmental Funds  
June 30, 2013

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,442,111	\$ 918,499	\$ 55,324	\$ 18,415,934
Receivables (net of allowance for uncollectibles):				
Property taxes	10,657,935	-	-	10,657,935
Accounts receivable	217,965	-	-	217,965
Due from other governmental units	2,402,320	-	-	2,402,320
Total assets	<u>\$ 30,720,331</u>	<u>\$ 918,499</u>	<u>\$ 55,324</u>	<u>\$ 31,694,154</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 647,959	\$ -	\$ -	\$ 647,959
Due to component unit	2,581,955	-	-	2,581,955
Total liabilities	<u>\$ 3,229,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,229,914</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenue	\$ 11,017,787	\$ -	\$ -	\$ 11,017,787
<b>FUND BALANCES</b>				
Committed:				
Debt service	\$ -	\$ 918,499	\$ -	\$ 918,499
Capital projects - school facilities upgrades	-	-	55,324	55,324
Unassigned	16,472,630	-	-	16,472,630
Total fund balances	<u>\$ 16,472,630</u>	<u>\$ 918,499</u>	<u>\$ 55,324</u>	<u>\$ 17,446,453</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,720,331</u>	<u>\$ 918,499</u>	<u>\$ 55,324</u>	<u>\$ 31,694,154</u>

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

Total fund balances per above \$ 17,446,453

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

Land	\$ 3,670,334	
Buildings and improvements	15,509,172	
Infrastructure	18,313,671	
Equipment	709,097	
Construction in progress	14,290,168	52,492,442

Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due. (669,377)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance. 965,953

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

Capital leases	\$ (299,709)	
Landfill closure and postclosure liability	(452,717)	
Compensated absences	(609,624)	
General obligation bonds	(10,075,890)	
Premiums on bonds	(1,510,254)	
State literary fund loans	(8,250,000)	
Revenue bonds	(18,960,000)	
Deferred amount on refunding	996,326	
Notes payable	(2,350,829)	
Net OPEB obligation	(28,334)	
Water and sewer bonds (assumed from RSA)	(4,616,265)	(46,157,296)

Net position of General Government Activities \$ 24,078,175

The accompanying notes to 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 Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 17,202,455	\$ -	\$ -	\$ 17,202,455
Other local taxes	4,144,565	-	-	4,144,565
Permits, privilege fees and regulatory licenses	209,061	-	-	209,061
Fines and forfeitures	184,442	-	-	184,442
Revenue from use of money and property	45,769	942	-	46,711
Charges for services	2,266,141	1,377,204	-	3,643,345
Miscellaneous	178,808	-	-	178,808
Recovered costs	11,171	-	-	11,171
Intergovernmental revenue:				
Commonwealth	5,726,604	-	-	5,726,604
Federal	1,026,205	-	-	1,026,205
Total revenues	\$ 30,995,221	\$ 1,378,146	\$ -	\$ 32,373,367
Expenditures:				
Current:				
General government administration	\$ 2,456,653	\$ -	\$ -	\$ 2,456,653
Judicial administration	772,434	-	-	772,434
Public safety	6,159,573	-	-	6,159,573
Public works	1,523,644	-	-	1,523,644
Health and welfare	3,255,905	-	-	3,255,905
Education	11,554,274	-	-	11,554,274
Parks, recreation, and cultural	539,347	-	-	539,347
Community development	1,848,327	-	-	1,848,327
Nondepartmental	91,223	-	-	91,223
Capital outlays and projects	3,349,786	-	394,493	3,744,279
Debt service:				
Principal retirement	1,812,188	1,081,904	-	2,894,092
Interest and other fiscal charges	747,034	1,119,211	-	1,866,245
Total expenditures	\$ 34,110,388	\$ 2,201,115	\$ 394,493	\$ 36,705,996
Excess (deficiency) of revenues over (under) expenditures	\$ (3,115,167)	\$ (822,969)	\$ (394,493)	\$ (4,332,629)
Other financing sources (uses):				
Issuance of notes payable	\$ 2,000,001	\$ -	\$ -	\$ 2,000,001
Issuance of capital leases	145,649	-	-	145,649
Transfers in	174,980	-	-	174,980
Transfers (out)	-	(174,980)	-	(174,980)
Total other financing sources (uses)	\$ 2,320,630	\$ (174,980)	\$ -	\$ 2,145,650
Change in fund balance	\$ (794,537)	\$ (997,949)	\$ (394,493)	\$ (2,186,979)
Fund balance at beginning of year	17,267,167	1,916,448	449,817	19,633,432
Fund balance at end of year	\$ 16,472,630	\$ 918,499	\$ 55,324	\$ 17,446,453

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

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

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$	(2,186,979)

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

Capital outlay	\$ 3,013,212	
Depreciation expense	<u>(1,513,816)</u>	1,499,396
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,023,686)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		(528,932)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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. A summary of items supporting this adjustment is as follows:

Principal retired on capital leases	\$ 178,429	
Principal retired on general obligation bonds	768,581	
Principal retired on revenue bonds and premiums	922,354	
Principal retired on water and sewer bonds	316,904	
Principal retired on notes payable	84,464	
Principal retired on state literary fund loans	700,000	
Increase of landfill closure and postclosure liability	(7,568)	
Issuance of long-term obligations	<u>(2,145,648)</u>	817,516

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (137,333)	
Change in accrued interest payable	37,947	
Amortization of deferred amount on refunding	(76,641)	
Increase of net OPEB obligation	<u>(5,187)</u>	(181,214)
Change in net position of governmental activities	\$	<u><u>(1,603,899)</u></u>

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

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

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>40,907</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>40,907</u>

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

## COUNTY OF GREENE, VIRGINIA

### Notes to Financial Statements As of June 30, 2013

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#### **Note 1—Summary of Significant Accounting Policies:**

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The County of Greene, Virginia was formed in 1702 and it is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Greene, 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.

#### Financial Statement Presentation

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

#### Government-wide and Fund Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or 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.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

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

#### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Greene, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

#### B. Individual Component Unit Disclosures

##### *Blended Component Units:*

The County has no blended component units to be included for the fiscal year ended June 30, 2013.

##### *Discretely Presented Component Units:*

##### Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

*Discretely Presented Component Units: (Continued)*

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Stanardsville, Virginia.

#### C. Other Related Organizations

Included in the County's Financial Report

None

#### D. 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.

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

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

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

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

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

**1. Governmental Funds**

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

**A. General Fund**

The Fund accounts for and reports all financial resources not 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 services, 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.

**B. School Capital Projects Fund**

A fund that accounts for and reports 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.

**C. Debt Service Fund**

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt services funds should also be used to report financial resources being accumulated for future debt service. Specifically, this fund includes VRA water and sewer bonds outstanding.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

##### 2. Fiduciary Funds (Trust and Agency Funds)

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 the Special Welfare Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

##### 3. Component Unit - School Board:

The Greene County School Board reports the following funds:

###### Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Greene, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a non-major fund.

#### E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and the Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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

7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

For the fiscal year ended June 30, 2013, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

#### F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

#### G. Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

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

#### H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$255,962 at June 30, 2013 and is comprised solely of property taxes.

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

#### I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit - School Board as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### I. Capital Assets: (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Police cars	3
Office and computer equipment	5
Buses	12

#### J. Compensated Absences

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

#### K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

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

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### L. 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.

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

#### M. Retirement Plan

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

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

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**N. Use of Estimates**

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

**O. 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.

**P. Net Position Flow Assumption**

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

**Q. Deferred Outflows/Inflows of Resources**

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

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



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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

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#### R. Adoption of Accounting Principles

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

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

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

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net position was not required to be restated as a result of implementing this Statement.

### Note 2—Deposits and Investments:

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#### Deposits

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

#### Investments

Statutes authorize the County and its Component Unit 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).



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

### Note 2—Deposits and Investments: (Continued)

#### Credit Risk of Debt Securities

The County does not have a policy regarding credit risk of debt securities. The County's rated debt investments as of June 30, 2013 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rate Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAA
State Non-Arbitrage Pool (SNAP)	\$ 56,349
Total	\$ 56,349

#### Interest Rate Risk

The County does not have a policy regarding interest rate risk.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
State Non-Arbitrage Pool (SNAP)	\$ 56,349	\$ 56,349
Total	\$ 56,349	\$ 56,349

#### External Investment Pools

The fair value of the positions in the State Non-Arbitrage Pool (SNAP) is the same as the value of the pool shares. The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

### Note 3—Due From Other Governmental Units:

At June 30, 2013 the County has receivables from other governments as follows:

	Primary Government	Component Unit
Commonwealth of Virginia:		
Local and state sales taxes	\$ 300,640	\$ 516,669
Communication tax	79,712	-
Public assistance	36,676	-
Comprehensive services	329,357	-
Personal property tax relief act (PPTRA)	1,352,596	-
Other state funding	187,869	-
Federal Government:		
School funds	-	28,507
Section 18 transportation	52,228	-
Transportation safety	3,333	-
Public assistance	59,909	-
Total	\$ 2,402,320	\$ 545,176

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 4—Capital Assets:

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b>County</b>				
Capital assets not being depreciated:				
Land	\$ 663,765	\$ 3,006,569	\$ -	\$ 3,670,334
Construction in Progress:				
County	27,575,304	165,912	18,687,144	9,054,072
Jointly owned assets	<u>8,076,252</u>	<u>385,632</u>	<u>3,225,788</u>	<u>5,236,096</u>
Total capital assets not being depreciated	<u>\$ 36,315,321</u>	<u>\$ 3,558,113</u>	<u>\$ 21,912,932</u>	<u>\$ 17,960,502</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 20,158,979	\$ 2,470,000	\$ 1,290,021	\$ 21,338,958
Infrastructure	-	18,687,144	-	18,687,144
Equipment	<u>4,715,292</u>	<u>210,887</u>	<u>58,914</u>	<u>4,867,265</u>
Total other capital assets being depreciated	<u>\$ 24,874,271</u>	<u>\$ 21,368,031</u>	<u>\$ 1,348,935</u>	<u>\$ 44,893,367</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,350,135	\$ 745,986	\$ 266,335	\$ 5,829,786
Infrastructure	-	373,473	-	373,473
Equipment	<u>3,822,725</u>	<u>394,357</u>	<u>58,914</u>	<u>4,158,168</u>
Total accumulated depreciation	<u>\$ 9,172,860</u>	<u>\$ 1,513,816</u>	<u>\$ 325,249</u>	<u>\$ 10,361,427</u>
Other capital assets, net	<u>\$ 15,701,411</u>	<u>\$ 19,854,215</u>	<u>\$ 1,023,686</u>	<u>\$ 34,531,940</u>
Net capital assets	<u><u>\$ 52,016,732</u></u>	<u><u>\$ 23,412,328</u></u>	<u><u>\$ 22,936,618</u></u>	<u><u>\$ 52,492,442</u></u>

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Component Unit - School Board</b>				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 18,638,284	\$ 1,290,021	\$ -	\$ 19,928,305
Equipment	3,689,118	422,582	-	4,111,700
Total other capital assets being depreciated	\$ 22,327,402	\$ 1,712,603	\$ -	\$ 24,040,005
Accumulated depreciation:				
Buildings and improvements	\$ 10,912,267	\$ 1,051,460	\$ 348,407	\$ 11,615,320
Equipment	2,411,021	207,065	-	2,618,086
Total accumulated depreciation	\$ 13,323,288	\$ 1,258,525	\$ 348,407	\$ 14,233,406
Other capital assets, net	\$ 9,004,114	\$ 454,078	\$ (348,407)	\$ 9,806,599
Net capital assets	\$ 9,131,914	\$ 454,078	\$ (348,407)	\$ 9,934,399

Depreciation expense was charged to functions/programs of the primary government and component unit - school board as follows:

### Governmental activities:

General government administration	\$ 481,523
Judicial administration	68,027
Public safety	244,452
Public works	67,658
Health and welfare	131,374
Education	348,407
Parks, recreation and cultural	72,677
Community development	99,698
Total governmental activities	\$ 1,513,816
Component Unit School Board (1)	\$ 643,783

(1) Depreciation expense is reported net of the transfer of annual depreciation of jointly owned assets from the County.

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 5—Long-Term Obligations:

### Changes in Long-Term Obligations:

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

	Balance at July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2013	Due Within One Year
General Long-Term Obligations					
Capital leases	\$ 332,490	\$ 145,648	\$ 178,429	\$ 299,709	\$ 153,450
Landfill closure and postclosure liability	445,149	7,568	-	452,717	-
Compensated absences	472,291	137,333	-	609,624	60,962
General obligation bonds	10,844,471		768,581	10,075,890	781,021
Premiums on bonds	1,667,608	-	157,354	1,510,254	157,078
State literary fund loans	8,950,000	-	700,000	8,250,000	700,000
Revenue bonds	19,725,000	-	765,000	18,960,000	800,000
Notes payable	435,293	2,000,000	84,464	2,350,829	212,138
Net OPEB obligation	23,147	5,987	800	28,334	-
Water & Sewer bonds (assumed from RSA)	4,933,169	-	316,904	4,616,265	325,737
Total	<u>\$ 47,828,618</u>	<u>\$ 2,296,536</u>	<u>\$ 2,971,532</u>	<u>\$ 47,153,622</u>	<u>\$ 3,190,386</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

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

Year Ending June 30,	General Obligation Refunding Bonds		Revenue Bonds VRA Sewer Bond		State Literary Fund Loans		General Obligation Transportation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 82,600	\$ 17,223	\$ 800,000	\$ 886,312	\$ 700,000	\$ 247,500	\$ 85,000	\$ 19,933
2015	85,500	14,323	835,000	850,345	700,000	226,500	85,000	15,512
2016	88,400	11,323	870,000	813,352	700,000	205,500	85,000	11,092
2017	91,500	8,220	915,000	774,487	700,000	184,500	85,000	6,662
2018	94,600	5,010	950,000	731,759	700,000	163,500	85,000	2,221
2019	97,900	1,686	1,000,000	688,600	700,000	142,500	-	-
2020	-	-	1,040,000	644,728	450,000	121,500	-	-
2021	-	-	1,085,000	596,335	450,000	98,000	-	-
2022	-	-	1,140,000	542,671	450,000	94,500	-	-
2023	-	-	1,195,000	483,432	450,000	81,000	-	-
2024	-	-	1,260,000	421,134	450,000	67,500	-	-
2025	-	-	1,330,000	355,407	450,000	54,000	-	-
2026	-	-	1,400,000	286,134	450,000	40,500	-	-
2027	-	-	410,000	240,454	450,000	27,000	-	-
2028	-	-	435,000	219,206	450,000	13,500	-	-
2029	-	-	455,000	197,111	-	-	-	-
2030	-	-	475,000	174,624	-	-	-	-
2031	-	-	500,000	151,046	-	-	-	-
2032	-	-	520,000	126,343	-	-	-	-
2033	-	-	550,000	100,395	-	-	-	-
2034	-	-	570,000	73,235	-	-	-	-
2035	-	-	600,000	44,863	-	-	-	-
2036	-	-	625,000	15,156	-	-	-	-
Totals	\$ 540,500	\$ 57,785	\$ 18,960,000	\$ 9,417,130	\$ 8,250,000	\$ 1,767,500	\$ 425,000	\$ 55,420

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Capital Leases		General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 153,450	\$ 4,734	\$ 613,421	\$ 438,630
2015	72,273	3,065	623,395	416,449
2016	73,986	1,354	633,611	392,625
2017	-	-	502,770	371,299
2018	-	-	510,304	353,802
2019	-	-	362,949	343,961
2020	-	-	375,710	333,625
2021	-	-	383,592	322,790
2022	-	-	396,600	311,449
2023	-	-	409,740	299,471
2024	-	-	423,016	286,853
2025	-	-	395,282	274,950
2026	-	-	360,000	266,241
2027	-	-	370,000	257,736
2028	-	-	225,000	117,669
2029	-	-	235,000	108,354
2030	-	-	245,000	98,481
2031	-	-	255,000	87,884
2032	-	-	265,000	76,704
2033	-	-	275,000	64,750
2034	-	-	290,000	51,896
2035	-	-	305,000	38,169
2036	-	-	320,000	23,560
2037	-	-	335,000	8,040
Totals	\$ <u>299,709</u>	\$ <u>9,154</u>	\$ <u>9,110,390</u>	\$ <u>5,345,387</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2014	\$ 212,138	\$ 32,337	\$ 325,737	\$ 204,455
2015	216,959	27,516	339,736	192,116
2016	216,887	22,512	358,652	176,356
2017	199,376	17,826	336,068	159,899
2018	129,272	14,365	387,901	142,328
2019	130,571	13,066	369,983	123,535
2020	131,883	11,754	268,316	107,862
2021	133,208	10,429	276,648	94,723
2022	134,546	9,091	289,981	82,313
2023	135,897	7,740	303,313	70,330
2024	137,263	6,374	316,646	56,449
2025	138,642	4,996	331,645	40,828
2026	140,034	3,603	341,639	24,506
2027	141,441	2,196	120,000	13,606
2028	142,862	775	125,000	8,274
2029	9,851	-	125,000	2,759
Total	\$ <u>2,350,829</u>	\$ <u>184,580</u>	\$ <u>4,616,265</u>	\$ <u>1,500,339</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds:		
\$1,700,000 Transportation Bond Series 1997 issued November 20, 1997 payable in annual principal installments of \$85,000 interest at 5.15%	\$ 425,000	\$ 85,000
 \$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually in amounts ranging from \$100,232 to \$99,589, from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	 540,500	 82,600
 \$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through January 2037 interest payable semi-annually at rates from 2.05% to 5.05%	 5,005,000	 115,000
 Premium on 2011A VPSA bonds	 159,444	 6,932
 \$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	 739,114	 50,790
 \$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	 2,170,000	 155,000
 \$2,427,547 School Bonds, Series 1995A, issued December 21, 1995, maturing in various annual installments through July 15, 2015, interest rate at 5.23%	 421,276	 137,631
 \$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	 <u>775,000</u>	 <u>155,000</u>
 Total General Obligation Bonds	 <u>\$ 10,235,334</u>	 <u>\$ 787,953</u>



# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 5—Long-Term Obligations: (Continued)

### Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$13,500,000 VRA Sewer System Revenue Bond, Series 2004, issued June 30, 2004, maturing in amounts ranging from \$524,100 - \$1,057,483 annually from October 1, 2006 through October 1, 2025, interest payable semi-annually at 4.5%	\$ 1,800,000	\$ 575,000
Premium on Series 2004 VRA Bond	38,388	2,804
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing in amounts ranging from \$177,048 - \$1,033,019 annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	8,110,000	-
Premium on Series 2011B VRA Bond	1,194,381	138,723
\$2,556,000 VRA Sewer System Revenue Bond, Series 2005B, issued December 7, 2005, maturing in amounts ranging from \$163,961 - \$161,469 annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	2,220,000	56,000
\$7,864,000 VRA Water System Revenue Bond, Series 2005B, issued December 7, 2005, maturing in amounts ranging from \$507,486 - \$493,844 annually from October 1, 2006 through October 1, 2035, interest payable semi-annually at 4.4%	6,830,000	169,000
Premium on 2005B VRA revenue bonds	<u>118,041</u>	<u>8,619</u>
Total Revenue Bonds	\$ <u>20,310,810</u>	\$ <u>950,146</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 6,750,000	\$ 450,000
\$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	<u>1,500,000</u>	<u>250,000</u>
Total State Literary Fund loans	\$ <u>8,250,000</u>	\$ <u>700,000</u>

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 5—Long-Term Obligations: (Continued)

### Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 612,000	\$ 103,500
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	1,520,000	65,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	2,334,765	134,987
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this obligation.	<u>149,500</u>	<u>22,250</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 4,616,265</u>	<u>\$ 325,737</u>
Notes payable:		
\$218,207 note payable issued July 24, 2006, total payments of \$13,636 due semi-annually through July 24, 2016, interest at 4.45%	\$ 82,838	\$ 24,611
\$2,000,000 note payable issued June 13, 2013, monthly payments of \$11,970 due through June 13, 2028, interest at 1.00%	2,000,000	124,228
\$600,000 note payable issued April 5, 2007, total payments of \$36,783 due semi-annually through April 5, 2017, interest at 4.05%	<u>267,991</u>	<u>63,299</u>
Total Notes Payable	<u>\$ 2,350,829</u>	<u>\$ 212,138</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Capital leases:		
\$145,648 Capital lease obligation dated September 5, 2012 for the lease/purchase of 6 vehicles, payable in full on September 5, 2015, interest at 1.79%. The cost of the 6 vehicles is \$148,648 and accumulated depreciation amounted to \$39,094 at June 30, 2013.	\$ 145,648	\$ 47,691
\$288,725 Capital lease obligation dated July 31, 2008 for acquisition of 4 school buses, payable in annual installments of \$64,801 through July 15, 2013, interest at 3.97%. The cost of the 4 buses is \$288,725 and accumulated depreciation amounted to \$120,302 at June 30, 2013.	62,326	62,326
\$114,707 Capital lease obligation for the lease/purchase of loader, payable in monthly installments of \$2,087 through June 28, 2016, interest at 3.50%. The cost of the loader is \$114,707 and accumulated depreciation amounted to \$68,824 at June 30, 2013.	71,215	22,913
\$59,640 Capital lease obligation for the lease/purchase of two Sheriff vehicles, payable in annual installments of \$21,179 through September 20, 2013, interest at 3.21%. The cost of the 2 vehicles is \$57,282 and accumulated depreciation amounted to \$57,282 at June 30, 2013.	<u>20,520</u>	<u>20,520</u>
Total Capital Leases	\$ <u>299,709</u>	\$ <u>153,450</u>
Landfill closure and postclosure liability	\$ <u>452,717</u>	\$ <u>-</u>
Net OPEB obligation	\$ <u>28,334</u>	\$ <u>-</u>
Compensated absences	\$ <u>609,624</u>	\$ <u>60,962</u>
Grand total general government long-term obligations	<u>\$ 47,153,622</u>	<u>\$ 3,190,386</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases		Early Retirement Obligation	
	Principal	Interest	Principal	Interest
2014	\$ 377,819	\$ 17,017	\$ 45,482	\$ 3,636
2015	385,117	9,719	-	-
2016	127,343	2,279	-	-
Totals	\$ 890,279	\$ 29,015	\$ 45,482	\$ 3,636

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

	Balance at July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2013	Due Within One Year
Capital Leases	\$ 838,026	\$ 375,352	\$ 323,099	\$ 890,279	\$ 377,819
Compensated absences	445,648	16,655	-	462,303	46,230
Net OPEB obligation	451,451	229,751	150,200	531,002	-
Early retirement obligation	87,595	-	42,113	45,482	45,482
Total long-term obligations	\$ 1,822,720	\$ 621,758	\$ 515,412	\$ 1,929,066	\$ 469,531

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 5—Long-Term Obligations: (Continued)**

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$375,352 Capital lease obligation dated September 5, 2012 for acquisition of 4 school buses and 3 vans, payable in annual installments of \$129,623 through September 5, 2015, interest at 1.79%. The cost of the vehicles \$375,352 and accumulated depreciation amounted to \$38,513 at June 30, 2013.	\$ 375,352	\$ 122,904
\$389,200 Capital lease obligation dated November 16, 2011 for acquisition of 5 school buses, payable in annual installments of \$134,090 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$384,295 and accumulated depreciation amounted to \$64,049 at June 30, 2013.	260,343	128,883
\$379,405 Capital lease obligation dated September 20, 2011 for acquisition of 5 school buses, payable in annual installments of \$131,123 through July 15, 2014, interest at 2%. The cost of the 5 buses is \$378,570 and accumulated depreciation amounted to \$63,095 at June 30, 2013.	\$ 254,584	\$ 126,032
Total capital leases	\$ 890,279	\$ 377,819
Compensated absences	\$ 462,303	\$ 46,230
Net OPEB obligation	\$ 531,002	\$ -
Early Retirement Obligation :		
The School Board adopted the early retirement incentive program offered by the Virginia Retirement System in fiscal year ended June 30, 1992	\$ 45,482	\$ 45,482
Total Long-Term Obligations Component-Unit School Board	\$ 1,929,066	\$ 469,531

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 6—Commitments and Contingencies:

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

### Note 7—Risk Management:

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

### Note 8—Litigation:

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At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 9—Surety Bonds:

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Marie C. Durrer, Clerk of the Circuit Court	\$ 25,000
Stephanie A. Deal, Treasurer	400,000
Larry V. Snow, Commissioner of the Revenue	3,000
Steve Smith, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
American and Foreign Insurance Company - Surety	
All School Board Employees	5,000
The Continental Insurance Company	
James Howard, Director of Social Services	100,000
Western Surety Company - Surety	
James Frydl, Chairman	5,000
Davis Lamb - Vice-Chairman	5,000
David Cox	5,000
Eddie Deane	5,000
Clarence (Buggs) Peyton	5,000
Vacant, County Administrator	10,000

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 10—Defined Benefit Pension Plan:

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#### A. Plan Description

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

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

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

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplies. 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.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

### Note 10—Defined Benefit Pension Plan: (Continued)

#### A. Plan Description (Continued)

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

The system issues a publicly available comprehensive annual financial report (CAFR) 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.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional employee contribution rates for the fiscal year ended 2013 were 10.75% and 9.13% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,756,255, \$957,961, and \$586,770 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% from 2013, 2012, and 2011, respectively, of current covered payroll.

#### C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$518,024 was equal to the County's required and actual contributions.

Three-Year Trend Information for County			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 365,916	100%	\$ -
June 30, 2012	379,987	100%	-
June 30, 2013	518,024	100%	-

(1) Employer contribution only



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

### Note 10—Defined Benefit Pension Plan: (Continued)

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

For fiscal year 2013, the School Board's annual pension cost for the Board's non-professional employees was \$226,534 which was equal to the Board's required and actual contributions.

Three-Year Trend Information for School Board (Non-professional)			
Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 126,982	100%	\$ -
June 30, 2012	126,647	100%	-
June 30, 2013	226,534	100%	-

(1) Employer contribution only

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

#### D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 79.86% funded. The actuarial accrued liability for benefits was \$15,659,250, and the actuarial value of assets was \$12,505,277 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,153,973. The covered payroll (annual payroll of active employees covered by the plan) was \$4,586,658 and ratio of the UAAL to the covered payroll was 68.76%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 80.55% funded. The actuarial accrued liability for benefits was \$7,308,058, and the actuarial value of assets was \$5,886,457, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,421,601. The covered payroll (annual payroll of active employees covered by the plan) was \$1,692,903, and ratio of the UAAL to the covered payroll was 83.97%.

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.

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

## Note 11—Interfund Balances and Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ 174,980	\$ -
Debt Service fund	-	174,980
Total County	<u>\$ 174,980</u>	<u>\$ 174,980</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 698,852
School Cafeteria Fund	698,852	-
Total Component Unit School Board	<u>\$ 698,852</u>	<u>\$ 698,852</u>

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

## Note 12—Unearned/Unavailable Revenue:

The following is a summary of unearned revenue for the year ended June 30, 2013.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
<b>Primary Government:</b>		
<b>General Fund:</b>		
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 965,953
2nd half assessments due in December 2013	9,146,987	9,146,987
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers	904,847	904,847
Total unavailable revenue	<u>\$ 10,051,834</u>	<u>\$ 11,017,787</u>

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 13—Due to/From Primary Government/Component Units:

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<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 2,581,955
Component Unit - School Board	<u>2,581,955</u>	<u>-</u>
Total	<u>\$ 2,581,955</u>	<u>\$ 2,581,955</u>

The purpose of the obligation between the County and School Board is to report the balance of local appropriations unspent at year-end due back to the respective funds.

### Note 14—Landfill Closure and Postclosure Care Costs:

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The County operates a solid waste landfill 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. The \$452,717 reported as landfill closure and post closure liability at June 30, 2013, represents \$412,717 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

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

### Note 15—Other Postemployment Benefits—Health Insurance:

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#### County:

#### Background

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

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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#### County: (Continued)

##### A. Plan Description

In addition to the pension benefits described in Note 10, the County provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, 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

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

##### C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	6,400
Interest on net OPEB obligation		926
Adjustment to annual required contribution		(1,339)
Annual OPEB cost (expense)	\$	<u>5,987</u>
Contributions made		(800)
Increase in net OPEB obligation	\$	<u>5,187</u>
Net OPEB obligation - beginning of year		23,147
Net OPEB obligation - end of year	\$	<u><u>28,334</u></u>

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

### Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

#### County: (Continued)

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

For 2013, the County's expected cash payment of \$800 was \$5,187 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 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	\$ 6,395	0% \$	19,190
June 30, 2012	4,457	11.22%	23,147
June 30, 2013	5,987	13%	28,334

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

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 42,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	42,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	4,425,800
UAAL as a percentage of covered payroll	0.96%

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 liabilities for benefits.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the 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.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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#### County: (Continued)

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

In the June 30, 2011, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.50 percent after 5 years. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 30 years.

#### Cost Method

The projected unit credit 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 nor 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.

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.

#### Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	6.30% graded to 4.70% over 70 years
Payroll growth	None assumed

#### School Board:

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

In addition to the pension benefits described in Note 10, the School Board provides postretirement 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) and have 15 years of service with the School Board, may elect to remain on the School Board's insurance plan, at their own cost, 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.

**COUNTY OF GREENE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2013 (Continued)

**Note 15—Other Postemployment Benefits—Health Insurance: (Continued)****School Board: (Continued)****B. Funding Policy**

Eligible retirees from the School Board may elect to remain on the School Board's health insurance plan, at their expense, indefinitely. Retirees' spouses and other dependents may also remain on the plan at the retiree's expense.

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

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

Annual required contribution	\$	237,800
Interest on net OPEB obligation		18,058
Adjustment to annual required contribution		(26,107)
Annual OPEB cost (expense)	\$	229,751
Contributions made		(150,200)
Increase in net OPEB obligation	\$	79,551
Net OPEB obligation - beginning of year		451,451
Net OPEB obligation - end of year	\$	531,002

For 2013, the School Board's expected cash payment of \$150,200 was \$79,551 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	\$ 223,415	0% \$	670,430
June 30, 2012	226,506	196.68%	451,451
June 30, 2013	229,751	65%	531,002



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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#### School Board: (Continued)

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

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$	2,225,900
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		2,225,900
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		17,014,800
UAAL as a percentage of covered payroll		13.08%

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 liabilities for benefits.

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

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

In the June 30, 2011, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 10.00 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 5 years. Both rates included 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 30 years.



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

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#### School Board: (Continued)

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

###### Cost Method

The projected unit credit 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.

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.

###### Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.00%
Health cost trend assumption	6.30% graded to 4.70% over 70 years
Payroll growth	None assumed

### Note 16—Other Postemployment Benefits Program—Health Insurance Credit Program:

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#### County:

##### A. Plan Description

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

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

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program:

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#### County:

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

Localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of \$30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the \$1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

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

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

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was .09% of annual covered payroll.

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

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

For 2013, the County's contribution of \$4,337 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and 2012 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 5,534	100%	-
June 30, 2013	4,337	100%	-

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

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#### County: (Continued)

#### **D. Funded Status and Funding Progress: (Continued)**

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

Actuarial accrued liability (AAL)	\$	95,552
Actuarial value of plan assets		71,132
Unfunded actuarial accrued liability		24,420
Funded ratio (actuarial value of plan assets/AAL)		74.44%
Covered payroll (active plan members)		2,240,838
UAAL as a percentage of covered payroll		1.09%

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

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

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

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 30 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2013 (Continued)

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### **Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)**

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#### **School Board:**

##### **Professional Employees - Discretely Presented Component Unit School Board**

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2013 was \$167,191 and equaled the required contribution for the year.

### **Note 17—Upcoming Pronouncements:**

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The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

### **Required Supplementary Information**

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

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 16,130,409	\$ 16,130,409	\$ 17,202,455	\$ 1,072,046
Other local taxes	3,790,000	3,790,000	4,144,565	354,565
Permits, privilege fees and regulatory licenses	231,100	231,100	209,061	(22,039)
Fines and forfeitures	125,600	125,600	184,442	58,842
Revenue from use of money and property	43,136	43,136	45,769	2,633
Charges for services	4,188,335	4,201,195	2,266,141	(1,935,054)
Miscellaneous	180,673	261,012	178,808	(82,204)
Recovered costs	4,671	4,671	11,171	6,500
Intergovernmental revenue:				
Commonwealth	5,962,788	6,160,781	5,726,604	(434,177)
Federal	1,124,644	1,187,364	1,026,205	(161,159)
Total revenues	\$ 31,781,356	\$ 32,135,268	\$ 30,995,221	\$ (1,140,047)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 120,748	\$ 120,748	\$ 106,692	\$ 14,056
General and financial administration:				
County administrator	\$ 502,540	\$ 502,540	\$ 418,440	\$ 84,100
Legal services	45,458	49,315	49,053	262
Independent auditor	42,500	49,951	49,951	-
Commissioner of the Revenue	218,465	219,275	213,383	5,892
Reassessment	70,998	108,662	92,541	16,121
Treasurer	323,585	337,255	275,588	61,667
Computer technology	137,994	137,994	73,960	64,034
Vehicle maintenance facility	1,295,338	1,295,338	1,049,089	246,249
Total general and financial administration	\$ 2,636,878	\$ 2,700,330	\$ 2,222,005	\$ 478,325
Board of Elections:				
Electoral board and officials	\$ 151,023	\$ 151,566	\$ 127,956	\$ 23,610
Total general government administration	\$ 2,908,649	\$ 2,972,644	\$ 2,456,653	\$ 515,991

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2013 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 65,813	\$ 75,443	\$ 70,223	\$ 5,220
Combined Courts	10,290	10,290	8,971	1,319
Special magistrates	1,000	1,000	814	186
Juvenile and domestic relations district court	14,049	15,248	7,705	7,543
Clerk of the circuit court	414,065	415,194	362,263	52,931
Victim and witness assistance	60,966	61,070	43,369	17,701
Total courts	\$ 566,183	\$ 578,245	\$ 493,345	\$ 84,900
Commonwealth's attorney:				
Commonwealth's attorney	\$ 250,463	\$ 321,939	\$ 279,089	\$ 42,850
Total judicial administration	\$ 816,646	\$ 900,184	\$ 772,434	\$ 127,750
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,680,969	\$ 2,695,071	\$ 2,453,949	\$ 241,122
Technology grant	-	840	840	-
DMV overtime grant	-	18,639	11,115	7,524
School resource officer	123,039	123,039	103,397	19,642
Byrne grant	-	32,908	32,908	-
Forfeited property	-	75,902	16,665	59,237
Donations	-	44,059	30,433	13,626
COPS secure our schools	-	44,375	-	44,375
Emergency 911 system	624,070	626,870	527,637	99,233
Grant expenditures	-	6,000	-	6,000
Total law enforcement and traffic control	\$ 3,428,078	\$ 3,667,703	\$ 3,176,944	\$ 490,759
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 714,100	\$ 714,831	\$ 677,143	\$ 37,688
Other fire and rescue	820,886	852,898	822,896	30,002
Total fire and rescue services	\$ 1,534,986	\$ 1,567,729	\$ 1,500,039	\$ 67,690
Correction and detention:				
Confinement of prisoners	\$ 2,038	\$ 2,038	\$ 1,795	\$ 243
Payment to regional jail	684,835	684,835	650,733	34,102
Juvenile detention homes	63,631	177,960	177,960	-
Total correction and detention	\$ 750,504	\$ 864,833	\$ 830,488	\$ 34,345



Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2013 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 359,635	\$ 359,635	\$ 344,239	\$ 15,396
Other protection:				
Animal shelter	\$ 89,339	\$ 91,054	\$ 73,104	\$ 17,950
Civil defense	127,441	127,441	123,663	3,778
Animal control	143,460	143,460	110,976	32,484
Medical examiner	300	300	120	180
Total other protection	\$ 360,540	\$ 362,255	\$ 307,863	\$ 54,392
Total public safety	\$ 6,433,743	\$ 6,822,155	\$ 6,159,573	\$ 662,582
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 2,330,984	\$ 2,331,819	\$ 1,136,174	\$ 1,195,645
Maintenance of general buildings and grounds:				
General properties	\$ 395,698	\$ 421,594	\$ 387,470	\$ 34,124
Total public works	\$ 2,726,682	\$ 2,753,413	\$ 1,523,644	\$ 1,229,769
Health and welfare:				
Health:				
Local health department	\$ 247,638	\$ 247,950	\$ 247,950	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 77,278	\$ 77,278	\$ 77,039	\$ 239
Welfare:				
Welfare administration and public assistance	\$ 1,503,962	\$ 1,503,962	\$ 1,366,962	\$ 137,000
Comprehensive services act	1,625,000	1,625,000	1,477,606	147,394
Area agency on aging	85,236	85,236	82,848	2,388
Piedmont regional dental clinic	2,500	2,500	2,500	-
Shelter for help in emergency	1,000	1,000	1,000	-
Total welfare	\$ 3,217,698	\$ 3,217,698	\$ 2,930,916	\$ 286,782
Total health and welfare	\$ 3,542,614	\$ 3,542,926	\$ 3,255,905	\$ 287,021

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2013 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 4,700	\$ 4,700	\$ 4,700	\$ -
Contribution to Component Unit - School Board	11,855,055	11,855,055	11,549,574	305,481
Total education	\$ 11,859,755	\$ 11,859,755	\$ 11,554,274	\$ 305,481
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 228,307	\$ 228,307	\$ 212,501	\$ 15,806
Park stream restoration	-	85	-	85
Total parks and recreation	\$ 228,307	\$ 228,392	\$ 212,501	\$ 15,891
Library:				
Regional library	\$ 330,635	\$ 330,635	\$ 326,846	\$ 3,789
Total parks, recreation, and cultural	\$ 558,942	\$ 559,027	\$ 539,347	\$ 19,680
Community development:				
Planning and community development:				
Planning	\$ 342,871	\$ 342,871	\$ 326,682	\$ 16,189
Community development	1,396,001	1,396,001	1,208,791	187,210
Zoning board	8,453	8,453	3,597	4,856
Economic development	265,888	273,074	249,234	23,840
Total planning and community development	\$ 2,013,213	\$ 2,020,399	\$ 1,788,304	\$ 232,095
Environmental management:				
Soil and water conservation district	\$ 13,620	\$ 13,620	\$ 13,620	\$ -
Cooperative extension program:				
VPI extension program	\$ 54,366	\$ 54,015	\$ 46,403	\$ 7,612
Total community development	\$ 2,081,199	\$ 2,088,034	\$ 1,848,327	\$ 239,707
Nondepartmental:				
Miscellaneous	\$ 196,615	\$ 218,893	\$ 91,223	\$ 127,670
Capital projects:				
Recreation facilities	\$ -	\$ 82,866	\$ 26,709	\$ 56,157

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2013 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects: (Continued)				
Sewer project	\$ -	\$ 28,453	\$ 28,452	\$ 1
Water system Improvements	-	165,912	165,912	-
GIS mapping	20,100	20,100	20,100	-
Motor vehicles	-	25,000	-	25,000
Land	-	1,006,569	3,006,569	(2,000,000)
Blue Ridge Juvenile Detention Center	40,647	102,044	102,044	-
Total capital projects	\$ 60,747	\$ 1,430,944	\$ 3,349,786	\$ (1,918,842)
Debt service:				
Principal retirement	\$ 2,736,765	\$ 2,736,765	\$ 1,812,188	\$ 924,577
Interest and fiscal charges	1,903,277	1,903,277	747,034	1,156,243
Total debt service	\$ 4,640,042	\$ 4,640,042	\$ 2,559,222	\$ 2,080,820
Total expenditures	\$ 35,825,634	\$ 37,788,017	\$ 34,110,388	\$ 3,677,629
Excess (deficiency) of revenues over (under) expenditures	\$ (4,044,278)	\$ (5,652,749)	\$ (3,115,167)	\$ 2,537,582
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 145,649	\$ 145,649
Issuance of notes payable	2,226,406	2,226,406	2,000,001	(226,405)
Transfers in	-	-	174,980	174,980
Total other financing sources (uses)	\$ 2,226,406	\$ 2,226,406	\$ 2,320,630	\$ 94,224
Change in fund balance	\$ (1,817,872)	\$ (3,426,343)	\$ (794,537)	\$ 2,631,806
Fund balance at beginning of year	1,817,872	3,426,343	17,267,167	13,840,824
Fund balance at end of year	\$ -	\$ -	\$ 16,472,630	\$ 16,472,630

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

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## County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 12,505,277	\$ 15,659,250	\$ 3,153,973	79.86%	\$ 4,586,658	68.76%
6/30/2011	12,288,812	14,454,082	2,165,270	85.02%	4,360,644	49.65%
6/30/2010	11,872,968	14,147,755	2,274,787	83.92%	4,599,603	49.46%

## Discretely Presented Component Unit - School Board

## Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 5,886,457	\$ 7,308,058	\$ 1,421,601	80.55%	\$ 1,692,903	83.97%
6/30/2011	5,803,049	6,984,796	1,181,747	83.08%	1,683,034	70.22%
6/30/2010	5,582,557	6,788,730	1,206,173	82.23%	1,717,844	70.21%

Schedule of OPEB Funding Progress  
Last Two Years

**Other Postemployment Benefits - Health Insurance:**

**Primary Government:**

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll (6)	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 40,200	\$ 40,200	0.00%	\$ 4,804,500	0.84%
6/30/2011	-	42,500	42,500	0.00%	4,425,800	0.96%

**Discretely Presented Component Unit - School Board**

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ -	\$ 2,444,000	\$ 2,444,000	0.00%	\$ 16,299,700	14.99%
6/30/2011	-	2,225,900	2,225,900	0.00%	17,014,800	13.08%

**Virginia Retirement System - Health Insurance Credit:**

**Primary Government:**

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll (6)	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	71,311	\$ 90,274	\$ 18,963	78.99%	\$ 1,813,647	1.05%
6/30/2012	71,132	\$ 95,552	\$ 24,420	74.44%	\$ 2,240,838	1.09%

\* Only two valuations available

## Other Supplementary Information

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## **Combining and Individual Fund Statements and Schedules**

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - Debt Service Fund  
 For the Year Ended June 30, 2013

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 942	\$ 942
Charges for services	-	-	1,377,204	1,377,204
Total revenues	\$ -	\$ -	\$ 1,378,146	\$ 1,378,146
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,081,904	\$ (1,081,904)
Interest and fiscal charges	-	-	1,119,211	(1,119,211)
Total debt service	\$ -	\$ -	\$ 2,201,115	\$ (2,201,115)
Total expenditures	\$ -	\$ -	\$ 2,201,115	\$ (2,201,115)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (822,969)	\$ (822,969)
Other financing sources (uses):				
Transfers (out)	\$ -	\$ -	\$ (174,980)	\$ (174,980)
Total other financing sources (uses)	\$ -	\$ -	\$ (174,980)	\$ (174,980)
Change in fund balance	\$ -	\$ -	\$ (997,949)	\$ (997,949)
Fund balance at beginning of year	-	-	1,916,448	1,916,448
Fund balance at end of year	\$ -	\$ -	\$ 918,499	\$ 918,499

Schedule of Changes in Assets and Liabilities -  
 Agency Fund  
 For the Year Ended June 30, 2013

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 35,963	\$ 7,222	\$ 2,278	\$ 40,907
Liabilities:				
Amounts held for social services clients	\$ 35,963	\$ 7,222	\$ 2,278	\$ 40,907

**Discretely Presented Component Unit-School Board**

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 218,068	\$ 218,068
Accounts receivable	-	-	-
Due from general government	2,581,955	-	2,581,955
Due from other funds	-	93,542	93,542
Due from other governmental units	545,176	-	545,176
Total assets	<u>\$ 3,127,131</u>	<u>\$ 311,610</u>	<u>\$ 3,438,741</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 615,033	\$ -	\$ 615,033
Accrued liabilities	2,418,556	-	2,418,556
Due to other funds	93,542	-	93,542
Total liabilities	<u>\$ 3,127,131</u>	<u>\$ -</u>	<u>\$ 3,127,131</u>
<b>FUND BALANCES</b>			
Committed:			
Education	\$ -	\$ 311,610	\$ 311,610
Total fund balances	<u>\$ -</u>	<u>\$ 311,610</u>	<u>\$ 311,610</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:			
Total fund balances per above			\$ 311,610
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 127,800	
Buildings and improvements		8,312,985	
Equipment		1,493,614	9,934,399
Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(15,625)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases		\$ (890,279)	
Compensated absences		(462,303)	
Net OPEB obligation		(531,002)	
Early retirement obligations		(45,482)	(1,929,066)
Net Position of Discretely Presented Component Unit - School Board			<u>\$ 8,301,318</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 13,613	\$ -	\$ 13,613
Charges for services	110,853	538,638	649,491
Miscellaneous	327,785	6,766	334,551
Recovered costs	974,419	-	974,419
Intergovernmental revenue:			
County contribution to School Board	11,549,574	-	11,549,574
Commonwealth	15,475,120	-	15,475,120
Federal	2,111,361	-	2,111,361
Total revenues	\$ 30,562,725	\$ 545,404	\$ 31,108,129
Expenditures:			
Current:			
Education	\$ 29,852,560	\$ 1,197,575	\$ 31,050,135
Debt service:			
Principal retirement	365,212	-	365,212
Interest	21,452	-	21,452
Total expenditures	\$ 30,239,224	\$ 1,197,575	\$ 31,436,799
Excess (deficiency) of revenues over (under) expenditures	\$ 323,501	\$ (652,171)	\$ (328,670)
Other financing sources (uses):			
Issuance of capital leases	\$ 375,351	\$ -	\$ 375,351
Transfers in	-	698,852	698,852
Transfers (out)	(698,852)	-	(698,852)
Total other financing sources (uses)	\$ (323,501)	\$ 698,852	\$ 375,351
Change in fund balance	\$ -	\$ 46,681	\$ 46,681
Fund balance at beginning of year	-	264,929	264,929
Fund balance at end of year	\$ -	\$ 311,610	\$ 311,610



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

		<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	46,681
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 amount by which depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 422,582	
Depreciation expense	<u>(643,783)</u>	(221,201)
The issuance of capital 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. A summary of items supporting this adjustment is as follows:		
Principal retired on capital lease obligations	\$ 323,099	
Issuance of long-term obligations	(375,352)	
Principal retired on early retirement obligations	<u>42,113</u>	(10,140)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the changes in compensated absences, net OPEB obligation, and accrued interest payable.		
Change in compensated absences	\$ (16,655)	
Change in net OPEB obligation	(79,551)	
Change in accrued interest payable	<u>9,628</u>	(86,578)
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>1,023,686</u>
Change in net position of governmental activities	\$	<u><u>752,448</u></u>

COUNTY OF GREENE, VIRGINIA

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2013

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 7,000	\$ 7,000	\$ 13,613	\$ 6,613
Charges for services	136,500	136,500	110,853	(25,647)
Miscellaneous	413,076	413,076	327,785	(85,291)
Recovered costs	650,000	650,000	974,419	324,419
Intergovernmental revenue:				
County contribution to School Board	11,855,055	11,855,055	11,549,574	(305,481)
Commonwealth	15,885,161	15,885,161	15,475,120	(410,041)
Federal	1,612,993	1,612,993	2,111,361	498,368
Total revenues	\$ 30,559,785	\$ 30,559,785	\$ 30,562,725	\$ 2,940
Expenditures:				
Current:				
Education				
Instruction	\$ 24,339,238	\$ 24,339,238	\$ 23,655,978	\$ 683,260
Administration, attendance and health	1,402,902	1,424,067	1,387,088	36,979
Pupil transportation	1,719,700	1,719,700	2,066,854	(347,154)
Operation and maintenance	2,511,923	2,547,283	2,704,224	(156,941)
Facilities	8,000	376,967	38,416	338,551
Food service	-	-	-	-
Total education	\$ 29,981,763	\$ 30,407,255	\$ 29,852,560	\$ 554,695
Debt service:				
Principal retirement	\$ 162,117	\$ 162,117	\$ 365,212	\$ (203,095)
Interest	22,062	22,062	21,452	610
Total debt service	\$ 184,179	\$ 184,179	\$ 386,664	\$ (202,485)
Total expenditures	\$ 30,165,942	\$ 30,591,434	\$ 30,239,224	\$ 352,210
Excess (deficiency) of revenues over (under) expenditures	\$ 393,843	\$ (31,649)	\$ 323,501	\$ 355,150
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 375,351	\$ 375,351
Issuance of loans	131,157	556,649	-	(556,649)
Transfers in	-	-	-	-
Transfers (out)	(525,000)	(525,000)	(698,852)	(173,852)
Total other financing sources (uses)	\$ (393,843)	\$ 31,649	\$ (323,501)	\$ (355,150)
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

## Exhibit 15

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	538,638	538,638
-	-	6,766	6,766
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,404</u>	<u>\$ 545,404</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,197,575	(1,197,575)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,575</u>	<u>\$ (1,197,575)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,575</u>	<u>\$ (1,197,575)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (652,171)</u>	<u>\$ (652,171)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	698,852	698,852
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,852</u>	<u>\$ 698,852</u>
\$ -	\$ -	\$ 46,681	\$ 46,681
-	-	264,929	264,929
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,610</u>	<u>\$ 311,610</u>

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## Supporting Schedule

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,076,561	\$ 12,076,561	\$ 12,830,051	\$ 753,490
Real and personal public service corporation taxes	372,563	372,563	411,524	38,961
Personal property taxes	3,276,304	3,276,304	3,504,549	228,245
Mobile home taxes	47,999	47,999	-	(47,999)
Machinery and tools taxes	116,982	116,982	84,063	(32,919)
Penalties	155,000	155,000	200,489	45,489
Interest	85,000	85,000	171,779	86,779
Total general property taxes	\$ 16,130,409	\$ 16,130,409	\$ 17,202,455	\$ 1,072,046
Other local taxes:				
Local sales and use taxes	\$ 1,550,000	\$ 1,550,000	\$ 1,729,123	\$ 179,123
Consumer utility taxes	400,000	400,000	399,493	(507)
Business license taxes	425,000	425,000	479,396	54,396
Motor vehicle licenses	370,000	370,000	443,090	73,090
Bank stock taxes	60,000	60,000	58,518	(1,482)
Taxes on recordation and wills	280,000	280,000	259,565	(20,435)
Transient lodging taxes	135,000	135,000	156,816	21,816
Meals taxes	570,000	570,000	618,564	48,564
Total other local taxes	\$ 3,790,000	\$ 3,790,000	\$ 4,144,565	\$ 354,565
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 8,351	\$ (1,649)
Other permits and licenses	221,100	221,100	200,710	(20,390)
Total permits, privilege fees and regulatory licenses	\$ 231,100	\$ 231,100	\$ 209,061	\$ (22,039)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 125,600	\$ 125,600	\$ 184,442	\$ 58,842
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,684	\$ 1,684
Revenue from use of property	43,136	43,136	44,085	949
Total revenue from use of money and property	\$ 43,136	\$ 43,136	\$ 45,769	\$ 2,633

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ -	\$ -	\$ 1,049	\$ 1,049
Law library fees	1,200	1,200	1,568	368
Courthouse maintenance	41,000	41,000	55,790	14,790
Commonwealth attorney fees	600	600	23,553	22,953
Dog pound fees	2,500	2,500	2,143	(357)
Charges for transportation services	195,750	195,750	117,033	(78,717)
DMV stop fees	-	12,860	12,282	(578)
After school program fees	354,800	354,800	131,171	(223,629)
Parks and recreation	75,000	75,000	67,240	(7,760)
Vehicle maintenance facility	850,000	850,000	749,603	(100,397)
Charges for landfill operations	2,320,334	2,320,334	724,458	(1,595,876)
Revenue recovery	346,651	346,651	379,947	33,296
Other charges for services	500	500	304	(196)
Total charges for services	\$ 4,188,335	\$ 4,201,195	\$ 2,266,141	\$ (1,935,054)
Miscellaneous revenue:				
Expenditure refunds	\$ 180,148	\$ 260,391	\$ 156,437	\$ (103,954)
Donations	500	500	1,050	550
Miscellaneous	25	121	21,321	21,200
Total miscellaneous revenue	\$ 180,673	\$ 261,012	\$ 178,808	\$ (82,204)
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 6,500	\$ 6,500
Health department	4,671	4,671	4,671	-
Total recovered costs	\$ 4,671	\$ 4,671	\$ 11,171	\$ 6,500
Total revenue from local sources	\$ 24,693,924	\$ 24,787,123	\$ 24,242,412	\$ (544,711)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 10,000	\$ 10,000	\$ 12,487	\$ 2,487
Auto rental tax	2,200	2,200	2,911	711
Motor vehicle titling tax	18,000	18,731	18,730	(1)



Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 80,000	\$ 80,000	\$ 70,167	\$ (9,833)
Rolling stock tax	565	565	-	(565)
Contribution to State of Virginia	(120,000)	(120,000)	(92,287)	27,713
Communication sales and use taxes	516,000	516,000	504,174	(11,826)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,756,676	\$ 2,757,407	\$ 2,766,093	\$ 8,686
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 164,335	\$ 164,335	\$ 167,352	\$ 3,017
Sheriff	788,777	788,777	797,205	8,428
Commissioner of the Revenue	77,209	77,209	75,614	(1,595)
Treasurer	75,415	75,415	70,823	(4,592)
Registrar/electoral board	38,000	38,000	37,486	(514)
Clerk of the Circuit Court	179,727	179,727	218,171	38,444
Total shared expenses	\$ 1,323,463	\$ 1,323,463	\$ 1,366,651	\$ 43,188
Other categorical aid:				
Law enforcement grants	\$ 25,871	\$ 45,274	\$ 3,234	\$ (42,040)
Litter control	5,000	5,000	7,216	2,216
Fire programs fund	38,000	38,000	51,440	13,440
Section 18 transportation grant	365,283	365,283	125,050	(240,233)
Juvenile Justice	7,549	7,549	7,596	47
E-911 wireless grant	40,000	40,000	49,653	9,653
Forfeited Property	-	62,148	44,125	(18,023)
Public assistance	360,946	360,946	319,957	(40,989)
Rescue assistance grant	-	27,000	27,000	-
Domestic violence	-	60,012	53,761	(6,251)
Comprehensive services	1,040,000	1,040,000	893,449	(146,551)
Other categorical aid	-	28,699	11,379	(17,320)
Total other categorical aid	\$ 1,882,649	\$ 2,079,911	\$ 1,593,860	\$ (486,051)
Total categorical aid	\$ 3,206,112	\$ 3,403,374	\$ 2,960,511	\$ (442,863)
Total revenue from the Commonwealth	\$ 5,962,788	\$ 6,160,781	\$ 5,726,604	\$ (434,177)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 39,478	\$ 39,478	\$ 39,615	\$ 137
Categorical aid:				
Welfare administration and assistance	\$ 689,557	\$ 689,557	\$ 587,460	\$ (102,097)
Section 18 transportation grant	365,609	365,609	313,067	(52,542)
Public safety partnership and community policing	-	44,375	-	(44,375)
Bulletproof vest grant	-	840	1,937	1,097
Homeland security	-	6,000	-	(6,000)
Byrne grant	-	3,087	3,087	-
Safety grants	-	(19,403)	9,701	29,104
Byrne grant	-	2,821	-	(2,821)
Federal disaster recovery	-	-	22,685	22,685
Federal portion of comprehensive services act	-	-	23,653	23,653
USDA grant	30,000	55,000	25,000	(30,000)
Total categorical aid	\$ 1,085,166	\$ 1,147,886	\$ 986,590	\$ (161,296)
Total revenue from the federal government	\$ 1,124,644	\$ 1,187,364	\$ 1,026,205	\$ (161,159)
Total general fund	\$ 31,781,356	\$ 32,135,268	\$ 30,995,221	\$ (1,140,047)
Debt service fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 942	\$ 942
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 802,204	\$ 802,204
Water EDU charges	-	-	575,000	575,000
Total charges for services	\$ -	\$ -	\$ 1,377,204	\$ 1,377,204
Total debt service fund	\$ -	\$ -	\$ 1,378,146	\$ 1,378,146

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School operating fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 7,000	\$ 7,000	\$ 13,613	\$ 6,613
Charges for services:				
Charges for education	\$ 136,500	\$ 136,500	\$ 110,853	\$ (25,647)
Miscellaneous revenue:				
Expenditure refunds	\$ 296,076	\$ 296,076	\$ 236,767	\$ (59,309)
Miscellaneous	117,000	117,000	91,018	(25,982)
Total miscellaneous revenue	\$ 413,076	\$ 413,076	\$ 327,785	\$ (85,291)
Recovered costs:				
Other payments from another county or city	\$ 650,000	\$ 650,000	\$ 974,419	\$ 324,419
Total revenue from local sources	\$ 1,206,576	\$ 1,206,576	\$ 1,426,670	\$ 220,094
Intergovernmental revenue:				
County contribution to School Board	\$ 11,855,055	\$ 11,855,055	\$ 11,549,574	\$ (305,481)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,910,549	\$ 2,910,549	\$ 2,930,173	\$ 19,624
Basic school aid	8,049,831	8,049,831	7,736,426	(313,405)
GED	7,859	7,859	7,859	-
Remedial summer school	86,088	86,088	78,370	(7,718)
Remedial education - SOQ	187,339	187,339	181,723	(5,616)
Special education - SOQ	1,084,690	1,084,690	1,052,175	(32,515)
Textbook	141,010	141,010	148,176	7,166
Vocational standards of quality payments	206,072	206,072	199,895	(6,177)
Fringe benefits	1,326,357	1,326,357	1,286,598	(39,759)
Regional program payments	671,853	671,853	653,944	(17,909)
Technology	180,000	180,000	180,000	-
Other state funds	825,339	825,339	821,824	(3,515)
Total categorical aid	\$ 15,885,161	\$ 15,885,161	\$ 15,475,120	\$ (410,041)
Total revenue from the Commonwealth	\$ 15,885,161	\$ 15,885,161	\$ 15,475,120	\$ (410,041)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 414,581	\$ 414,581	\$ 342,111	\$ (72,470)
COPS Grant	-	-	44,375	44,375
Title VI-B	610,000	610,000	526,520	(83,480)
School food program grant	458,912	458,912	674,477	215,565
Pre-school SPED	18,000	18,000	16,777	(1,223)
Vocational education	25,000	25,000	39,773	14,773
Title III-ESL	6,500	6,500	15,286	8,786
Education jobs fund	-	-	230,426	230,426
Bab subsidy	-	-	125,452	125,452
Title II part A	80,000	80,000	96,164	16,164
Total revenue from the federal government	\$ 1,612,993	\$ 1,612,993	\$ 2,111,361	\$ 498,368
Total school operating fund	\$ 30,559,785	\$ 30,559,785	\$ 30,562,725	\$ 2,940
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 538,638	\$ 538,638
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 6,766	\$ 6,766
Total revenue from local sources	\$ -	\$ -	\$ 545,404	\$ 545,404
Total school cafeteria fund	\$ -	\$ -	\$ 545,404	\$ 545,404
Total Revenues -- Component Unit -- School Board	\$ 30,559,785	\$ 30,559,785	\$ 31,108,129	\$ 548,344

## Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural
2003-04	\$ 1,633,164	\$ 393,359	\$ 2,872,741	\$ 1,043,970	\$ 2,674,389	\$ 8,448,755	375,284
2004-05	1,821,592	482,358	3,197,116	1,724,394	3,194,739	15,880,805	393,634
2005-06	2,053,433	594,937	3,723,429	2,029,388	3,589,603	2,391,026	427,474
2006-07	2,292,151	647,781	4,157,052	2,323,483	3,501,134	7,993,506	458,890
2007-08	2,354,054	669,784	4,608,566	2,601,110	3,041,586	10,093,139	546,068
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951	798,049
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710	582,625
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122	586,531
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226	655,517
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015	638,132

Table 1

	Community Development	Interest on Long-term Obligations	Total
\$	1,039,621	\$ 796,861	\$ 19,278,144
	1,114,216	1,449,380	29,258,234
	8,209,744	2,084,232	25,103,266
	1,227,319	2,398,768	25,000,084
	1,406,092	2,109,150	27,429,549
	1,554,244	2,023,856	28,618,539
	1,694,807	1,870,527	27,639,209
	1,829,783	1,777,149	28,537,405
	1,896,573	1,714,067	29,385,493
	2,003,035	1,827,823	33,437,162

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2003-04	\$ 2,178,492	\$ 3,163,786	\$ -
2004-05	2,986,536	3,552,344	-
2005-06	10,543,409	4,044,916	-
2006-07	6,720,063	3,971,286	-
2007-08	4,417,186	4,271,386	-
2008-09	4,990,757	4,123,823	-
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000
2012-13	4,036,847	3,947,101	-



Table 2

General Revenues						
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total	
\$ 9,736,702	\$ 2,735,566	\$ 2,263,174	\$ 47,530	\$ 234,424	\$ 20,359,674	
10,742,734	3,162,439	2,312,486	265,104	677,831	23,699,474	
12,022,144	3,337,544	2,667,282	596,235	472,118	33,683,648	
13,599,892	3,443,880	2,463,754	930,857	374,327	31,504,059	
14,805,399	3,506,466	2,429,762	787,025	180,310	30,397,534	
15,659,705	3,554,550	2,454,781	288,843	219,967	31,292,426	
16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103	
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933	
16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153	
16,673,523	4,144,565	2,805,709	46,711	178,807	31,833,263	

COUNTY OF GREENE, VIRGINIA

General Government Expenditures by Function (1) (2) (3)  
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2003-04	\$ 1,526,880	\$ 368,767	\$ 2,658,348	\$ 1,015,370	\$ 2,666,419
2004-05	1,676,743	457,766	3,093,339	1,773,878	3,191,946
2005-06	1,956,994	560,382	3,770,266	1,945,098	3,578,360
2006-07	1,945,296	622,346	3,928,340	2,125,007	3,500,069
2007-08	2,158,358	678,909	4,531,360	2,554,880	3,443,399
2008-09	2,124,961	656,157	4,776,585	2,541,465	3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402
2012-13	2,456,653	772,434	6,159,573	1,523,644	3,255,905

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 3

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	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	21,989,672	\$	291,377	\$	1,006,911	\$	5,504	\$	2,347,390	\$	33,876,638
	23,617,509		314,040		1,139,356		19,784		2,876,505		38,160,866
	25,201,395		348,136		1,334,218		12,410		2,724,879		41,432,138
	26,721,702		380,581		1,301,761		21,388		2,888,431		43,434,921
	28,547,616		447,416		1,449,780		45,083		2,922,220		46,779,021
	29,662,860		706,843		1,587,242		36,260		3,048,763		48,707,817
	29,708,011		498,169		1,695,747		21,595		2,585,804		47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760
	29,961,407		561,145		1,886,835		36,373		2,843,001		49,048,497
	31,054,835		539,347		1,848,327		91,223		2,945,886		50,647,827

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2) (3)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2003-04	\$ 9,693,895	\$ 2,735,566	\$ 278,350	\$ 156,841	\$ 49,507
2004-05	10,610,769	3,162,439	317,924	109,374	303,432
2005-06	11,972,582	3,337,544	497,799	137,339	552,293
2006-07	13,188,509	3,443,880	441,954	169,241	495,375
2007-08	14,826,839	3,506,466	358,989	138,146	231,464
2008-09	15,625,373	3,554,550	316,414	184,505	101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473
2012-13	17,202,455	4,144,565	209,061	184,442	59,382

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 4

Charges for Services		Miscellaneous	Recovered Costs	Inter- governmental	Total				
\$	2,302,372	\$	507,789	\$	400,027	\$	18,854,418	\$	34,978,765
	3,118,779		831,979		454,687		21,297,417		40,206,800
	2,930,316		307,704		366,971		23,109,507		43,212,055
	3,297,142		631,049		411,988		23,950,701		46,029,839
	3,910,145		503,709		903,588		24,653,597		49,032,943
	3,638,610		565,264		378,408		26,110,839		50,475,012
	2,856,494		571,305		709,976		26,042,415		50,952,703
	2,548,454		652,497		534,874		25,439,456		50,423,638
	2,922,714		435,088		487,567		25,048,588		49,299,435
	2,915,632		513,359		985,590		24,339,290		50,553,776

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2003-04	\$ 12,104,890	\$ 11,397,907	94.16%	\$ 228,425	\$ 11,626,332	96.05%	\$ 793,081	6.55%
2004-05	13,025,347	12,148,545	93.27%	478,118	12,626,663	96.94%	835,569	6.41%
2005-06	14,344,456	13,797,519	96.19%	539,040	14,336,559	99.94%	885,556	6.17%
2006-07	15,769,511	14,618,569	92.70%	622,838	15,241,407	96.65%	1,247,675	7.91%
2007-08	17,357,261	16,094,917	92.73%	726,361	16,821,278	96.91%	1,371,557	7.90%
2008-09	17,946,941	16,947,660	94.43%	693,868	17,641,528	98.30%	1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%
2012-13	18,649,051	18,076,828	96.93%	1,003,270	19,080,098	102.31%	1,767,242	9.48%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2003-04	\$ 947,972,076	\$ 81,326,298	N/A	\$ 40,217,543	\$ 1,069,515,917
2004-05	997,124,352	86,733,245	243,900	36,472,249	1,120,573,746
2005-06	1,105,086,533	94,285,358	451,461	40,120,084	1,239,943,436
2006-07	1,367,588,892	99,210,035	813,020	29,459,777	1,497,071,724
2007-08	1,640,643,742	103,112,893	3,029,713	45,382,646	1,792,168,994
2008-09	1,793,032,015	101,216,300	4,734,675	41,346,332	1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441
2012-13	1,823,328,015	111,502,339	1,091,649	58,554,406	1,994,476,409

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

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2003-04	\$	0.79/0.84	\$ 5.00/5.00	\$ 2.00/2.00
2004-05		0.84/0.84	5.00/5.00	2.00/2.00
2005-06		0.84/0.84	5.00/5.00	2.00/2.00
2006-07		0.84/0.72	5.00/5.00	2.00/2.00
2007-08		0.72/0.72	5.00/5.00	2.00/2.00
2008-09		0.72/0.69	5.00/5.00	2.00/2.00
2009-10		0.69/0.69	5.00/5.00	2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50
2011-12		0.69/0.69	5.00/5.00	2.50/2.50
2012-13		0.69/0.72	5.00/5.00	2.50/2.50

(1) Per \$100 of assessed value, 1st and 2nd half assessments



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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2003-04	15,244	\$ 1,069,515,917	\$ 29,085,747	2.72%	\$ 1,908
2004-05	15,244	1,120,573,746	36,485,615	3.26%	2,393
2005-06	16,900	1,239,943,436	52,264,532	4.22%	3,093
2006-07	17,165	1,497,071,724	50,658,356	3.38%	2,951
2007-08	17,714	1,792,168,994	48,207,781	2.69%	2,721
2008-09	17,881	1,940,329,322	45,155,798	2.33%	2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428
2012-13	18,856	1,994,476,409	44,252,984	2.22%	2,347

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

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and revenue bonds; excludes capital leases, compensated absences, and other postemployment benefits.

Schedule of Operating Revenues and Expenditures for Transportation Activity  
For the Year Ended June 30, 2013

Revenues:		
State aid	\$	125,050
Federal aid		313,067
Fare collections		117,033
Greene County contribution for operations		<u>493,939</u>
Total revenues	\$	<u>1,049,089</u>
Expenditures:		
Salaries and fringes	\$	342,512
Materials and other expenditures		<u>706,577</u>
Total expenditures	\$	<u>1,049,089</u>
Excess of revenues over expenditures	\$	<u><u>-</u></u>

Transportation activity for the County of Greene, Virginia is included in the general accounting system of the County.

## Compliance

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Honorable Members of  
The Board of Supervisors  
County of Greene, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, 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 Greene, Virginia's basic financial statements, and have issued our report dated January 3, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Greene, 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 Greene, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Greene, 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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Greene, Virginia's financial statements are free of 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 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
January 3, 2014

# ROBINSON, FARMER, COX ASSOCIATES

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 Greene, Virginia

### Report on Compliance for Each Major Federal Program

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

### *Opinion on Each Major Federal Program*

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

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

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

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

*Robinson, Turner, & Associates*  
Charlottesville, Virginia  
January 3, 2014



COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
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
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112/0010113	\$ 162,432
USDA grant	10.000	Unknown	25,000
Total Department of Agriculture			\$ 187,432
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2012/154AL-2012	\$ 6,217
State and Community Highway Safety	20.600	Unknown	8,340
Department of Rail and Public Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	60901-420112/420113	313,067
Total Department of Transportation			\$ 327,624
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Bulletproof Vest Partnership Program	16.607	Unknown	\$ 1,937
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-41000/61000	\$ 3,086
Crime Victim Assistance	16.575	Unknown	9,701
Total Department of Justice			\$ 14,724
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	\$ 8,129
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Temporary Assistance For Needy Families	93.558	0400112/0400113	\$ 118,641
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	570
Low-Income Home Energy Assistance	93.568	0600412/0600413	7,546
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	16,764
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/0900113	451
Foster care - Title IV-E	93.658	1100112/1100113	80,385

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
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
<b>PRIMARY GOVERNMENT: (CONTINUED)</b>			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120112/1120113	\$ 24,892
Social Services Block Grant	93.667	1000112/1000113	95,927
Chafee Foster Care Independence Program	93.674	9150112/9150113	1,512
Children's Health Insurance Program	93.767	0540112/0540113	3,942
Medical Assistance Program	93.778	1200112/1200113	98,051
Total Department of Health and Human Services			\$ 448,681
<b>Total Primary Government</b>			<b>\$ 986,590</b>
<b>COMPONENT UNIT-SCHOOL BOARD:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	10.555/2012/2013	\$ 71,922
Department of Education:			
National School Lunch Program	10.555	10.555/2012/2013	451,957
Total food commodities and national school lunch program			\$ 523,879
School Breakfast Program	10.553	10.553/2012/2013	\$ 150,598
Total Department of Agriculture			\$ 674,477
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 44,375
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A120046/S010A110046	\$ 342,111
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A120107	526,520
Special Education - Preschool Grants	84.173	H173A120112/H173A110112	16,777
Career and Technical Education - Basic Grants to States	84.048	V048A120046/VA048A110046	39,773
Improving Teacher Quality State Grants	84.367	S367A120044/S367A110044	96,164
ARRA - Education Jobs Fund	84.410	S410A120047	230,426
English Language Acquisition Grants	84.365	S365A110046/T365A100046	15,286
Total Department of Education			\$ 1,267,057
<b>Total Component Unit School Board</b>			<b>\$ 1,985,909</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,972,499</b>

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF GREENE, VIRGINIA

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

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#### Note 1 - Basis of Presentation

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

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

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

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

#### Note 3 - Food Donation

Nonmonetary assistance in the amount of \$71,922 is reported in the Schedule at the fair market value of the commodities received and disbursed.

#### Note 4 - Relationship to Financial Statements

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

##### Intergovernmental federal revenues per the basic financial statements:

##### Primary government:

General Fund	\$ 1,026,205
Less Payment in lieu of taxes	<u>(39,615)</u>
Total primary government	<u>\$ 986,590</u>

##### Component Unit School Board:

School Operating Fund	\$ 2,111,361
Less BAB subsidy	<u>(125,452)</u>
Total component unit school board	<u>\$ 1,985,909</u>

Total federal expenditures per basic financial statements	<u>\$ 2,972,499</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,972,499</u></u>
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## COUNTY OF GREENE, VIRGINIA

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

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

##### Financial Statements

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

##### Federal Awards

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.410	ARRA - Education Jobs Fund
84.010	Title I Grants to Local Educational Agencies
10.553/10.555	Child Nutrition Cluster

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

#### Section II - Financial Statement Findings

There are no financial statement findings to report.

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

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

#### Section IV - Prior Year Audit Findings

There were no items reported in the prior year.