

COUNTY OF SCOTT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

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COUNTY OF SCOTT, VIRGINIA

BOARD OF SUPERVISORS

Danny P. Mann, Chairman

Darrel Jeter
Landon Odle
Beryl E. Maness

D. Joe Horton
Joe W. Herron
Chad E. Hood

COUNTY SCHOOL BOARD

James K. Jessee, Chairman

H. Kelly Spivey, Jr.
L. Stephen Sallee, Jr.
William R. Quillen, Jr.

Gail L. McConnell
Jeffrey A. Kegley

COUNTY WELFARE BOARD

Joe Horton, Chairman

Beulah Herron

Brenda Parks

OTHER OFFICIALS

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

Hon. John C. Kilgore
Mark A. "Bo" Taylor
Marcus McClung
Gary Baker
Mitzi Owens
John Puckett
John Ferguson
Gary Blankenbecler
Kathie Noe



RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13-22 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial 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.

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

federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the County of Scott, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Scott, Virginia's internal control over financial reporting and compliance.

Bostic, Lucker & Company, PC

December 31, 2013
Lebanon, Virginia



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Scott, Virginia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Scott, Virginia's basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bostic, Tucker & Company, PC

December 31, 2013
Lebanon, Virginia



**BOSTIC, TUCKER
& COMPANY, P.C.**
Certified Public Accountants

**RONALD C. BOSTIC, CPA
GREGORY D. TUCKER, CPA**

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December 31, 2013

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Governmental Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 31, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 12 to the financial statements identifies state and federal laws requiring the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The county reports a portion of these closure and care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2013.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 31, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Very truly yours,

Bostic, Tucker & Company, PC

Bostic, Tucker and Company, P.C.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Bostic, Tucker & Company, PC

December 31, 2013
Lebanon, Virginia

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JOE W. HERRON
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**SCOTT COUNTY
BOARD OF SUPERVISORS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,659,848 (net position). Of this amount, \$2,413,542 may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$3,474,840, a decrease of \$252,125 in comparison with the prior year. Approximately 99% of this total amount, \$3,428,051 is available for spending for the various functions of the County as indicated.
- At the end of the current fiscal year, fund balance for the general fund was \$3,428,051, or 21% of total general fund expenditures.

Overview of the Financial Statements:

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

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

Overview of the Financial Statement (Continued):

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

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

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

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

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

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

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

Overview of the Financial Statement (Continued):

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

Governmental funds - Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by \$11,659,848 at the close of the most recent fiscal year.

The largest portion of the County's net position (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (Continued):

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 18,117,294	\$18,586,871
Capital assets	<u>9,545,662</u>	<u>9,826,585</u>
 Total assets	 <u>\$ 27,662,956</u>	 <u>\$28,413,456</u>
 Long-term liabilities outstanding	 \$ 2,596,182	 \$ 2,345,823
Current liabilities	2,076,456	2,689,683
Deferred inflows	<u>11,330,470</u>	<u>11,030,367</u>
 Total liabilities	 <u>\$ 16,003,108</u>	 <u>\$16,065,873</u>
 Net position:		
 Investment in capital assets, net of related debt	 \$ 9,246,306	 \$ 9,608,931
Unrestricted	<u>2,413,542</u>	<u>2,738,652</u>
 Total net position	 <u>\$ 11,659,848</u>	 <u>\$12,347,583</u>

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

During the current fiscal year, the County's (including component unit's) net position increased by \$1,445,383.

Government-wide Financial Analysis (Continued):

Governmental Activities - Governmental activities decreased the County's net position by \$(687,735). Key elements of this decrease are as follows:

County of Scott, Virginia's Change in Net Position

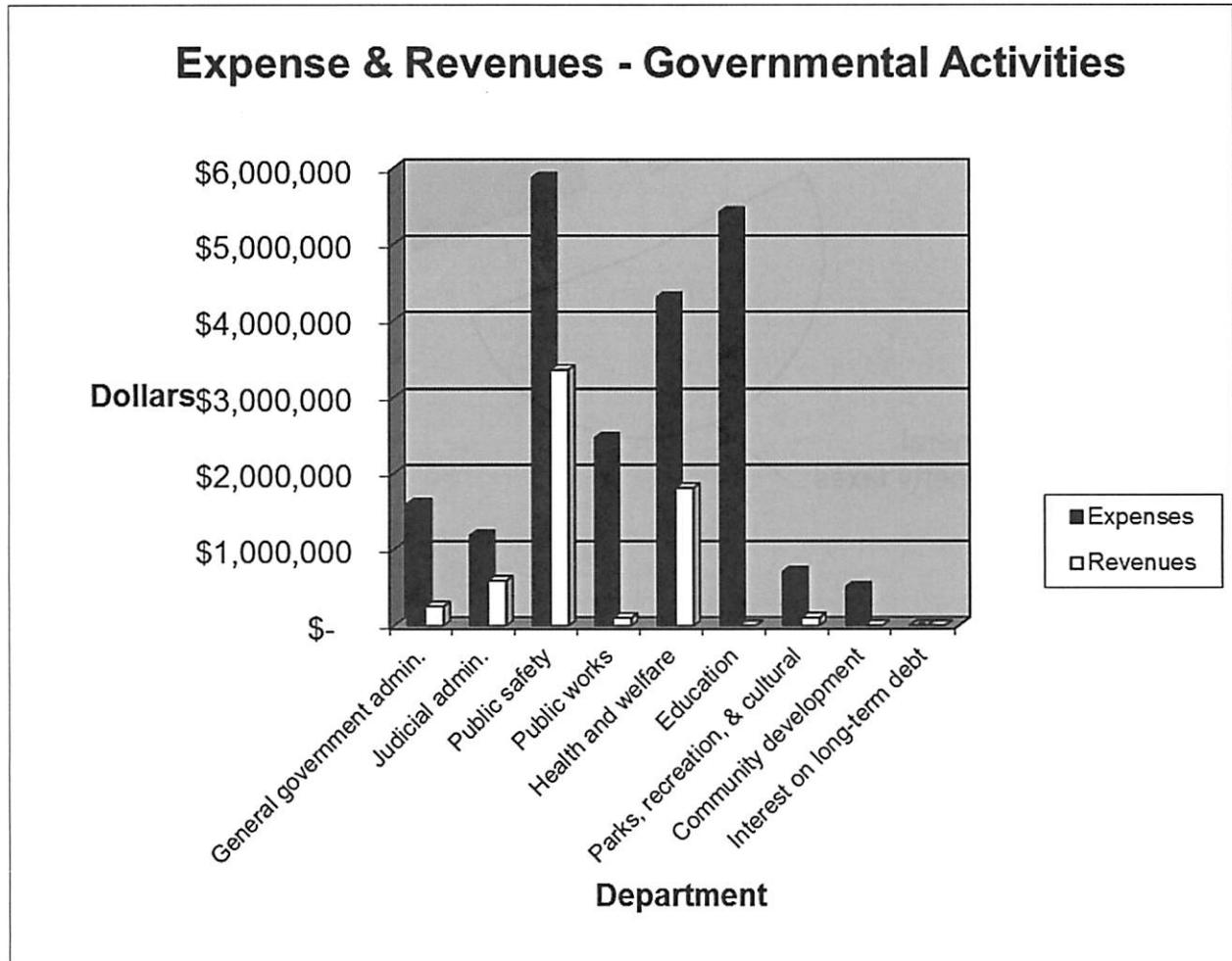
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 486,408	\$ 386,542
Operating grants and contributions	5,711,645	5,830,471
General revenues:		
Property taxes	10,568,373	10,657,027
Other local taxes	3,237,175	3,158,479
Other	1,365,563	1,372,406
Total revenues	<u>\$21,369,16</u>	<u>\$21,404,925</u>
Expenses:		
General government	\$ 1,601,943	\$ 1,605,066
Judicial administration	1,182,434	1,196,716
Public safety	5,869,167	5,322,564
Public works	2,465,636	2,360,428
Health and welfare	4,301,356	4,518,977
Education	5,419,622	5,226,624
Parks, recreation and culture	707,014	633,734
Community development	509,727	496,329
Interest	-	81,996
Total expenses	<u>\$22,056,899</u>	<u>\$20,442,434</u>
Decrease in net position	\$ (687,735)	\$ 962,491
Net position - beginning	<u>12,347,583</u>	<u>11,385,092</u>
Net position - ending	<u><u>\$11,659,848</u></u>	<u><u>\$12,347,583</u></u>

Charges for services and operating grants and contributions increased \$99,866 and \$525,051, respectively, during the year while property tax revenue decreased \$(203,260).

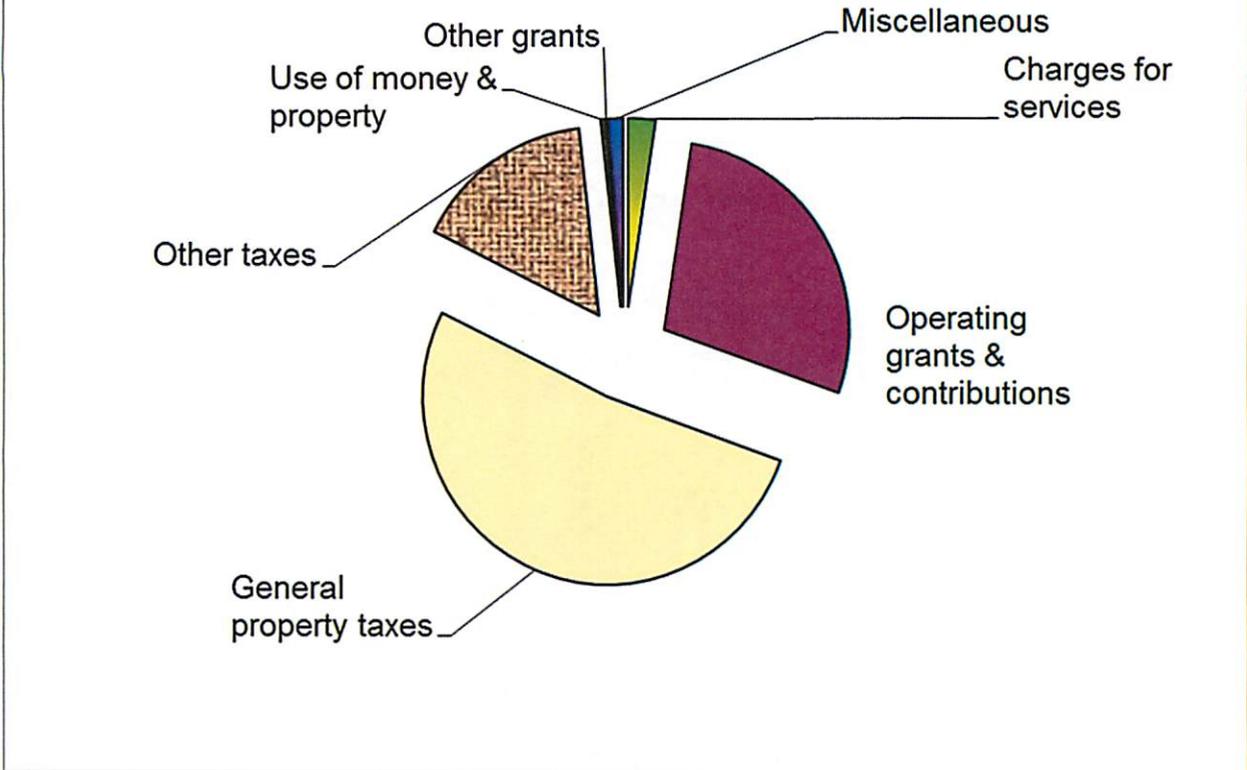
Government-wide Financial Analysis (Continued):

Expenditures for public safety and education showed increases of \$546,603 and 1,192,998, respectively.

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



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,474,840 a decrease of \$252,125 in comparison with the prior year. Approximately 99% of this total amount, \$3,428,051 constitutes fund balance which is available for spending by the County for the various functions as indicated.

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

The general fund is the operating fund of the County. At the end of the current fiscal year fund balance of the general fund was \$3,428,051. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 21% of total general fund expenditures.

The general fund balance decreased \$253,359 during the current year.

The special revenue funds have a total fund balance of \$46,789, all of which is committed. The fund balance increased \$1,234 during the current year.

General Fund Budgetary Highlights

During the 2013 fiscal year, the County had amendments which increased its original budgeted revenues \$ 176,170 and expenditures \$428,958.

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2013 amounts to \$9,545,662 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was \$280,923.

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 1,105,829	\$ 1,105,829
Buildings and improvements	8,017,798	7,722,439
Equipment	8,510,036	8,684,132
Tenancy in common	-	-
	<hr/>	<hr/>
Total capital assets	<u>\$17,633,663</u>	<u>\$17,512,400</u>
Less: accumulated depreciation	<u>8,088,001</u>	<u>7,685,815</u>
Net capital assets	<u>\$ 9,545,662</u>	<u>\$ 9,826,585</u>

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

Capital Assets and Debt Administration (Continued):

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

During the fiscal year, the County's total debt increased by \$280,191.

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

Economic Factors and Next Year's Budgets and Rates

- The June 2013 unemployment rate for the County of Scott, Virginia is 8.0%, which is a decrease from a rate of 9.7% in June 2012. This exceeds the state's average unemployment rate by 2.5% and the national average rate by 0.4%.
- Inflationary trends in the region compare equally to national indices.

These factors were considered in preparing the County's budget for the 2013 fiscal year.

Request for Information

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2013

EXHIBIT 1

	Primary Government Governmental Activities	Component Units	
		School Board	Other Component Units
Assets:			
Current Assets			
Cash & cash equivalents	\$ 4,289,308	\$ 846,029	\$ 2,381,640
Receivables (net of allowance):			
Property taxes	12,596,242	-	-
Consumer utility taxes	-	-	-
Accounts receivable	174,162	-	371,576
Due from component unit	-	1,411,818	-
Inventory	-	-	74,435
Other current assets	-	882,495	156,795
Due from other governments	1,057,582	509,594	641,722
Total current assets	<u>18,117,294</u>	<u>3,649,936</u>	<u>3,626,168</u>
Noncurrent assets			
Capital assets:			
Land	1,105,829	1,597,912	9,836,676
Buildings & equipment, net of depreciation	8,439,833	32,128,950	58,997,424
Total noncurrent assets	<u>9,545,662</u>	<u>33,726,862</u>	<u>68,834,100</u>
Other assets:			
Restricted cash in bank	-	-	1,286,012
Notes receivable	-	-	152,995
Total other assets	<u>-</u>	<u>-</u>	<u>1,439,007</u>
Total assets	<u>\$ 27,662,956</u>	<u>\$ 37,376,798</u>	<u>\$ 73,899,275</u>
Liabilities:			
Current Liabilities			
Accounts payable & accrued expenses	\$ 581,794	\$ 137,372	\$ 1,251,074
Salaries payable	-	2,668,744	-
Health insurance payable	-	-	-
Due to other government			
Primary government	-	-	-
Due to component unit	1,411,818	-	-
Current portion of long-term obligations	82,844	-	2,022,169
Total current liabilities	<u>2,076,456</u>	<u>2,806,116</u>	<u>3,273,243</u>
Noncurrent liabilities			
Accrued leave	471,112	634,843	164,224
Amounts held for others	-	-	195,964
Landfill closure	1,046,789	-	-
Other Post - Employment Benefits	861,769	1,909,851	226,618
Noncurrent portion of long-term obligations	216,512	-	21,244,255
Total noncurrent liabilities	<u>2,596,182</u>	<u>2,544,694</u>	<u>21,831,061</u>
Total liabilities	<u>4,672,638</u>	<u>5,350,810</u>	<u>25,104,304</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	11,330,470	-	-
Total deferred inflows of resources	<u>11,330,470</u>	<u>-</u>	<u>-</u>
Net Position			
Invested in capital assets, net of related debt	9,246,306	33,726,862	45,567,676
Restricted for:			
Landfill closure	-	-	-
Other purposes	-	-	1,279,372
Unrestricted (deficit)	2,413,542	(1,700,874)	1,947,923
Total net position	<u>11,659,848</u>	<u>32,025,988</u>	<u>48,794,971</u>
Total liabilities & net position	<u>\$ 27,662,956</u>	<u>\$ 37,376,798</u>	<u>\$ 73,899,275</u>

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

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COUNTY OF SCOTT, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	School Board	Discretely Presented Component Units
Primary Government:							
Governmental activities:							
General government administration	\$ 1,601,943	\$ 1,904	\$ 248,055	\$ -	\$ (1,351,984)	\$ -	\$ -
Judicial administration	1,182,434	6,165	580,404	-	(595,865)	-	-
Public safety	5,869,167	277,414	3,076,296	-	(2,515,457)	-	-
Public works	2,465,636	98,764	-	-	(2,366,872)	-	-
Health and welfare	4,301,356	-	1,805,868	-	(2,495,488)	-	-
Education	5,419,622	-	-	-	(5,419,622)	-	-
Parks, recreation, and cultural	707,014	102,161	-	-	(604,853)	-	-
Community development	1,153,604	-	644,899	-	(508,705)	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Total government activities	<u>22,700,776</u>	<u>486,408</u>	<u>6,355,522</u>	<u>-</u>	<u>(15,858,846)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>22,700,776</u>	<u>486,408</u>	<u>6,355,522</u>	<u>-</u>	<u>(15,858,846)</u>	<u>-</u>	<u>-</u>
Component units:							
School board	43,088,091	5,653,115	29,873,369	-	-	(7,561,607)	-
Other component units	<u>5,257,259</u>	<u>3,094,750</u>	<u>2,823,287</u>	<u>2,947,892</u>	<u>-</u>	<u>-</u>	<u>3,608,670</u>
Total component units	<u>\$ 48,345,350</u>	<u>\$ 8,747,865</u>	<u>\$ 32,696,656</u>	<u>\$ 2,947,892</u>	<u>\$ -</u>	<u>\$ (7,561,607)</u>	<u>\$ 3,608,670</u>
Total					\$ (15,858,846)	\$ (7,561,607)	\$ 3,608,670
General Revenues:							
General Property					10,453,767	-	-
Other local taxes					3,237,175	-	-
Unrestricted revenues from use of money and property					97,796	6,229	7,215
Miscellaneous					179,614	620,548	40,135
Recovered costs					195,620	12,234	-
Grants and contributions not restricted to specific programs					1,007,139	-	-
County contribution to School Board					-	5,399,694	-
Change in net assets					(687,735)	(1,522,902)	3,656,020
Net position - beginning					<u>12,347,583</u>	<u>33,548,890</u>	<u>45,138,951</u>
Net position - ending					<u>\$ 11,659,848</u>	<u>\$ 32,025,988</u>	<u>\$ 48,794,971</u>

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

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FUND FINANCIAL STATEMENTS

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COUNTY OF SCOTT, VIRGINIA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2013

EXHIBIT 3

	General Fund	Other General Funds	Total
Assets:			
Cash & cash equivalents	\$ 4,242,464	\$ 46,844	\$ 4,289,308
Receivables (net of allowance):			
Property taxes	12,596,242	-	12,596,242
Consumer utility taxes	-	-	-
Accounts receivable	173,981	181	174,162
Due from other funds	-	-	-
Due from other governments	1,057,582	-	1,057,582
Total assets	\$ 18,070,269	\$ 47,025	\$ 18,117,294
Liabilities:			
Accounts payable & accrued expenses	\$ 581,558	\$ 236	\$ 581,794
Due to other funds			
Component unit	1,411,818	-	1,411,818
Total liabilities	1,993,376	236	1,993,612
Deferred Inflows of Resources			
Unavailable revenue - property taxes	12,648,842	-	12,648,842
Total deferred inflows of resources	12,648,842	-	12,648,842
Fund Balance:			
Restricted		-	-
Committed		46,789	46,789
Assigned		-	-
Unassigned	3,428,051	-	3,428,051
Total fund balances	3,428,051	46,789	3,474,840
Total liabilities, deferred inflows of resources & fund balances	\$ 18,070,269	\$ 47,025	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.

9,545,662

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

1,318,372

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

(2,679,026)

Fund balance of General Government Activities

\$ 11,659,848

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

COUNTY OF SCOTT, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

EXHIBIT 4

	<u>Governmental Fund Types</u>		Total Governmental Funds
	<u>General</u>	<u>Other Funds</u>	
Revenues:			
General property taxes	\$ 10,328,263	\$ -	\$ 10,328,263
Other local taxes	3,235,320	1,855	3,237,175
Permits, privilege fees & regulatory licenses	85,239	-	85,239
Fines and forfeitures	193,027	-	193,027
Revenue from use of money & property	97,796	-	97,796
Charges for services	204,949	3,193	208,142
Miscellaneous	179,614	-	179,614
Recovered costs	195,620	-	195,620
Intergovernmental:			
Commonwealth	5,089,772	-	5,089,772
Federal	2,272,889	-	2,272,889
	<u>21,882,489</u>	<u>5,048</u>	<u>21,887,537</u>
Total revenues			
Expenditures:			
Current:			
General government administration	1,582,006	-	1,582,006
Judicial administration	1,139,220	2,856	1,142,076
Public safety	5,509,866	-	5,509,866
Public works	2,402,150	958	2,403,108
Health and welfare	4,301,356	-	4,301,356
Education	19,928	-	19,928
Parks, recreation, and cultural	646,309	-	646,309
Community development	1,135,319	-	1,135,319
Debt service:			
Principal retirement	-	-	-
Interest and other fiscal charges	-	-	-
	<u>16,736,154</u>	<u>3,814</u>	<u>16,739,968</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>5,146,335</u>	<u>1,234</u>	<u>5,147,569</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(5,399,694)	-	(5,399,694)
Proceeds from debt	-	-	-
	<u>(5,399,694)</u>	<u>-</u>	<u>(5,399,694)</u>
Total other financing sources (uses)			
Net changes in fund balances	(253,359)	1,234	(252,125)
Fund balances at beginning of year	<u>3,681,410</u>	<u>45,555</u>	<u>3,726,965</u>
Fund balances at end of year	<u>\$ 3,428,051</u>	<u>\$ 46,789</u>	<u>\$ 3,474,840</u>

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

COUNTY OF SCOTT, VIRGINIA
 RECONCILIATION OF STATEMENT OF REVENUES
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

EXHIBIT 5

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (252,125)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceed depreciation in the current period.	(438,399)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	125,504
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the issuance of long-term debt and related items.	75,774
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(198,489)</u>
Change in net position of governmental activities	<u>\$ (687,735)</u>

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF NET POSITION -
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2013

EXHIBIT 6

	<u>Discretely Presented Component Units</u>
Assets:	
Current assets	
Cash and cash equivalents	\$ 2,381,640
Receivables (net of allowance for uncollectibles):	
Accounts receivable	371,576
Inventory	74,435
Other current assets	156,795
Due from other governments	<u>641,722</u>
Total current assets	<u>3,626,168</u>
Noncurrent assets	
Capital assets:	
Land	9,836,676
Buildings and equipment, net of depreciation	<u>58,997,424</u>
Total noncurrent assets	<u>68,834,100</u>
Other assets:	
Restricted cash in bank	1,286,012
Notes receivable	<u>152,995</u>
Total other assets	<u>1,439,007</u>
Total assets	<u>\$ 73,899,275</u>
Liabilities:	
Current liabilities	
Accounts payable and accrued expenses	\$ 1,251,074
Current portion of long-term obligations	<u>2,022,169</u>
Total current liabilities	<u>3,273,243</u>
Noncurrent liabilities	
Compensated absences	164,224
Other post employment benefits	226,618
Amounts held for others	195,964
Noncurrent portion of long-term obligations	<u>21,244,255</u>
Total noncurrent liabilities	<u>21,831,061</u>
Total liabilities	<u>25,104,304</u>
Net position:	
Invested in capital assets, net of related debt	45,567,676
Restricted for other purposes	1,279,372
Unrestricted assets	<u>1,947,923</u>
Total net position	<u>48,794,971</u>
Total liabilities and net position	<u>\$ 73,899,275</u>

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2013

EXHIBIT 7

	Discretely Presented Component Units
	<u>Units</u>
Operating revenues:	
Charges for services	\$ 3,094,750
Rental income	376,029
Grants	2,381,661
Miscellaneous	<u>65,597</u>
Total operating revenue	<u>5,918,037</u>
Operating expenses:	
Employee benefits	1,278,689
Materials and supplies	<u>3,588,101</u>
Total operating expense	<u>4,866,790</u>
Operating income (loss)	<u>1,051,247</u>
Nonoperating revenues (expenses):	
Interest earned	7,215
Connection fees	32,836
Other nonoperating revenues/(expenses)	7,299
Interest expense	<u>(390,469)</u>
Total nonoperating revenues (expenses)	<u>(343,119)</u>
Capital contributions	<u>2,947,892</u>
Increase (decrease) in net position	3,656,020
Net position at beginning of year	<u>45,138,951</u>
Net position at end of year	<u>\$ 48,794,971</u>

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2013

EXHIBIT 8

	Discretely Presented Component Units
Cash flows from operating activities:	
Receipts from customers & users	\$ 5,992,912
Payments to suppliers	(1,908,061)
Payments to employees	(1,121,549)
	<u>2,963,302</u>
Net cash provided(used) by operating activities	
Cash flows from capital & related financing activities:	
Connection fee	40,135
Other nonoperating revenues	-
Loans to industries	(45,000)
Purchase of fixed assets	(5,785,065)
Principal on debt	(8,085,078)
Proceeds from indebtness	9,163,195
Interest on debt	(178,543)
Proceeds from grants	2,986,187
	<u>(1,904,169)</u>
Net cash used in capital & related financing activities	
Cash flows from investing activities:	
Interest earned	1,667
	<u>1,667</u>
Net cash provided by investing activities	
Increase in cash & cash equivalents	1,060,800
Cash & cash equivalents at beginning of year	<u>2,606,852</u>
Cash & cash equivalents at end of year	<u><u>\$ 3,667,652</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 863,606
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	1,895,209
Imputed interest	165,175
Donations	-
Gain on debt refinance	-
Post employment benefits	44,622
Changes in operating assets & liabilities:	
Accounts receivable	68,538
Inventory	(2,811)
Other assets	-
Accounts payable	(75,915)
Customer deposits	789
Accrued leave & benefits	4,089
	<u>2,099,696</u>
Total adjustments	
Net cash provided (used) by operating activities	<u><u>\$ 2,963,302</u></u>

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

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2013

EXHIBIT 9

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 24,316
Due from other government units	252,492
Amount due from others	62,035
Investments	<u>2,533,849</u>
 Total assets	 <u><u>\$ 2,872,692</u></u>
 Liabilities:	
Due to primary government	\$ 232,772
Amounts due to others	62,035
Amounts held for others	<u>2,577,885</u>
 Total liabilities	 <u><u>\$ 2,872,692</u></u>

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

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COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

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

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

Financial Statement Presentation

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

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

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

Government-wide and Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

The government-wide financial statement (i.e. the statement of net position and the statement of changes in net position) reports information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effect of interfund activity has been removed from these statements. *Governmental 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 Statements of Activities. The net position of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Statement of activities (continued)

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

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

A. Financial Reporting Entity

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 Scott, 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.

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Individual Component Unit Disclosures (Continued)

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

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

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

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

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

None

C. 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.

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The government reports the following major governmental funds.

General Fund:

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

Additionally, Scott County reports the following fund types:

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

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

E. Budget and Budgetary Accounting

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

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting (Continued)

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

F. Cash and Cash Equivalents

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

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

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

G. Investments

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

H. Receivable and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$144,987 at June 30, 2013, and is composed solely of property taxes.

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Receivable and payables (Continued)

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable November 20th. The County bills and collects its own property taxes.

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributed to capitalized assets as of June 30, 2013 was immaterial.

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

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position.

K. Long-term Obligations

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

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

L. Net Position

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Fund Balances

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

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

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

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

O. 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.

P. Retirement Plan

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

Q. Use of Estimates

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

R. Jointly Governed Organizations

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2013, the County contributed \$89,667.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2013, the County contributed \$211,444.

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

R. Jointly Governed Organizations (Continued)

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2013, the County Contributed \$1,636,678.

Note 2 - Deposits and Investments

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

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

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

<u>Fund</u>	Due To Component Unit School Board	Due From Primary Government
General	\$ 1,411,818	\$ -
School	-	1,411,818
Totals	<u>\$ 1,411,818</u>	<u>\$ 1,411,818</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 4 - Due From Other Governmental Units

At June 30, 2013, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>	<u>Other Component Units</u>
Local Governments:			
Other Misc. Funds	\$ -	\$ -	\$ 641,722
Commonwealth of Virginia:			
State sales taxes	-	502,310	-
Local sales taxes	232,772	-	-
Social service	104,644	-	-
CMPT	55,929	-	-
Shared expenses	479,761	-	-
Other	50,895	-	-
Federal Government:			
School funds	-	7,284	-
Social service	<u>133,581</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 1,057,582</u>	 <u>\$ 509,594</u>	 <u>\$ 641,722</u>

Note 5 - Capital Assets

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

General Government:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Land & land improvements	\$ 1,105,829	\$ -	\$ -	\$ 1,105,829
Buildings & improvements	7,646,772	336,057	-	7,982,829
Equipment	8,684,132	300,198	474,294	8,510,036
Construction	<u>75,667</u>	<u>233,231</u>	<u>273,929</u>	<u>34,969</u>
Totals	\$17,512,400	<u>\$ 869,486</u>	<u>\$ 748,223</u>	\$17,633,663
Accumulated Depreciation	(<u>7,685,815</u>)			(<u>8,088,001</u>)
Net capital assets primary government		<u>\$ 9,826,585</u>		<u>\$ 9,545,662</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 5 - Capital Assets (Continued)

Component Unit School Board:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Land & land improvements	\$ 1,577,912	\$ 20,000	\$ -	\$ 1,597,912
Buildings & improvements	49,371,928	125,188	-	49,497,116
Equipment	21,565,884	210,592	145,857	21,630,619
Construction	1,865,788	68,997	71,310	1,863,475
Totals	<u>\$74,381,512</u>	<u>\$ 424,777</u>	<u>\$ 217,167</u>	<u>\$74,589,122</u>
Accumulated depreciation	(<u>39,189,115</u>)			(<u>40,862,260</u>)
Net capital assets School Board	<u>\$35,192,397</u>			<u>\$33,726,862</u>

Proprietary Funds:	<u>Public</u> <u>Service</u> <u>Authority</u>	<u>Economic</u> <u>Development</u> <u>Authority</u>	<u>Total</u>
Land & Improvements	\$ 867,207	\$ 5,226,835	\$ 6,094,042
Building & Water Lines	59,136,761	14,121,210	73,257,971
Equipment & Vehicles	1,181,182	1,236,101	2,417,283
Construction in Progress	<u>4,123,088</u>	<u>366,806</u>	<u>4,489,894</u>
Total	65,308,238	20,950,952	86,259,190
Less: Accumulated Depreciation	<u>(15,391,062)</u>	<u>(2,034,028)</u>	<u>(17,425,090)</u>
Totals	<u>\$ 49,917,176</u>	<u>\$18,916,924</u>	<u>\$ 68,834,100</u>

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5 - Capital Assets (Continued)

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

	<u>Amount</u>
Governmental activities:	
General government	\$ 80,237
Judicial administration	40,358
Public safety	359,300
Public works	317,594
Health and welfare	-
Parks, recreation and cultural	60,706
Community development	<u>18,285</u>
 Total	 <u>\$ 876,480</u>
 Component Unit School Board:	
Education	<u>\$ 1,819,002</u>

Depreciation expenses for the year ending June 30, 2013, for the Economic Development Authority amounted to \$448,770.

Depreciation expenses for the year ending June 30, 2013, for the Public Service Authority amounted to \$1,446,439.

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 6 - Long-term Obligations

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2013:

Primary Government:

General Long-term Obligations:		<u>Amount</u>
Obligation payable at July 1, 2012		\$ 2,398,835
Retirements:		
Line of credit	\$3,061,000	
Decrease in landfill closure postclosure monitoring estimates	179,292	
Payments on capital lease	<u>75,774</u>	
Total retirements		(3,316,066)
Additions:		
Line of credit draws	3,061,000	
Capital lease purchases	157,475	
Increase in compensated absences	25,789	
Increase in other post-employee benefits	<u>351,993</u>	
Total additions		<u>3,596,257</u>
Long-term Obligations payable at June 30, 2013		<u><u>\$ 2,679,026</u></u>

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

Year Ending June 30,	Capital Principal	Lease Interest
2014	\$ 82,844	\$ 9,674
2015	85,786	6,472
2016	83,890	3,426
2017	31,580	1,422
2018	13,655	352
2019	<u>1,601</u>	<u>10</u>
Total	<u>\$ 299,356</u>	<u>\$ 21,356</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 6 - Long-term Obligations (Continued)

	<u>Amount Outstanding</u>
Capital Leases:	
\$82,999 capital lease issued April 1, 2013 for the purchase of a 2013 International Roll Off Truck, due in monthly installments of \$1,525.52, principal and interest through June 13, 2016, interest payable at 3.05%.	\$ 50,377
\$190,041 capital lease issued April 28, 2013 for the purchase of a 2013 Mack Refuse Packer, due in monthly installments of \$3,419.01, principal and interest through May 28, 2016, interest payable at 3.00%.	114,358
\$50,190 capital lease issued September 14, 2012 for the purchase of a 2012 Fairway mower, due in monthly installments of \$805.11, principal and interest through August 12, 2017, interest payable at 5.01%.	43,903
\$107,286 capital lease issued August 22, 2012 for the purchase of a 2013 Freightliner Coronado Tractor, due in monthly installments of \$1,938.43, principal and interest through August 22, 2017, interest payable at 3.223%.	<u>90,718</u>
Total Capital Leases	<u>\$ 299,356</u>
Primary Government:	
Accrued compensated absences	<u>\$ 471,112</u>
Landfill closure and post-closure care	<u>\$ 1,046,789</u>
Other post employee benefits	<u>\$ 861,769</u>
Total long-term obligations	<u>\$ 2,679,026</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 6 - Long-term Obligations (Continued)

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

Component Unit School Board

The following is a summary of changes in long-term obligations for the fiscal year ending June 30, 2013:

	<u>Amount</u>
Obligation payable at July 1, 2012	\$ 2,172,661
Additions:	
Increase in other post employee benefits \$ 396,550	
Decrease in compensated absences <u>(24,517)</u>	
Total additions	<u>372,033</u>
Long-term Obligations payable at June 30, 2013	<u>\$ 2,544,694</u>

Component Unit School Board:

Accrued compensated absences	<u>\$ 634,843</u>
Other post employee benefits	<u>\$ 1,909,851</u>
Total long-term obligations	<u>\$ 2,544,694</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 7 - Proprietary Debt

Component Unit - Public Service Authority

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

Details of Long-term indebtedness:

Year Ending June 30,	Principal	Interest
2014	\$ 919,692	\$ 204,425
2015	803,486	190,717
2016	811,822	183,170
2017	820,197	174,823
2018	848,613	166,543
2019-2023	4,534,832	685,759
2024-2028	5,297,140	387,949
2029-2033	2,934,246	166,256
2034-2038	1,570,374	109,482
2039-2043	728,243	44,856
2044-2048	87,148	12,812
Total	<u>\$19,408,159</u>	<u>\$ 2,328,738</u>

Changes in Long-term obligations:

	<u>Amount</u>
Long-term obligations at July 1, 2012	\$18,212,969
Issuance of Revenue Bonds and Notes	6,217,055
Retirement of Revenue Bonds and Notes	<u>(5,021,863)</u>
Long-term debt payable at June 30, 2013	<u>\$19,408,159</u>

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 7 - Proprietary Debt (Continued)

Description of Long Term Debt

	Interest Rate	Issue Date	Final Maturity Date	Amount of Original Issue	Balance 6/30/2013	Amount Due Within One Year
Revenue bond	3.00%	10/18/2012	7/2/2042	\$ 1,161,033	\$ 959,580	\$ 21,638
Revenue bond	0.00%	11/30/2011	6/1/2032	616,151	578,129	30,428
Revenue bond	3.00%	10/27/2011	10/1/2042	752,464	673,375	14,420
Revenue bond	2.62%	12/9/2011	6/30/2026	2,679,000	2,320,000	220,000
Revenue bond	0.00%	3/1/2013	4/1/2033	1,395,243	1,395,243	69,761
Revenue bond	2.64%	9/25/2013	8/1/2027	2,930,000	2,930,000	10,000
Revenue bond	2.63%	4/13/2011	4/13/2051	480,000	478,319	7,526
Line of credit	5.20%	9/25/2002	Open	2,000,000	122,502	122,502
Revenue bond	0.00%	7/10/2003	8/1/2034	1,083,923	776,812	36,131
Revenue bond	0.00%	9/20/2001	7/1/2031	116,431	71,799	3,881
Revenue bond	0.00%	8/9/2002	5/1/2033	444,154	296,103	14,805
Revenue bond	0.00%	8/9/2002	4/1/2033	182,410	121,566	6,078
Revenue bond	0.00%	12/21/2001	8/1/2032	399,237	259,504	13,308
Revenue bond	0.00%	10/22/2004	9/1/2034	96,391	69,080	3,213
Revenue bond	0.00%	8/11/2004	9/1/2035	323,904	242,928	10,797
Revenue bond	0.00%	2/10/2005	12/1/2035	542,227	406,670	18,074
Revenue bond	0.00%	5/18/2007	11/1/2037	648,886	529,924	21,630
Revenue bond	0.00%	9/27/2006	7/1/2033	2,637,350	2,162,627	105,494
Revenue bond	0.00%	7/19/2007	2/1/2038	375,408	312,840	12,514
Revenue bond	0.00%	2/24/2006	11/1/2036	1,010,816	791,562	33,694
Revenue bond	0.00%	9/14/2007	12/1/2037	554,730	436,240	18,491
Revenue bond	0.00%	1/25/2008	2/2/2038	365,822	304,851	12,194
Revenue bond	0.00%	6/1/2008	9/1/2038	334,252	284,114	10,585
Revenue bond	0.00%	1/25/2008	6/1/2038	280,446	233,705	9,348
Revenue bond	0.00%	9/30/2009	8/1/2040	416,062	381,390	13,638
Revenue bond	0.00%	9/30/2009	6/1/2040	267,510	144,600	5,356
Revenue bond	0.00%	12/13/2010	9/1/2041	457,129	434,272	14,984
Revenue bond	0.00%	12/9/2010	9/1/2041	1,586,490	1,507,165	52,883
Revenue bond	0.00%	12/9/2010	3/1/2042	209,259	183,259	6,319
Total					\$ 19,408,159	\$ 919,692

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 7 - Proprietary Debt (Continued)

Component Unit - Economic Development Authority

Revenue Note:

\$2,069,111 Lease Revenue Refunding Bond 2013A series, issued April 26, 2013, annual principal and semi-annual interest payments beginning October 1, 2013 through October 1, 2027, interest payable at 2.48%. \$2,069,111

\$959,154 Lease Revenue Refunding Bond 2013B series, issued April 26, 2013, annual principal and semi-annual interest payments beginning October 1, 2013 through October 1, 2018, interest payable at 1.84%. 959,154

\$830,000 Loan Agreement with Virginia Coalfield Economic Development Authority, issued May 14, 2004 principal due and payable in full on May 14, 2014. There is no interest payable with this loan. Imputed interest was calculated at 4.50% 830,000

Total Revenue Note \$3,858,265

Component Unit - Economic Development Authority

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

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2014	\$ 1,102,477	\$ 61,287	\$ 1,163,764
2015	273,374	60,297	333,671
2016	279,124	54,449	333,573
2017	284,995	48,476	333,471
2018	290,996	42,373	333,369
2019-2023	851,845	141,004	992,849
2024-2028	<u>775,454</u>	<u>49,032</u>	<u>824,486</u>
Totals	<u>\$3,858,265</u>	<u>\$ 456,918</u>	<u>\$4,315,183</u>

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8 - Claims, Judgments, and Compensated Absences

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

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of \$2,500. The County primary government has outstanding accrued vacation and sick pay totaling \$471,112.

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has an outstanding business and sick leave pay totaling \$634,843.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. Total accrued leave for the year ended June 30, 2013 amounted to \$144,461.

Component Unit Economic Development Authority employees earn leave at various rates. The Component Unit Economic Development Authority has outstanding leave pay totaling \$19,763.

Note 9 - Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$11,330,470 is comprised of property tax revenue of \$11,157,306 and prepaid taxes of \$173,164 representing uncollected tax billings not available for funding current expenditures.

Note 10 - Defined Benefit Pension Plan

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. 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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

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 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 at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for member election the Survivor Option, PLOP or Advanced Pension Option or those retiring with a reduce benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. 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 report that includes financial statements and required supplementary information for VRS.

A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publication/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 5.00% 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 contribution rate for the fiscal year ended 2013 was 20.12% of annual covered payroll for the County's government employees and 15.67% for Scott County School Board non-professional employees.

The public school divisions professional employees contribution rate for fiscal 2013 was 16.66% of covered payroll for year ended 2013.

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

The School Board's professional employees contributes \$2,997,143, \$2,061,796, and \$1,649,858 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011 respectively and these contributions represent the required contribution amounts.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of \$1,031,044 was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method.

In fiscal year 2013, the County School Board's annual pension cost for the Board's non-professional employees was \$331,298 which was equal to Board's required and actuarial contributions. The required contributions were determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.00% investment rate of return, (net of administrative expenses) at June 30, 2012 (b) projected salary increases of ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 and 2.25% for Plan 2 employees. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County of Scott'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. County of Scott's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2012 for Unfunded Actuarial Accrued liability (UAAL) was 29 years.

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

<u>Fiscal Year</u> <u>Ending</u>	<u>Trend Information for County of Scott</u>		
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
County:			
6/30/13	\$1,031,044	100%	\$ -
6/30/13	831,085	100	-
6/30/11	828,297	100	-

School Board:

Non-Professional Employees:

6/30/13	\$ 331,298	100%	\$ -
6/30/12	259,267	100	-
6/30/11	268,016	100	-

As of June 30, 2012, the most recent actuarial valuation date the plan was 66.25% funded for the County and was 76.83% funded for the School Board non-professional employees.

Required Supplementary Information:

Schedule of Funding for the County and School Board:

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Autuarial</u> <u>Value of</u> <u>Assets</u> <u>(AVA)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(UAAL)</u>	<u>Funded</u>		<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL</u> <u>as % of</u> <u>Payroll</u>	
				<u>(2)</u>	<u>(3)</u>		<u>(4)</u>	<u>(6)</u>
County:								
6/30/10	\$17,318,431	\$24,654,978	\$7,336,547	70.24%	\$5,072,266	144.64%		
6/30/11	17,504,005	25,407,901	7,903,896	68.89%	4,878,511	162.01%		
6/30/12	17,219,759	25,990,999	8,771,240	66.25%	4,922,830	178.17%		

School Board:

Non-Professional Employees

6/30/10	\$6,418,858	\$8,234,170	\$1,815,312	77.95%	\$2,339,740	77.59%		
6/30/11	6,506,716	8,366,545	1,859,829	77.77%	2,165,760	85.87%		
6/30/12	6,443,440	8,386,942	1,943,502	76.83%	2,032,395	95.63%		

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 11 - Other Post-Employment Benefits

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

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2013, the County and School Board's annual OPEB costs of \$351,993 and \$396,507, respectively, were equal to the Annual Required Contribution (ARC).

	Primary Government	School Board
Annual required contribution	\$ 351,466	\$ 390,559
Interest on net OPEB obligation	527	5,948
Adjustment to annual required contribution	-	-
Annual OPEB cost	351,993	396,507
Contributions made	-	-
Increase in net OPEB obligation	351,993	396,507
Net OPEB obligation-beginning of year	509,776	1,513,344
Net OPEB obligation-end of year	<u>\$ 861,769</u>	<u>\$ 1,909,851</u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 351,993	0.0%	\$ 861,769
June 30, 2012	\$ 127,444	0.0%	\$ 509,776
June 30, 2011	\$ 127,444	0.0%	\$ 382,332

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 11 - Other Post-Employment Benefits (Continued)

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

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net-OPEB Obligation
June 30, 2013	\$ 396,507	0.0%	\$ 1,909,851
June 30, 2012	\$ 325,888	0.0%	\$ 1,513,344
June 30, 2011	\$ 396,546	0.0%	\$ 1,187,456

Funding Status and Funding Progress

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

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

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 11 - Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used to determine liabilities. Under this method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The actuarial assumptions used a 4% discount rate and an initial annual healthcare cost trend of 6.5% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5%. The unfunded accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2013 is 26 years.

Plan Description

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

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

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 11 - Other Post-Employment Benefits (Continued)

The number of participants at June 30, 2013 was as follows:

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

Funding Policy

The County and Schools currently fund post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2013, neither the County nor the Schools designated any funding for the OPEB liability.

Note 12 - Contingent Liabilities

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

COUNTY OF SCOTT, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 13 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$1,046,789 reported as landfill closure and post closure care liability at June 30, 2013, represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2013.

Note 14 - Risk Management

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

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 15 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2013 a total of \$5,074,775 was paid in benefits and administrative costs. The risk assumed by the School Board is \$100,000 per person with a maximum attachment point of \$5,074,775. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The fund had \$0 health insurance claims payable at June 30, 2013.

Note 16 - Interfund Transfers

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 5,399,694
School Fund	<u>5,399,694</u>	<u>-</u>
Total	<u>\$ 5,399,694</u>	<u>\$ 5,399,694</u>

Note 17 - Surety Bonds

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

COUNTY OF SCOTT, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note 18 - Fund Balances

	<u>General Fund</u>	<u>School Fund</u>	<u>Other Funds</u>	<u>Total</u>
Fund balances:				
Restricted for:				
State Seizure	\$ 3,244	\$ -	\$ -	\$ 3,244
Inmates	235	-	-	235
Nickelsville Recreation	25,066	-	-	25,066
Committed for:				
Courthouse Security	17,845	-	-	17,845
Coal and Roads	-	-	34,332	34,332
Law Library	-	-	12,457	12,457
Assigned for:				
Commonwealth Attorney	74,526	-	-	74,526
Weapons Permits	49,712	-	-	49,712
Motor Vehicle Violations	99,216	-	-	99,216
Cafeteria		401,952	-	401,952
Unassigned	<u>3,158,207</u>	<u>-</u>	<u>-</u>	<u>3,158,207</u>
Total fund balances	<u>\$3,428,051</u>	<u>\$ 401,952</u>	<u>\$ 46,789</u>	<u>\$3,876,792</u>

REQUIRED SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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COUNTY OF SCOTT, VIRGINIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2013

EXHIBIT 10

	General Fund			Variance With Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 10,573,000	\$ 10,573,000	\$ 10,328,263	\$ (244,737)
Other local taxes	3,243,786	3,243,606	3,235,320	(8,286)
Permits, privilege fees & regulatory licenses	41,455	41,455	85,239	43,784
Fines and forfeitures	70,547	79,047	193,027	113,980
Revenue from use of money & porperty	97,388	97,388	97,796	408
Charges for services	184,300	188,300	204,949	16,649
Miscellaneous	217,720	253,494	179,614	(73,880)
Recovered costs	170,459	184,902	195,620	10,718
Intergovernmental:				
Commonwealth	5,137,807	5,233,943	5,089,772	(144,171)
Federal	1,630,000	1,647,497	2,272,889	625,392
Total revenues	21,366,462	21,542,632	21,882,489	339,857
Expenditures:				
Current:				
General government administration	1,806,565	1,806,865	1,582,006	224,859
Judicial administration	1,170,825	1,217,393	1,139,220	78,173
Public safety	5,316,724	5,433,569	5,509,866	(76,297)
Public works	2,319,311	2,575,807	2,402,150	173,657
Health and welfare	4,894,552	4,894,552	4,301,356	593,196
Education	26,571	26,571	19,928	6,643
Parks, recreation, & cultural	596,937	601,937	646,309	(44,372)
Community development	565,615	569,364	1,135,319	(565,955)
Debt service:				
Principal retirement	-	-	-	-
Interest & other fiscal charges	-	-	-	-
Total expenditures	16,697,100	17,126,058	16,736,154	389,904
Excess (deficiency) of revenues over expenditures	4,669,362	4,416,574	5,146,335	729,761
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(6,646,696)	(6,393,908)	(5,399,694)	994,214
Transfers from primary government	-	-	-	-
Total other financing sources (uses)	(6,646,696)	(6,393,908)	(5,399,694)	994,214
Excess (deficiency) of revenues & other sources over expenditures & other uses	(1,977,334)	(1,977,334)	(253,359)	1,723,975
Fund balances at beginning of year	1,977,334	1,977,334	3,681,410	1,704,076
Fund balances at end of year	\$ -	\$ -	\$ 3,428,051	\$ 3,428,051

COUNTY OF SCOTT, VIRGINIA
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 June 30, 2013

EXHIBIT 11

	Expendable	Agency Funds			Totals
	Trust				
	Deferred	Special	Payroll	Local	
	Comp	Welfare	Withholding	Sales Tax	
	Fund		Fund	Fund	
Assets:					
Cash and cash equivalents	\$ -	\$ 24,316	\$ -	\$ -	\$ 24,316
Cash with sheriff	-	-	-	-	-
Due from other government units	-	-	-	252,492	252,492
Amount due from others	-	-	62,035	-	62,035
Investments	<u>2,533,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,533,849</u>
Total assets	<u>\$ 2,533,849</u>	<u>\$ 24,316</u>	<u>\$ 62,035</u>	<u>\$ 252,492</u>	<u>\$ 2,872,692</u>
Liabilities:					
Due to primary government	\$ -	\$ -	\$ -	\$ 232,772	\$ 232,772
Due to other government units	-	-	-	-	-
Amounts due to others	-	-	62,035	-	62,035
Amounts held for others	<u>2,533,849</u>	<u>24,316</u>	<u>-</u>	<u>19,720</u>	<u>2,577,885</u>
Total liabilities	<u>\$ 2,533,849</u>	<u>\$ 24,316</u>	<u>\$ 62,035</u>	<u>\$ 252,492</u>	<u>\$ 2,872,692</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

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COUNTY OF SCOTT, VIRGINIA
 BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 June 30, 2013

EXHIBIT 12

	Governmental Fund Types			Proprietary Fund Type	Totals
	School Operating Fund	School Food Service Fund	Scott County Head Start	School Insurance Fund	
Assets:					
Cash & cash equivalents	\$ -	\$ 404,161	\$ -	\$ 441,868	\$ 846,029
Cash with head start	-	-	-	-	-
Other current assets	868,230	-	14,265	-	882,495
Due from other governmental units	502,310	-	7,284	-	509,594
Due from primary government	1,411,818	-	-	-	1,411,818
Total Assets	\$ 2,782,358	\$ 404,161	\$ 21,549	\$ 441,868	\$ 3,649,936
Liabilities:					
Accounts payable	\$ 113,614	\$ 2,209	\$ 21,549	\$ -	\$ 137,372
Accrued salaries	2,668,744	-	-	-	2,668,744
Health insurance payable	-	-	-	-	-
Total Liabilities	2,782,358	2,209	21,549	-	2,806,116
Fund balance:					
Assigned	-	401,952	-	441,868	843,820
Total Fund Balance	-	401,952	-	441,868	843,820
Total Liabilities & Fund Balance	\$ 2,782,358	\$ 404,161	\$ 21,549	\$ 441,868	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

33,726,862

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

(2,544,694)

Net assets of General Government Activities

\$32,025,988

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2013

EXHIBIT 13

	Governmental Fund Types			Proprietary	Totals
	School Operating Fund	School Food Service Fund	Scott County Head Start	School Insurance Fund	
Revenues:					
Revenue from use of money and property	\$ 6,229	\$ -	\$ -	\$ -	\$ 6,229
Charges for services	38,879	621,337	-	4,992,899	5,653,115
Miscellaneous	213,255	1,670	405,623	-	620,548
Recovered costs	12,234	-	-	-	12,234
Intergovernmental:					
Commonwealth	25,058,364	40,691	-	-	25,099,055
Federal	2,226,119	1,181,269	1,366,926	-	4,774,314
Total revenues	27,555,080	1,844,967	1,772,549	4,992,899	36,165,495
Expenditures:					
Current Education	32,679,774	1,723,425	1,772,549	5,074,775	41,250,523
Total expenditures	32,679,774	1,723,425	1,772,549	5,074,775	41,250,523
Excess (deficiency) of revenues over (under) expenditures	(5,124,694)	121,542	-	(81,876)	(5,085,028)
Other financing sources (uses):					
Operating transfers in	5,399,694	-	-	275,000	5,674,694
Operating transfers out	(275,000)	-	-	-	(275,000)
Proceeds from indebtedness	-	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-	-
Total other financing source:	5,124,694	-	-	275,000	5,399,694
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	121,542	-	193,124	314,666
Fund balances at beginning of year	-	280,410	-	248,744	529,154
Fund balances at end of year	\$ -	\$ 401,952	\$ -	\$ 441,868	\$ 843,820

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

Net changes in fund balances - total governmental funds	\$ 314,666
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 activities.	(371,990)
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 depreciation exceeded capital outlays in the current period.	(1,465,578)
Change in net position of governmental activities	\$ (1,522,902)

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2013

EXHIBIT 14
PAGE 1 OF 5

	School Operating Fund			Variance From Amended Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 6,229	\$ 5,229
Charges for services	25,000	25,000	38,879	13,879
Miscellaneous	260,156	260,156	213,255	(46,901)
Recovered costs	3,000	3,000	12,234	9,234
Intergovernmental:				
Commonwealth	25,381,629	25,381,629	25,058,364	(323,265)
Federal	2,383,783	2,383,783	2,226,119	(157,664)
Total revenues	28,054,568	28,054,568	27,555,080	(499,488)
Expenditures:				
Current				
Education	34,448,476	34,448,476	32,679,774	1,768,702
Total expenditures	34,448,476	34,448,476	32,679,774	1,768,702
Excess (deficiency) of revenues over(under) expenditures	(6,393,908)	(6,393,908)	(5,124,694)	1,269,214
Other financing sources (uses):				
Operating transfers in	6,393,908	6,393,908	5,399,694	(994,214)
Operating transfers out	-	-	(275,000)	(275,000)
Proceeds from indebtedness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	6,393,908	6,393,908	5,124,694	(1,269,214)
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2013

EXHIBIT 14
PAGE 2 OF 5

	School Food Service Fund			Variance From Amended Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	647,000	647,000	621,337	(25,663)
Miscellaneous	1,000	1,000	1,670	670
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	86,989	86,989	40,691	(46,298)
Federal	1,232,948	1,232,948	1,181,269	(51,679)
Total revenues	<u>1,967,937</u>	<u>1,967,937</u>	<u>1,844,967</u>	<u>(122,970)</u>
Expenditures:				
Current				
Education	1,967,937	1,967,937	1,723,425	244,512
Total expenditures	<u>1,967,937</u>	<u>1,967,937</u>	<u>1,723,425</u>	<u>244,512</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	121,542	121,542
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from indebtedness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	121,542	121,542
Fund balances at beginning of year	74,900	74,900	280,410	205,510
Fund balances at end of year	<u>\$ 74,900</u>	<u>\$ 74,900</u>	<u>\$ 401,952</u>	<u>\$ 327,052</u>

COUNTY OF SCOTT, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 For the Year Ended June 30, 2013

EXHIBIT 14
 PAGE 3 OF 5

School Construction Fund				
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Education	1,177,311	1,177,311	1,772,549	(595,238)
Total expenditures	1,177,311	1,177,311	1,772,549	(595,238)
Excess (deficiency) of revenues over(under) expenditures	(1,177,311)	(1,177,311)	(1,772,549)	(595,238)
Other financing sources (uses):				
Operating transfers in				-
Operating transfers out	-	-	-	-
Proceeds from indebtedness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	(1,177,311)	(1,177,311)	(1,772,549)	(595,238)
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ (1,177,311)</u>	<u>\$ (1,177,311)</u>	<u>\$ (1,772,549)</u>	<u>\$ (595,238)</u>

COUNTY OF SCOTT, VIRGINIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 For the Year Ended June 30, 2013

EXHIBIT 14
 PAGE 4 OF 5

Scott County Head Start				
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	405,623	405,623
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
	<u>1,177,311</u>	<u>1,177,311</u>	<u>1,366,926</u>	<u>189,615</u>
Total revenues	<u>1,177,311</u>	<u>1,177,311</u>	<u>1,772,549</u>	<u>595,238</u>
Expenditures:				
Current				
Education	<u>1,177,311</u>	<u>1,177,311</u>	<u>1,772,549</u>	<u>(595,238)</u>
Total expenditures	<u>1,177,311</u>	<u>1,177,311</u>	<u>1,772,549</u>	<u>(595,238)</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from indebtedness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For the Year Ended June 30, 2013

EXHIBIT 14
PAGE 5 OF 5

School Insurance Fund				
	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	4,992,899	4,992,899
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>4,992,899</u>	<u>4,992,899</u>
Expenditures:				
Current				
Education	-	-	5,074,775	(5,074,775)
Total expenditures	<u>-</u>	<u>-</u>	<u>5,074,775</u>	<u>(5,074,775)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(81,876)	(81,876)
Other financing sources (uses):				
Operating transfers in	-	-	275,000	275,000
Operating transfers out	-	-	-	-
Proceeds from indebtedness	-	-	-	-
Transfer from/(to) primary debt	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>
Excess (deficiency) of revenues & other sources over expenditure & other uses	-	-	193,124	193,124
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>248,744</u>	<u>248,744</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,868</u>	<u>\$ 441,868</u>

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PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNIT

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COUNTY OF SCOTT, VIRGINIA
STATEMENTS NET POSITION
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2013

EXHIBIT 15

	Discretely Presented Component Units		
	Economic Development Authority	Public Service Authority	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,060,803	\$ 320,837	\$ 2,381,640
Receivables (net of allowance)			
Accounts receivable	5,272	366,304	371,576
Inventory	-	74,435	74,435
Other current assets	156,795	-	156,795
Due from other governments	142,798	498,924	641,722
Total current assets	2,365,668	1,260,500	3,626,168
Noncurrent assets:			
Capital assets:			
Land	5,226,835	4,609,841	9,836,676
Buildings & equipment, net of depreciation	13,690,089	45,307,335	58,997,424
Total noncurrent assets	18,916,924	49,917,176	68,834,100
Other assets:			
Restricted cash in bank	6,640	1,279,372	1,286,012
Notes receivable	152,995	-	152,995
Unamortized bond costs	-	-	-
Total other assets	159,635	1,279,372	1,439,007
Total assets	<u>\$ 21,442,227</u>	<u>\$ 52,457,048</u>	<u>\$ 73,899,275</u>
Liabilities:			
Current liabilities:			
Accounts payable & accrued expenses	\$ 150,352	\$ 1,100,722	\$ 1,251,074
Current portion of long-term obligations	1,102,477	919,692	2,022,169
Total current liabilities	1,252,829	2,020,414	3,273,243
Noncurrent liabilities:			
Compensated absences	19,763	144,461	164,224
Amounts held for others	7,006	188,958	195,964
Other post employment benefits	-	226,618	226,618
Noncurrent portion of long-term obligations	2,755,788	18,488,467	21,244,255
Total noncurrent liabilities	2,782,557	19,048,504	21,831,061
Total liabilities	4,035,386	21,068,918	25,104,304
Net position:			
Invested in capital assets, net of related debt	15,058,659	30,509,017	45,567,676
Restricted for other purposes	-	1,279,372	1,279,372
Unrestricted	2,348,182	(400,259)	1,947,923
Total net position	17,406,841	31,388,130	48,794,971
Total liabilities & net position	<u>\$ 21,442,227</u>	<u>\$ 52,457,048</u>	<u>\$ 73,899,275</u>

COUNTY OF SCOTT, VIRGINIA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2013

EXHIBIT 16

	<u>Discretely Presented Component Units</u>		
	<u>Economic Development Authority</u>	<u>Public Service Authority</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ -	\$ 3,094,750	\$ 3,094,750
Rental income	376,029	-	376,029
Grants	2,381,661	-	2,381,661
Miscellaneous	8,378	57,219	65,597
	<u>2,766,068</u>	<u>3,151,969</u>	<u>5,918,037</u>
Total operating revenue			
Operating expenses:			
Wages and benefits	161,697	1,116,992	1,278,689
Other operating expenses	1,096,005	2,492,096	3,588,101
	<u>1,257,702</u>	<u>3,609,088</u>	<u>4,866,790</u>
Total operating expense			
Operating income (loss)	1,508,366	(457,119)	1,051,247
Nonoperating revenues (expenses):			
Interest earned	5,548	1,667	7,215
Connection fees	-	32,836	32,836
Other non operating revenues/expense	-	7,299	7,299
Interest expense	(193,189)	(197,280)	(390,469)
	<u>(187,641)</u>	<u>(155,478)</u>	<u>(343,119)</u>
Total nonoperating revenues (expenses)			
Capital contributions	-	2,947,892	2,947,892
Increase (decrease) in net position	1,320,725	2,335,295	3,656,020
Net position at beginning of year	16,086,116	29,052,835	45,138,951
Net position at end of year	<u>\$ 17,406,841</u>	<u>\$ 31,388,130</u>	<u>\$ 48,794,971</u>

COUNTY OF SCOTT, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2013

EXHIBIT 17

	Discretely Presented Component Units		
	Economic Development Authority	Public Service Authority	Total
Cash flows from operating activities:			
Receipts from customers & users	\$ 2,875,971	\$ 3,116,941	\$ 5,992,912
Payments to suppliers	(859,495)	(1,048,566)	(1,908,061)
Payments to employees for services	-	(1,121,549)	(1,121,549)
Net cash provided(used) by operating activities	<u>2,016,476</u>	<u>946,826</u>	<u>2,963,302</u>
Cash flows from capital & related financing activities:			
Connection fee	-	40,135	40,135
Other nonoperating revenues	-	-	-
Loans to industries	(45,000)	-	(45,000)
Purchase of fixed assets	(1,469,651)	(4,315,414)	(5,785,065)
Principal on debt	(3,063,215)	(5,021,863)	(8,085,078)
Proceeds from indebttness	2,946,140	6,217,055	9,163,195
Interest on debt	-	(178,543)	(178,543)
Proceeds from loans & grants	24,682	2,961,505	2,986,187
Net cash used in capital & related financing activities	<u>(1,607,044)</u>	<u>(297,125)</u>	<u>(1,904,169)</u>
Cash flows from investing activities:			
Interest earned	-	1,667	1,667
Net cash provided by investing activities	<u>-</u>	<u>1,667</u>	<u>1,667</u>
Increase (decrease) in cash & cash equivalents	409,432	651,368	1,060,800
Cash & cash equivalents at beginning of year	<u>1,658,011</u>	<u>948,841</u>	<u>2,606,852</u>
Cash & cash equivalents at end of year	<u>\$ 2,067,443</u>	<u>\$ 1,600,209</u>	<u>\$ 3,667,652</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,320,725	\$ (457,119)	\$ 863,606
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Depreciation	448,770	1,446,439	1,895,209
Amortization	165,175	-	165,175
Donations	-	-	-
Gain on sale of assets	-	-	-
Post employment benefits	-	44,622	44,622
Changes in operating assets & liabilities:			
Accounts receivable	104,355	(35,817)	68,538
Inventory	-	(2,811)	(2,811)
Other assets	-	-	-
Accounts payable	(22,549)	(53,366)	(75,915)
Customer deposits	-	789	789
Accrued leave & benefits	-	4,089	4,089
Total adjustments	<u>695,751</u>	<u>1,403,945</u>	<u>2,099,696</u>
Net cash provided (used) by operating activities	<u>\$ 2,016,476</u>	<u>\$ 946,826</u>	<u>\$ 2,963,302</u>

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NON-MAJOR GOVERNMENTAL FUNDS

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COUNTY OF SCOTT, VIRGINIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 June 30, 2013

EXHIBIT 18

	<u>Special Revenue Funds</u>		
	<u>Coal Road Improvement Fund</u>	<u>Law Library Fund</u>	<u>Totals</u>
Assets:			
Cash & cash equivalents	\$ 34,333	\$12,511	\$ 46,844
Accounts receivable	-	181	181
Total assets	<u>\$ 34,333</u>	<u>\$12,692</u>	<u>\$ 47,025</u>
Liabilities:			
Accounts payable	\$ -	\$ 236	\$ 236
Accrued expenses	-	-	-
Total liabilities	<u>-</u>	<u>236</u>	<u>236</u>
Fund balance:			
Committed	<u>34,333</u>	<u>12,456</u>	<u>46,789</u>
Total fund balance	<u>34,333</u>	<u>12,456</u>	<u>46,789</u>
Total liabilities & fund balance	<u>\$ 34,333</u>	<u>\$12,692</u>	<u>\$ 47,025</u>

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS

EXHIBIT 19

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Coal Road Improvement Fund	Law Library Fund	Totals
Revenues:			
Revenues from local sources:			
Other taxes	\$ 1,855	\$ -	\$ 1,855
Permits, privilege fees & regulatory licenses	-	-	-
Charges for services	-	3,193	3,193
Intergovernmental	-	-	-
Total revenues	1,855	3,193	5,048
Expenditures:			
Judicial administration	-	2,856	2,856
Public safety	-	-	-
Public works	958	-	958
Total expenditures	958	2,856	3,814
Excess (deficiency) of revenues over expenditures	897	337	1,234
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources	-	-	-
Excess (deficiency) of revenues & other sources over expenditure & other uses	897	337	1,234
Fund balance at beginning of year	33,436	12,119	45,555
Fund balance at end of year	\$ 34,333	\$12,456	\$ 46,789

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

EXHIBIT 20
PAGE 1 of 2

	<u>Coal Road Improvement Fund</u>			
	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Revenues:				
Revenues from local sources:				
Other taxes	\$ -	\$ -	\$ 1,855	\$ 1,855
Permits, privilege fees & regulatory licenses	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,855</u>	<u>1,855</u>
Expenditures:				
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	<u>33,280</u>	<u>33,280</u>	<u>958</u>	<u>32,322</u>
Total expenditures	<u>33,280</u>	<u>33,280</u>	<u>958</u>	<u>32,322</u>
Excess (deficiency) of revenues over expenditures	(33,280)	(33,280)	897	34,177
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other sources over expenditure & other uses	(33,280)	(33,280)	897	34,177
Fund balances at beginning of year	<u>33,280</u>	<u>33,280</u>	<u>33,436</u>	<u>156</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,333</u>	<u>\$ 34,333</u>

COUNTY OF SCOTT, VIRGINIA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Year Ended June 30, 2013

EXHIBIT 20
PAGE 2 of 2

	<u>Law Library Fund</u>			Variance From Amended Positive (Negative)
	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	
Revenues:				
Revenues from local sources:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Permits, privilege fees & regulatory licenses	-	-	-	-
Charges for services	-	-	3,193	3,193
Intergovernmental	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>3,193</u>	<u>3,193</u>
Expenditures:				
Judicial administration	12,156	12,156	2,856	9,300
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>12,156</u>	<u>12,156</u>	<u>2,856</u>	<u>9,300</u>
Excess (deficiency) of revenues over expenditures	(12,156)	(12,156)	337	12,493
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues & other sources over expenditure & other uses	(12,156)	(12,156)	337	12,493
Fund balances at beginning of year	<u>8,500</u>	<u>8,500</u>	<u>12,119</u>	<u>3,619</u>
Fund balance at end of year	<u>\$ (3,656)</u>	<u>\$ (3,656)</u>	<u>\$ 12,456</u>	<u>\$ 16,112</u>

SUPPORTING SCHEDULES

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COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,312,000	\$ 8,312,000	\$ 7,956,186	\$ (355,814)
Real & personal public service corporation property taxes	718,000	718,000	705,944	(12,056)
Personal property taxes	925,000	925,000	974,746	49,746
Machinery and tools taxes	181,000	181,000	179,767	(1,233)
Merchants capital	191,000	191,000	205,324	14,324
Mobile home taxes	86,000	86,000	85,377	(623)
Penalties	100,000	100,000	125,582	25,582
Interest	60,000	60,000	95,337	35,337
TOTAL GENERAL PROPERTY TAXES	10,573,000	10,573,000	10,328,263	(244,737)
Other local taxes:				
Local sales & use taxes	1,503,645	1,503,465	1,312,637	(190,828)
Consumer utility tax	400,000	400,000	409,473	9,473
Local cell phone tax	800,000	800,000	858,409	58,409
Parimutuel - Colonial Downs	18,000	18,000	16,233	(1,767)
Gross receipts - utility	75,000	75,000	70,857	(4,143)
Motor vehicle licenses	400,000	400,000	423,978	23,978
Bank franchise taxes	6,000	6,000	9,663	3,663
Transient lodging tax	4,000	4,000	3,386	(614)
Tax on wills	4,000	4,000	25,219	21,219
Recordation tax	23,141	23,141	101,756	78,615
Coal severance tax	10,000	10,000	3,709	(6,291)
TOTAL OTHER LOCAL TAXES	3,243,786	3,243,606	3,235,320	(8,286)
Permits, privilege fees & regulatory license:				
Animal licenses	5,000	5,000	6,405	1,405
Transfer fees	900	900	852	(48)
Building and related permits	24,425	24,425	29,012	4,587
Weapons permits	-	-	17,145	17,145
Permits and other licenses	11,130	11,130	31,825	20,695
TOTAL PERMITS, PRIVILEGE FEES & REGULATORY LICENSES	41,455	41,455	85,239	43,784
Fines and forfeitures:				
Court fines and forfeitures	70,547	79,047	193,027	113,980
TOTAL FINES & FORFEITURES	70,547	79,047	193,027	113,980
Revenue from use of money & property:				
Revenue from use of money	3,500	3,500	1,870	(1,630)
Revenue from use of property	93,888	93,888	95,926	2,038
TOTAL REVENUE FROM USE OF MONEY & PROPERTY	97,388	97,388	97,796	408
Charges for services:				
Charges for recreation	101,000	105,000	102,158	(2,842)
Charges for NARF collections	-	-	3	3
Charges for waste collection & disposal	80,000	80,000	98,764	18,764
Charges for Commonwealth Attorney	3,000	3,000	2,972	(28)
Room and board animals	300	300	1,052	752
Charges for jail work release	-	-	-	-
Charges for correction	-	-	-	-
Excess fees of health department	-	-	-	-
TOTAL CHARGES FOR SERVICES	184,300	188,300	204,949	16,649

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 1

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 142,720	\$ 178,494	\$ 65,008	\$ (113,486)
Payments in lieu of taxes for enterprise activities	75,000	75,000	114,606	39,606
TOTAL MISCELLANEOUS REVENUE	217,720	253,494	179,614	(73,880)
Recovered costs:				
Other recovered cost	170,459	184,902	195,620	10,718
TOTAL RECOVERED COSTS	170,459	184,902	195,620	10,718
TOTAL REVENUE FROM LOCAL SOURCES	14,598,655	14,661,192	14,519,828	(141,364)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	-	-	-	-
Wine taxes	-	-	-	-
Mobile home titling taxes	40,000	40,000	83,765	43,765
Tax on deeds	13,000	13,000	14,534	1,534
Rolling stock tax	130,000	130,000	287,162	157,162
Personal property tax relief	734,026	734,026	734,026	-
Aid to locality reduction	-	-	(112,348)	(112,348)
TOTAL NONCATEGORICAL AID	917,026	917,026	1,007,139	90,113
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	258,796	258,796	264,154	5,358
Sheriff	1,249,403	1,249,403	1,278,245	28,842
Commissioner of the Revenue	96,182	96,182	96,288	106
Treasurer	95,922	95,922	95,346	(576)
Medical examiner	-	-	-	-
Clerk of the Circuit Court	269,205	308,149	316,250	8,101
Registrar/electoral board	36,974	36,974	35,262	(1,712)
Office of emergency services	13,000	13,000	-	(13,000)
Four for life	-	20,911	28,818	7,907
TOTAL SHARED EXPENSES	2,019,482	2,079,337	2,114,363	35,026
Other categorical aid:				
Welfare administration and assistance	1,417,974	1,417,974	1,274,157	(143,817)
CMPT	658,962	658,962	465,918	(193,044)
Domestic Violence	22,142	22,142	50,254	28,112
Victim witness grant	44,221	44,221	44,221	-
Local law enforcement	-	14,312	13,762	(550)
Liter control	10,000	10,000	13,505	3,505
Fire programs	48,000	52,772	54,019	1,247
Wireless E911 grant	-	11,289	36,975	25,686
CDBG	-	-	-	-
Other aid	-	5,908	15,459	9,551
TOTAL OTHER CATEGORICAL AID	2,201,299	2,237,580	1,968,270	(269,310)
TOTAL CATEGORICAL AID	4,220,781	4,316,917	4,082,633	(234,284)
TOTAL REVENUE FROM THE COMMONWEALTH	5,137,807	5,233,943	5,089,772	(144,171)

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenue from the Federal Government:				
Categorical aid:				
Welfare public assistance	\$ 1,600,000	\$ 1,600,000	\$ 1,578,458	\$ (21,542)
Homeland Security & Terrorism	-	-	16,288	16,288
VAW	30,000	43,772	27,544	(16,228)
Law enforcement grant	-	3,725	5,700	1,975
Forestry reimbursement	-	-	1,022	1,022
Community Development Block Grant	-	-	643,877	643,877
TOTAL CATEGORICAL AID	<u>1,630,000</u>	<u>1,647,497</u>	<u>2,272,889</u>	<u>625,392</u>
TOTAL REVENUE FROM FEDERAL GOVERNMENT	<u>1,630,000</u>	<u>1,647,497</u>	<u>2,272,889</u>	<u>625,392</u>
TOTAL GENERAL FUND	<u>\$21,366,462</u>	<u>\$21,542,632</u>	<u>\$21,882,489</u>	<u>\$ 339,857</u>
Special Revenue Fund:				
Law Library				
Revenue from local sources:				
Charges for services				
Law library fees	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,193</u>	<u>\$ 3,193</u>
Coal Road Improvement Fund				
Revenue from local sources:				
Other taxes				
Coal road tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>
TOTAL SPECIAL REVENUE FUNDS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,048</u>	<u>\$ 5,048</u>
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	<u>\$21,366,462</u>	<u>\$21,542,632</u>	<u>\$21,887,537</u>	<u>\$ 344,905</u>
Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money & property:				
Revenue from use of property	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,229</u>	<u>\$ 5,229</u>
Charges for services:				
Transportation	<u>25,000</u>	<u>25,000</u>	<u>38,879</u>	<u>13,879</u>
Miscellaneous revenue:				
Miscellaneous	<u>260,156</u>	<u>260,156</u>	<u>213,255</u>	<u>(46,901)</u>
Recovered costs:				
Other	<u>3,000</u>	<u>3,000</u>	<u>12,234</u>	<u>9,234</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>289,156</u>	<u>289,156</u>	<u>270,597</u>	<u>(18,559)</u>

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,958,061	\$ 2,958,061	\$ 2,955,213	\$ (2,848)
Basic school aid	13,830,797	13,830,797	13,665,995	(164,802)
Primary class size	628,538	628,538	650,287	21,749
Medicaid	340,000	340,000	207,096	(132,904)
GED funding	7,859	7,859	7,859	-
Foster care	27,418	27,418	4,447	(22,971)
Early intervention	99,467	99,467	102,018	2,551
Gifted & talented children	138,172	138,172	136,978	(1,194)
SOL	67,888	67,888	70,560	2,672
At - risk	567,242	567,242	562,273	(4,969)
Special education	1,908,432	1,908,432	1,884,599	(23,833)
English second language	14,125	14,125	18,022	3,897
Preschool initiative	264,676	264,676	264,676	-
Vocational education	455,596	455,596	463,871	8,275
Fringe benefits	2,324,896	2,324,896	2,304,795	(20,101)
Remedial education/summer school	587,359	587,359	536,171	(51,188)
School construction	-	-	-	-
Textbooks	269,526	269,526	267,195	(2,331)
VTSF grant	-	-	-	-
VPSA technology grant	414,000	414,000	414,000	-
Alternative education	317,117	317,117	379,471	62,354
ADL Assistance	148,203	148,203	148,203	-
Clinical faculty & mentor teacher	-	-	-	-
Supplemental support	-	-	-	-
Other revenue	12,257	12,257	14,635	2,378
TOTAL REVENUE FROM THE COMMONWEALTH	25,381,629	25,381,629	25,058,364	(323,265)
Revenue from the federal government:				
Categorical aid:				
Title I	875,839	875,839	821,200	(54,639)
E-rate	-	-	-	-
Title II	177,774	177,774	204,624	26,850
Title VI - B	846,778	846,778	784,269	(62,509)
Fiscal Stability	-	-	-	-
Academic Achieve	-	-	-	-
Assistive Technology	-	-	-	-
Education Technology	-	-	-	-
Gear-up	-	-	-	-
Preschool handicapped allocation	31,398	31,398	31,318	(80)
Vocational education	66,000	66,000	66,946	946
Forest reserve	57,408	57,408	54,572	(2,836)
Title IV - A	-	-	-	-
Title IV - B	328,486	328,486	263,190	(65,296)
Federal jobs funds	-	-	-	-
Other revenue	100	100	-	(100)
TOTAL REVENUE FROM THE FEDERAL GOVERNMENT	2,383,783	2,383,783	2,226,119	(157,664)
TOTAL SCHOOL OPERATING FUND	\$28,054,568	\$28,054,568	\$27,555,080	\$ (499,488)

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 1

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money & property:				
Revenue from use of money	\$ -	\$ -	\$ -	\$ -
Charges for services:				
Cafeteria sales	647,000	647,000	621,337	(25,663)
Miscellaneous revenue:				
Miscellaneous revenue	1,000	1,000	1,670	670
TOTAL REVENUE FROM LOCAL SOURCES	<u>648,000</u>	<u>648,000</u>	<u>623,007</u>	<u>(24,993)</u>
Revenue from the government:				
Categorical aid:				
Federal funds	\$ 1,232,948	\$ 1,232,948	\$ 1,181,269	\$ (51,679)
State funds	86,989	86,989	40,691	(46,298)
TOTAL REVENUE FROM THE GOVERNMENT	<u>1,319,937</u>	<u>1,319,937</u>	<u>1,221,960</u>	<u>(97,977)</u>
TOTAL SCHOOL FOOD SERVICE FUND	<u>\$ 1,967,937</u>	<u>\$ 1,967,937</u>	<u>\$ 1,844,967</u>	<u>\$ (122,970)</u>
School Insurance Fund:				
Charges for services:				
Insurance premiums	\$ -	\$ -	\$ 4,992,899	\$ 4,992,899
Scott County Headstart:				
Revenue from local sources:				
Miscellaneous	\$ -	\$ -	\$ 405,623	\$ 405,623
Revenue from the federal government:				
Categorical aid:				
Headstart grant	\$ 1,177,311	\$ 1,177,311	\$ 1,366,926	\$ 189,615
TOTAL SPECIAL REVENUE FUNDS	<u>\$ 1,177,311</u>	<u>\$ 1,177,311</u>	<u>\$ 1,772,549</u>	<u>\$ 595,238</u>
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	<u>\$31,199,816</u>	<u>\$31,199,816</u>	<u>\$36,165,495</u>	<u>\$ 4,965,679</u>

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
 COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 457,098	\$ 457,398	\$ 350,029	107,369
General & financial administration:				
County administrator	165,566	165,566	157,871	7,695
Legal services & assessment	199,646	199,646	134,743	64,903
Independent auditors report	41,000	41,000	49,000	(8,000)
Commissioner of revenue	208,615	208,615	205,789	2,826
Treasurer	202,588	202,588	201,057	1,531
Info Systems Manager	80,903	80,903	82,557	(1,654)
Central accounting	141,351	141,351	140,597	754
General assessment	-	-	-	-
Purchasing	103,481	103,481	102,324	1,157
TOTAL GENERAL & FINANCIAL ADMINISTRATION	<u>1,143,150</u>	<u>1,143,150</u>	<u>1,073,938</u>	<u>69,212</u>
Board of elections:				
Electoral board & officials	206,317	206,317	158,039	48,278
TOTAL GENERAL GOVERNMENT ADMINISTRATION	<u>1,806,565</u>	<u>1,806,865</u>	<u>1,582,006</u>	<u>224,859</u>
Judicial administration:				
Courts:				
Clerk of the circuit court	433,462	435,168	421,539	13,629
Circuit court	64,009	64,009	65,548	(1,539)
General district court	8,111	8,111	7,426	685
Magistrate	2,844	2,844	2,088	756
IT funds from comp board	18,448	57,392	30,239	27,153
Commissioner of Accounts	-	-	-	-
Technology trust fund	-	-	-	-
Juvenile & domestic relations	223,400	223,400	223,808	(408)
TOTAL COURTS	<u>750,274</u>	<u>790,924</u>	<u>750,648</u>	<u>40,276</u>
Commonwealth's attorney:				
Commonwealth's attorney	420,551	426,469	388,572	37,897
TOTAL JUDICIAL ADMINISTRATION	<u>1,170,825</u>	<u>1,217,393</u>	<u>1,139,220</u>	<u>78,173</u>
Public safety:				
Law enforcement & traffic control:				
Sheriff	2,069,538	2,114,089	2,119,733	(5,644)
Regional Information Sharing	-	-	-	-
VAW outreach	24,942	38,714	45,708	(6,994)
Criminal investigation	22,700	22,700	21,588	1,112
Mental Health Transport	12,338	12,338	6,593	5,745
Victim witness	46,102	46,102	45,933	169
VA Domestic Violence grant	22,142	22,142	43,766	(21,624)
Class Action on VA Laws	122,064	122,064	122,075	(11)
E-911 grant	46,504	56,332	23,908	32,424
Selective enforcement alcohol	-	-	12,838	(12,838)
Other law enforcement	-	1,461	1,460	1
Recovery act	-	-	-	-
Byrne grant	-	2,436	2,707	(271)
Central dispatcher	639,421	640,974	544,552	96,422
TOTAL LAW ENFORCEMENT & TRAFFIC CONTROL	<u>3,005,751</u>	<u>3,079,352</u>	<u>2,990,861</u>	<u>88,491</u>

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
 COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 2

<u>Fund, Function, Activities and Elements</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Fire & rescue services:				
Volunteer fire department	\$ 406,500	\$ 411,222	\$ 411,222	\$ -
Ambulance & rescue services	200,000	220,912	215,911	5,001
Southwest Virginia EMS, Inc.	3,203	3,203	3,203	-
Forest fire service	18,265	18,265	18,265	-
TOTAL FIRE & RESCUE SERVICES	627,968	653,602	648,601	5,001
Correction and detention:				
Sheriff - jail	1,393,503	1,411,113	1,636,678	(225,565)
Inspections:				
Board of building appeals	87,223	87,223	84,760	2,463
Other protection:				
Emergency services	29,507	29,507	20,411	9,096
Medical examiner	500	500	380	120
Federal asset	-	-	-	-
Concealed weapon	42,326	42,326	9,031	33,295
Litter control	50,723	50,723	46,249	4,474
Animal control	79,223	79,223	72,895	6,328
TOTAL OTHER PROTECTION	202,279	202,279	148,966	53,313
TOTAL PUBLIC SAFETY	5,316,724	5,433,569	5,509,866	(76,297)
Public works:				
Maintenance of highways, streets, Bridges and sidewalks:	-	-	-	-
Road administration	-	-	-	-
Sanitation & waste removal:				
Refuse collection	520,372	520,372	480,625	39,747
Refuse disposal	834,311	835,019	751,982	83,037
Manned solid waste sites	397,150	397,150	344,010	53,140
TOTAL SANITATION & WASTE REMOVAL	1,751,833	1,752,541	1,576,617	175,924
Maintenance of general buildings & grounds:				
General properties	567,478	823,266	825,533	(2,267)
Crooked road tech center	-	-	-	-
Community service building	-	-	-	-
TOTAL MAINTENANCE OF GENERAL PROPERTIES & GROUNDS	567,478	823,266	825,533	(2,267)
Capital Outlays	-	-	-	-
TOTAL PUBLIC WORKS	2,319,311	2,575,807	2,402,150	173,657
Health & welfare:				
Health:				
Supplement of local health department	247,013	247,013	229,157	17,856
Mental health & mental retardation: Chapter X board	74,500	74,500	89,667	(15,167)

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
 COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 2

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Positive (Negative)
State & local hospitalization:				
State & local hospitalization	\$ -	\$ -	\$ -	\$ -
Older American program	50,000	50,000	52,969	(2,969)
Lenowisco disability services	-	-	-	-
TOTAL STATE & LOCAL HOSPITALIZATION	50,000	50,000	52,969	(2,969)
Welfare:				
Welfare administration	2,032,600	2,032,600	2,023,561	9,039
Public assistance	1,495,189	1,495,189	1,275,341	219,848
Community service act	-	-	12,151	(12,151)
CMPT	985,250	985,250	608,510	376,740
Other social services	10,000	10,000	10,000	-
TOTAL WELFARE	4,523,039	4,523,039	3,929,563	593,476
TOTAL HEALTH & WELFARE	4,894,552	4,894,552	4,301,356	593,196
Education:				
Community colleges:				
Contributions to community colleges	26,571	26,571	19,928	6,643
Parks, recreation & cultural:				
Parks & recreation:				
Recreation centers & playgrounds	227,395	231,395	286,337	(54,942)
Non-park recreation	158,098	159,098	148,528	10,570
TOTAL PARKS & RECREATION	385,493	390,493	434,865	(44,372)
Library:				
Lonesome Pine Regional Library	211,444	211,444	211,444	-
TOTAL PARK, RECREATION & CULTURAL	596,937	601,937	646,309	(44,372)
Community development:				
Planning & community development:				
LENOWISCO	38,424	38,424	38,424	-
Planning district commission	6,500	6,500	3,893	2,607
Economic Development Authority	263,065	263,065	906,282	(643,217)
Chamber of commerce	7,500	7,500	7,470	30
Tourism	78,344	78,594	82,008	(3,414)
Community development general	72,747	72,747	6,398	66,349
TOTAL PLANNING & COMMUNITY DEVELOPMENT	466,580	466,830	1,044,475	(577,645)
Environmental management:				
Soil and water conservation district	32,960	32,960	32,960	-
Cooperative extension program:				
VPI extension	66,075	69,574	57,884	11,690
TOTAL COMMUNITY DEVELOPMENT	565,615	569,364	1,135,319	(565,955)

COUNTY OF SCOTT, VIRGINIA
 GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED
 COMPONENT UNITS
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2013

SCHEDULE 2

<u>Fund, Function, Activities and Elements</u>	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest & fiscal charges	-	-	-	-
TOTAL DEBT SERVICE	-	-	-	-
TOTAL GENERAL FUND	<u>\$ 16,697,100</u>	<u>\$ 17,126,058</u>	<u>\$ 16,736,154</u>	<u>\$ 389,904</u>
Special Revenue Fund:				
Law Library Fund:				
Judicial administration:				
Courts:				
Law library	<u>\$ 12,156</u>	<u>\$ 12,156</u>	<u>\$ 2,856</u>	<u>\$ 9,300</u>
Coal Road Improvement Fund:				
Public works				
Maintenance of highways, streets, bridges & sidewalks:				
Coal road	<u>\$ 33,280</u>	<u>\$ 33,280</u>	<u>\$ 958</u>	<u>\$ 32,322</u>
TOTAL SPECIAL REVENUE FUND	<u>\$ 45,436</u>	<u>\$ 45,436</u>	<u>\$ 3,814</u>	<u>\$ 41,622</u>
GRAND TOTAL EXPENDITURES, ALL PRIMARY GOVERNMENTAL FUNDS	<u>\$ 16,742,536</u>	<u>\$ 17,171,494</u>	<u>\$ 16,739,968</u>	<u>\$ 431,526</u>
Component unit - school board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration & health services	<u>\$ 1,360,097</u>	<u>\$ 1,360,097</u>	<u>\$ 1,367,609</u>	<u>\$ (7,512)</u>
Instruction costs:				
Instructional costs	<u>26,633,836</u>	<u>26,633,836</u>	<u>25,615,583</u>	<u>1,018,253</u>
Operating costs:				
Pupil transportation	<u>1,752,071</u>	<u>1,752,071</u>	<u>1,765,326</u>	<u>(13,255)</u>
Operation & maintenance of school plant	<u>4,702,472</u>	<u>4,702,472</u>	<u>3,931,256</u>	<u>771,216</u>
TOTAL OPERATING COSTS	<u>6,454,543</u>	<u>6,454,543</u>	<u>5,696,582</u>	<u>757,961</u>
TOTAL SCHOOL OPERATING FUND	<u>\$ 34,448,476</u>	<u>\$ 34,448,476</u>	<u>\$ 32,679,774</u>	<u>\$ 1,768,702</u>
School Food Service Fund:				
Education				
Cafeteria operation	<u>\$ 1,967,937</u>	<u>\$ 1,967,937</u>	<u>\$ 1,723,425</u>	<u>\$ 244,512</u>
School Construction Fund:				
Education				
Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Health Insurance:				
Education				
Insurance cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,074,775</u>	<u>\$ (5,074,775)</u>
Scott County Headstart Fund:				
Education				
Instruction costs	<u>\$ 1,177,311</u>	<u>\$ 1,177,311</u>	<u>\$ 1,772,549</u>	<u>\$ (595,238)</u>
GRAND TOTAL EXPENDITURES - COMPONENT UNIT - SCHOOL BOARD	<u>\$ 37,593,724</u>	<u>\$ 37,593,724</u>	<u>\$ 41,250,523</u>	<u>\$ (3,656,799)</u>

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COUNTY OF SCOTT, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

SCHEDULE 3

<u>Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE:		
Direct Payments:		
Child and Adult Care Food Program	10.558	\$ 124,806
Water and Waste Disposal Systems for Rural Communities	10.760	337,879 *
Pass Through Payments:		
Virginia Resources Authority Grant/Loan:		
Capitalization Grants for Drinking Water State Revolving Fund	66.468	1,226,780 *
Capitalization Grants for Drinking Water State Revolving Fund (Loan)	66.468	900,255 *
Pass Through Payments:		
State Department of Agriculture:		
<i>Child Nutrition Cluster:</i>		
Food Distribution - Schools	10.555	121,964
Fresh Fruit and Vegetables	10.582	15,694
Department of Social Services:		
Administrative Grant for Food Stamps	10.561	297,678
Department of Environmental Quality:		
Forestry Reimbursements	10.000	\$ 1,022
Department of Education:		
<i>Child Nutrition Cluster:</i>		
National School Lunch Program (SL-11)	10.555	793,159 *
National School Breakfast Program (SL-4)	10.553	372,416 *
Forest Reserve Funds	10.665	<u>54,572</u>
TOTAL DEPARTMENT OF AGRICULTURE		<u>\$ 4,246,225</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES:		
Direct Payments:		
Administration to Children, Youth and Families Head Start	93.600	\$ 1,242,120 *
Pass Through Payments:		
Department of Social Services:		
Independent Living	93.674	6,368
Social Service Block Grant	93.667	198,311
Foster Care - Title IV - E	93.658	193,610
Temporary Assistance to Needy Families	93.558	361,651 *
Adoption Assistance	93.659	241,702
Child Care and Development Fund	93.596	47,601
Child Welfare Services	93.645	1,725
State Children's Insurance Program	93.767	7,643
Chafee Education & Training	93.599	13,758
Family Preservation	93.556	1,720

COUNTY OF SCOTT, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

SCHEDULE 3

<u>Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
Pass Through Payments:		
State Administered Program:		
Low - Income Home Energy Assistance	93.568	26,509
Refugee and Entrant Assistance	93.566	969
Medicaid Assistance	93.778	<u>179,213</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES:		<u>\$ 2,522,900</u>
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Pass Through Payments:		
Virginia Department of Housing & Community Development:		
Community Development Block Grant	14.228	<u>\$ 1,208,382</u> *
DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
Department of Education:		
Title I:		
Educationally Deprived Children's - LEA	84.010	\$ 821,200 *
Improving Teacher Quality	84.367	204,624
Title VI-B:		
Assistance to States for Education of Handicapped Children:		
Handicapped State Grants (5-E002581) (6-E002585)	84.027	784,269 *
Safe & Drug Free Schools and Communities	84.186	-
Title VI-D:		
Vocational Education:		
Basic Grant to States	84.048	66,946
Preschool Handicapped	84.173	31,318
Twenty-First Century Community Learning Center	84.287	<u>263,190</u>
TOTAL DEPARTMENT OF EDUCATION		<u>\$ 2,171,547</u>
DEPARTMENT OF EMERGENCY MANAGEMENT		
Pass Through Payments:		
Department of Emergency Services:		
State Homeland Security Grant Program	97.073	<u>\$ 16,288</u>
U.S DEPARTMENT OF JUSTICE		
Pass Through Payments:		
Department of Criminal Justice Services:		
Violence Against Woman Grant	16.588	<u>\$ 27,544</u>
DEPARTMENT OF TRANSPORTATION		
Pass Through Payments:		
Department of Motor Vehiles:		
State and Community Safety	20.601	<u>\$ 5,700</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u><u>\$ 10,198,586</u></u>

Notes to Schedule:

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

COUNTY OF SCOTT, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

SCHEDULE 4

Financial Statements:

Type of auditor's opinion issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies in internal control were disclosed by the audit of the financial statements:	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

Major programs identified:

CFDA

Capitalization Grants for Drinking Water State Revolving Fund	66.468
National School Lunch Program	10.555
National School Breakfast Program	10.553
Water and Waste Disposal Systems for Rural Communities	10.760
Administration to Children, Youth, and Families	
Head Start	93.658
Temporary Assistance to Needy Families	93.558
Educationally Deprived Children's - LEA	84.010
Handicapped State Grants	84.027
Community Development Block Grant	84.287

(CONTINUED)

SCOTT COUNTY PUBLIC SERVICE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SCHEDULE 4
PAGE 2

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

\$300,000

Auditee qualified as low risk?

Yes

Section II - Financial Statement Findings:

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

Prior Year Findings:

None Reported

STATISTICAL TABLES

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COUNTY OF SCOTT, VIRGINIA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

TABLE 1

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Capital Project	Debt Service	Total
2002-03	1,191,607	790,366	2,933,395	1,072,398	3,301,075	28,378,948	485,069	425,897	-	487,611	39,066,366
2003-04	1,320,752	744,702	3,312,860	1,545,841	3,444,678	29,530,820	521,386	1,131,831	-	482,136	42,035,006
2004-05	1,319,429	775,645	4,163,791	1,310,358	3,452,029	32,996,510	500,342	1,650,751	-	438,264	46,607,119
2005-06	1,276,067	818,881	4,665,028	1,608,541	3,705,025	34,978,514	626,166	329,769	-	420,035	48,428,026
2006-07	1,411,505	1,062,366	4,053,538	2,003,468	3,819,479	40,193,389	575,524	633,755	-	372,209	54,125,233
2007-08	1,688,423	1,215,016	4,218,258	2,596,794	4,445,892	42,568,404	567,446	1,192,484	-	278,804	58,771,521
2008-09	1,715,417	1,232,552	4,505,877	2,771,975	4,541,706	43,518,037	648,707	876,362	-	243,244	60,053,877
2009-10	1,896,713	1,144,923	4,784,534	2,432,311	4,333,286	42,923,626	604,540	420,441	-	176,520	58,716,894
2010-11	1,720,085	1,142,159	5,074,851	2,288,840	4,559,638	40,642,270	603,510	424,745	-	67,875	56,523,973
2011-12	1,528,028	1,145,352	4,980,802	2,448,139	4,518,977	39,867,234	594,934	498,724	-	15,800	55,597,990
2012-13	1,582,006	1,142,076	5,509,866	2,403,108	4,301,356	41,270,451	646,309	491,442	-	-	57,346,614

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

COUNTY OF SCOTT, VIRGINIA
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

TABLE 2

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permit Privilege Fees & Regulatory Licenses</u>	<u>Fines & Forfeitures</u>	<u>Revenues from the Use of Money & Property</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter-governmental</u>	<u>Total</u>
2003-04	6,206,568	3,038,223	65,896	28,493	154,221	2,235,504	351,945	-	30,472,364	42,553,214
2004-05	7,609,147	3,061,142	52,404	40,072	241,053	3,623,291	461,952	254,217	33,352,978	48,696,256
2005-06	7,870,574	3,272,318	51,517	39,128	363,072	2,295,623	485,503	150,254	33,346,999	47,874,988
2006-07	8,134,460	3,093,915	54,294	38,346	440,081	4,086,299	467,481	151,539	38,121,547	54,587,962
2007-08	8,186,961	3,332,751	57,903	85,077	289,442	3,912,939	481,535	199,766	39,401,408	55,947,782
2008-09	9,021,659	3,061,724	66,006	119,118	136,711	4,254,414	967,403	290,161	40,881,401	58,798,597
2009-10	7,845,243	3,119,899	48,642	185,820	101,279	5,323,624	297,840	350,720	40,596,723	57,869,790
2010-11	10,048,135	3,190,210	57,986	139,181	104,685	4,390,092	513,576	145,582	37,484,945	56,074,392
2011-12	10,385,555	3,158,479	71,233	122,300	101,870	4,927,846	777,389	201,067	36,941,261	56,687,000
2012-13	10,328,263	3,237,175	85,239	193,027	104,025	5,861,257	800,162	195,620	36,592,153	57,396,921

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

COUNTY OF SCOTT, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 3

<u>Fiscal Year</u>	<u>Total (1) Tax Levy</u>	<u>Current Tax (1)(4) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent (1) Tax (2) Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding (1,3) Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2003-04	7,239,551	6,786,819	93.75%	270,900	7,057,719	97.49%	864,872	11.95%
2004-05	8,812,823	8,105,869	91.98%	316,351	8,422,220	95.57%	865,369	9.82%
2005-06	8,995,810	8,496,294	94.45%	296,178	8,792,472	97.74%	859,105	9.55%
2006-07	9,087,515	8,615,034	94.80%	359,802	8,974,836	98.76%	839,089	9.23%
2007-08	9,125,956	7,758,586	85.02%	428,375	8,186,961	89.71%	902,641	9.89%
2008-09	9,181,540	8,521,892	92.82%	499,767	9,021,659	98.26%	1,007,824	10.98%
2009-10	9,347,822	8,745,340	93.55%	835,563	9,580,903	102.49%	1,124,013	12.02%
2010-11	10,021,408	9,463,614	94.43%	342,130	9,805,744	97.85%	781,142	7.79%
2011-12	10,835,570	9,646,437	89.03%	484,311	10,130,748	93.50%	1,078,013	9.95%
2012-13	11,030,367	9,557,872	86.65%	549,373	10,107,245	91.63%	1,170,192	10.61%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

(4) Includes revenue from the commonwealth for personal property tax relief act.

COUNTY OF SCOTT, VIRGINIA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 4

Fiscal Year	Real Estate	Personal Property	Public Service		Total
			Real Estate	Personal Property	
2003-04	659,413,600	173,108,981	47,952,780	653,126	881,128,487
2004-05	903,007,200	170,445,802	102,112,811	406,826	1,175,972,639
2005-06	916,916,750	192,747,069	82,425,959	425,141	1,192,514,919
2006-07	926,449,800	196,166,314	73,554,085	363,789	1,196,533,988
2007-08	932,487,800	196,487,615	73,554,085	363,789	1,202,893,289
2008-09	945,918,300	188,842,338	76,153,851	273,600	1,211,188,089
2009-10	963,334,181	182,691,109	78,556,795	267,229	1,224,849,314
2010-11	1,158,959,900	151,617,277	101,854,725	408,747	1,412,840,649
2011-12	1,169,659,723	179,697,295	103,281,813	433,082	1,453,071,913
2012-13	1,180,192,223	190,142,164	101,691,872	507,706	1,472,533,965

(1) 100% fair market value.

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

COUNTY OF SCOTT, VIRGINIA
PROPERTY TAX RATES (1)
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Machinery and Tools</u>	<u>Merchants' Capital</u>
2003-04	0.73	1.40	0.72	0.72	0.72
2004-05	0.69	1.40	0.69	0.72	0.72
2005-06	0.69	1.40	0.69	0.72	0.72
2006-07	0.69	1.40	0.69	0.72	0.72
2007-08	0.72	1.40	0.69	0.72	0.72
2008-09	0.72	1.40	0.69	0.72	0.72
2009-10	0.69	1.40	0.69	0.72	0.72
2010-11	0.69	1.40	0.69	0.72	0.72
2011-12	0.69	1.40	0.69	0.72	0.72
2012-13	0.69	1.40	0.69	0.72	0.72

(1) Per \$100 of assessed value.

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

TABLE 6

<u>Fiscal Year</u>	<u>Popula- tion (1)</u>	<u>Assessed Value (in thousands) (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net General Obligation Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2003-04	23,403	892,848,899	1,645,960	0.18%	70.33
2004-05	23,403	1,175,972,639	1,338,210	0.11%	57.18
2005-06	23,403	1,192,514,919	1,024,960	0.09%	43.80
2006-07	23,403	1,196,533,988	707,165	0.06%	30.22
2007-08	23,403	1,202,893,289	463,165	0.04%	19.79
2008-09	23,403	1,211,188,089	247,816	0.02%	10.59
2009-10	23,403	1,224,849,314	80,000	0.01%	3.42
2010-11	23,177	1,412,840,649	15,000	0.00%	0.65
2011-12	23,177	1,453,071,913	-	-	-
2012-13	23,177	1,472,533,965	-	-	-

(1) Bureau of the Census.

(2) From Table 4.

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