

COUNTY OF BUCHANAN, VIRGINIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2012

COUNTY OF BUCHANAN, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-3
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	1	4
Statement of Activities.....	2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	9
Statement of Fiduciary Net Assets – Fiduciary Funds.....	7	10
Notes to Financial Statements.....		11-39

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
General Fund	8	40
Coal Road Fund.....	9	41
Disaster Relief Fund.....	10	42
Schedule of OPEB and Pension Funding Progress.....	11	43

COUNTY OF BUCHANAN, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Discretely Presented Component Unit – School Board:		
Balance Sheet.....	12	44
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.....	13	45
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	14	46
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues – Budget and Actual - Governmental Funds	1	47-51
Schedule of Expenditures – Budget and Actual - Governmental Funds	2	52-55
	<u>Table</u>	<u>Page</u>
Other Statistical Information:		
Government-wide information:		
Government-Wide Expenses by Function	1	56
Government-Wide Revenues	2	57
Fund information:		
General Governmental Expenditures by Function	3	58
General Governmental Revenues by Source	4	59
Property Tax Levies and Collections	5	60
Assessed Value of Taxable Property.....	6	61
Property Tax Rates.....	7	62
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	8	63
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	64

COUNTY OF BUCHANAN, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
Compliance:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65-66
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	67-68
Schedule of Expenditures of Federal Awards.....	69-70
Notes to Schedule of Expenditures of Federal Awards.....	71
Schedule of Findings and Questioned Costs.....	72-73

Introductory Section

COUNTY OF BUCHANAN, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

OTHER OFFICIALS

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

Financial Section

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, and each major fund of the County of Buchanan, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Buchanan, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Buchanan, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, and each major fund of the County of Buchanan, Virginia, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the County of Buchanan, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

statements. We do not express an opinion or provide any assurance on the schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia
December 14, 2012

Basic Financial Statements

County of Buchanan, Virginia
Statement of Net Assets
June 30, 2012

	Primary Governmental	Component Unit	Component Unit
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Public Service Authority</u>
ASSETS			
Cash and cash equivalents	\$ 29,673,948	\$ 6,217,759	\$ 3,941,962
Receivables (net of allowance for uncollectibles):			
Taxes receivable	24,162,779	-	-
Accounts receivable	7,921,229	-	439,615
Due from other governmental units	2,143,888	990,266	908,410
Prepaid expenses	-	110,179	105,748
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	18,642,782	-	-
Permanently restricted:			
Cash and cash equivalents	-	-	609,242
Other assets:			
Unamortized bond issue costs	-	-	86,954
Capital assets (net of accumulated depreciation):			
Land	1,637,391	2,491,725	105,000
Buildings and system	11,533,554	8,273,313	62,324,336
Machinery and equipment	2,377,976	471,909	-
Construction in progress	299,915	4,306	9,803,983
Total assets	<u>\$ 98,393,462</u>	<u>\$ 18,559,457</u>	<u>\$ 78,325,250</u>
LIABILITIES			
Accounts payable	\$ 2,060,284	\$ 305,215	\$ 903,276
Accrued wages	-	5,938,664	66,145
Contracts payable	-	-	-
Customers' deposits	-	-	138,389
Accrued interest payable	244,996	-	48,749
Unearned revenue	18,247,962	-	-
Long-term liabilities:			
Due within one year	1,605,043	792,965	1,020,520
Due in more than one year	10,239,204	847,024	7,109,658
Total liabilities	<u>\$ 32,397,489</u>	<u>\$ 7,883,868</u>	<u>\$ 9,286,737</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 6,939,924	\$ 11,241,253	\$ 64,333,374
Nonspendable:			
Prepays		110,179	
Restricted:			
School cafeterias	-	966	-
Debt service	-	-	609,242
Coal road improvements	16,957,942	-	-
Unrestricted (deficit)	42,098,107	(676,809)	4,095,897
Total net assets	<u>\$ 65,995,973</u>	<u>\$ 10,675,589</u>	<u>\$ 69,038,513</u>

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

County of Buchanan, Virginia
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units School Board Public Service Authority
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 2,818,130	\$ 23,813	\$ 370,564	\$ -	\$ (2,423,753)	\$ -
Judicial administration	1,568,188	15,978	689,795	-	(862,415)	-
Public safety	6,744,323	93,908	1,550,068	-	(5,100,347)	-
Public works	13,353,221	983,750	7,046	-	(12,362,425)	-
Health and welfare	9,692,455	-	6,588,039	-	(3,104,416)	-
Education	11,303,923	-	-	-	(11,303,923)	-
Parks, recreation, and cultural	1,605,149	90,283	101,662	-	(1,413,204)	-
Community development	16,244,692	-	-	3,951,232	(12,293,460)	-
Interest on long-term debt	455,633	-	-	-	(455,633)	-
Total governmental activities	\$ 63,785,714	\$ 1,207,732	\$ 9,307,174	\$ 3,951,232	\$ (49,319,576)	\$ -
Total primary government	\$ 63,785,714	\$ 1,207,732	\$ 9,307,174	\$ 3,951,232	\$ (49,319,576)	\$ -
COMPONENT UNITS:						
School Board	\$ 39,803,785	\$ 1,053,109	\$ 25,396,144	\$ -	\$ -	\$ (13,354,532)
Public Service Authority	8,375,125	4,922,283	-	3,766,836	-	313,994
Total component units	\$ 48,178,910	\$ 5,975,392	\$ 25,396,144	\$ 3,766,836	\$ -	\$ (13,354,532)
General revenues:						
General property taxes					\$ 18,104,724	\$ -
Other local taxes:						
Local sales and use taxes					2,070,225	-
Consumers' utility taxes					412,427	-
Mineral license tax					13,950,912	-
Methane gas tax					721,458	-
Coal road taxes					13,951,089	-
Other local taxes					516,079	-
Unrestricted revenues from use of money and property					118,174	1,273
Miscellaneous					264,758	158,185
Contributions from Buchanan County					-	11,571,748
Grants and contributions not restricted to specific programs					2,755,390	4,210,000
Total general revenues					\$ 52,865,236	\$ 11,743,583
Change in net assets					3,545,660	(1,610,949)
Net assets - beginning					62,450,313	12,286,538
Net assets - ending					\$ 65,995,973	\$ 10,675,589
						\$ 69,038,513

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

County of Buchanan, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 29,598,201	\$ -	\$ 75,747	\$ 29,673,948
Receivables (net of allowance for uncollectibles):				
for uncollectibles:				
Taxes receivable	23,180,907	981,872	-	24,162,779
Accounts receivable	7,921,229	-	-	7,921,229
Due from other funds	-	100,000	-	100,000
Due from other governmental units	2,143,888	-	-	2,143,888
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	2,332,000	\$ 16,310,782	-	18,642,782
Total assets	<u>\$ 65,176,225</u>	<u>\$ 17,392,654</u>	<u>\$ 75,747</u>	<u>\$ 82,644,626</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,625,292	\$ 434,712	280	\$ 2,060,284
Due to other funds	-	-	100,000	100,000
Deferred revenue	29,138,083	-	-	29,138,083
Total liabilities	<u>\$ 30,763,375</u>	<u>\$ 434,712</u>	<u>\$ 100,280</u>	<u>\$ 31,298,367</u>
Fund balances:				
Nonspendable	\$ -	-	-	\$ -
Restricted (Note 16)	\$ 2,332,000	16,957,942	-	\$ 19,289,942
Unassigned	32,080,850	-	(24,533)	32,056,317
Total fund balances	<u>\$ 34,412,850</u>	<u>\$ 16,957,942</u>	<u>\$ (24,533)</u>	<u>\$ 51,346,259</u>
Total liabilities and fund balances	<u>\$ 65,176,225</u>	<u>\$ 17,392,654</u>	<u>\$ 75,747</u>	<u>\$ 82,644,626</u>

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

County of Buchanan, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 51,346,259
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,848,836
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,890,121
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(12,089,243)
Net assets of governmental activities	<u>\$ 65,995,973</u>

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

County of Buchanan, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 17,523,639	\$ -	\$ -	\$ 17,523,639
Other local taxes	17,671,101	13,951,089	-	31,622,190
Permits, privilege fees, and regulatory licenses	64,360	-	-	64,360
Fines and forfeitures	1,873	-	-	1,873
Revenue from the use of money and property	81,086	37,088	-	118,174
Charges for services	1,141,499	-	-	1,141,499
Miscellaneous	2,325,670	39,088	-	2,364,758
Recovered costs	473,329	-	-	473,329
Intergovernmental revenues:				
Commonwealth	8,083,301	-	-	8,083,301
Federal	7,930,495	-	-	7,930,495
Total revenues	<u>\$ 55,296,353</u>	<u>\$ 14,027,265</u>	<u>\$ -</u>	<u>\$ 69,323,618</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,940,042	\$ -	\$ -	\$ 2,940,042
Judicial administration	1,551,048	-	-	1,551,048
Public safety	6,597,098	-	-	6,597,098
Public works	5,814,921	7,544,285	-	13,359,206
Health and welfare	9,767,446	-	280	9,767,726
Education	11,010,461	-	-	11,010,461
Parks, recreation, and cultural	1,366,309	-	-	1,366,309
Community development	10,246,205	6,241,312	-	16,487,517
Capital projects	31,646	-	-	31,646
Debt service:				
Principal retirement	1,043,211	-	-	1,043,211
Interest and other fiscal charges	479,551	-	-	479,551
Total expenditures	<u>\$ 50,847,938</u>	<u>\$ 13,785,597</u>	<u>\$ 280</u>	<u>\$ 64,633,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,448,415</u>	<u>\$ 241,668</u>	<u>\$ (280)</u>	<u>\$ 4,689,803</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation bonds	\$ 2,332,000	\$ -	\$ -	\$ 2,332,000
Issuance of capital leases	470,375	-	-	470,375
Total other financing sources (uses)	<u>\$ 2,802,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,802,375</u>
Net change in fund balances	\$ 7,250,790	\$ 241,668	\$ (280)	\$ 7,492,178
Fund balances - beginning	27,162,060	16,716,274	(24,253)	43,854,081
Fund balances - ending	<u>\$ 34,412,850</u>	<u>\$ 16,957,942</u>	<u>\$ (24,533)</u>	<u>\$ 51,346,259</u>

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

County of Buchanan, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$ 7,492,178
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(485,126)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount consists of a decrease in property taxes receivable of (\$327,332) and a decrease in receivables related to a settlement with CNX of (\$2,100,000).	(1,518,915)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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 treatment of long-term debt and related items.	(1,759,749)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(182,728)
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Change in net assets of governmental activities	\$ 3,545,660
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The notes to the financial statements are an integral part of this statement.

County of Buchanan, Virginia
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2012

	Special Welfare Fund
ASSETS	
Cash and cash equivalents	\$ 72,021
Total assets	<u>\$ 72,021</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 72,021
Total liabilities	<u>\$ 72,021</u>

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

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

Blended component units – None

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

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

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

Related Organizations – The County has no related organizations.

Jointly Governed Organizations - The County participates in the Cumberland Mountain Regional Community Services Board. Contributions for the year ended June 30, 2012 were \$20,000.

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

B. Government-wide and fund financial statements:

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

Statement of Net Assets – The Statement of Net Assets 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 Assets and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of numerous funds merged for financial reporting purposes only. Fund balances of merged funds are either designated or restricted in the balance sheet.

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

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

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

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

Additionally, the government reports the following fund types:

Fiduciary funds (trust and agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Public Service Authority's enterprise fund are charges to customers for sales and services. The Public Service Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

D. Assets, liabilities, and net assets or equity:

1. Deposits and investments

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

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

2. Receivables and payables

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

2. Receivables and payables (Continued)

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

3. Property taxes

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

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,327,108 at June 30, 2012 and is comprised solely of delinquent property taxes.

5. Use of estimates

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

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

D. Assets, liabilities, and net assets or equity: (Continued)

6. Capital assets

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

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

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

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

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

7. Compensated absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

D. Assets, liabilities, and net assets or equity: (Continued)

8. Long-term obligations

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

In the fund financial statements, 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. Premiums received on debt issuances are 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.

9. Fund equity

Beginning with fiscal year 2011, the County of Buchanan, Virginia implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 1-Summary of Significant Accounting Policies: (Continued)**

9. Fund equity (Continued)

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

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(12,089,243) and \$(1,639,989) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Bonds payable and capital leases	\$ (10,543,568)	\$ -
Accrued interest payable	(244,996)	-
OPEB Obligation	(697,344)	(582,702)
Landfill accrued closure and post closure monitoring costs	(24,958)	-
Compensated absences	<u>(578,377)</u>	<u>(1,057,287)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (12,089,243)</u>	<u>\$ (1,639,989)</u>

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$(485,126) and \$(681,715) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlays	\$ 1,219,902	\$ 249,486
Loss on disposal of assets	(5,170)	-
Depreciation expense	<u>(1,699,858)</u>	<u>(931,201)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (485,126)</u>	<u>\$ (681,715)</u>

Another element of that reconciliation states "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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,759,749 difference in the primary government are as follows:

Debt Issued or incurred:

Issuance of general obligation bonds	\$ 2,332,000
Issuance of capital leases	470,375
Accrued landfill closure/postclosure	585

Principal repayments:

General obligation debt	<u>(1,043,211)</u>
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Net adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ 1,759,749

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(182,729) and \$(116,463) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Increase in accrued leave	\$ (17,168)	\$ 12,737
Decrease in accrued interest	23,918	-
Increase in OPEB liability	<u>(189,478)</u>	<u>(129,200)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (182,728)</u>	<u>\$ (116,463)</u>

Note 3-Stewardship, Compliance, and Accountability:

- A. Budgetary information:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School Operating Fund). The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations:

In the year ended June 30, 2012, the County's expenditures did not exceed its appropriations for any fund.

C. Deficit fund equity:

At June 30, 2012, the Disaster Relief fund had deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

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

Investments:

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

The County and its Discretely Presented Component Units had no investments at June 30, 2012.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 352,210	\$ -
State sales tax	-	509,306
Categorical aid	402,565	-
Non-categorical aid	164,305	-
Comprehensive Services Act	71,724	-
Other local tax	3,982	-
<u>Federal Government:</u>		
Virginia public assistance funds	240,692	-
Abandoned Mine Land Reclamation	908,410	-
School grants	-	480,960
	<hr/>	<hr/>
Totals	\$ 2,143,888	\$ 990,266

Note 6-Long-Term Obligations:**Primary Government - Governmental Activity Indebtedness:**

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

Year Ending June 30,	General Obligation Bonds		Refunding Bond	
	Principal	Interest	Principal	Interest
2013	\$ 834,558	\$ 362,644	\$ 206,503	\$ 82,974
2014	1,005,334	321,895	206,503	69,145
2015	1,018,789	279,266	206,503	55,316
2016	1,032,770	235,608	206,503	41,487
2017	1,047,304	191,024	206,503	27,658
2018-2021	3,887,186	315,880	206,505	13,829
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ 8,825,941	\$ 1,706,317	\$ 1,239,020	\$ 290,409

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activity Indebtedness: (Continued)

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2012:

	Balance July 1, 2011	Issuances	Retirements	Balance June 30, 2012
General obligation bonds	\$ 7,206,443	\$ 2,332,000	\$ (712,502)	\$ 8,825,941
Capital leases	132,437	470,375	(124,205)	478,607
Refunding bond	1,445,524	-	(206,504)	1,239,020
Landfill post closure liability	24,373	585	-	24,958
Compensated absences	561,209	17,168	-	578,377
OPEB Liability	507,865	195,947	(6,468)	697,344
Total	<u>\$ 9,877,851</u>	<u>\$ 3,016,075</u>	<u>\$ (1,049,679)</u>	<u>\$ 11,844,247</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$4,000,000 school bonds series 1999A, issued April 5, 1999 with interest payable semiannually at rates varying from 4.35% to 5.225% and annual principal installments of \$200,000 due through 2020.	1,600,000	200,000
\$1,000,000 school bonds series 1998B, issued October 5, 1998 with interest payable semiannually at rates varying from 3.6% to 5.1% and annual principal installments of \$50,000 due through 2019	350,000	50,000
\$3,500,000 school bonds series 2000A, issued May 18, 2000 with interest payable semiannually at rates varying from 5.10% to 6.35% and annual principal installments of \$175,000 due through 2021	1,575,000	175,000
\$5,740,370 school bonds series 2000B, issued October 10, 2000 with interest payable semiannually at rates varying from 4.975% to 5.85% and annual principal amounts varying from \$234,625 to \$369,332 due through July 15, 2020.	2,968,941	294,853
\$2,332,000 Department of Mines, Mineral, and Energy loan, issued April 23, 2012 with quarterly interest payable at an annual interest rate of 1.90% and annual principal amounts varying from \$252,920 to \$314,165 due through December 31, 2020.	2,332,000	114,705
Total General Obligation Bonds	\$ 8,825,941	\$ 834,558

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 6-Long-Term Obligations: (Continued)****Primary Government - Governmental Activity Indebtedness: (Continued)**

Details of long-term indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Refunding Bond:</u>		
\$3,923,564 taxable school bond refunding series 1998A, issued July 1, 1998, due in annual installments of \$206,503 through July 1, 2017, interest payable annually on July 1 at 6.605%.	\$ 1,239,020	\$ 206,503
<u>Other Obligations:</u>		
Capital leases (See Note 11)	\$ 478,607	\$ 130,199
Landfill closure and post closure monitoring liability	24,958	-
Compensated absences	578,377	433,783
OPEB Liability	697,344	-
Total Other Obligations	\$ 1,779,286	\$ 563,982
Total Long-Term Obligations	\$ 11,844,247	\$ 1,605,043

Note 7-Long-Term Obligations-Component Units:**Discretely Presented Component Unit-School Board-Indebtedness:**

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2012:

	<u>Balance July 1, 2011</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
OPEB Obligation	\$ 453,502	\$ 1,633,500	\$ (1,504,300)	\$ 582,702
Compensated Absences	1,070,024	789,781	(802,518)	1,057,287
Total	\$ 1,523,526	\$ 2,423,281	\$ (2,306,818)	\$ 1,639,989

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 7-Long-Term Obligations-Component Units: (continued)**Discretely Presented Component Unit-School Board-Indebtedness: (continued)**

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Other Obligations:</u>		
OPEB Obligation	\$ 582,702	\$ -
Compensated Absences	<u>1,057,287</u>	<u>792,965</u>
Total Long-Term Obligations	<u>\$ 1,639,989</u>	<u>\$ 792,965</u>

Note 8-Employee Retirement System and Defined Benefit Pension Plans:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as 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 have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 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.

Note 8-Employee Retirement System and Pension Plans: (continued)

A. Plan Description (continued)

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. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-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

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County of Buchanan, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Buchanan, Virginia's contribution rate for the fiscal year ended 2012 was 11.22% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 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. In addition, the School Board's is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2012 was 19.26% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 8-Employee Retirement System and Pension Plans: (continued)**

C. Annual Pension Cost

For fiscal year 2012, the County of Buchanan, Virginia's annual pension cost of \$1,108,099 and \$470,697 was equal to the County of Buchanan, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information for County of Buchanan

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2012	\$ 1,108,099	100.00%	
	6/30/2011	1,089,564	100.00%	-
	6/30/2010	1,085,765	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2012	\$ 470,697	100.00%	
	6/30/2011	447,999	100.00%	-
	6/30/2010	532,857	100.00%	-

¹ Employer portion only

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year, for general government employees 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. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Buchanan, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Buchanan, Virginia's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 68.47% funded. The actuarial accrued liability for benefits was \$43,124,456, and the actuarial value of assets was \$29,525,865, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,598,591. The covered payroll (annual payroll of active employees covered by the plan) was \$9,734,348, and ratio of the UAAL to the covered payroll was 139.70%.

Note 8-Employee Retirement System and Pension Plans: (continued)

D. Funded Status and Funding Progress (continued)

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

As of June 30, 2011, the most recent actuarial valuation date, the plan was 58.95% funded. The actuarial accrued liability for benefits was \$17,877,518 and the actuarial value of assets was \$10,538,943, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,338,575. The covered payroll (annual payroll of active employees covered by the plan) was \$2,295,389 and ratio of the UAAL to the covered payroll was 319.71%.

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

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

Plan Description

The Buchanan County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2011-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5% member contribution, was \$1,016,983, \$588,178, and \$1,093,921 for the fiscal years ended 2012, 2011, and 2010, respectively. Required employer contributions represented 6.33%, 3.93%, and 6.52% of covered payroll for the fiscal years ended 2012, 2011, and 2010, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 9-Deferred/Unearned Revenue:**

Deferred (unearned) revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$29,138,083 is comprised of the following:

Deferred Property Taxes – Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$21,438,083.

Deferred Settlement – Deferred revenue representing uncollected settlement from CNX Gas Company totaling \$7,700,000.

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,637,391	\$ -	\$ -	\$ 1,637,391
Construction in progress	52,567	267,138	(19,790)	299,915
Total capital assets not being depreciated	<u>\$ 1,689,958</u>	<u>\$ 267,138</u>	<u>\$ (19,790)</u>	<u>\$ 1,937,306</u>
Capital assets, being depreciated:				
Buildings	\$ 23,870,900	\$ 72,651	\$ -	\$ 23,943,551
Machinery and equipment	6,067,361	899,903	(55,609)	6,911,655
Total capital assets, being depreciated	<u>\$ 29,938,261</u>	<u>\$ 972,554</u>	<u>\$ (55,609)</u>	<u>\$ 30,855,206</u>
Less: accumulated depreciation for:				
Buildings	\$ (11,322,445)	\$ (1,087,552)	\$ -	\$ (12,409,997)
Machinery and equipment	(3,971,812)	(612,306)	50,439	(4,533,679)
Total accumulated depreciation	<u>\$ (15,294,257)</u>	<u>\$ (1,699,858)</u>	<u>\$ 50,439</u>	<u>\$ (16,943,676)</u>
Total capital assets being depreciated, net	<u>\$ 14,644,004</u>	<u>\$ (727,304)</u>	<u>\$ (5,170)</u>	<u>\$ 13,911,530</u>
Govermental activities capital assets, net	<u>\$ 16,333,962</u>	<u>\$ (460,166)</u>	<u>\$ (24,960)</u>	<u>\$ 15,848,836</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 10-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$	134,222
Judicial administration		23,679
Public safety		260,673
Public works		217,645
Health and welfare		70,005
Education		763,837
Parks, recreation, and cultural		212,327
Community development		17,470

Total depreciation expense-governmental activities	\$	1,699,858
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Capital asset activity for the Component Unit – School Board for the year ended June 30, 2012 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,491,725	\$ -	\$ -	\$ 2,491,725
Construction in progress	856,154	215,519	(1,067,367)	4,306
Total capital assets not being depreciated	<u>\$ 3,347,879</u>	<u>\$ 215,519</u>	<u>\$ (1,067,367)</u>	<u>\$ 2,496,031</u>
Capital assets, being depreciated:				
Buildings	\$ 30,798,881	\$ 1,080,948	\$ -	\$ 31,879,829
Machinery and equipment	3,547,664	20,386	(74,018)	3,494,032
Total capital assets being depreciated	<u>\$ 34,346,545</u>	<u>\$ 1,101,334</u>	<u>\$ (74,018)</u>	<u>\$ 35,373,861</u>
Less: accumulated depreciation for:				
Buildings	\$ (22,826,062)	\$ (780,454)	\$ -	\$ (23,606,516)
Machinery and equipment	(2,945,394)	(150,747)	74,018	(3,022,123)
Total accumulated depreciation	<u>\$ (25,771,456)</u>	<u>\$ (931,201)</u>	<u>\$ 74,018</u>	<u>\$ (26,628,639)</u>
Total capital assets being depreciated, net	<u>\$ 8,575,089</u>	<u>\$ 170,133</u>	<u>\$ -</u>	<u>\$ 8,745,222</u>
Governmental activities capital assets, net	<u>\$ 11,922,968</u>	<u>\$ 385,652</u>	<u>\$ (1,067,367)</u>	<u>\$ 11,241,253</u>

Depreciation expense in the amount of \$931,201 was charged to the education function.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 11-Capital Leases:

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

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

	Vehicles	Equipment	Total
Machinery & Equipment	\$ 597,472	\$ 41,631	\$ 639,103
Accumulated Depreciation	(78,216)	(11,885)	(90,101)
Total	\$ 519,256	\$ 29,746	\$ 549,002

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

Fiscal Year Ended	Vehicles	Equipment	Total
2013	\$ 139,244	\$ 10,166	\$ 149,410
2014	139,244	9,384	148,628
2015	104,782	9,384	114,166
2016	104,782	6,076	110,858
Total minimum lease payments			523,062
Less: amount representing interest			(44,455)
Present value of minimum lease payments			\$ 478,607

Note 12-Risk Management:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 13-Contingencies:

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

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

A company has requested refunds in regards to an alleged overpayment of license tax for the tax years 2008-2011. The exact amount of any alleged overpayment has not yet been determined, but if the Company's claim is successful it is expected that such claim could exceed \$100,000. At the present time, this claim is subject to a tolling agreement. The probability of this claims success and the resulting liability, if any, cannot be reasonably estimated at this time. As such, the County has not recorded a liability in the financial statements for this claim.

Note 14-Surety Bonds:

Primary Government:

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

All public officials	\$ 1,000,000
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Travelers Casualty and Surety Company of America:

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

Component Unit – School Board:

Virginia Association of Counties (VACO) Risk Management Program

Larry Ashby, Superintendent of Schools	
Patricia Rowe, Clerk of the School Board	\$ 250,000
Willie Sullivan, Chairman, School Board	per
Deana Compton, Textbook/Payable Clerk	occurrence
Carolyn Dillow, Deputy Clerk	
All School Board employees	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 15-Landfill Closure and Post closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for at least thirty years after closure or leachate ceases to exist. The County has closed its landfill. \$24,958 is reported as landfill post closure care liability at June 30, 2012. This represents what it would cost to perform closure and post closure care in 2012. Actual costs for post closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post closure costs.

Note 16- Restricted Fund Balances/Net Assets:

Governmental Activities:	<u>General Fund</u>	<u>Coal Road</u>
Restricted:		
Unspent bond proceeds	\$ 2,332,000	\$ -
Coal road expenditures	-	16,957,942
	<hr/>	<hr/>
Total restricted balances	\$ 2,332,000	\$ 16,957,942

Note 17 – Construction Commitments:

The County has no substantial construction commitments as of June 30, 2012.

Note 18 – Settlement Receivable:

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

<u>Payment due</u>	<u>Amount</u>
December 31, 2012	2,500,000
December 31, 2013	2,500,000
December 31, 2014	2,700,000
	<hr/>
Total	\$ 7,700,000

As a result of this agreement, the County has recognized revenue and a related receivable in the amount of \$7,700,000 in the government-wide financial statements (statement of net assets and activities). Revenue will be recognized in the fund basis financial statements as funds become available for use.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 19-Other Postemployment Benefits (OPEB):**A. Plan Description****Primary Government – Department of Social Services:**

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

Discretely Presented Component Unit – School Board:

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

B. Funding Policy**Primary Government – Department of Social Services:**

The Department of Social Services currently pays for post-retirement health care benefits on a pay-as-you-go basis. The County's Department of Social Services has 47 active employees who are eligible for the program. In addition, for retirees of the Department of Social Services, 10 percent of the premiums are the responsibility of the retiree. The rates were as follows at June 30, 2012, the date of the most recent actuarial valuation report:

<u>Participants</u>	<u>Department of Social Services</u>
Employee	\$ 520
Employee / Spouse	780
Employee / Child	1,169
Family	1,512

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 19-Other Postemployment Benefits (OPEB): (Continued)**

B. Funding Policy (continued)

Discretely Presented Component Unit – School Board:

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 510 active employees who are eligible for the program. In addition, for retirees of the School Board, 100 percent of the premiums are the responsibility of the retiree. The rates were as follows at June 30, 2011, the date of the most recent actuarial valuation report:

<u>Participants</u>	<u>School Board</u>
Employee	\$ 425
Employee / Spouse	957
Employee / Child	638
Family	1,238

C. Annual OPEB Cost and Net OPEB Obligation

The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Primary Government – Department of Social Services:

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

	<u>Department of Social Services</u>
Annual required contribution	\$ 195,040
Interest on net OPEB obligation	20,314
Adjustment to annual required contribution	(19,407)
Annual OPEB cost (expense)	<u>195,947</u>
Contributions made	<u>(6,468)</u>
Increase in net OPEB obligation	189,479
Net OPEB obligation - beginning of year	<u>507,865</u>
Net OPEB obligation - ending of year	\$ 697,344

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Note 19-Other Postemployment Benefits (OPEB): (Continued)

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

Primary Government – Department of Social Services:

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

	Fiscal Year Ended*	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
Department of Social Services	6/30/2012	\$ 195,947	3%	\$ 697,345
	6/30/2011	208,085	4%	507,865
	6/30/2010	175,679	30%	308,670

Discretely Presented Component Unit – School Board:

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

	School Board
Annual required contribution	\$ 1,634,300
Interest on net OPEB obligation	18,100
Adjustment to annual required contribution	(18,900)
Annual OPEB cost (expense)	1,633,500
Contributions made	(1,504,300)
Increase in net OPEB obligation	129,200
Net OPEB obligation - beginning of year	453,502
Net OPEB obligation - ending of year	\$ 582,702

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

	Fiscal Year Ended*	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
School Board	6/30/2012	\$ 1,633,500	92%	\$ 582,702
	6/30/2011	1,600,687	89%	453,502
	6/30/2010	1,408,200	95%	279,641

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 19-Other Postemployment Benefits (OPEB): (Continued)****D. Funded Status and Funding Progress**

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

Primary Government – Department of Social Services:

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

	Department of Social Services
Actuarial accrued liability (AAL)	\$ 1,854,220
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,854,220
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,937,032
UAAL as a percentage of covered payroll	95.72%

Discretely Presented Component Unit – School Board:

The funded status of the Plan as of June 30, 2011, the date of the most recent actuarial valuation, was as follows:

	School Board
Actuarial accrued liability (AAL)	\$ 21,682,586
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 21,682,586
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 19,909,432
UAAL as a percentage of covered payroll	108.91%

E. Actuarial Methods and Assumptions

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

Note 19-Other Postemployment Benefits (OPEB): (Continued)

E. Actuarial Methods and Assumptions (continued)

Primary Government – Department of Social Services:

In the June 30, 2012 actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions for the Department of Social Services included: inflation at 3.00%, an investment rate of return at 4.00%, and a healthcare trend rate of 5.80% graded to 5.90% over 10 years. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2012, was 27 years. Amortizations are open ended in that they begin anew at each valuation date.

Discretely Presented Component Unit – School Board:

In the June 30, 2011 actuarial valuation, the entry age normal cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions for the School Board included: inflation at 2.50%, an investment rate of return at 4.00%, and a health care trend rate of 9.0% graded to 5.00% over 4 years. The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2011, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Required Supplementary Information

County of Buchanan, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 15,990,000	\$ 15,990,000	\$ 17,523,639	\$ 1,533,639
Other local taxes	17,977,590	17,859,890	17,671,101	(188,789)
Permits, privilege fees, and regulatory licenses	46,660	46,660	64,360	17,700
Fines and forfeitures	3,075	3,075	1,873	(1,202)
Revenue from the use of money and property	80,435	80,435	81,086	651
Charges for services	627,632	627,632	1,141,499	513,867
Miscellaneous	3,336,644	3,336,644	2,325,670	(1,010,974)
Recovered costs	137,500	137,500	473,329	335,829
Intergovernmental revenues:				
Commonwealth	11,633,992	11,660,777	8,083,301	(3,577,476)
Federal	4,515,000	5,291,867	7,930,495	2,638,628
Total revenues	<u>\$ 54,348,528</u>	<u>\$ 55,034,480</u>	<u>\$ 55,296,353</u>	<u>\$ 261,873</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,279,782	\$ 3,689,902	\$ 2,940,042	\$ 749,860
Judicial administration	1,621,840	1,655,593	1,551,048	104,545
Public safety	7,159,715	8,645,090	6,597,098	2,047,992
Public works	5,514,409	6,037,805	5,814,921	222,884
Health and welfare	17,153,502	17,304,612	9,767,446	7,537,166
Education	11,217,640	11,267,640	11,010,461	257,179
Parks, recreation, and cultural	1,050,276	1,637,554	1,366,309	271,245
Community development	9,705,961	10,913,655	10,246,205	667,450
Capital projects	-	54,130	31,646	22,484
Debt service:				
Principal retirement	919,007	919,007	1,043,211	(124,204)
Interest and other fiscal charges	456,022	456,022	479,551	(23,529)
Total expenditures	<u>\$ 58,078,154</u>	<u>\$ 62,581,010</u>	<u>\$ 50,847,938</u>	<u>\$ 11,733,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,729,626)</u>	<u>\$ (7,546,530)</u>	<u>\$ 4,448,415</u>	<u>\$ 11,994,945</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 17,945	\$ -	\$ (17,945)
Transfers out	(30,000)	(30,000)	-	30,000
Issuance of general obligation bonds	-	-	2,332,000	2,332,000
Issuance of capital leases	-	-	470,375	470,375
Total other financing sources (uses)	<u>\$ (30,000)</u>	<u>\$ (12,055)</u>	<u>\$ 2,802,375</u>	<u>\$ 2,814,430</u>
Net change in fund balances	<u>\$ (3,759,626)</u>	<u>\$ (7,558,585)</u>	<u>\$ 7,250,790</u>	<u>\$ 14,809,375</u>
Fund balances - beginning	<u>3,759,626</u>	<u>7,558,585</u>	<u>27,162,060</u>	<u>19,603,475</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,412,850</u>	<u>\$ 34,412,850</u>

County of Buchanan, Virginia
Special Revenue Fund - Coal Road Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Other local taxes	\$ 10,801,748	\$ 10,801,748	\$ 13,951,089	\$ 3,149,341
Revenue from the use of money and property	30,000	30,000	37,088	7,088
Miscellaneous	15,000	15,000	39,088	24,088
Total revenues	<u>\$ 10,846,748</u>	<u>\$ 10,846,748</u>	<u>\$ 14,027,265</u>	<u>\$ 3,180,517</u>
EXPENDITURES				
Current:				
Public works	\$ 7,896,748	\$ 9,995,836	\$ 7,544,285	\$ 2,451,551
Community development	2,600,000	4,350,000	6,241,312	(1,891,312)
Total expenditures	<u>\$ 10,496,748</u>	<u>\$ 14,345,836</u>	<u>\$ 13,785,597</u>	<u>\$ 560,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 350,000</u>	<u>\$ (3,499,088)</u>	<u>\$ 241,668</u>	<u>\$ 3,740,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (350,000)	\$ (350,000)	\$ -	\$ 350,000
Total other financing sources (uses)	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Net change in fund balances	\$ -	\$ (3,849,088)	\$ 241,668	\$ 4,090,756
Fund balances - beginning	-	3,849,088	16,716,274	12,867,186
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,957,942</u>	<u>\$ 16,957,942</u>

County of Buchanan, Virginia
Special Revenue Fund - Disaster Relief Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
Total revenues	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
EXPENDITURES				
Current:				
Health and welfare	\$ 350,000	\$ 350,000	\$ 280	\$ 349,720
Total expenditures	\$ 350,000	\$ 350,000	\$ 280	\$ 349,720
Excess (deficiency) of revenues over (under) expenditures	\$ (215,000)	\$ (215,000)	\$ (280)	\$ 214,720
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Total other financing sources (uses)	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Net change in fund balances	\$ (75,000)	\$ (75,000)	\$ (280)	\$ 74,720
Fund balances - beginning	75,000	75,000	(24,253)	(99,253)
Fund balances - ending	\$ -	\$ -	\$ (24,533)	\$ (24,533)

County of Buchanan, Virginia

Schedule of OPEB and Pension Funding Progress
For the Year Ended June 30, 2012

Primary Government:

County Retirement Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2011	\$ 29,525,865	\$ 43,124,456	\$ 13,598,591	68.47%	\$ 9,734,348	139.70%
June 30, 2010	28,551,277	41,204,635	12,653,358	69.29%	9,802,022	129.09%
June 30, 2009	28,130,702	36,960,985	8,830,283	76.11%	9,145,492	96.55%

County OPEB Healthcare Plan:

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2012	\$ -	\$ 1,854,220	\$ 1,854,220	0.00%	\$ 1,937,032	95.72%
June 30, 2011	-	1,973,297	1,973,297	0.00%	1,936,019	101.93%
June 30, 2009	-	2,275,017	2,275,017	0.00%	1,829,439	124.36%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2011	\$ 10,538,943	\$ 17,877,518	\$ 7,338,575	58.95%	\$ 2,295,389	319.71%
June 30, 2010	10,779,707	17,633,508	6,853,801	61.13%	2,512,344	272.81%
June 30, 2009	11,135,961	16,420,648	5,284,687	67.82%	2,449,265	215.77%

School Board OPEB Healthcare Plan:

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

*Only available for two valuation years

Other Supplementary Information

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Buchanan, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,217,759
Due from other governmental units	990,266
Prepaid items	110,179
Total assets	<u>\$ 7,318,204</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 305,215
Accrued wages	5,938,664
Total liabilities	<u>\$ 6,243,879</u>
Fund balances:	
Nonspendable	
Prepays	\$ 110,179
Restricted	
Cafeteria Funds	966
Unassigned	963,180
Total fund balances	<u>\$ 1,074,325</u>
Total liabilities and fund balances	<u>\$ 7,318,204</u>

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

Total fund balances per above	\$ 1,074,325
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,241,253
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,639,989)
Net assets of governmental activities	<u>\$ 10,675,589</u>

County of Buchanan, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 13,650
Charges for services	1,053,109
Miscellaneous	158,185
Recovered costs	279,543
Intergovernmental revenues:	
Local government	10,812,821
Commonwealth	18,862,395
Federal	6,533,749
Total revenues	<u>\$ 37,713,452</u>
EXPENDITURES	
Current:	
Education	\$ 38,312,736
Capital projects	213,487
Total expenditures	<u>\$ 38,526,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (812,771)</u>
Net change in fund balances	\$ (812,771)
Fund balances - beginning	1,887,096
Fund balances - ending	<u><u>\$ 1,074,325</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (812,771)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(681,715)
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.	(116,463)
Change in net assets of governmental activities	<u><u>\$ (1,610,949)</u></u>

County of Buchanan, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 82,200	\$ 82,200	\$ 13,650	\$ (68,550)
Charges for services	642,000	642,000	1,053,109	411,109
Miscellaneous	516,087	516,087	158,185	(357,902)
Recovered costs	334,000	334,000	279,543	(54,457)
Intergovernmental revenues:				
Local government	11,105,500	11,105,500	10,812,821	(292,679)
Commonwealth	19,133,716	19,133,716	18,862,395	(271,321)
Federal	6,947,998	6,947,998	6,533,749	(414,249)
Total revenues	<u>\$ 38,761,501</u>	<u>\$ 38,761,501</u>	<u>\$ 37,713,452</u>	<u>\$ (1,048,049)</u>
EXPENDITURES				
Current:				
Education	\$ 47,423,289	\$ 47,423,289	\$ 38,312,736	\$ 9,110,553
Capital projects	518,362	518,362	213,487	304,875
Total expenditures	<u>\$ 47,941,651</u>	<u>\$ 47,941,651</u>	<u>\$ 38,526,223</u>	<u>\$ 9,415,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,180,150)</u>	<u>\$ (9,180,150)</u>	<u>\$ (812,771)</u>	<u>\$ 8,367,379</u>
Net change in fund balances	\$ (9,180,150)	\$ (9,180,150)	\$ (812,771)	\$ 8,367,379
Fund balances - beginning	9,180,150	9,180,150	1,887,096	(7,293,054)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074,325</u>	<u>\$ 1,074,325</u>

Supporting Schedules

County of Buchanan, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,520,500	\$ 6,520,500	\$ 7,216,415	\$ 695,915
Real and personal public service corporation taxes	425,000	425,000	414,794	(10,206)
Personal property taxes	2,590,000	2,590,000	2,755,721	165,721
Mobile home taxes	79,000	79,000	86,379	7,379
Machinery and tools taxes	4,520,000	4,520,000	5,133,834	613,834
Mineral taxes	1,525,000	1,525,000	1,456,310	(68,690)
Merchant's capital taxes	75,000	75,000	80,665	5,665
Penalties	75,500	75,500	121,286	45,786
Interest	180,000	180,000	258,235	78,235
Total general property taxes	<u>\$ 15,990,000</u>	<u>\$ 15,990,000</u>	<u>\$ 17,523,639</u>	<u>\$ 1,533,639</u>
Other local taxes:				
Local sales and use taxes	\$ 2,185,000	\$ 2,142,300	\$ 2,070,225	\$ (72,075)
Consumers' utility taxes	375,000	375,000	412,427	37,427
Consumption taxes	225,000	225,000	241,281	16,281
Mineral license tax	13,000,000	13,000,000	13,950,912	950,912
Methane gas tax	1,900,000	1,825,000	721,458	(1,103,542)
Utility license taxes	46,000	46,000	47,935	1,935
Bank stock taxes	125,000	125,000	113,216	(11,784)
Taxes on recordation and wills	28,590	28,590	7,940	(20,650)
Hotel and motel room taxes	35,000	35,000	40,079	5,079
Local tax on deeds	58,000	58,000	65,628	7,628
Total other local taxes	<u>\$ 17,977,590</u>	<u>\$ 17,859,890</u>	<u>\$ 17,671,101</u>	<u>\$ (188,789)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and fees	\$ -	\$ -	\$ 5,728	\$ 5,728
Transfer fees	650	650	658	8
Building permits	46,000	46,000	54,744	8,744
Other permits and licenses	10	10	3,230	3,220
Total permits, privilege fees, and regulatory licenses	<u>\$ 46,660</u>	<u>\$ 46,660</u>	<u>\$ 64,360</u>	<u>\$ 17,700</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 3,075	\$ 3,075	\$ 1,873	\$ (1,202)
Total fines and forfeitures	<u>\$ 3,075</u>	<u>\$ 3,075</u>	<u>\$ 1,873</u>	<u>\$ (1,202)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 65,685	\$ 65,685	\$ 69,265	\$ 3,580
Revenue from use of property	14,750	14,750	11,821	(2,929)
Total revenue from use of money and property	<u>\$ 80,435</u>	<u>\$ 80,435</u>	<u>\$ 81,086</u>	<u>\$ 651</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 78,212	\$ 78,212	\$ 6,337	\$ (71,875)
Charges for courthouse maintenance	9,000	9,000	9,039	39
Charges for Courthouse security	25,400	25,400	22,983	(2,417)
Charges for Commonwealth's Attorney	1,200	1,200	4,099	2,899
Miscellaneous jail and inmate fees	600	600	586	(14)
Law library fees	10,000	10,000	9,348	(652)
Charges for Animal Control	-	-	300	300
Charges for Copies	2,500	2,500	2,526	26
Charges for sanitation and waste removal	470,000	470,000	974,711	504,711

County of Buchanan, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for parks and recreation	\$ 11,600	\$ 11,600	\$ 79,329	\$ 67,729
Charges for library	9,000	9,000	10,954	1,954
Other Charges for Services	10,120	10,120	21,287	11,167
Total charges for services	<u>\$ 627,632</u>	<u>\$ 627,632</u>	<u>\$ 1,141,499</u>	<u>\$ 513,867</u>
Miscellaneous revenue:				
Confiscated property sale	\$ 20,500	\$ 20,500	\$ -	\$ (20,500)
CNX settlement payments	3,100,000	3,100,000	2,100,000	(1,000,000)
Miscellaneous	189,129	189,129	133,481	(55,648)
Donations	27,015	27,015	92,189	65,174
Total miscellaneous revenue	<u>\$ 3,336,644</u>	<u>\$ 3,336,644</u>	<u>\$ 2,325,670</u>	<u>\$ (1,010,974)</u>
Recovered costs:				
Health Department	\$ -	\$ -	\$ 147,629	\$ 147,629
Health department salary reimbursement	6,000	6,000	-	(6,000)
Rebates and refunds	41,500	41,500	107,325	65,825
VPA refunds	80,000	80,000	131,300	51,300
Other recovered costs	10,000	10,000	87,075	77,075
Total recovered costs	<u>\$ 137,500</u>	<u>\$ 137,500</u>	<u>\$ 473,329</u>	<u>\$ 335,829</u>
Total revenue from local sources	<u>\$ 38,199,536</u>	<u>\$ 38,081,836</u>	<u>\$ 39,282,557</u>	<u>\$ 1,200,721</u>
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 85,000	\$ 85,000	\$ 105,391	\$ 20,391
Motor vehicle rental tax	2,000	2,000	2,342	342
Rolling stock tax	140,000	140,000	155,969	15,969
Telecommunications taxes	864,986	864,986	861,863	(3,123)
State recordation tax	-	-	31,717	31,717
Personal property tax relief funds	1,600,000	1,600,000	1,598,108	(1,892)
Total noncategorical aid	<u>\$ 2,691,986</u>	<u>\$ 2,691,986</u>	<u>\$ 2,755,390</u>	<u>\$ 63,404</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 395,313	\$ 395,313	\$ 396,079	\$ 766
Sheriff	1,317,582	1,317,582	1,215,765	(101,817)
Commissioner of revenue	133,880	133,880	137,326	3,446
Treasurer	114,795	114,795	115,222	427
Registrar/electoral board	47,000	47,000	53,406	6,406
Clerk's fringes	282,095	282,095	293,716	11,621
Reduction in State Aid	-	-	(165,494)	(165,494)
Total shared expenses	<u>\$ 2,290,665</u>	<u>\$ 2,290,665</u>	<u>\$ 2,046,020</u>	<u>\$ (244,645)</u>
Other categorical aid:				
Animal friendly plates	\$ -	\$ -	\$ 246	\$ 246
BC sheriff triad grant	2,250	2,250	-	(2,250)
Litter control grant	8,500	8,500	7,046	(1,454)
Library grant	105,000	105,000	96,662	(8,338)
Public assistance and welfare administration	4,699,694	4,699,694	1,669,873	(3,029,821)
Victim-witness grant	45,315	45,315	22,385	(22,930)
Performing arts grant	5,000	5,000	5,000	-

County of Buchanan, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenue: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Fire Program Funds	\$ 35,000	\$ 35,000	\$ 136,396	\$ 101,396
Asset Forfeiture	112,940	139,725	39,840	(99,885)
Office of justice programs	4,000	4,000	-	(4,000)
School resource officer grant	-	-	15,382	15,382
Violence against women	46,861	46,861	61,925	15,064
Two for Life Program	-	-	24,009	24,009
VA housing development authority	60,000	60,000	55,235	(4,765)
E-911 technology grant	30,000	30,000	170,812	140,812
JAG grant	-	-	3,204	3,204
Comprehensive services act program	1,122,000	1,122,000	909,512	(212,488)
Other State Funds	73,781	73,781	64,364	(9,417)
Other Categorical	301,000	301,000	-	(301,000)
Total other categorical aid	\$ 6,651,341	\$ 6,678,126	\$ 3,281,891	\$ (3,396,235)
Total categorical aid	\$ 8,942,006	\$ 8,968,791	\$ 5,327,911	\$ (3,640,880)
Total revenue from the Commonwealth	\$ 11,633,992	\$ 11,660,777	\$ 8,083,301	\$ (3,577,476)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 2,691,154	\$ 2,691,154
Child and adult care food program	-	-	68,480	68,480
Community development block grant	2,950,000	3,726,867	1,179,992	(2,546,875)
State and community highway safety	17,000	17,000	25,844	8,844
Headstart programs	1,534,000	1,534,000	1,193,785	(340,215)
Emergency management preparedness grant	14,000	14,000	-	(14,000)
AML/DMME	-	-	2,771,240	2,771,240
Total categorical aid	\$ 4,515,000	\$ 5,291,867	\$ 7,930,495	\$ 2,638,628
Total revenue from the federal government	\$ 4,515,000	\$ 5,291,867	\$ 7,930,495	\$ 2,638,628
Total General Fund	\$ 54,348,528	\$ 55,034,480	\$ 55,296,353	\$ 261,873
Special Revenue Funds:				
Coal Road Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ 10,801,748	\$ 10,801,748	\$ 13,951,089	\$ 3,149,341
Total other local taxes	10,801,748	10,801,748	13,951,089	3,149,341
Revenue from use of money and property:				
Revenue from the use of money	\$ 30,000	\$ 30,000	\$ 37,088	\$ 7,088
Total revenue from use of money and property	\$ 30,000	\$ 30,000	\$ 37,088	\$ 7,088

County of Buchanan, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 4 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Coal Road Fund: (Continued)				
Miscellaneous revenue:				
Other miscellaneous	\$ 15,000	\$ 15,000	\$ 39,088	\$ 24,088
Total miscellaneous revenue	\$ 15,000	\$ 15,000	\$ 39,088	\$ 24,088
 Total revenue from local sources	 \$ 10,846,748	 \$ 10,846,748	 \$ 14,027,265	 \$ 3,180,517
 Total Coal Road Fund	 \$ 10,846,748	 \$ 10,846,748	 \$ 14,027,265	 \$ 3,180,517
 General Disaster Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous revenue	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
Total miscellaneous revenue	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
 Total revenue from local sources	 \$ 135,000	 \$ 135,000	 \$ -	 \$ (135,000)
 Total General Disaster Fund	 \$ 135,000	 \$ 135,000	 \$ -	 \$ (135,000)
 Total Primary Government	 \$ 65,330,276	 \$ 66,016,228	 \$ 69,323,618	 \$ 3,307,390
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 82,200	\$ 82,200	\$ 13,650	\$ (68,550)
Total revenue from use of money and property	\$ 82,200	\$ 82,200	\$ 13,650	\$ (68,550)
 Charges for services:				
Charges for adult/GED testing	\$ 13,000	\$ 13,000	\$ 25,385	\$ 12,385
Tuition charges	9,000	9,000	-	(9,000)
Charges for cafeteria sales	620,000	620,000	1,027,724	407,724
Total charges for services	\$ 642,000	\$ 642,000	\$ 1,053,109	\$ 411,109
 Miscellaneous revenue:				
Miscellaneous	\$ 506,087	\$ 506,087	\$ 151,085	\$ (355,002)
Donations	10,000	10,000	7,100	(2,900)
Total miscellaneous revenue	\$ 516,087	\$ 516,087	\$ 158,185	\$ (357,902)
 Recovered costs:				
Rebates and refunds	\$ 41,000	\$ 41,000	\$ 59,479	\$ 18,479
Insurance adjustments	80,000	80,000	20,663	(59,337)
JROTC payments	53,000	53,000	54,561	1,561
E-rate reimbursement	160,000	160,000	144,840	(15,160)
Total recovered costs	\$ 334,000	\$ 334,000	\$ 279,543	\$ (54,457)
 Total revenue from local sources	 \$ 1,574,287	 \$ 1,574,287	 \$ 1,504,487	 \$ (69,800)
 Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Buchanan, Virginia	\$ 11,105,500	\$ 11,105,500	\$ 10,812,821	\$ (292,679)
Total revenues from local governments	\$ 11,105,500	\$ 11,105,500	\$ 10,812,821	\$ (292,679)

County of Buchanan, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 5 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,952,034	\$ 2,952,034	\$ 2,977,208	\$ 25,174
Basic school aid	10,019,063	10,019,063	10,055,223	36,160
Gifted and talented	101,365	101,365	101,931	566
Remedial education	519,329	519,329	482,235	(37,094)
Special education	1,301,983	1,301,983	1,309,253	7,270
Textbook payment	91,364	91,364	114,788	23,424
Vocational SOQ payments	60,886	60,886	-	(60,886)
Social security fringe benefits	657,749	657,749	661,422	3,673
Retirement fringe benefits	621,708	621,708	625,180	3,472
Mentor teacher grant	1,616	1,616	-	(1,616)
Early reading intervention	54,319	54,319	71,701	17,382
Alternative education	23,576	23,576	23,576	-
K3 initiative	341,930	341,930	349,297	7,367
Salary Supplements	289,906	289,906	-	(289,906)
Benefits from other state agencies	-	-	2,500	2,500
Vocation education	683,090	683,090	745,389	62,299
Preschool initiative	-	-	77,231	77,231
Special education - foster children	30,313	30,313	44,880	14,567
School construction funds	-	-	293,608	293,608
At risk payments	527,077	527,077	530,192	3,115
School food	26,483	26,483	20,840	(5,643)
Technology	620,000	620,000	281,903	(338,097)
Standards of Learning algebra readiness	55,725	55,725	53,444	(2,281)
At risk four-year olds	94,393	94,393	-	(94,393)
Other state funds	59,807	59,807	40,594	(19,213)
Total categorical aid	\$ 19,133,716	\$ 19,133,716	\$ 18,862,395	\$ (271,321)
Total revenue from the Commonwealth	\$ 19,133,716	\$ 19,133,716	\$ 18,862,395	\$ (271,321)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,160,009	\$ 2,160,009	\$ 2,349,450	\$ 189,441
Title VI-B, flow-through	903,639	903,639	1,210,653	307,014
Title VI-B, preschool	38,582	38,582	47,890	9,308
Gear Up	44,845	44,845	44,470	(375)
Drug free schools	22,460	22,460	1,266	(21,194)
Vocational education	80,000	80,000	97,961	17,961
Improving teacher quality	351,926	351,926	348,263	(3,663)
Technology grant	-	-	6,804	6,804
21st Century grant	380,879	380,879	219,373	(161,506)
School lunch program	1,520,150	1,520,150	1,145,671	(374,479)
Rural and low income schools	86,315	86,315	78,306	(8,009)
State fiscal stabilization fund	859,193	859,193	46,349	(812,844)
ARRA Education technology payments	-	-	19,584	19,584
ARRA-Education Jobs Fund	-	-	871,594	871,594
AML Grant	500,000	500,000	46,115	(453,885)
Total categorical aid	\$ 6,947,998	\$ 6,947,998	\$ 6,533,749	\$ (414,249)
Total revenue from the federal government	\$ 6,947,998	\$ 6,947,998	\$ 6,533,749	\$ (414,249)
Total School Operating Fund	\$ 38,761,501	\$ 38,761,501	\$ 37,713,452	\$ (1,048,049)
Total Discretely Presented Component Unit - School Board	\$ 38,761,501	\$ 38,761,501	\$ 37,713,452	\$ (1,048,049)

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 355,885	\$ 672,071	\$ 480,094	\$ 191,977
General and financial administration:				
County administrator	\$ 407,107	\$ 433,932	\$ 433,687	\$ 245
County Attorney	137,487	137,487	128,298	9,189
Commissioner of revenue	462,933	504,683	473,655	31,028
Assessor	450,000	450,000	122,066	327,934
Central purchasing	139,000	139,000	65,636	73,364
Treasurer	529,675	531,013	507,972	23,041
Data processing	83,115	83,115	66,630	16,485
County garage	506,600	506,600	427,803	78,797
Total general and financial administration	\$ 2,715,917	\$ 2,785,830	\$ 2,225,747	\$ 560,083
Board of elections:				
Electoral board	\$ 11,700	\$ 34,040	\$ 34,171	\$ (131)
Registrar	176,280	170,261	165,613	4,648
Voting buildings and machines	20,000	27,700	34,417	(6,717)
Total board of elections	\$ 207,980	\$ 232,001	\$ 234,201	\$ (2,200)
Total general government administration	\$ 3,279,782	\$ 3,689,902	\$ 2,940,042	\$ 749,860
Judicial administration:				
Courts:				
Circuit court	\$ 211,850	\$ 216,957	\$ 216,432	\$ 525
Combined court	14,800	14,800	14,062	738
Juvenile court	13,500	13,500	12,401	1,099
Magistrates	17,150	17,150	5,988	11,162
Victim witness assistance program	63,955	64,969	64,880	89
Clerk of circuit court	616,310	641,038	548,578	92,460
Total courts	\$ 937,565	\$ 968,414	\$ 862,341	\$ 106,073
Commonwealth's attorney:				
Commonwealth's attorney	\$ 684,275	\$ 687,179	\$ 688,707	\$ (1,528)
Total commonwealth's attorney	\$ 684,275	\$ 687,179	\$ 688,707	\$ (1,528)
Total judicial administration	\$ 1,621,840	\$ 1,655,593	\$ 1,551,048	\$ 104,545
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,037,305	\$ 3,483,893	\$ 3,367,999	\$ 115,894
School resource officer	285,181	285,181	244,669	40,512
Total law enforcement and traffic control	\$ 3,322,486	\$ 3,769,074	\$ 3,612,668	\$ 156,406
Fire and rescue services:				
Fire department	\$ 306,000	\$ 1,148,147	\$ 733,540	\$ 414,607
Rescue squads	180,000	230,430	101,348	129,082
Total fire and rescue services	\$ 486,000	\$ 1,378,577	\$ 834,888	\$ 543,689
Correction and detention:				
Jail operation	\$ 1,800,725	\$ 1,928,778	\$ 1,093,217	\$ 835,561
Juvenile detention	81,052	81,052	81,052	-
Total correction and detention	\$ 1,881,777	\$ 2,009,830	\$ 1,174,269	\$ 835,561

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 145,537	\$ 153,275	\$ 152,541	\$ 734
Total inspections	\$ 145,537	\$ 153,275	\$ 152,541	\$ 734
Other protection:				
Animal control	\$ 345,803	\$ 356,163	\$ 262,833	\$ 93,330
Medical examiner	1,000	1,000	680	320
Emergency services	47,609	47,609	36,988	10,621
Forestry department	14,517	14,517	14,517	-
E-911	914,986	915,045	507,714	407,331
Total other protection	\$ 1,323,915	\$ 1,334,334	\$ 822,732	\$ 511,602
Total public safety	\$ 7,159,715	\$ 8,645,090	\$ 6,597,098	\$ 2,047,992
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 350,000	\$ 608,156	\$ 419,209	\$ 188,947
Total maintenance of highways, streets, bridges & sidewalks	\$ 350,000	\$ 608,156	\$ 419,209	\$ 188,947
Sanitation and waste removal:				
Sanitation officer	\$ 69,042	\$ 69,792	\$ 60,026	\$ 9,766
Waste authority	1,200,000	1,283,775	1,314,373	(30,598)
Landfill	2,210,321	2,370,325	2,367,384	2,941
Total sanitation and waste removal	\$ 3,479,363	\$ 3,723,892	\$ 3,741,783	\$ (17,891)
Maintenance of general buildings and grounds:				
General properties	\$ 1,685,046	\$ 1,705,757	\$ 1,653,929	\$ 51,828
Total maintenance of general buildings and grounds	\$ 1,685,046	\$ 1,705,757	\$ 1,653,929	\$ 51,828
Total public works	\$ 5,514,409	\$ 6,037,805	\$ 5,814,921	\$ 222,884
Health and welfare:				
Health:				
Supplement of local health department	\$ 351,203	\$ 351,222	\$ 343,887	\$ 7,335
Total health	\$ 351,203	\$ 351,222	\$ 343,887	\$ 7,335
Welfare:				
Virginia housing development authority	\$ 120,753	\$ 120,753	\$ 96,172	\$ 24,581
Cumberland mountain community services	20,000	20,000	20,000	-
Disability Services Board	35,000	35,000	35,000	-
Senior citizens	84,930	164,271	95,419	68,852
Medical Assistance Services	28,577	32,597	22,845	9,752
Tri-county health clinic	6,000	6,000	6,000	-
Red Cross contributions	7,000	7,000	-	7,000
Food pantries	20,000	20,000	20,000	-
S V medical assistance	5,000	5,000	5,000	-
Social services	14,655,039	14,702,769	7,591,066	7,111,703
Head start	1,800,000	1,800,000	1,492,057	307,943
Other welfare	20,000	40,000	40,000	-
Total welfare	\$ 16,802,299	\$ 16,953,390	\$ 9,423,559	\$ 7,529,831
Total health and welfare	\$ 17,153,502	\$ 17,304,612	\$ 9,767,446	\$ 7,537,166

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Educational Contributions	\$ 82,440	\$ 132,440	\$ 132,440	\$ -
Bus transportation	65,200	65,200	65,200	-
Contribution to County School Board	11,070,000	11,070,000	10,812,821	257,179
Total education	<u>\$ 11,217,640</u>	<u>\$ 11,267,640</u>	<u>\$ 11,010,461</u>	<u>\$ 257,179</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 183,314	\$ 438,981	\$ 386,444	\$ 52,537
Park development	210,000	515,622	316,613	199,009
Community Events	9,500	9,500	9,500	-
Athletic programs	55,000	55,000	45,000	10,000
County fair	40,000	56,230	42,091	14,139
Total parks and recreation	<u>\$ 497,814</u>	<u>\$ 1,075,333</u>	<u>\$ 799,648</u>	<u>\$ 275,685</u>
Library:				
Contribution to county library	\$ 552,462	\$ 562,221	\$ 566,661	\$ (4,440)
Total library	<u>\$ 552,462</u>	<u>\$ 562,221</u>	<u>\$ 566,661</u>	<u>\$ (4,440)</u>
Total parks, recreation, and cultural	<u>\$ 1,050,276</u>	<u>\$ 1,637,554</u>	<u>\$ 1,366,309</u>	<u>\$ 271,245</u>
Community development:				
Planning and community development:				
Planning commission	\$ 8,500	\$ 8,500	\$ 5,175	\$ 3,325
Hurley Community Development	10,000	10,000	10,000	-
Contribution to industrial development authority	2,413,722	3,913,722	3,855,618	58,104
Tourism	5,000	5,990	4,165	1,825
Community arts council	15,000	15,000	-	15,000
Cumberland plateau planning district	35,000	35,000	35,000	-
Chamber of commerce	15,000	15,000	15,000	-
Peoples incorporated	10,000	10,000	-	10,000
Cumberland plateau regional housing	5,000	5,000	5,000	-
Neighbors united	25,000	25,000	25,000	-
Contribution to public service authority	3,500,000	5,876,867	5,762,087	114,780
Other planning and community development	3,500,000	818,226	376,549	441,677
Total planning and community development	<u>\$ 9,542,222</u>	<u>\$ 10,738,305</u>	<u>\$ 10,093,594</u>	<u>\$ 644,711</u>
Environmental management:				
Auto removal	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Environmental management	1,000	1,000	-	1,000
Litter control	104,289	115,495	101,135	14,360
Total environmental management	<u>\$ 110,289</u>	<u>\$ 121,495</u>	<u>\$ 101,135</u>	<u>\$ 20,360</u>
Cooperative extension program:				
Extension office	\$ 53,450	\$ 53,855	\$ 51,476	\$ 2,379
Total cooperative extension program	<u>\$ 53,450</u>	<u>\$ 53,855</u>	<u>\$ 51,476</u>	<u>\$ 2,379</u>
Total community development	<u>\$ 9,705,961</u>	<u>\$ 10,913,655</u>	<u>\$ 10,246,205</u>	<u>\$ 667,450</u>
Capital projects:				
Poplar Gap Athletic Park	\$ -	\$ 54,130	\$ 31,646	\$ 22,484
Total capital projects	<u>\$ -</u>	<u>\$ 54,130</u>	<u>\$ 31,646</u>	<u>\$ 22,484</u>

County of Buchanan, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 919,007	\$ 919,007	\$ 1,043,211	\$ (124,204)
Interest and other fiscal charges	456,022	456,022	479,551	(23,529)
Total debt service	<u>\$ 1,375,029</u>	<u>\$ 1,375,029</u>	<u>\$ 1,522,762</u>	<u>\$ (147,733)</u>
 Total General Fund	 <u>\$ 58,078,154</u>	 <u>\$ 62,581,010</u>	 <u>\$ 50,847,938</u>	 <u>\$ 11,733,072</u>
Special Revenue Funds:				
Coal Road Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 7,572,600	\$ 9,671,688	\$ 7,214,971	\$ 2,456,717
Engineering	324,148	324,148	329,314	(5,166)
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 7,896,748</u>	<u>\$ 9,995,836</u>	<u>\$ 7,544,285</u>	<u>\$ 2,451,551</u>
 Community development:				
Planning and community development:				
Virginia coalfield economic development authority	\$ 2,600,000	\$ 4,350,000	\$ 4,231,312	\$ 118,688
Contribution to Public Service Authority	-	-	2,010,000	(2,010,000)
Total planning and community development	<u>\$ 2,600,000</u>	<u>\$ 4,350,000</u>	<u>\$ 6,241,312</u>	<u>\$ (1,891,312)</u>
 Total Coal Road Fund	 <u>\$ 10,496,748</u>	 <u>\$ 14,345,836</u>	 <u>\$ 13,785,597</u>	 <u>\$ 560,239</u>
Disaster Relief Fund:				
Health and welfare:				
Welfare:				
Disaster relief	\$ 350,000	\$ 350,000	\$ 280	\$ 349,720
Total welfare	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 280</u>	<u>\$ 349,720</u>
 Total health and welfare	 <u>\$ 350,000</u>	 <u>\$ 350,000</u>	 <u>\$ 280</u>	 <u>\$ 349,720</u>
 Total Disaster Relief Fund	 <u>\$ 350,000</u>	 <u>\$ 350,000</u>	 <u>\$ 280</u>	 <u>\$ 349,720</u>
 Total Primary Government	 <u>\$ 68,924,902</u>	 <u>\$ 77,276,846</u>	 <u>\$ 64,633,815</u>	 <u>\$ 12,643,031</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Instruction costs:				
Instruction	\$ 36,620,492	\$ 36,620,492	\$ 26,795,210	\$ 9,825,282
Total instruction costs	<u>\$ 36,620,492</u>	<u>\$ 36,620,492</u>	<u>\$ 26,795,210</u>	<u>\$ 9,825,282</u>
 Operating costs:				
Administration and health services	\$ 1,516,814	\$ 1,516,814	\$ 1,746,830	\$ (230,016)
Pupil transportation	2,598,017	2,598,017	2,961,297	(363,280)
Operation and maintenance of school plant	4,500,333	4,500,333	4,694,757	(194,424)
Total operating costs	<u>\$ 8,615,164</u>	<u>\$ 8,615,164</u>	<u>\$ 9,402,884</u>	<u>\$ (787,720)</u>
 School food services:				
Administration of school food program	\$ 2,187,633	\$ 2,187,633	\$ 2,114,642	\$ 72,991
 Total education	 <u>\$ 47,423,289</u>	 <u>\$ 47,423,289</u>	 <u>\$ 38,312,736</u>	 <u>\$ 9,110,553</u>
 Capital projects:				
School capital projects	\$ 518,362	\$ 518,362	\$ 213,487	\$ 304,875
Total capital projects	<u>\$ 518,362</u>	<u>\$ 518,362</u>	<u>\$ 213,487</u>	<u>\$ 304,875</u>
 Total School Operating Fund	 <u>\$ 47,941,651</u>	 <u>\$ 47,941,651</u>	 <u>\$ 38,526,223</u>	 <u>\$ 9,415,428</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 47,941,651</u>	 <u>\$ 47,941,651</u>	 <u>\$ 38,526,223</u>	 <u>\$ 9,415,428</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2011-12	\$ 2,818,130	\$ 1,568,188	\$ 6,744,323	\$ 13,353,221	\$ 9,692,455	\$ 11,303,923	\$ 1,605,149	\$ 16,244,692	\$ 455,633	\$ 63,785,714
2010-11	2,445,816	1,458,837	6,255,234	9,092,200	10,005,009	10,596,199	1,338,390	12,495,596	474,006	54,161,287
2009-10	2,526,597	1,503,610	7,238,733	12,220,224	9,854,812	10,950,125	1,110,865	10,889,281	488,371	56,782,618
2008-09	2,236,065	1,496,850	5,582,374	9,775,242	8,554,662	10,451,349	1,036,665	10,585,692	585,818	50,304,717
2007-08	2,415,817	1,485,216	5,491,098	8,988,974	9,933,146	13,348,257	1,050,250	10,808,368	622,369	54,143,495
2006-07	2,466,603	1,296,688	4,868,217	6,541,506	8,342,751	12,184,691	937,249	11,157,179	613,858	48,408,742
2005-06	2,410,870	942,450	4,983,187	6,564,721	6,732,564	9,732,168	898,027	7,191,068	794,410	40,249,465
2004-05	2,082,579	838,654	4,166,023	5,864,142	7,588,598	8,535,513	886,775	5,104,815	837,418	35,904,517
2003-04	1,926,190	704,683	3,906,943	6,349,418	8,000,046	7,434,115	964,545	5,514,399	909,283	35,709,622
2002-03	1,720,079	701,848	4,051,040	4,875,509	16,335,164	6,481,740	846,594	4,619,546	965,694	40,597,214

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Special Items	Total
2011-12	\$ 1,207,732	\$ 9,307,174	\$ 3,951,232	\$ 18,104,724	\$ 31,622,190	\$ -	\$ 118,174	\$ 264,758	\$ 2,755,390	\$ -	\$ 67,331,374
2010-11	985,509	9,118,369	2,219,707	15,652,382	33,797,596	-	105,569	459,343	2,683,453	-	65,021,928
2009-10	732,911	9,827,820	1,182,479	15,424,011	24,251,463	-	248,058	255,339	2,774,371	-	54,696,452
2008-09	915,235	11,395,185	-	15,321,741	24,511,300	-	452,499	15,697,206	1,903,615	-	70,196,781
2007-08	606,650	11,227,768	-	15,419,492	22,636,326	-	711,623	102,962	1,879,667	-	52,584,488
2006-07	711,625	9,474,577	1,868,490	13,099,635	23,074,589	-	931,407	130,506	2,006,804	400,000	51,697,633
2005-06	448,277	8,613,131	-	13,402,559	21,185,234	-	735,990	181,269	1,995,410	-	46,561,870
2004-05	528,466	4,724,929	-	12,825,761	16,728,744	-	302,990	235,565	6,144,616	-	41,491,071
2003-04	512,362	11,470,763	695,642	12,630,829	14,311,347	635	181,078	84,451	2,096,599	-	41,983,706
2002-03	621,192	12,363,248	-	11,197,479	13,171,101	631	208,198	108,614	1,713,755	-	39,384,218

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2011-12	\$ 2,940,042	\$ 1,551,048	\$ 6,597,098	\$ 13,359,206	\$ 9,767,726	\$ 38,510,376	\$ 1,366,309	\$ 16,487,517	\$ -	\$ 1,522,762	\$ 92,102,084
2010-11	2,523,105	1,441,724	6,350,355	9,391,015	9,928,023	35,026,718	1,206,455	12,503,481	-	1,450,786	79,821,662
2009-10	2,505,591	1,481,044	7,564,899	12,248,097	9,794,702	38,250,585	1,132,458	10,916,029	-	1,581,334	85,474,739
2008-09	2,502,236	1,475,155	5,472,036	9,725,018	8,951,879	40,198,777	1,231,734	10,572,371	-	1,758,416	81,887,622
2007-08	2,451,995	1,500,399	5,441,603	9,071,353	10,044,317	38,964,368	1,040,878	10,907,559	-	1,910,468	81,332,940
2006-07	2,565,689	1,279,479	5,126,279	6,759,197	8,424,530	38,537,045	1,087,284	11,162,124	-	2,039,813	76,981,440
2005-06	2,494,982	919,842	5,073,552	6,330,430	7,806,698	32,783,057	895,789	7,189,451	255,985	2,335,950	66,085,736
2004-05	2,011,248	821,352	4,364,022	6,004,325	7,784,179	32,587,167	891,419	5,102,398	-	2,387,671	61,953,781
2003-04	2,123,844	730,922	4,252,556	6,464,282	8,032,736	31,070,204	962,280	5,513,331	-	2,562,715	61,712,870
2002-03	1,816,811	700,878	4,048,029	5,028,467	15,203,598	30,372,556	844,329	4,605,036	-	2,671,794	65,291,498

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2011-12	\$ 17,523,639	\$ 31,622,190	\$ 64,360	\$ 1,873	\$ 131,824	\$ 2,194,608	\$ 2,522,943	\$ 752,872	\$ 41,409,940	\$ 96,224,249
2010-11	15,979,714	33,797,596	60,128	2,093	120,887	1,937,550	2,729,414	499,737	37,443,980	92,571,099
2009-10	15,669,518	24,251,463	56,514	3,150	299,638	1,843,880	3,494,636	610,602	41,759,387	87,988,788
2008-09	14,691,267	24,511,300	55,582	3,874	541,759	1,488,043	565,654	1,028,861	41,720,789	84,607,129
2007-08	14,022,812	22,636,326	55,490	2,429	796,631	1,159,344	264,730	949,086	39,636,532	79,523,380
2006-07	13,986,992	23,074,589	55,104	864	996,848	1,289,202	304,407	521,520	39,618,102	79,847,628
2005-06	13,290,980	21,185,234	61,261	1,584	816,624	1,056,123	271,820	1,378,136	34,945,542	73,007,304
2004-05	13,197,108	16,728,744	57,408	753	364,434	1,059,765	393,834	860,638	34,579,309	67,241,993
2003-04	12,939,963	14,311,347	46,833	635	236,015	1,138,190	278,998	1,132,778	36,526,335	66,611,094
2002-03	12,043,815	13,171,101	37,846	631	294,552	1,100,793	226,892	1,122,404	37,007,180	65,005,214

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2011-12	\$ 17,497,786	\$ 16,582,159	94.77%	\$ 561,959	\$ 17,144,118	97.98%	\$ 5,022,496	28.70%
2010-11	15,773,431	14,928,378	94.64%	628,790	15,557,168	98.63%	4,826,997	30.60%
2009-10	17,017,825	16,287,430	95.71%	615,532	16,902,962	99.33%	4,871,095	28.62%
2008-09	16,555,917	15,470,562	93.44%	566,623	16,037,185	96.87%	3,822,322	23.09%
2007-08	15,566,179	14,985,550	96.27%	375,535	15,361,085	98.68%	4,596,088	29.53%
2006-07	15,661,517	14,863,934	94.91%	543,202	15,407,136	98.38%	4,526,971	28.91%
2005-06	14,907,300	13,849,976	92.91%	789,578	14,639,554	98.20%	4,572,310	30.67%
2004-05	14,599,476	13,720,416	93.98%	642,926	14,363,342	98.38%	4,726,542	32.37%
2003-04	14,398,666	13,682,225	95.02%	647,489	14,329,714	99.52%	5,743,143	39.89%
2002-03	13,542,153	12,487,736	92.21%	703,114	13,190,850	97.41%	5,426,805	40.07%

(1) Exclusive of penalties and interest.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		
					Real Estate	Personal Property	Total
2011-12	\$ 2,054,634,044	\$ 258,035,354	\$ 268,621,205	\$ 4,122,968	\$ 96,364,828	\$ 21,783	\$ 2,681,800,182
2010-11	1,901,488,554	246,368,041	200,965,971	3,612,117	98,131,122	73,428	2,450,639,233
2009-10	1,963,249,615	232,988,630	209,908,959	4,060,911	96,957,674	51,570	2,507,217,359
2008-09	1,844,570,316	249,653,108	193,314,185	4,060,298	95,546,061	30,968	2,387,174,936
2007-08	1,842,678,083	229,238,821	172,198,735	3,836,073	99,311,572	52,251	2,347,315,535
2006-07	1,605,010,004	218,811,037	173,485,869	3,792,787	78,080,272	54,625	2,079,234,594
2005-06	1,590,555,567	208,364,940	149,398,124	3,506,983	88,806,157	89,511	2,040,721,282
2004-05	1,544,112,200	187,214,311	171,139,602	3,303,137	108,472,197	85,048	2,014,326,495
2003-04	1,479,487,712	183,892,706	164,352,156	3,032,760	129,080,337	604,726	1,960,450,397
2002-03	1,466,156,218	184,319,061	135,759,781	3,014,222	79,733,708	67,667	1,869,050,657

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

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

Table 7

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

Fiscal Year	Real Estate		Personal Property		Machinery and Tools		Merchant's Capital
2011-12	\$	0.43	\$	1.95	\$	1.95	\$ 2.00
2010-11		0.43		1.95		1.95	2.00
2009-10		0.43		1.95		1.95	2.00
2008-09		0.43		1.95		1.95	2.00
2007-08		0.43		1.95		1.95	2.00
2006-07		0.49		1.95		1.95	2.00
2005-06		0.49		1.95		1.95	2.00
2004-05		0.49		1.95		2.00	1.95
2003-04		0.49		1.95		1.95	2.00
2002-03		0.49		1.95		1.95	2.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2011-12	24,098	\$ 2,681,800	\$ 7,732,961	0.29%	\$ 321
2010-11	24,098	2,450,639	8,651,968	0.35%	359
2009-10	26,978	2,507,217	9,562,967	0.38%	354
2008-09	26,978	2,387,175	10,465,367	0.00%	388
2007-08	26,978	2,347,316	11,453,794	0.49%	425
2006-07	26,978	2,079,235	12,540,556	0.60%	465
2005-06	26,978	2,040,721	13,621,296	0.67%	505
2004-05	26,978	2,014,326	14,821,329	0.74%	549
2003-04	26,978	1,960,450	16,166,386	0.82%	599
2002-03	26,978	1,869,051	17,607,015	0.94%	653

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

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2011-12	\$ 1,043,211	\$ 479,551	\$ 1,522,762	\$ 92,102,084	1.65%
2010-11	947,291	503,495	1,450,786	79,821,662	1.82%
2009-10	1,059,841	521,493	1,581,334	85,474,739	1.85%
2008-09	1,140,358	615,905	1,756,263	81,887,622	2.14%
2007-08	1,233,773	674,693	1,908,466	81,332,940	2.35%
2006-07	1,414,775	625,038	2,039,813	76,981,440	2.65%
2005-06	1,519,838	816,112	2,335,950	66,085,736	3.53%
2004-05	1,518,440	869,231	2,387,671	61,953,781	3.85%
2003-04	1,600,939	961,776	2,562,715	61,712,870	4.15%
2002-03	1,657,973	1,013,821	2,671,794	65,291,498	4.09%

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

Compliance Section

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Buchanan, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Buchanan, Virginia's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the County of Buchanan, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Buchanan, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Buchanan, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Buchanan, Virginia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Buchanan, Virginia in a separate letter dated December 14, 2012.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
December 14, 2012

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the County of Buchanan, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County of Buchanan, Virginia's major federal programs for the year ended June 30, 2012. The County of Buchanan, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Buchanan, Virginia's management. Our responsibility is to express an opinion on the County of Buchanan, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Buchanan, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Buchanan, Virginia's compliance with those requirements.

In our opinion, the County of Buchanan, Virginia complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
December 14, 2012

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Child and Adult Care Food Program	10.558	NA	\$ 68,480
Pass Through Payments:			
State Department of Agriculture:			
<i>Child Nutrition Cluster:</i>			
Food Distribution-Schools (Note C)	10.555	00070	83,727
Food Distribution-Summer School (Note C)	10.559	80285	3,084
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110, 0010111, 0040110, 0040111	563,438
Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	40591	285,356
National School Lunch Program	10.555	40623	773,505
Total Department of Agriculture			<u>\$ 1,777,590</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	50298	25,844
Total Department of Transportation			<u>\$ 25,844</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payment:			
Head start	93.600	NA	\$ 1,193,785
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110, 0950111	16,686
Temporary Assistance for Needy Families	93.558	0400110, 0400111	489,059
Refugee and Entrant Assistance - State Administered Programs	93.566	0500110, 0500111	916
Chafee Education and Training Vouchers Program	93.599	9160110, 9160111	3,261
Low-Income Home Energy Assistance	93.568	0600410, 0600411	33,837
Chafee Foster Care Independence Program	93.674	9150110, 9150111	12,523
Children's Health Insurance Program	93.767	0540110, 0540111	16,576
Social Services Block Grant	93.667	1000110, 1000111	411,304
Medical Assistance Program	93.778	1200110, 1200111	341,608
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110, 0900111	1,684
<i>Child Care and Development Funds Cluster:</i>			
Child Care and Development Block Grant	93.575	0770110	34,115
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110, 0760111	77,946
Foster Care - Title IV-E	93.658	1100110, 1100111	416,618
Adoption Assistance	93.659	1120110, 1120111	271,581
Total Department of Health and Human Services			<u>\$ 3,321,499</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass Through Payments:			
State Department of Housing and Community Development:			
Community Development Block Grant/States Program	14.228	50796/50799/50798	<u>\$ 1,179,992</u>

COUNTY OF BUCHANAN, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE INTERIOR:			
Pass Through Payments:			
Abandoned Mine Land Reclamation (AMLR) Program	15.252	NA	\$ 2,817,355
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Career and Technical Education - Basic grants to states	84.048	86647	\$ 97,961
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	62532	46,349
Safe and Drug-Free Schools and Communities-State Grants	84.186	86670	1,266
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	NA	44,470
Twenty-First Century Community Learning Centers	84.287	86784	219,373
Rural Education	84.358	86619	78,306
Improving Teacher Quality State Grants	84.367	86739	348,263
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	86595	2,138,714
ARRA - Title I Grants to Local Educational Agencies	84.389	42913	210,736
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	87007A	1,210,653
Special Education-Preschool Grants	84.173	87063A	47,891
<i>Education Technology Cluster:</i>			
Education Technology State Grants	84.318	86747B	6,804
ARRA - Education Technology State Grants	84.386	60897	19,584
ARRA - Education Jobs Funds	84.410	62700	871,594
Total Department of Education			\$ 5,341,964
Total Expenditures of Federal Awards			\$ 14,464,244

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF BUCHANAN, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Buchanan, Virginia under programs of the federal government for the year ended June 30, 2012. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Buchanan, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Buchanan, Virginia.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

NOTE C -- FOOD DONATION

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

NOTE D -- RELATIONSHIP TO THE FINANCIAL STATEMENTS:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	<u>7,930,495</u>
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Total primary government	<u>7,930,495</u>
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Component Units:

School Operating Fund	<u>6,533,749</u>
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Total Component Units	<u>6,533,749</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>14,464,244</u></u>
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County of Buchanan, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major programs: Unqualified

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

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010/84.389	Title I, Part A Cluster / ARRA - Title I, Grants to Local Educational Agencies
93.558	Temporary Assistance to Needy Families
84.410	ARRA - Education Jobs Funds
15.252	Abandoned Mine Land Reclamation (AMLR) Program

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

\$433,927

Auditee qualified as low-risk auditee?

Yes

County of Buchanan, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior findings related to Federal programs.