



BEDFORD COUNTY *Virginia*

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
Fiscal Year Ending June 30, 2014

COUNTY OF BEDFORD, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

DEPARTMENT OF FISCAL MANAGEMENT

COUNTY OF BEDFORD, VIRGINIA

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INTRODUCTORY SECTION



COUNTY OF BEDFORD, VIRGINIA

COUNTY ADMINISTRATION BUILDING
122 EAST MAIN STREET, SUITE 202
BEDFORD, VIRGINIA 24523

MARK K. REETER
COUNTY ADMINISTRATOR

OFFICE OF COUNTY ADMINISTRATOR

December 3, 2014

To Members of the Board of Supervisors and the Citizens of Bedford County:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Bedford County (the County) for the fiscal year ended June 30, 2014. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the County. Consequently, responsibility for both the accuracy of the data, and the completeness and reliability of the information presented in this report, rests with management. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present the financial position, results of operation and cash flows, as applicable, of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The County's CAFR has been audited by Brown, Edwards & Company, LLP, Certified Public Accountants. The independent auditor's report, including opinions on the basic financial statements of the government-wide and fund financial statements, is contained in the Financial Section of this report. Brown Edwards also audited the component unit, Bedford County Schools, and the financial statements of the Bedford Public Library System and the Bedford County Economic Development Authority.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

COUNTY OF BEDFORD, VIRGINIA

OFFICE OF COUNTY ADMINISTRATOR

PROFILE OF THE COUNTY

The County was formed in 1754 and named for the Fourth Duke of Bedford, a British government official. Bedford is located in the west central part of the state, and it is the fifth largest county in Virginia in land area with 764 square miles. The Town of Bedford serves as the County seat. The area abounds with natural beauty and outdoor recreational opportunities offering residents an attractive and pleasant environment in which to live, work and play. Strategically located between the metropolitan areas of Lynchburg and Roanoke, the County is one of the fastest growing areas in the state. A mix of industry, commerce and agriculture ensures a strong, diversified economy and positive business climate.

The County operates under the traditional Board of Supervisors/County Administrator form of government. Policies governing the administration of the County are set by a seven-member Board of Supervisors elected from the seven election districts. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out policies established by the Board of Supervisors and directs business and administrative procedures within the County government. The County has taxing powers subject to statewide restrictions and limits.

The County provides a full range of services to its residents, including education, public safety, judicial services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, health and welfare services, and general administration. All resources required to support these services are reflected in this report.

Bedford County is financially accountable for a legally separate school board, which is reported separately within the financial statements as a component unit. The School Board administers the County's schools and its own appropriation within the categories defined by the Code of Virginia, but is fiscally dependent upon the County because the Board of Supervisors approves its budget, levies the necessary taxes to finance operations, and issues debt to finance capital projects. The elected School Board is composed of seven members from each of the election districts. The School Board appoints a Superintendent to administer the policies of the School Board.

Education is the single largest service provided by the County. The mission of Bedford County Public Schools is to prepare students to be productive and responsible citizens in the community and the world. The school system is comprised of three high schools, three middle schools, fifteen elementary schools, one science and technology center and one alternative school.

COUNTY OF BEDFORD, VIRGINIA

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The County operates a regional library, the Bedford Public Library System (the Library), originally created by an agreement between the County of Bedford and the City of Bedford (now the Town of Bedford) and promotes economic development through the Economic Development Authority (the EDA). These agencies have been classified as discretely presented component units in the financial reporting entity because they are legally separate entities for which the County is financially accountable. They are reported in a discrete column in the financial statements to emphasize that they are legally separate from the County and to distinguish their financial position, results of operation, and cash flows from those of the County.

The Library is governed by a board consisting of seven members appointed by the Board of Supervisors. The County provides a major portion of the Library's annual revenue and owns a majority of the buildings where the Library conducts its operations.

The EDA has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing with those bonds representing limited obligations of the EDA to be repaid solely from the revenue and receipts derived from the projects funded with these proceeds. The debt outstanding does not constitute a debt or pledge of the faith and credit of the County or the EDA.

The annual budget serves as the foundation of the County's financial planning and control. All departments of the County generally submit requests for appropriation to the County Administrator on or about December 1 of each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The Code of Virginia requires the School Superintendent to submit a School Board approved budget to the County Board of Supervisors. In March the School Board adopts its requested budget and forwards it to the County Administrator. The County Administrator then presents the proposed budget to the Board prior to March 30 each year. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff's office) with the appropriations resolution adopted by the Board of Supervisors placing legal restriction on expenditures at the department level. A budget-to-actual comparison is provided in this report for the General Fund at Exhibit 5 in the basic financial statements. A more detailed General Fund budget-to-actual comparison by department is presented at Schedule 1 in the Supporting Schedules subsection of this report.

COUNTY OF BEDFORD, VIRGINIA

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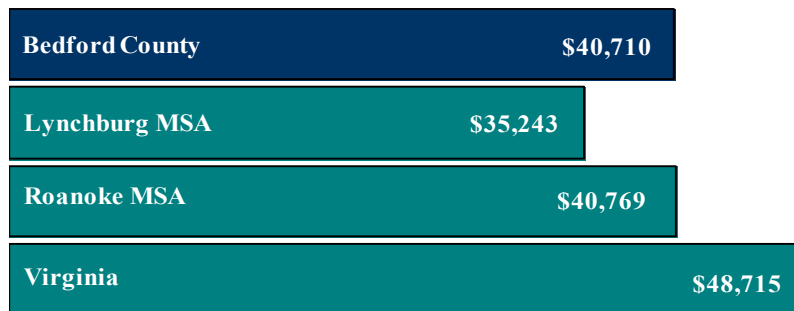
ECONOMIC OVERVIEW

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

While not immune to the fiscal impacts of the recession, Bedford County has remained in a favorable financial position due in large part to the financial strength and diversification of the County's business community, its low reliance on federal jobs or procurement and its strategic location between Lynchburg and Roanoke.

For example, as the following chart illustrates, based on the most recent estimates available, Bedford enjoys a median household and per capita income that compares favorably to the Commonwealth, U.S. and surrounding MSA's. The U.S. Census Bureau's estimate of Bedford's median household income of \$57,000 is just 9.0 % lower than the Commonwealth's, \$62,666; and 9.1% higher than the United States' of \$52,250. Comparatively, Bedford's per capita income of \$40,710 is 15.5% above the Lynchburg MSA and just 0.1% below the Roanoke MSA.

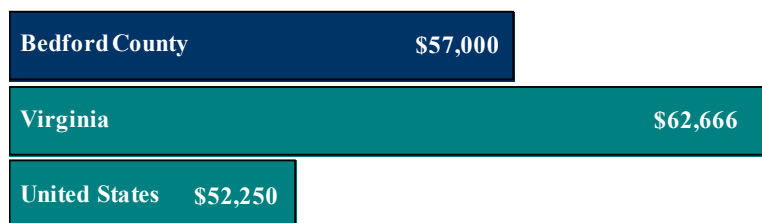
PER CAPITA INCOME 2012



Source: U.S. Bureau of Economic Analysis CA1-3 Personal Income Summary



MEDIAN HOUSEHOLD INCOME 2013



Source: U.S. Census Bureau, 2012 American Community Survey 1-year Estimates

COUNTY OF BEDFORD, VIRGINIA

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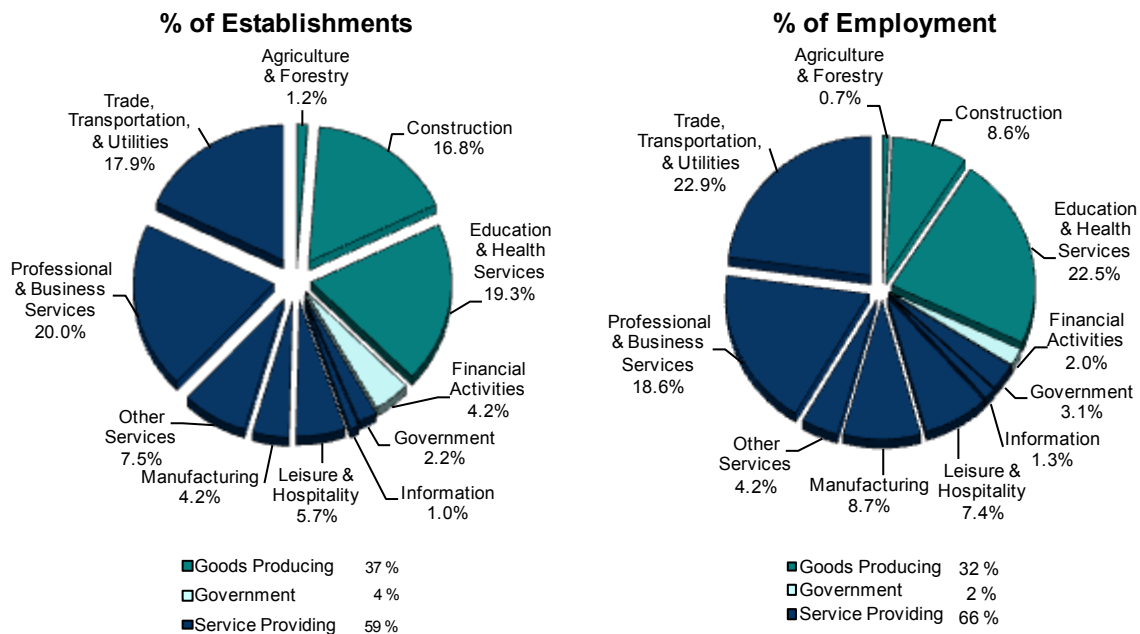
The County also continues to attract and maintain diverse sectors of employment. Historically, the County's major employment sectors have been in services, construction and retail trade. The County has benefited from the general stability each of these sectors has maintained in terms of each sector's percentage of total employment. As illustrated in the chart immediately below, this has contributed to consistently low levels of unemployment in the County over a long period, in comparison to the State and the nation, while the subsequent charts illustrate Bedford's percentage of business establishments by industry sector for the first quarter of the calendar year 2014.

Unemployment Rates

	Bedford County	Virginia	United States
2009	6.9%	7.0%	9.3%
2010	7.1%	7.1%	9.6%
2011	6.5%	6.4%	8.9%
2012	6.0%	5.9%	8.1%
2013	5.6%	5.5%	7.4%

Sources: Virginia Employment Commission

Percentage of Business Establishments by Industry Section



COUNTY OF BEDFORD, VIRGINIA

OFFICE OF COUNTY ADMINISTRATOR

As shown in the following chart, another factor illustrating the resiliency of the County's economic base is the level of retail sales maintained in the County over a five year period, with three of the five years reflecting annual growth. Although the impact of the recession is clearly seen in the numbers for calendar years 2009 and 2011, the County's 2012 taxable sales showed a 3.3% increase, and the County's 2013 taxable sales increased 13.4%.

	Bedford County Taxable Sales	% Increase (Decrease)
2009	335,456,497	-10.4%
2010	395,251,328	17.8%
2011	339,632,471	-14.1%
2012	350,910,154	3.3%
2013	398,017,902	13.4%

Source: Weldon Cooper Center for Public Service

The County focuses on attracting new companies as well as working with existing businesses to help them grow. The Office of Economic Development utilizes a marketing plan aimed at attracting and recruiting new businesses and maximizing investment opportunities in County owned business parks. As a result of increased marketing efforts, prospect activity increased greatly during fiscal 2014 and continues to increase since the recovery from the recession.

To foster growth with existing businesses, the County continued to place a strong focus on its Existing Business program, meeting with business leaders regularly to facilitate workforce development services, identify and communicate grant opportunities for business investment and job creation, and offer incentives to eligible companies. As part of the Existing Business program, the Office of Economic Development hosted four Quarterly Business Roundtable Meetings with over 90 combined businesses participating. The roundtable meetings serve as an opportunity for businesses to showcase their recent successes and challenges, and work together to solve issues.

As a result of funding made available in fiscal 2014, the Economic Development Authority's (EDA) \$3.2 million installment of an electrical substation in the New London Business and Technology Center is now complete. The substation, which was a necessary component to the continued build out of the park, will be an attractive asset for new businesses looking to locate in a state of the art business park with reliable infrastructure. Simplimatic Automation, the first company to expand in New London since the substation was announced, began construction on its new \$4 million, 60,000 square foot manufacturing facility. The project is on track to be completed in January 2015, and plans to locate up to 50 employees to Bedford County during the year. Another notable expansion within the County includes Valtim, a marketing fulfillment company located in Forest, which invested \$1.4 million in new equipment in June 2014.

COUNTY OF BEDFORD, VIRGINIA

OFFICE OF COUNTY ADMINISTRATOR

The Office of Economic Development and EDA also worked with several expanding businesses located in the Town of Bedford, including LiteSheet Solutions, LLC, the Bedford Lofts, and Valley Processing, LLC. LiteSheet Solutions, LLC, a light-emitting diode manufacturer, is now leasing a facility in Little Otter Industrial Park with plans to establish a more permanent location in Bedford County within the next two years. The Bedford Lofts project, which restored the old tobacco warehouse on Jackson Street, created market rate apartment living that was desperately needed in the town. Valley Processing, LLC, a rubber-based product manufacturer, continued to expand its business by adding 18 employees during fiscal 2014.

In addition to the Existing Business program, the County also supports the Bedford One Program and the Bedford Artisan Trail. The One Program, which links high school students with local businesses based on their career interests, is a partnership between the Bedford County Office of Economic Development, Bedford County Public Schools and area businesses. In the past year, more than 150 students participated on a dozen tours and the program continued to receive state-wide accolades. The program implemented teacher tours this year during summer sessions so that teachers can be better equipped to answer student questions concerning their future employment in Bedford County. The Bedford Artisan Trail, which was officially launched October 2, 2014, has been a successful asset to the community. The EDA is proud to have assisted with the launch of this community initiative and looks forward to its growth.

LONG-TERM FINANCIAL PLANNING

The County's General Fund reported an ending fund balance of \$46.9 million, a decrease of \$2.4 million from fiscal 2013. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund was \$46.0 million or 53.0% of total General Fund expenditures. Total unassigned General Fund Balance was \$13.3 million, which exceeds the minimum fund balance policy of 10.0% (\$8.9 million) of General Fund expenditures.

Long range financial planning is in place, especially for capital projects, to ensure that resources, including borrowed funds, if necessary, are available to meet committed projects prior to their approval, and that adequate funding is planned for repayment of debt that has been or will be incurred. During the budget process for fiscal 2015, the Board of Supervisors adjusted the Real Estate tax rate in order to increase funding for emergency apparatus and to reserve funds for the construction of a new landfill cell as well as the future construction of a school. The real estate tax rate increased from \$0.50 cents to \$0.52 cents per \$100 of assessed value.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Effective July 1, 2014 the dissolution of the Bedford Joint Economic Development Authority (BJEDA) took place, resulting in the Bedford County Economic Development Authority's acquisition of BJEDA's assets. Pursuant to the agreement, the EDA acquired \$316,639 in cash accounts, as well as the Bedford Center for Business, equipped with prime land and three current tenants in the Venture Boulevard facility that houses Central Virginia Community College, East Coast Fabricators, and Mid-Atlantic Broadband. With \$250,000 a year in lease payments from the park, the EDA is working towards being a revenue-generating authority.

COUNTY OF BEDFORD, VIRGINIA

OFFICE OF COUNTY ADMINISTRATOR

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2013. This is the County's seventeenth consecutive year receiving this award.

The County utilizes its website www.bedfordcountyva.gov for a variety of purposes, which include the presentation of the CAFR and budget document. The budget document serves as the best source of information for the County's current financial plan, new initiatives and capital improvements program. In addition, the website provides many other topics of interest to County residents and service providers, and provides an excellent forum to recognize outstanding employees and their accomplishments.

This report was prepared by the professional staff of the Department of Fiscal Management. Their hard work, dedication and continuing efforts to improve the quality of this report benefit all who use it. We also acknowledge the cooperation and assistance of the staff of the School Board and the many other County departments and agencies that contributed to the preparation of this report.

The County has established and continues to maintain a strong and stable financial position through progressive management of financial operations and through sound accounting and financial reporting practices. Appreciation is expressed to the members of the Bedford County Board of Supervisors.

Respectfully submitted,



Mark K. Reeter
County Administrator



Susan L. Crawford, CPA
Director of Fiscal Management



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Bedford
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**COUNTY OF BEDFORD, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS**

MEMBERS OF THE BOARD OF SUPERVISORS

John Sharp, Chairperson
Tammy Parker, Vice Chairperson

Bill Thomasson
Curry W. Martin
Steve Wilkerson

H. Steve Arrington
Annie S. Pollard

MEMBERS OF THE COUNTY SCHOOL BOARD

Gary Hostutler, Chairperson
Julie M. Bennington, Vice Chairperson

Richard P. Downey
Jason W. Johnson
Dr. John H. Hicks, Jr.

Kelly Harmony
Kevin Willis

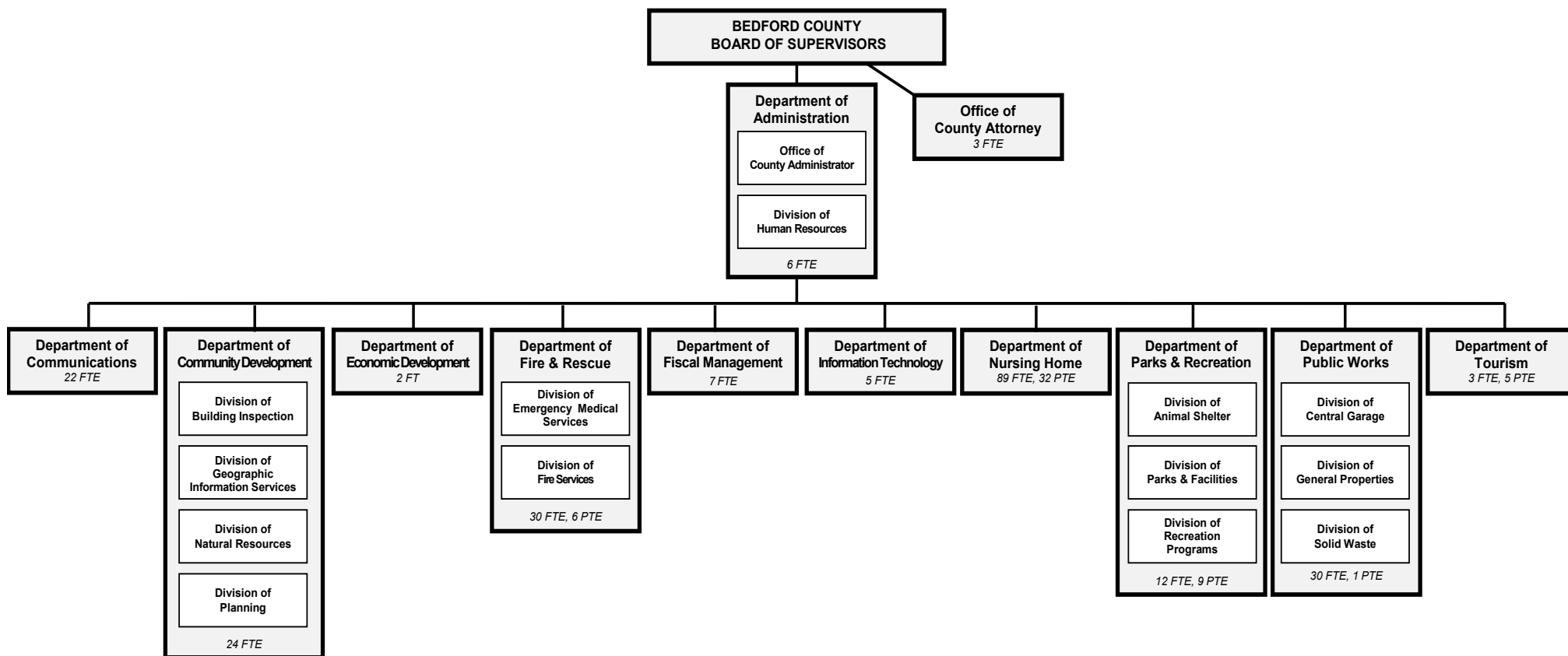
OTHER OFFICIALS

Mark K. Reeter
Frank J. Rogers
G. Carl Boggess
Susan L. Crawford, CPA
Dr. Douglas Schuch
Randy Hagler
Andrew L. Crawford
Cathy C. Hogan
Randy W. Krantz
Faye W. Eubank
Rebecca C. Jones
Michael J. Brown
Barbara J. Gunter

County Administrator
Deputy County Administrator
County Attorney
Director of Fiscal Management
Superintendent of Schools
Schools Director of Finance
Director of Social Services
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Registrar

COUNTY OF BEDFORD, VIRGINIA ORGANIZATIONAL CHART

GENERAL ORGANIZATION OF DEPARTMENTS/OFFICES & DIVISIONS - BEDFORD COUNTY CENTRAL GOVERNMENT *as of August, 2014*



DEFINITIONS:

Department (or Office) - Formal administrative unit of County central government established or recognized by Board of Supervisors, managed by a Department Head appointed by the County Administrator or Board of Supervisors.

Division (or Office) - Recognized sub-unit within a Department or Office usually created administratively for budgetary, operational and/or supervisory purposes, typically managed on a day-to-day basis by a designated position reporting to the Department Head.

FTE - Full-time employee(s) **PTE** - Part-time employee(s) (excludes seasonal and temporary part-time positions)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, Virginia (the "County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Report on the Financial Statements (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress for defined benefit plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements, discretely presented School Board combining statements, Schedule 1, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements, discretely presented School Board combining statements, Schedule 1, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, discretely presented School Board combining statements, Schedule 1, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)*Other Information (Continued)*

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Brown, Edwards & Company, L.L.P.".

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 2, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the County's financial statements offers readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2014. The Bedford County Schools (School Board) component unit is also included in this narrative. We encourage readers to consider this discussion and analysis in conjunction with our letter of transmittal in the Introductory Section of this report, and the County's basic financial statements which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, has a positive net position of \$141.1 million at June 30, 2014. Of this amount, \$59.4 million is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3.0 million, of which the governmental activities increased \$3.8 million and business-type activities decreased \$0.8 million.
- At the close of fiscal year 2014, the County's General Fund reported ending fund balances of \$46.9 million, a decrease of \$2.4 million from the prior year. Of the \$46.9 million, 98.0% (\$46.0 million) is available for spending at the County's discretion (sum of *committed, assigned and unassigned fund balances*), while the *nonspendable and restricted fund balances* were 2.0% or \$0.9 million.
- The General Fund's unassigned fund balance of \$13.3 million was 15.3% of the fiscal year 2014 general fund expenditures. The Board of Supervisors has adopted a policy requiring a minimum of 10%.
- The County's total debt decreased by \$6.5 million or 8.6% during fiscal 2014 due to principal payments on existing debt.
- Only July 1, 2013, the City of Bedford reverted to town status. Capital assets in the amount of \$5.0 million were transferred to the reporting entity, including the library, elementary school and Bedford Center for Business.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements including budgetary comparisons.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position help determine whether the County's financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, public works, health and human services, parks and recreation, and community development. The business-type activities of the County include Nursing Home and Solid Waste.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also three separate legal entities – Bedford County Public Schools, Bedford Public Library System and the Bedford Economic Development Authority. While these represent legally separate entities, their operational or financial relationship with the County makes the County financially accountable for them.

The government-wide financials can be found on pages 18-19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The County, like all other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds

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

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

The County maintains one governmental fund, the General Fund. The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-24 of the report.

Proprietary Funds

Proprietary funds are classified as enterprise funds. *Enterprise funds* are used to report the same functions that are presented as *business-type activities* in the government-wide financial statements. The County maintains the accounting for two enterprise funds: Nursing Home and Solid Waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains two types of fiduciary funds. The *Pension Trust Fund* is used to report resources held in trust for volunteer fire and rescue members covered by the Length of Service Award Program Fund (LOSAP). The *Agency Fund* reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary funds financial statements can be found on pages 29-30 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 31-71.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension and OPEB benefits to its employees which can be found on page 73.

Combining fund statements include the Agency Funds and can be found on pages 75-77.

Budget to actual statements are provided for governmental funds with legally adopted budgets.

The School Board's financial statements are included in this Comprehensive Annual Financial Report, with the County and can be found on pages 79-81.

The Bedford Public Library System and Bedford Economic Development Authority issue separate reports.

Supplementary Information for the County and Schools includes a Statistical Section and a Schedule of Expenditures of Federal Awards.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Table 1 summarizes the Statements of Net Position for the primary government as of June 30, 2014 and 2013.

Table 1	Summary Statement of Net Position as of June 30, 2014 (\$ in millions)							
	Primary Government						Total Reporting Entity	
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity	
	2014	2013	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 79.1	\$ 78.7	\$ 9.6	\$ 9.8	\$ 88.7	\$ 88.5	\$119.3	\$ 118.0
Capital assets (net)	35.3	34.8	12.6	13.3	47.9	48.1	148.2	147.9
Total assets	114.4	113.5	22.2	23.1	136.6	136.6	267.5	265.9
Deferred outflows								
Deferred charge on refundings	3.2	3.4	-	-	3.2	3.4	3.2	3.4
Long-term liabilities	70.9	77.3	6.5	6.5	77.4	83.8	82.4	88.0
Other liabilities	13.1	11.8	0.4	0.5	13.5	12.3	26.5	25.3
Total liabilities	84.0	89.1	6.9	7.0	90.9	96.1	108.9	113.3
Deferred inflows								
Property taxes	20.7	18.7	-	-	20.7	18.7	20.7	18.7
Net position:								
Net investment in capital assets	26.7	24.9	12.5	13.0	39.2	37.9	81.7	75.8
Restricted	-	0.1	-	-	-	0.1	-	0.1
Unrestricted	(13.8)	(15.9)	2.8	3.1	(11.0)	(12.8)	59.4	61.4
Total net position	\$ 12.9	\$ 9.1	\$ 15.3	\$ 16.1	\$ 28.2	\$ 25.2	\$141.1	\$ 137.3

Table 1 may differ from Exhibit 1 due to rounding.

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure; this results in counties issuing debt to finance capital assets, such as public schools for their component units. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

The total reporting entity, which includes the School Board, Public Library, and Economic Development Authority component units, has a positive net position of \$141.1 million at June 30, 2014. Net position increased from the prior year by \$3.8 million, or 2.8%; this increase is the result of capital assets received as part of the City of Bedford's reversion to Town status.

The largest portion of the Primary government's net position, \$39.2 million, reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

The deficit unrestricted net position of the primary government totaled \$11.0 million, and is mainly due to the primary government issuing debt in past years to finance assets capitalized on the books of the School Board.

For the business-type activities net position decreased by \$0.8 million, which reflects current year expenses exceeding revenues by this amount.

Statement of Activities

The County's total revenues and expenses for governmental activities, business-type activities and the total reporting entity are reflected in the following table.

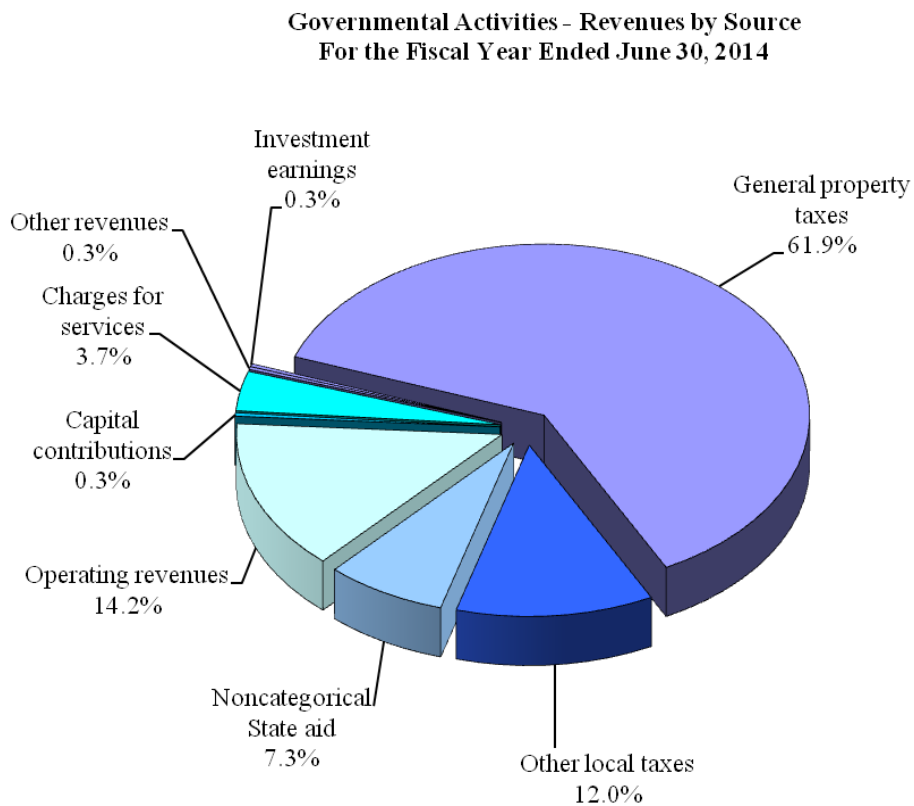
<p style="text-align: center;">Change in Net Position Year Ended June 30, 2014 (\$ in millions)</p>								
Table 2								
	Primary Government						Total Reporting Entity	
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues								
Program revenues:								
Charges for services	\$ 3.4	\$ 4.7	\$ 7.7	\$ 8.6	\$ 11.1	\$ 13.3	\$ 13.7	\$ 21.8
Operating grants and contributions	13.0	11.5	0.4	0.4	13.4	11.9	35.8	31.5
Capital grants and contributions	0.3	0.2	-	-	0.3	0.2	0.3	0.2
General revenues:								
Property taxes	56.4	52.7	-	-	56.4	52.7	56.4	52.7
Other taxes	11.0	10.4	-	-	11.0	10.4	11.0	10.4
Payments from Bedford County	-	-	-	-	-	-	37.6	41.7
Noncategorical state aid	6.7	6.6	-	-	6.7	6.6	45.3	39.1
Investment earnings	0.2	0.3	-	-	0.2	0.3	0.2	0.3
Other	1.0	0.9	-	-	1.0	0.9	5.7	1.2
Total revenues	92.0	87.3	8.1	9.0	100.1	96.3	206.0	198.9
Expenses								
General government	4.0	3.7	-	-	4.0	3.7	4.0	3.7
Judicial administration	2.4	2.3	-	-	2.4	2.3	2.4	2.3
Public safety	19.8	17.6	-	-	19.8	17.6	19.8	17.6
Public works	5.0	4.7	-	-	5.0	4.7	5.0	4.7
Health and welfare	9.9	9.7	-	-	9.9	9.7	9.9	9.7
Education	34.8	40.2	-	-	34.8	40.2	136.4	142.8
Parks, recreation and cultural	3.3	2.8	-	-	3.3	2.8	5.1	4.6
Community development	6.3	5.7	-	-	6.3	5.7	8.0	5.9
Group Homes	-	-	-	1.4	-	1.4	-	1.4
Nursing Home	-	-	5.5	5.2	5.5	5.2	5.5	5.2
Solid Waste	-	-	3.4	3.7	3.4	3.7	3.4	3.7
Interest on long-term debt	2.7	3.7	-	-	2.7	3.7	2.7	3.7
Total expenses	88.2	90.4	8.9	10.3	97.1	100.7	202.2	205.3
Increase (decrease) in net position before transfers	3.8	(3.1)	(0.8)	(1.3)	3.0	(4.4)	3.8	(6.4)
Transfers	-	0.2	-	(0.2)	-	-	-	-
Change in net position	\$ 3.8	\$ (2.9)	\$ (0.8)	\$ (1.5)	\$ 3.0	\$ (4.4)	\$ 3.8	\$ (6.4)

Table 2 may differ from Exhibit 2 due to rounding.

Governmental Activities

The increase in net position attributable to the County's governmental activities totaled \$3.8 million. Generally, net position changes are the result of the difference between revenues and expenses. Fiscal 2014 revenues of \$92.0 million represent an increase of \$4.7 million or 5.4% in comparison to the prior year, while expenses of \$88.2 million represent a decrease of \$2.2 million, or 2.4% compared to the prior year.

The following chart illustrates the County's fiscal 2014 governmental revenues by source as a percentage of total governmental revenues:



Taxes comprise the largest source of revenues, totaling \$67.4 million, of which property taxes account for \$56.4 million or 61.9% of revenues. Program revenues (charges for services and operating and capital grants and contributions) generated a total of \$16.7 million, or 18.2% of total revenues.

Real and personal property tax revenue increased by \$3.7 million, primarily due to reversion and a two cent real estate tax increase. Other local taxes increased \$0.5 million due to reversion.

Total expenses for governmental activities for this fiscal year were \$88.2 million, a decrease of 2.4% from \$90.4 million. The decrease is primarily due to decreased expenses for education of \$5.4 million, and increased expense for public safety of \$2.2 million, parks, recreation and cultural of \$0.5 million and Community development of \$0.6 million. These changes are attributed to the following:

- Decrease in education expenses was primarily due to the completion of the Noresco energy conservation project in fiscal 2013.
- Increase in public safety expenses was primarily due to the receipt of operating and capital grants and reversion related expenses for adult detention and the regional radio system.
- Increase in parks, recreational and cultural expenses is primarily attributable to reversion related expenses of the Bedford Public Library and contributions to the D-Day memorial.
- Increase in community development expenditures is primarily due to contributions related to construction of the New London electrical substation.

As the following chart indicates, education continues to be the County's largest program and highest priority with the County's contributions totaling \$34.8 million, or 39.4%, of total expenses.

**Governmental Activities
Functional Expenses
For the Fiscal Year Ended June 30, 2014**

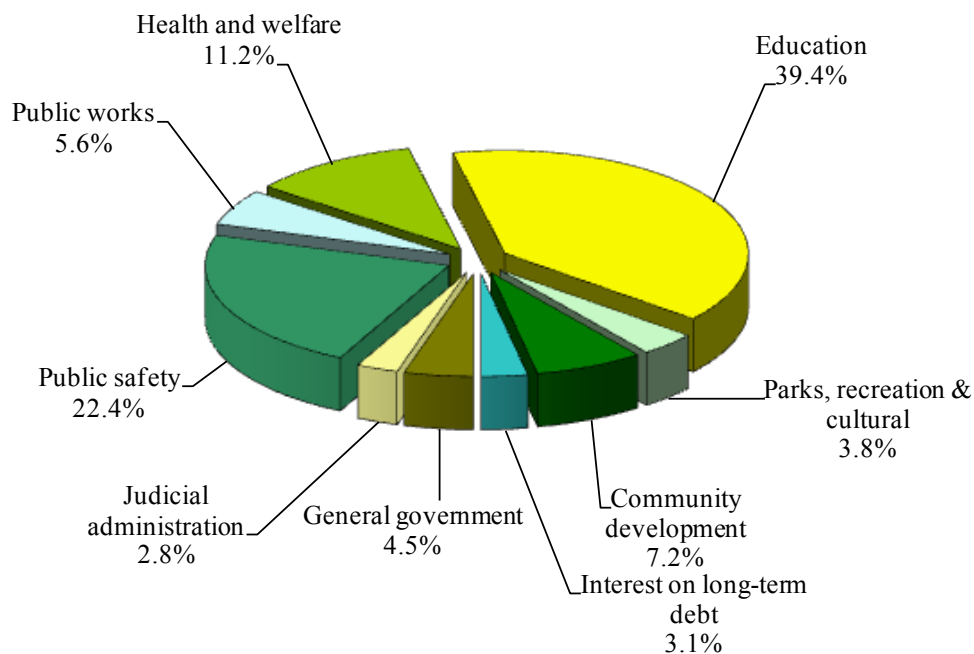


Table 3 illustrates the net cost (total expense less fees generated by the activities and program-specific revenues) for the County's governmental activities. Fees, such as charges for services and program-specific revenues, help offset the cost of the government services, thereby lessening the burden on the County's taxpayers. The County generates charges for services primarily from fees for certain court, public safety, health and welfare and community development services. The County obtains grants primarily for judicial administration, public safety and health and welfare. Net costs reflect the total costs supported by County tax revenues.

Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2014 Table 3 (\$ in millions)				
	Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General government	\$ 4.0	\$ 3.7	\$ 3.1	\$ 2.9
Judicial administration	2.4	2.3	1.2	1.1
Public safety	19.8	17.6	12.1	10.6
Public works	5.0	4.7	4.6	4.4
Health and welfare	9.9	9.7	3.7	3.4
Education	34.8	40.2	34.8	40.2
Parks, recreation & cultural	3.3	2.8	3.2	2.8
Community development	6.3	5.7	6.1	5.0
Interest on long-term debt	2.7	3.7	2.7	3.7
Total	<u>\$ 88.2</u>	<u>\$ 90.4</u>	<u>\$ 71.5</u>	<u>\$ 74.1</u>

Table 3 may differ from Exhibit 2 due to rounding.

After recognizing the effect of revenue from fees, grants, and contributions of \$16.7 million, the net cost of governmental activities was \$71.5 million, or 81.1% of the total costs of service.

Business-type activities

For the County's business-type activities, the results for the current fiscal year were a decrease in overall net position. The total net position of \$15.3 million decreased 5.0% or \$0.8 million from fiscal 2013.

The Nursing Home net position increased by \$0.1 million, due to an increase in patient days and the Medicaid reimbursement rate.

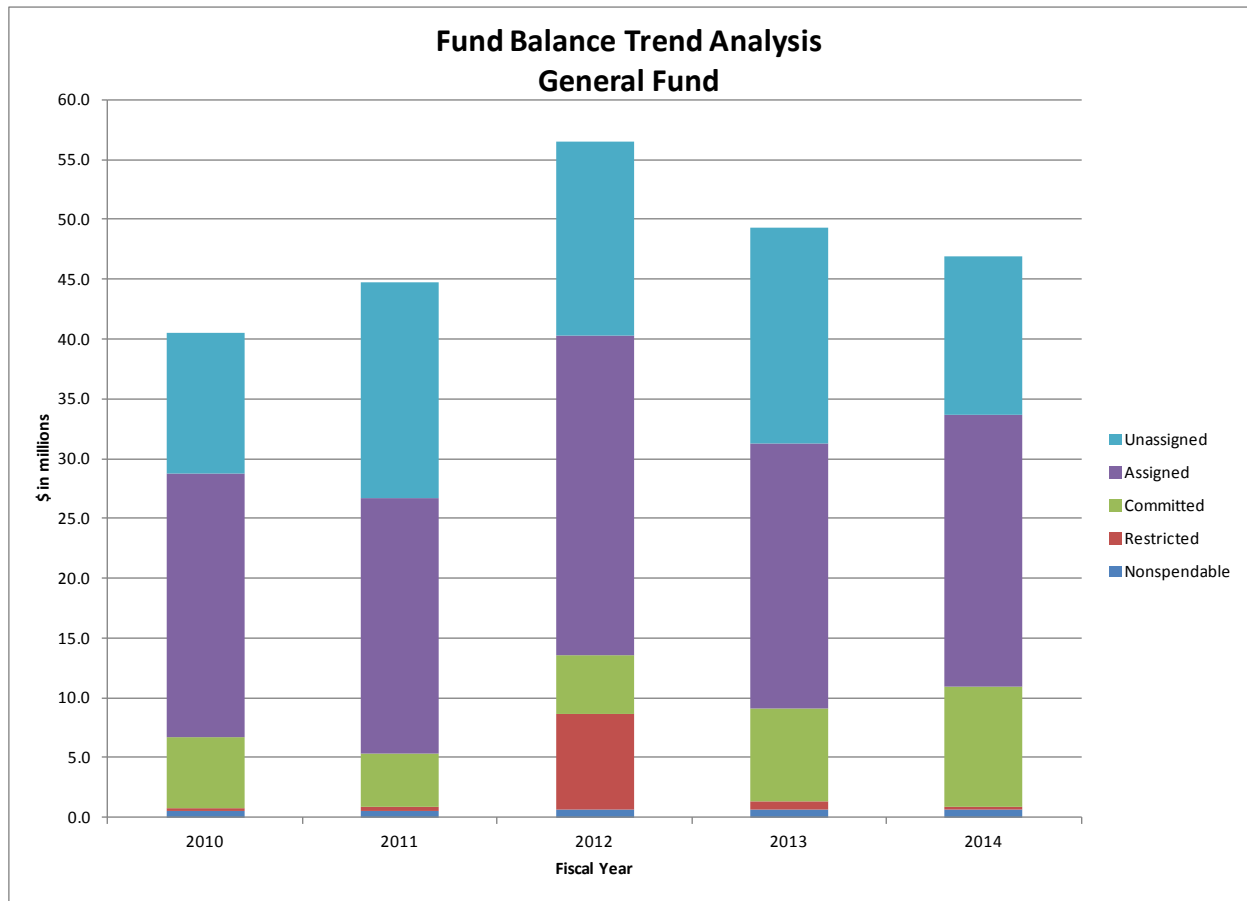
The Solid Waste net position decreased \$0.9 million as expenses continue to exceed revenues. The Board of Supervisors approved a two cent real estate tax increase for fiscal 2015, with \$0.5 million of the increase to be set aside each year to build a new landfill cell.

FINANCIAL ANALYSIS OF THE COUNTY'S GENERAL FUND

The focus of the County's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance represents the portion of the fund balance which has not been limited to use for a particular purpose by an external party, the County, or an authorized group or individual. As a result, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending.

At June 30, the County's General Fund reported combined fund balances of \$46.9 million, a decrease of \$2.4 million in comparison to the prior year. Approximately 28.3% of this amount (\$13.3 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$0.6 million), 2) restricted for particular purposes (\$0.3 million), 3) committed for particular purposes (\$10.0 million), or 4) assigned for particular purposes (\$22.7 million).

The following graphs illustrate fund balance trends for the County's General Fund for fiscal years 2010 through 2014.



The decrease in fiscal 2014 was due to a planned use of fund balance for capital projects including the New London electrical substation, regional radio system infrastructure and radios, and purchase of the domestic violence shelter.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.3% of total fiscal year 2014 General Fund expenditures. The Board adopted a resolution setting a minimum unassigned fund balance target for the General Fund of 10% of the General Fund expenditures. The total fund balance represents 54.0% of that same amount. This positive liquidity primarily results from the County receiving the first half of the 2014 real estate taxes in June. The semi-annual real estate collection dates allows the County to avoid borrowing funds to support operations during the early part of the following fiscal year.

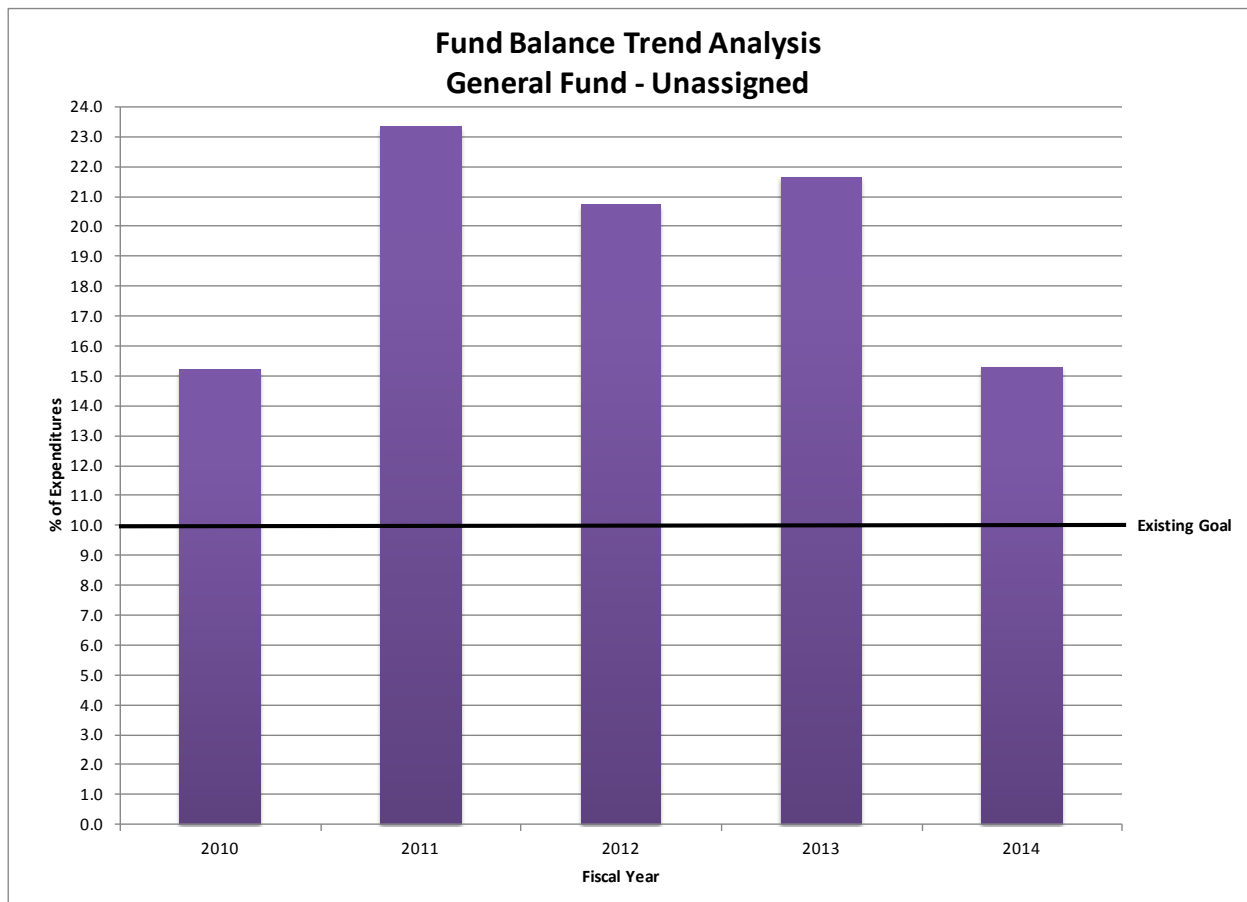


Table 4 provides a comparison of the original budget, amended budget, and actual revenues and expenditures in the General Fund (Exhibit 5).

Budgetary Comparison General Fund For the Fiscal Year Ended June 30, 2014 (\$ in millions)			
Table 4	Original Budget	Amended Budget	Actual
Revenues & Other Financing Sources:			
General Property Taxes	\$ 57.0	\$ 57.0	\$ 57.0
Other Local Taxes	10.7	10.7	10.7
Intergovernmental	17.2	21.1	19.5
Other Revenue	3.3	3.4	3.8
Total	88.2	92.2	91.0
Expenditures & Other Financing Uses:			
Expenditures	59.0	68.6	53.6
Other Uses	38.0	39.2	39.0
Total	97.0	107.8	92.6
Changes in Fund Balance	\$ (8.8)	\$ (15.6)	\$ (1.6)

The original budget includes \$0.9 million planned use of unassigned fund balance and rollover capital improvement program appropriations of \$8.9 million. Additionally, the Board did not appropriate \$1.0 million of the adopted budget until later in the fiscal year; this \$1.0 million is reflected as part of the amended budget. The \$1.0 million was appropriated to the School Board for capital maintenance needs.

General Fund budget amendments resulted in an increase of \$10.8 million between the originally adopted budget and the final budget, with \$4.5 million of the increase resulting from the planned use of fund balance. Fund balance uses included: completion of the Montvale recreation park, contributions to the New London electrical substation, purchase of the domestic violence shelter and support for the new regional radio system. An additional increase of \$1.0 million was the result of reappropriation of fiscal year 2013 encumbered and unencumbered amounts for completion of projects in fiscal year 2014.

The remaining \$4.3 million in budget amendments were funded by various revenue sources other than general fund tax dollars. Significant amendments included:

- \$2.3 million for Internet Crime Against Children grants
- \$0.8 million from EMS cost recoveries and grants for Fire and Rescue
- \$0.4 million for other Sheriff law enforcement grants
- \$0.3 million from the Contingency Fund for Fire and Rescue personal protective equipment and emergency apparatus.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 5 provides information on changes in the capital assets during fiscal year 2014. Additional information on capital assets can be found in Note 6.

Summary of Capital Assets as of June 30, 2014

Table 5 **(\$ in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 4.0	\$ 3.8	\$ 0.8	\$ 0.8	\$ 4.8	\$ 4.6
Building and improvements	42.5	41.1	18.8	18.5	61.3	59.6
Machinery and equipment	16.7	15.8	4.5	4.2	21.2	20.0
Construction in progress	0.7	0.7	-	-	0.7	0.7
Subtotal	63.9	61.4	24.1	23.5	88.0	84.9
Accumulated depreciation	(28.6)	(26.6)	(11.5)	(10.2)	(40.1)	(36.8)
Total	<u>\$35.3</u>	<u>\$ 34.8</u>	<u>\$12.6</u>	<u>\$ 13.3</u>	<u>\$47.9</u>	<u>\$ 48.1</u>

For governmental activities, the County's investment in non-depreciable assets totaled \$4.7 million, while depreciable assets totaled \$30.6 million (net of depreciation). Total net capital assets for governmental activities increased by \$0.5 million, or 1.4%. The increase is primarily attributable to net capital assets received from the City of Bedford upon its reversion to Town status of \$0.7 million, other additions of \$2.3 million and current year depreciation expense of \$2.5 million.

Major capital asset activity during fiscal year 2014 included the following:

- Acquisition of twenty-five public safety vehicles costing \$0.7 million funded through general fund revenues.
- Acquisition of the Domestic Violence shelter for \$0.3 million funded through fund balance and donations.
- Two ambulances for \$0.3 million funded through grants and EMS cost recoveries.

Table 6 illustrates the County's outstanding obligations at June 30, 2014. Additional information can be found in Note 7.

Table 6	Summary of Long Term Debt					
	as of June 30, 2014					
	(\$ in millions)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation and lease revenue bonds	\$ 61.1	\$ 67.3	\$ -	\$ -	\$ 61.1	\$ 67.3
Capital lease obligations	7.8	8.0	0.2	0.3	8.0	8.3
Total	<u>\$ 68.9</u>	<u>\$ 75.3</u>	<u>\$ 0.2</u>	<u>\$ 0.3</u>	<u>\$ 69.1</u>	<u>\$ 75.6</u>

As of June 30, 2014, the County's governmental activities long term obligations totaled \$68.9 million. The County's governmental activities long term obligations decreased during fiscal 2014 by \$6.4 million. The School Board represents the largest category totaling 85.8% of the County's total long term governmental obligations. Business-type activities long term obligations totaled \$0.2 million at June 30.

The Code of Virginia does not impose a legal debt margin limit on counties. However, the County has adopted a policy with three debt ratios as a management tool. A key debt policy is the ratio of debt service costs to general government expenditures, which was 6.33% for the current year comparing favorably to the policy target of 15%. Debt ratios for the last ten years are provided in Table 11, Statistical Section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- In September 2014, the County's unemployment rate was 5.4%, which was 0.1% improved (lower) than the same month a year ago, and which continues to compare favorably to the national average rate of 5.7%.
- The enrollment in public schools decreased in fiscal year 2014 by 2.7% from 10,302 to 10,023. School enrollment is projected to decline over the next five years. School enrollment for the last ten years is provided in Table 17, Statistical Section of this report.
- The tax rate for real property increased to \$0.52 per \$100 of assessed value for calendar year 2014. Detail on the tax rate is provided in Table 6, Statistical Section of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Director of Fiscal Management, 122 East Main Street, Suite 203, Bedford, Virginia, 24523.

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BASIC FINANCIAL STATEMENTS

COUNTY OF BEDFORD, VIRGINIA

**Statement of Net Position
June 30, 2014**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash, cash equivalents, and investments	\$ 55,062,509	\$ 8,889,427	\$ 63,951,936
Receivables, net	23,934,926	422,017	24,356,943
Internal balances	(121,197)	121,197	-
Due from primary government	-	-	-
Prepays	177,610	43,582	221,192
Inventories	59,616	-	59,616
Restricted assets:			
Cash, cash equivalents, and investments	18,033	65,741	83,774
Capital assets:			
Nondepreciable	4,672,787	850,964	5,523,751
Depreciable, net	30,595,860	11,789,663	42,385,523
Total assets	114,400,144	22,182,591	136,582,735
Deferred Outflows of Resources			
Deferred charge on refunding	3,235,803	-	3,235,803
Liabilities			
Accounts payable and accrued expenses	1,071,746	157,444	1,229,190
Accrued payroll and related liabilities	560,883	200,566	761,449
Accrued interest payable	1,049,509	-	1,049,509
Self insurance	-	-	-
Incentives and performance grants payable	-	-	-
Due to component units	10,367,196	-	10,367,196
Liabilities payable from restricted assets	7,142	65,741	72,883
Noncurrent liabilities:			
Due within one year	7,674,788	464,776	8,139,564
Due in more than one year	63,244,088	6,009,721	69,253,809
Total liabilities	83,975,352	6,898,248	90,873,600
Deferred Inflows of Resources			
Property taxes	20,733,895	-	20,733,895
Net Position			
Net investment in capital assets	26,704,166	12,464,508	39,168,674
Restricted for:			
Capital projects	18,030	-	18,030
Debt service	3	-	3
Donor requests	-	-	-
Unrestricted (deficit)	(13,795,499)	2,819,835	(10,975,664)
Total net position	\$ 12,926,700	\$ 15,284,343	\$ 28,211,043

The Notes to Financial Statements
are an integral part of this statement.

Component Units				
School Board	Public Library	Economic Development Authority	Reclassifications (See Note 1)	Total
\$ 5,316,167	\$ 392,379	\$ 1,351,771	\$ -	\$ 71,012,253
3,562,507	24,084	431,980	-	28,375,514
-	-	-	-	-
9,969,473	-	397,723	-	10,367,196
104,173	48,585	-	-	373,950
109,795	-	8,840,498	-	9,009,909
6	39,203	-	-	122,983
2,587,699	-	491,203	-	8,602,653
93,622,228	634,583	2,995,589	-	139,637,923
115,272,048	1,138,834	14,508,764	-	267,502,381
-	-	-	-	3,235,803
1,207,935	26,051	404,981	-	2,868,157
9,929,879	30,202	-	-	10,721,530
38,820	-	-	-	1,088,329
1,305,872	-	-	-	1,305,872
-	-	125,000	-	125,000
-	-	-	-	10,367,196
-	-	-	-	72,883
1,633,352	58,451	300,000	-	10,131,367
2,942,181	9,328	-	-	72,205,318
17,058,039	124,032	829,981	-	108,885,652
-	-	-	-	20,733,895
94,486,617	634,583	3,486,792	(56,104,578)	81,672,088
-	-	-	-	18,030
6	-	-	-	9
-	38,617	-	-	38,617
3,727,386	341,602	10,191,991	56,104,578	59,389,893
<u>\$ 98,214,009</u>	<u>\$ 1,014,802</u>	<u>\$ 13,678,783</u>	<u>\$ -</u>	<u>\$ 141,118,637</u>

COUNTY OF BEDFORD, VIRGINIA

Statement of Activities For the Year Ended June 30, 2014

		Program Revenues		
Function	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,032,123	\$ 424,725	\$ 493,195	\$ -
Judicial administration	2,434,093	63,368	1,128,117	-
Public safety	19,756,848	2,229,697	5,163,955	234,290
Public works	4,963,878	76,810	343,464	-
Health and welfare	9,868,303	324,979	5,818,277	22,469
Education	34,743,918	-	-	-
Parks, recreational, and cultural	3,312,492	40,260	11,350	22,083
Community development	6,341,152	243,713	328	-
Interest on long-term debt	2,709,301	-	3	-
Total governmental activities	88,162,108	3,403,552	12,958,689	278,842
Business-type activities:				
Nursing home	5,491,294	5,645,133	12,777	-
Solid waste	3,456,334	2,084,227	385,170	-
Total business-type activities	8,947,628	7,729,360	397,947	-
Total primary government	\$ 97,109,736	\$ 11,132,912	\$ 13,356,636	\$ 278,842
Component Units:				
School Board	\$ 101,586,480	\$ 2,518,530	\$ 22,127,815	\$ -
Public Library	1,807,546	53,363	71,120	-
Economic Development Authority	1,716,713	-	199,184	-
Total component units	\$ 105,110,739	\$ 2,571,893	\$ 22,398,119	\$ -

General Revenues:

Property taxes
 Other local taxes
 Payments from Bedford County
 Noncategorical state aid
 Investment earnings, unrestricted
 Investment earnings, restricted for capital projects and debt service
 Miscellaneous
 Transfers
 Capital Contributions
 Total general revenues
 Change in net position
 Net position-beginning
 Net position-ending

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	School Board	Public Library	Economic Development Authority	Total
\$ (3,114,203)	\$ -	\$ (3,114,203)	\$ -	\$ -	\$ -	\$ (3,114,203)
(1,242,608)	-	(1,242,608)	-	-	-	(1,242,608)
(12,128,906)	-	(12,128,906)	-	-	-	(12,128,906)
(4,543,604)	-	(4,543,604)	-	-	-	(4,543,604)
(3,702,578)	-	(3,702,578)	-	-	-	(3,702,578)
(34,743,918)	-	(34,743,918)	-	-	-	(34,743,918)
(3,238,799)	-	(3,238,799)	-	-	-	(3,238,799)
(6,097,111)	-	(6,097,111)	-	-	-	(6,097,111)
(2,709,298)	-	(2,709,298)	-	-	-	(2,709,298)
(71,521,025)	-	(71,521,025)	-	-	-	(71,521,025)
-	166,616	166,616	-	-	-	166,616
-	(986,937)	(986,937)	-	-	-	(986,937)
-	(820,321)	(820,321)	-	-	-	(820,321)
(71,521,025)	(820,321)	(72,341,346)	-	-	-	(72,341,346)
-	-	-	(76,940,135)	-	-	(76,940,135)
-	-	-	-	(1,683,063)	-	(1,683,063)
-	-	-	-	-	(1,517,529)	(1,517,529)
-	-	-	(76,940,135)	(1,683,063)	(1,517,529)	(80,140,727)
56,345,681	-	56,345,681	-	-	-	56,345,681
10,955,993	-	10,955,993	-	-	-	10,955,993
-	-	-	34,718,131	1,727,254	1,236,895	37,682,280
6,685,461	-	6,685,461	38,663,168	-	-	45,348,629
241,059	42,071	283,130	-	2,001	4,009	289,140
1,925	-	1,925	968	-	-	2,893
229,025	6,484	235,509	471,503	13,028	-	720,040
35,205	(35,205)	-	-	-	-	-
817,884	-	817,884	1,321,103	-	2,858,338	4,997,325
75,312,233	13,350	75,325,583	75,174,873	1,742,283	4,099,242	156,341,981
3,791,208	(806,971)	2,984,237	(1,765,262)	59,220	2,581,713	3,859,908
9,135,492	16,091,314	25,226,806	99,979,271	955,582	11,097,070	137,258,729
\$ 12,926,700	\$ 15,284,343	\$ 28,211,043	\$ 98,214,009	\$ 1,014,802	\$ 13,678,783	\$ 141,118,637

COUNTY OF BEDFORD, VIRGINIA

Balance Sheet
Governmental Fund
June 30, 2014

	<u>General Fund</u>
Assets	
Cash, cash equivalents, and investments	\$ 55,062,509
Receivables, net	23,934,926
Prepays	177,610
Inventories	59,616
Restricted cash, cash equivalents, and investments	18,033
Total assets	<u><u>\$ 79,252,694</u></u>
Liabilities	
Liabilities:	
Accounts payable and accrued expenses	\$ 1,071,747
Accrued payroll and related liabilities	560,883
Due to other funds	121,197
Due to component units	8,159,252
Assets held in agency capacity	7,142
Total liabilities	<u><u>9,920,221</u></u>
Deferred Inflows of Resources	
Unavailable/unearned revenue	22,448,777
Total deferred inflows of resources	<u><u>22,448,777</u></u>
Fund Balances	
Nonspendable	617,465
Restricted	305,038
Committed	9,999,808
Assigned	22,687,070
Unassigned	13,274,315
Total fund balances	<u><u>46,883,696</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 79,252,694</u></u>
Adjustments for the Statement of Net Position:	
Total fund balance	\$ 46,883,696
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	35,268,647
Receivables on the statement of net position that do not provide current financial resources are not reported in the governmental funds.	1,714,882
Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due.	(1,049,509)
Other liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds:	
Operating settlement-School Board	(2,207,943)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds:	
General obligation and lease revenue bonds	(56,412,362)
Equipment leases	(7,825,000)
Premium on debt issued	(4,687,112)
Deferred amounts on refunding	3,235,803
Compensated absences	(1,789,552)
Other post-employment benefits	(204,850)
Net position of Governmental Activities	<u><u>\$ 12,926,700</u></u>

COUNTY OF BEDFORD, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2014

	<u>General Fund</u>
Revenues	
General property taxes	\$ 56,556,779
Other local taxes	10,943,326
Permits, privilege fees and regulatory licenses	535,127
Fines and forfeitures	144,501
Revenue from use of money and property	279,244
Charges for services	1,825,779
Other	615,778
Recovered costs	520,202
Intergovernmental	19,765,553
Total revenues	<u>91,186,289</u>
Expenditures	
Current operating	
General government administration	3,815,479
Judicial administration	2,075,807
Public safety	18,666,873
Public works	4,118,593
Health and welfare	9,769,392
Education	33,595,489
Parks, recreation and cultural	2,883,655
Community development	3,189,462
Debt service	
Principal	6,067,408
Interest and other fiscal charges	2,599,921
Capital projects	
Education	877,252
Other governmental activities	5,951,344
Total expenditures	<u>93,610,675</u>
Excess (deficiency) of revenues over expenditures	<u>(2,424,386)</u>
Net change in fund balance	(2,424,386)
Fund balance, beginning	<u>49,308,082</u>
Fund balance, ending	<u><u>\$ 46,883,696</u></u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2014**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities:

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

Net change in fund balance – governmental fund	\$ (2,424,386)
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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, which is not a use of current financial resources.

Transfer of assets related to Bedford City Reversion to Town status	\$ 817,884	
Expenditures for capital assets	2,178,092	
Donation of capital assets	35,205	
Depreciation expense	<u>(2,554,564)</u>	476,617

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and insurance proceeds) is to decrease net assets.	(38,865)
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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.	88,108
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Debt issuance proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Debt principal repayment	6,067,408	
Changes in deferred charges on debt issuance costs and refundings	<u>110,627</u>	6,178,035

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.

Changes in compensated absences	(25,601)	
Changes in other post-employment benefits	34,049	
Changes in accrued interest payable	(220,007)	
Changes in operating settlement-School Board	(271,177)	
Changes in shared services settlement-City of Bedford	<u>(5,565)</u>	(488,301)

Change in net position of governmental activities	<u><u>\$ 3,791,208</u></u>
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COUNTY OF BEDFORD, VIRGINIA

**Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
General property taxes	\$ 56,989,000	\$ 56,989,000	\$ 56,864,243	\$ (124,757)
Other local taxes	10,727,432	10,727,432	10,713,452	(13,980)
Permits, privilege fees, and regulatory licenses	425,800	425,800	535,119	109,319
Fines and forfeitures	151,000	151,000	144,398	(6,602)
Revenue from use of money and property	246,086	246,249	279,738	33,489
Charges for services	1,752,404	1,784,277	1,906,696	122,419
Miscellaneous	269,690	339,863	600,707	260,844
Recovered costs	430,000	430,000	415,277	(14,723)
Intergovernmental	17,239,625	21,112,598	19,476,410	(1,636,188)
Total revenues	<u>88,231,037</u>	<u>92,206,219</u>	<u>90,936,040</u>	<u>(1,270,179)</u>
Expenditures				
Current operating				
General government administration	4,646,376	4,774,098	3,710,676	1,063,422
Judicial administration	1,979,524	2,149,961	2,083,287	66,674
Public safety	16,508,661	20,411,928	18,795,228	1,616,700
Public works	5,424,150	4,829,690	4,106,896	722,794
Health and welfare	11,060,846	11,081,345	9,792,553	1,288,792
Education	1,900	1,900	1,733	167
Parks, recreation, and cultural	2,936,989	3,057,388	2,865,296	192,092
Community development	3,492,362	3,609,741	3,289,620	320,121
Debt service				
Principal	1,744,220	1,744,220	1,744,220	-
Interest and other fiscal charges	300,515	345,557	339,987	5,570
Capital projects				
Education	2,692,674	2,692,674	1,591,405	1,101,269
Other governmental activities	8,200,861	13,902,617	5,209,522	8,693,095
Total expenditures	<u>58,989,078</u>	<u>68,601,119</u>	<u>53,530,423</u>	<u>15,070,696</u>
Excess of revenues over expenditures	<u>29,241,959</u>	<u>23,605,100</u>	<u>37,405,617</u>	<u>13,800,517</u>
Other Financing Sources (Uses)				
Transfers to:				
Component units	(38,041,103)	(39,219,612)	(39,015,916)	203,696
Total other financing sources (uses)	<u>(38,041,103)</u>	<u>(39,219,612)</u>	<u>(39,015,916)</u>	<u>203,696</u>
Net change in fund balance	<u>\$ (8,799,144)</u>	<u>\$ (15,614,512)</u>	<u>\$ (1,610,299)</u>	<u>\$ 14,004,213</u>

(Continued)

The Notes to Financial Statements
are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

Explanation of differences between actual amounts on the budgetary basis and GAAP basis**Revenues**

Total Revenues Budgetary Basis (Exhibit 5)	\$ 90,936,040
Tax and other accruals, grant deferrals, and other transfers	<u>250,249</u>
Total Revenues GAAP Basis (Exhibit 4)	<u><u>\$ 91,186,289</u></u>

Expenditures

Total Expenditures Budgetary Basis (Exhibit 5)	\$ 53,530,423
Accounts payable and other accruals	1,064,336
Transfers to component unit are expenditures for financial reporting purposes. Transfer amount is reduced by amount of debt service on debt issued "on behalf" of the School Board component unit	32,388,810
Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes	<u>6,627,106</u>
Total Expenditures GAAP Basis (Exhibit 4)	<u><u>\$ 93,610,675</u></u>

Other Financing Sources (Uses)

Total Other Financing Sources and Uses Budgetary Basis (Exhibit 5)	\$ (39,015,916)
Transfers to component units are expenditures for financial reporting purposes	<u>39,015,916</u>
Total Other Financing Sources and Uses GAAP Basis (Exhibit 4)	<u><u>\$ -</u></u>

COUNTY OF BEDFORD, VIRGINIA

**Statement of Net Position
Proprietary Funds
June 30, 2014**

	Business-Type Activities – Enterprise Funds		
	Nursing Home	Solid Waste	Total
ASSETS			
Current assets:			
Cash, cash equivalents, and investments	\$ 2,839,647	\$ 6,049,780	\$ 8,889,427
Receivables, net	316,472	105,545	422,017
Due from other funds	-	121,197	121,197
Prepays	35,000	8,582	43,582
Total current assets	<u>3,191,119</u>	<u>6,285,104</u>	<u>9,476,223</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	65,741	-	65,741
Capital assets, net	4,768,808	7,871,819	12,640,627
Total noncurrent assets	<u>4,834,549</u>	<u>7,871,819</u>	<u>12,706,368</u>
Total assets	<u>8,025,668</u>	<u>14,156,923</u>	<u>22,182,591</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	49,679	107,765	157,444
Accrued payroll and related liabilities	163,719	36,847	200,566
Assets held in agency capacity	65,741	-	65,741
Compensated absences	156,652	49,689	206,341
Capital lease obligations	-	123,411	123,411
Landfill closure/postclosure	-	135,024	135,024
Total current liabilities	<u>435,791</u>	<u>452,736</u>	<u>888,527</u>
Noncurrent liabilities:			
Compensated absences	-	3,704	3,704
Other post-employment benefits	40,831	13,500	54,331
Capital lease obligations	-	52,708	52,708
Landfill closure/postclosure	-	5,898,978	5,898,978
Total noncurrent liabilities	<u>40,831</u>	<u>5,968,890</u>	<u>6,009,721</u>
Total liabilities	<u>476,622</u>	<u>6,421,626</u>	<u>6,898,248</u>
NET POSITION			
Net investment in capital assets	4,768,808	7,695,700	12,464,508
Unrestricted	2,780,238	39,597	2,819,835
Total net position	<u>\$ 7,549,046</u>	<u>\$ 7,735,297</u>	<u>\$ 15,284,343</u>

COUNTY OF BEDFORD, VIRGINIA

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities – Enterprise Funds		
	Nursing Home	Solid Waste	Total
Operating Revenues			
Charges for services	\$ 5,645,133	\$ 2,084,227	\$ 7,729,360
Other	12,777	385,170	397,947
Total Operating Revenues	<u>5,657,910</u>	<u>2,469,397</u>	<u>8,127,307</u>
Operating Expenses			
Personal services	2,881,161	567,160	3,448,321
Employee benefits	893,282	212,485	1,105,767
Purchased services	248,236	594,297	842,533
Continuous charges	488,269	573,808	1,062,077
Supplies and materials	675,352	278,812	954,164
Equipment, property, and improvements	8,517	61,943	70,460
Landfill closure/postclosure	-	76,910	76,910
Depreciation	296,477	1,082,483	1,378,960
Total Operating Expenses	<u>5,491,294</u>	<u>3,447,898</u>	<u>8,939,192</u>
Operating income (loss)	<u>166,616</u>	<u>(978,501)</u>	<u>(811,885)</u>
Non-Operating Revenues (Expenses)			
Interest income	7,345	34,726	42,071
Interest expense	-	(8,436)	(8,436)
Gain on disposal of capital assets	-	6,484	6,484
Total Non-Operating Revenues (Expenses)	<u>7,345</u>	<u>32,774</u>	<u>40,119</u>
Income (loss) before transfers	173,961	(945,727)	(771,766)
Transfers out	<u>(28,420)</u>	<u>(6,785)</u>	<u>(35,205)</u>
Change in Net Position	145,541	(952,512)	(806,971)
Net Position, beginning	<u>7,403,505</u>	<u>8,687,809</u>	<u>16,091,314</u>
Net Position, ending	<u><u>\$ 7,549,046</u></u>	<u><u>\$ 7,735,297</u></u>	<u><u>\$ 15,284,343</u></u>

COUNTY OF BEDFORD, VIRGINIA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Nursing Home	Solid Waste	Total
Operating Activities			
Receipts from customers	\$ 5,647,040	\$ 2,068,675	\$ 7,715,715
Other cash receipts	60,454	376,536	436,990
Payments to employees	(2,848,718)	(557,218)	(3,405,936)
Payments for employee benefits	(849,150)	(197,908)	(1,047,058)
Payments to suppliers	(1,455,045)	(1,667,635)	(3,122,680)
Net Cash Provided by Operating Activities	<u>554,581</u>	<u>22,450</u>	<u>577,031</u>
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(220,334)	(496,518)	(716,852)
Principal paid on debt	-	(119,172)	(119,172)
Interest paid on debt	-	(8,436)	(8,436)
Proceeds from sales of capital assets	-	6,484	6,484
Net Cash Used in Capital and Related Financing Activities	<u>(220,334)</u>	<u>(617,642)</u>	<u>(837,976)</u>
Investing Activities			
Interest received	<u>7,345</u>	<u>34,725</u>	<u>42,070</u>
Net Increase (Decrease) in Cash and Cash Equivalents	341,592	(560,467)	(218,875)
Cash and Cash Equivalents Beginning of Year	<u>2,563,796</u>	<u>6,610,247</u>	<u>9,174,043</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 2,905,388</u></u>	<u><u>\$ 6,049,780</u></u>	<u><u>\$ 8,955,168</u></u>
Reconciliation to Exhibit 6			
Cash and Cash Equivalents	\$ 2,839,647	\$ 6,049,780	\$ 8,889,427
Restricted Cash and Cash Equivalents	<u>65,741</u>	<u>-</u>	<u>65,741</u>
	<u><u>\$ 2,905,388</u></u>	<u><u>\$ 6,049,780</u></u>	<u><u>\$ 8,955,168</u></u>

(Continued)

The Notes to Financial Statements
are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Nursing Home</u>	<u>Solid Waste</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 166,616	\$ (978,501)	\$ (811,885)
Adjustments Not Affecting Cash			
Depreciation	296,477	1,082,483	1,378,960
Landfill closure/postclosure	-	76,910	76,910
Transfer of capital assets	(28,420)	(6,785)	(35,205)
(Increase) Decrease in Assets			
Accounts receivable	5,239	(20,285)	(15,046)
Due from other funds	-	(5,040)	(5,040)
Prepays	2,908	119	3,027
Increase (Decrease) in Liabilities			
Accounts payable and accrued expenses	(9,585)	(150,849)	(160,434)
Accrued payroll and related liabilities	45,411	15,286	60,697
Compensated absences	30,390	6,112	36,502
Other post-employment benefits	(2,132)	3,000	868
Assets held in agency capacity	47,677	-	47,677
Net Cash Provided by Operating Activities	<u>\$ 554,581</u>	<u>\$ 22,450</u>	<u>\$ 577,031</u>

COUNTY OF BEDFORD, VIRGINIA

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension Trust	
	Fire and Rescue Pension Trust Length of Service Award Program Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 593,485
Cash in custody of others	1,473,225	-
Security deposits	-	900
Receivables, net	-	1,676
Total assets	<u>\$ 1,473,225</u>	<u>\$ 596,061</u>
LIABILITIES		
Accounts payable	\$ -	\$ 4,020
Accrued payroll and related liabilities	-	2,655
Amounts held for clients/others	-	589,386
Total liabilities	<u>-</u>	<u>596,061</u>
NET POSITION		
Held in trust for pension benefits	<u>1,473,225</u>	<u>-</u>
Total liabilities and net position	<u>\$ 1,473,225</u>	<u>\$ 596,061</u>

COUNTY OF BEDFORD, VIRGINIA

**Statement of Changes in Fiduciary Net Position
Pension Trust Fund
For the Year Ended June 30, 2014**

	Fire and Rescue Pension Trust Length of Service Award Program Fund
Additions	
Employer contributions	\$ 236,878
Investment income	44,244
Total additions	<u>281,122</u>
Deductions	
Administrative fees	3,224
Annuities	<u>130,240</u>
Total deductions	<u>133,464</u>
Change in net position	147,658
Net position, beginning	<u>1,325,567</u>
Net position, ending	<u><u>\$ 1,473,225</u></u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting and reporting policies are described below.

A. Reporting Entity

The County's financial reporting entity is defined and its financial statements are presented in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These statements define the distinction between the County as a primary government and its related entities.

The financial reporting entity consists of the primary government and its blended and discretely presented component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board.

A blended component unit is an entity, that while legally separate, is in substance, part of the County's operations, and so its financial information is combined with the financial statements of the County. The County can impose its will over this entity and is financially accountable for it.

The primary government may also be financially accountable if the component unit is fiscally dependent on the primary government regardless of whether the component unit has a separately elected governing board.

The Bedford County Broadband Authority is a blended component unit of the County and the Bedford County School Board, Bedford Public Library System and Bedford County Economic Development Authority are reported as separate and discretely presented component units in the County's comprehensive annual financial report. The primary government is hereafter referred to as the "County" and the reporting entity, which includes the County and its component units, is hereafter referred to as the "Reporting Entity."

As required by GAAP, the accompanying basic financial statements include all activities of the County. The component unit columns in the basic financial statements include the financial data of the County's three discretely presented component units.

The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. All of the component units have a June 30 year end. A description of the blended and discretely presented component units follows:

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Blended Component Unit:

Bedford County Broadband Authority

The Bedford County Broadband Authority (the “Authority”) is organized to bring reliable, affordable broadband internet services to all parts of the County through partnerships with private service providers. The members of the County Board of Supervisors also serve as members of the Board of the Authority.

Discretely Presented Component Units:

Bedford County School Board

The Bedford County School Board (the “School Board”) is responsible for elementary and secondary education in the County. The School Board is comprised of seven elected members. The School Board is fiscally dependent upon the County because the Board of Supervisors approves the School Board’s annual budget, levies the necessary taxes to finance the School Division’s operations and approves the borrowing of the money and the issuance of bonds. The School Board does not issue separate financial statements.

Bedford Public Library System

The Bedford Public Library System (the “Library”) is a regional library system created by an agreement between the County of Bedford and the City of Bedford (now the Town of Bedford). The Library is governed by a board consisting of seven members appointed by the County Board of Supervisors. The Library is fiscally dependent on the County and the County provides the major portion of the Library’s annual revenue. Complete financial statements may be obtained by writing the Library at 321 North Bridge St., Bedford, Virginia 24523.

Bedford County Economic Development Authority

The Bedford County Economic Development Authority (the “EDA”) was created to promote industry and develop trade by encouraging enterprises to locate and remain in Virginia. The EDA is governed by seven directors appointed by the Board and the County is financially accountable for the EDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. Complete financial statements may be obtained by writing the EDA at 122 East Main St., Suite 202, Bedford, Virginia 24523.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary* government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds 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. Agency funds are custodial in nature and do not involve the measurement of results of operations. In agency fund financial statements, assets equal liabilities, and are reported using the accrual basis of accounting.

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows and receivables when billed, net of allowances of uncollectible amounts. Real and personal property taxes recorded at June 30, and received within the first 60 days after year end are included in tax revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months preceding receipt by the County. Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State, and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this rule include: (1) accumulated unpaid vacation leave, sick leave, and other employee amounts, which are recorded as compensated absences, and are recognized when payable, and (2) principal and interest payments on general long-term debt, both of which are recognized when paid.

The County reports the following major governmental fund:

General Fund – the County’s primary operating fund. It accounts for all financial resources of the general government.

Proprietary Funds are used to account for the County’s ongoing organizations and activities similar to those often found in the private sector. The County reports the following major proprietary funds:

Nursing Home Fund – accounts for the activities of the nursing home operations.

Solid Waste Fund – accounts for the activities of the solid waste operations.

Additionally, the County reports the following fund category:

Fiduciary Funds – Accounts for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, or other governmental units. The Pension Trust Fund accounts for assets held in trust by the County for volunteers and beneficiaries of its Fire and Rescue Length of Service Award Program. Agency funds include the Tri-County Relicensing Committee, Tri-County Lake Administrative Commission, Bedford Community Coalition, Bedford Wine Trail, Special Welfare, Road Escrow, Land Disturbing Bonds, and Asset Seizure Funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s proprietary funds 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 charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs, and other revenues not meeting the definition of program revenues.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Operating revenues and expenses in the proprietary funds result from providing goods and services in connection with their principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

The solid waste tipping fee includes both capital recovery and operating components. The capital recovery charge is used to finance current and future capital improvements, whereas the operating charge recovers the cost of operations.

D. Assets, Liabilities, and Net Position or Fund Equity

1. Deposits and Investments

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 are reported at fair value based on quoted market prices.

2. Receivables and Payables

Accounts and property taxes receivable are shown net of an allowance for uncollectibles. The allowance is calculated using historical collection data, specific account analysis, and management's judgment. The allowance is comprised of the following:

General Fund – Property tax receivables	\$ 2,848,389
General Fund – EMS transport fees	<u>96,004</u>
	<u><u>\$ 2,944,393</u></u>

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. Real estate is assessed at 100 percent of fair market value and reassessed every four years as of January 1. On January 1, the real estate taxes become an enforceable lien on the property and payment is due in two equal installments on June 5 and December 5. The real estate taxes reported as current year revenue are the second installment (December 5) of the levy on assessed value at January 1, 2013, and the first installment (June 5) of the levy on assessed value at January 1, 2014. The installment due on June 5, 2014 is shown as an assignment of fund balance as it is used to fund the subsequent year's budget. The installment due on December 5, 2014 is included as deferred inflows since these taxes are restricted for use until fiscal year 2015.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

2. Receivables and Payables (Continued)

The County levies personal property taxes on motor vehicles, boats, mobile homes, aircraft, and other tangible business property. Personal property taxes are based on the estimated market value as of January 1, with payment due the following December 5. The tax on a vehicle may be prorated for the length of time the vehicle is kept in the County.

The 1998 Virginia General Assembly enacted legislation providing property tax relief to citizens. The Personal Property Tax Relief Act (PPTRA) was intended to be phased in over five years on the first \$20,000 of value for motor vehicles not used for business purposes. In 2005 the General Assembly capped PPTRA relief at \$950 million statewide beginning with the 2006 tax year. The County receives \$6,086,051 annually. County 2013 tax bills, payable in fiscal year 2014, included a fifty-four percent reduction on qualifying vehicles. All PPTRA payments received are classified as noncategorical State aid in the general fund.

3. Inventories and Prepaids

Inventory is valued using the first-in/first-out (FIFO) method except for commodities received from the Federal Government, which are valued at market. Inventories of governmental funds and component units consist of expendable supplies held for consumption or items purchased for resale. Reported inventories for governmental funds and component units are reflected as non-spendable fund balance as inventories do not constitute expendable resources.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaids in both government-wide and fund financial statements. Prepaids are also reflected as non-spendable fund balance.

4. Restricted Cash, Cash Equivalents, and Investments

Restricted cash, cash equivalents, and investments include debt lease proceeds of \$18,033, and Nursing Home residents funds of \$65,741. Restricted cash, cash equivalents, and investments of the component unit – School Board consists of funds held for debt service reserves. Restricted cash, cash equivalents, and investments of the component unit – Library consists of donations restricted as to purpose or time by donors.

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as items with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

5. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10 – 50
Improvements	10 – 40
Machinery and equipment	3 – 25

Depreciation is charged as an expense in the statement of activities and accumulated depreciation is reported in the statement of net position. The Proprietary Funds also record depreciation expense and accumulated depreciation and capitalize interest, when material in amount. No significant construction projects were in progress during the year, therefore no interest was capitalized.

6. Compensated Absences

County, School Board, and Library policies permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits (compensated absences), subject to certain limitations. All such pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated based on historical leave usage. A liability for these amounts is reported in governmental funds only to the extent the liability has matured, for example, as a result of employee resignations or retirements.

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two types of items. One item occurs only under the modified accrual basis of accounting. The item, unavailable revenue, is reported in the governmental fund balance sheet. The governmental fund reports unavailable revenue from property taxes and other receivables not collected within 60 days of year end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Costs associated with the issuance of debt, other than certain bond insurances, are expensed when debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Cost associated with the issuance of debt are expensed in the period debt is issued.

9. Net Position/Fund Equity

Net position is comprised of three categories: net investment in capital assets; restricted; and unrestricted. The first category reflects the portion of net position associated with capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the unspent bond proceeds and any associated unamortized items. Restricted net position is assets whose use is subject to constraints that are either externally imposed by grantors, creditors, or other external parties, or imposed by law. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

10. School Board Debt/Capital Assets Reporting

The County issues debt to finance the construction of school facilities because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* of the primary government, while the capital assets are reported in *net investment in capital assets* of the School Board.

Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$56,104,578 is reclassified as shown on Exhibit 1 to present the total reporting entity column.

11. Estimates

Management uses estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent liabilities; and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

12. Revenue Recognition – Nursing Home

The Nursing Home is a qualified provider under the Medicaid program. Reimbursements for routine care to program patients are received monthly from the Virginia Medical Assistance Program and are calculated on a prospective per-diem basis. Cost settlement reports are filed annually, at which time the prospective reimbursement rates are adjusted. The cost settlement results from the pro-rata apportionment of allowable patient care costs to the total program patient costs.

Patient service revenue is recorded at the Nursing Home's established rates on a per-diem basis for both private pay and Medicaid patients. For patients eligible for Medicaid, a contractual adjustment is made to arrive at net patient service revenue. Payments received under reimbursement agreements with third-party payors are subject to audit or review and retroactive adjustment. Provisions for estimated third-party settlements from Medicaid are provided in the period the related services are rendered. Differences between the amounts provided for and subsequent settlements are reported in operations in the year of settlement.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- ◆ Prior to March 30, the County Administrator submits to the Board a proposed operating and capital budget for the County and School Board for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the related financing.
- ◆ Public hearings are conducted to obtain citizen comments.
- ◆ Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- ◆ The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and at the category level for the School Funds. The County Administrator is authorized to transfer budgeted amounts within departments. Only the Board can revise the appropriation for each department or school category.
- ◆ Formal budgetary integration is employed as a management control device during the year.
- ◆ All budgets are adopted on a cash basis.
- ◆ Appropriations lapse on June 30 except for capital projects which carry unexpended balances into the following year on a continuing appropriation basis.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Significant Transactions of the County and Discretely Presented Component Unit – School Board

Certain transactions between the County and the School Board are explained here to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The School Board can neither levy taxes nor incur bonded debt under Virginia law. Therefore, the County issues bonded debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the County’s governmental activities. The proceeds from the debt issued “on behalf” of the School Board are recorded in the County’s General Fund. Funds in an amount equal to expenditures are provided to the School Board to pay for capital expenditures. Unspent funds at year end are reported as deposits and investments of the County’s General Fund.
2. The County’s budgeting process provides funding to the School Board for debt service payments. The School Board is responsible for appropriating debt service payments for debt issued by the County on its behalf. These transactions are reported as transfers on the County’s Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual and as transfers and debt service payments on the School Board’s Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual. GAAP requires that debt issued “on behalf” of the School Board and related debt service payments be reported by the primary government for financial reporting purposes. Therefore, debt service payments for school bonded debt are reported as part of the primary government for financial reporting purposes in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.
3. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit	\$ 99,619,920
Principal and other debt service expenditures included in primary government	<u>6,627,106</u>
Total expenditures for school activities	<u><u>\$ 106,247,026</u></u>

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 amount from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investment Policy

In accordance with the *Code of Virginia* and other applicable law, including regulations, the County’s investment policy (Policy) permits investments in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or its political subdivisions, repurchase agreements, certificates of deposit, bankers’ acceptances, commercial paper, corporate notes and bonds, the Virginia State Non-Arbitrage Program (SNAP), and the State Treasurer’s Local Government Investment Pool (LGIP).

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4. Deposits and Investments (Continued)

At year end, the County had the following deposits and investments:

Type	Fair Value	Credit Rating	Percent of Portfolio
Demand deposits	\$ 62,931,495	NA	98.28%
Virginia LGIP	1,086,182	AAAm	1.70%
Virginia SNAP	18,033	AAAm	0.03%
Total deposits and investments	<u>\$ 64,035,710</u>		<u>100.00%</u>

Credit Risk

The Policy requires that obligations of the Commonwealth of Virginia and its political subdivisions have a debt rating of at least AA by Standard & Poor's (S&P) or equivalent by Moody's Investors Service (Moody's). Repurchase agreements are collateralized by Treasury or Agency obligations of which the market value is at least 102% of the purchase price of the agreement. Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P and P-1 by Moody's. Corporate notes and bonds have a rating of at least AA by S&P and Aa by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.

Concentration of Credit Risk

The Policy also establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The Policy provides that a maximum of 35% of the portfolio may be invested in commercial paper, with a limit of 5.00% of the portfolio invested in any one issuer.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy requires that at least 50% of the investment portfolio mature in less than one year. At year end, more than 82% of the portfolio will mature in less than one year.

The above items are reflected in the statements as follows:

	Primary Government	School Board Component Unit
Deposits and investments:		
Cash on hand	\$ 2,700	\$ -
Deposits	64,033,010	5,316,173
	<u>\$ 64,035,710</u>	<u>\$ 5,316,173</u>
Statement of net position:		
Cash and cash equivalents	\$ 63,951,936	\$ 5,316,167
Restricted, cash equivalents, and investments	83,774	6
	<u>\$ 64,035,710</u>	<u>\$ 5,316,173</u>

All investments were in compliance with the Policy.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Receivables

Receivables are as follows:

	Primary Government				Component Unit
	Governmental	Business-Type			
	Activities	Activities			
	General Fund	Nursing Home	Solid Waste	Total	
Receivables					
Taxes	\$ 22,421,323	\$ -	\$ -	\$ -	\$ -
Accounts	980,237	316,472	105,545	422,017	366,198
Accounts receivable - long-term	380,239	-	-	-	-
Intergovernmental	3,097,520	-	-	-	3,196,309
Gross receivables	26,879,319	316,472	105,545	422,017	3,562,507
Less: allowance for uncollectibles	(2,944,393)	-	-	-	-
Net total receivables	\$ 23,934,926	\$ 316,472	\$ 105,545	\$ 422,017	\$ 3,562,507

Taxes receivable represent the current and past four years of uncollected levies for personal property taxes and the current and past nineteen years for real property. The allowance for estimated uncollectible taxes receivable is 12.70% of the total taxes receivable and is based on historical collection rates.

The Nursing Home mix of receivables from residents and third-party payers is Medicaid (91.17%) and private pay (8.83%). All year end Nursing Home receivables are deemed collectible.

Unavailable/Unearned Revenue

The General fund reports unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The General fund also defers revenue recognition in connection with resources that have been received, but not yet earned. On the government-wide statements, property taxes intended for a future period are considered unearned. The various components of unavailable and unearned revenue are as follows:

	Deferred Inflows	
	Unavailable/ Unearned	Unearned
Property taxes	\$21,973,315	\$ 20,733,895
Other receivables not available to liquidate liabilities of current period	475,462	-
Total unavailable/unearned revenue	<u>\$22,448,777</u>	<u>\$ 20,733,895</u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Capital Assets

Capital asset activity was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 3,759,045	\$ 266,225	\$ -	\$ 4,025,270
Construction in progress	682,054	291,525	326,062	647,517
Total capital assets, not depreciated	4,441,099	557,750	326,062	4,672,787
Capital assets, depreciated:				
Buildings and improvements	41,128,632	1,689,668	306,461	42,511,839
Machinery and equipment	15,818,682	1,629,724	769,091	16,679,315
Total capital assets, depreciated	56,947,314	3,319,392	1,075,552	59,191,154
Less accumulated depreciation for:				
Buildings and improvements	16,361,634	1,842,977	306,046	17,898,565
Machinery and equipment	10,195,884	1,263,954	763,109	10,696,729
Total accumulated depreciation	26,557,518	3,106,931	1,069,155	28,595,294
Net capital assets, depreciated	30,389,796	212,461	6,397	30,595,860
Governmental activities net capital assets	<u>\$ 34,830,895</u>	<u>\$ 770,211</u>	<u>\$ 332,459</u>	<u>\$ 35,268,647</u>
Business-Type Activities				
Capital assets, not depreciated:				
Land	\$ 850,964	\$ -	\$ -	\$ 850,964
Construction in progress	14,688	-	14,688	-
Total capital assets, not depreciated	865,652	-	14,688	850,964
Capital assets, depreciated:				
Buildings and improvements	18,500,044	301,727	-	18,801,771
Machinery and equipment	4,148,363	464,576	70,330	4,542,609
Total capital assets, depreciated	22,648,407	766,303	70,330	23,344,380
Less accumulated depreciation for:				
Buildings and improvements	7,656,554	1,090,098	-	8,746,652
Machinery and equipment	2,549,750	328,645	70,330	2,808,065
Total accumulated depreciation	10,206,304	1,418,743	70,330	11,554,717
Net capital assets, depreciated	12,442,103	(652,440)	-	11,789,663
Business-type activities net capital assets	<u>\$ 13,307,755</u>	<u>\$ (652,440)</u>	<u>\$ 14,688</u>	<u>\$ 12,640,627</u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 6. Capital Assets (Continued)

Component Unit – School Board	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 1,584,510	\$ 503,327	\$ -	\$ 2,087,837
Construction in progress	1,107,573	994,010	1,601,721	499,862
Total capital assets, not depreciated	2,692,083	1,497,337	1,601,721	2,587,699
Capital assets, depreciated:				
Buildings and improvements	193,165,160	7,203,096	-	200,368,256
Machinery and equipment	19,926,904	1,841,486	1,055,983	20,712,407
Total capital assets, depreciated	213,092,064	9,044,582	1,055,983	221,080,663
Less accumulated depreciation for:				
Buildings and improvements	105,583,983	8,873,581	-	114,457,564
Machinery and equipment	12,677,192	1,338,790	1,015,111	13,000,871
Total accumulated depreciation	118,261,175	10,212,371	1,015,111	127,458,435
Net capital assets, depreciated	94,830,889	(1,167,789)	40,872	93,622,228
School Board net capital assets	\$ 97,522,972	\$ 329,548	\$ 1,642,593	\$ 96,209,927

Depreciation expense was charged to functions/programs as follows:

Primary Government – Governmental Activities

General government administration	\$ 184,031
Judicial administration	362,537
Public safety	1,267,828
Public works	191,177
Health and welfare	162,936
Parks, recreation, and cultural	314,319
Community development	71,736
Total governmental activities	<u>\$ 2,554,564</u>

Primary Government – Business-Type Activities

Nursing home	\$ 296,477
Solid waste	1,082,483
Total business-type activities	<u>\$ 1,378,960</u>
Component Unit – School Board	<u>\$ 5,650,235</u>

The total increase in accumulated depreciation reflected above includes accumulated depreciation of items transferred from other funds of \$34,676 for governmental activities and \$39,783 for business-type activities. Additional, the increase in accumulated depreciation for governmental activities includes accumulated depreciation of \$517,691 related to assets received as a result of the reversion of the City of Bedford to Town status, see Note 19.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

The total increase in accumulated depreciation reflected above for the School Board includes \$4,562,136 of accumulated depreciation related to assets received as a result of the reversion of the City of Bedford to Town status, see Note 19.

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Primary Government					
Governmental activities:					
General obligation and lease revenue bonds					
County projects	\$ 10,822,000	\$ -	\$ 1,730,000	\$ 9,092,000	\$ 1,745,000
School projects	51,482,770	-	4,162,408	47,320,362	3,948,314
Deferred amounts:					
Add bond premium	5,005,530	-	318,418	4,687,112	318,418
Total general obligation and revenue bonds	67,310,300	-	6,210,826	61,099,474	6,011,732
Capital Leases:					
County projects	650,042	-	14,220	635,822	28,846
School projects	7,349,958	-	160,780	7,189,178	326,154
Compensated absences	1,763,951	1,314,944	1,289,343	1,789,552	1,308,056
Other post-employment benefits	238,899	52,000	86,049	204,850	-
Total long-term liabilities	<u>\$ 77,313,150</u>	<u>\$ 1,366,944</u>	<u>\$ 7,761,218</u>	<u>\$ 70,918,876</u>	<u>\$ 7,674,788</u>
Business-type activities:					
Capital leases	\$ 295,291	\$ -	\$ 119,172	\$ 176,119	\$ 123,411
Compensated absences	173,543	309,299	272,797	210,045	206,341
Other post-employment benefits	53,463	10,000	9,132	54,331	-
Landfill closure/postclosure costs	5,957,092	76,910	-	6,034,002	135,024
Total long-term liabilities	<u>\$ 6,479,389</u>	<u>\$ 396,209</u>	<u>\$ 401,101</u>	<u>\$ 6,474,497</u>	<u>\$ 464,776</u>
Component Unit					
School Board					
Capital leases	\$ 1,459,419	\$ 1,095,679	\$ 831,788	\$ 1,723,310	\$ 597,816
Compensated absences	1,642,616	1,060,701	996,703	1,706,614	1,035,536
Other post-employment benefits	1,049,810	543,000	447,201	1,145,609	-
Total long-term liabilities	<u>\$ 4,151,845</u>	<u>\$ 2,699,380</u>	<u>\$ 2,275,692</u>	<u>\$ 4,575,533</u>	<u>\$ 1,633,352</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Long-Term Liabilities (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Primary Government						Component Unit	
	Governmental Activities			Business-Type Activities			School Board	
	General Obligation and Lease Revenue Bonds		Capital Leases		Capital Leases		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 5,693,314	\$ 2,467,899	\$ 355,000	\$ 205,044	\$ 123,411	\$ 4,197	\$ 597,816	\$ 45,121
2016	5,330,879	2,207,752	376,400	195,570	52,708	462	374,812	26,870
2017	5,230,217	1,982,632	410,939	185,342	-	-	272,289	16,117
2018	4,996,020	1,730,660	441,147	174,245	-	-	156,410	9,281
2019	4,358,380	1,529,746	464,843	162,342	-	-	159,444	6,246
2020-2024	13,838,552	5,254,411	2,724,958	610,387	-	-	162,539	3,153
2025-2029	12,015,000	2,393,760	3,051,713	207,909	-	-	-	-
2030-2031	4,950,000	202,543	-	-	-	-	-	-
	<u>\$ 56,412,362</u>	<u>\$ 17,769,403</u>	<u>\$ 7,825,000</u>	<u>\$ 1,740,839</u>	<u>\$ 176,119</u>	<u>\$ 4,659</u>	<u>\$ 1,723,310</u>	<u>\$ 106,788</u>

The County's outstanding debt consists of General Obligation Bonds (including Virginia Public School Authority Bonds), Lease Revenue Bonds, and capitalized leases. The debt was issued to provide funds for the acquisition, construction, and improvement of major capital facilities for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. Lease revenue bonds and capital leases are backed by the general credit and faith of the County. Governmental activities compensated absences are generally liquidated by the general fund.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Long-Term Liabilities (Continued)

Details of long-term liabilities are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
PRIMARY GOVERNMENT					
Governmental Activities:					
General Obligation Bonds					
County:					
General obligation refunding bonds	1.85%	2005	2017	\$ 3,750,000	\$ 1,555,000
VPSA Bonds	3.05-5.05	2013	2021	187,000	187,000
Total governmental activities-County					<u>1,742,000</u>
Schools:					
VPSA Bonds	6.10-6.60	1994	2014	3,000,000	150,000
VPSA Bonds	5.10-6.10	1995	2015	4,000,000	400,000
VPSA Bonds	4.60-6.10	1996	2016	6,000,000	900,000
VPSA Bonds	4.35-5.35	1997	2017	4,700,000	1,370,000
VPSA Bonds	3.60-5.10	1998	2018	5,200,000	1,300,000
VPSA Bonds	5.10-6.10	1999	2019	12,030,340	4,129,088
VPSA Bonds	5.10-6.35	2000	2020	4,200,000	2,005,000
VPSA Bonds	4.98-5.85	2000	2020	6,285,526	2,453,274
VPSA Bonds	4.10-5.10	2008	2029	5,420,000	4,050,000
VPSA Bonds	3.05-5.05	2013	2031	23,788,000	23,788,000
Total general obligation bonds-Schools					<u>40,545,362</u>
Total general obligation bonds					<u>\$ 42,287,362</u>
Lease Revenue Bonds					
County:					
Bedford County EDA-Courthouse & Social Services Refunding	2.05%	2005	2020	\$ 7,875,000	\$ 5,305,000
Bedford County EDA-Group Homes	4.00-5.00	2006	2021	\$ 3,435,000	1,720,000
Bedford County EDA-Nursing Home Refunding	4.00-5.00	2006	2015	2,490,000	325,000
Total lease revenue bonds-County					<u>7,350,000</u>
Schools:					
Bedford County EDA-Jefferson Forest High School	4.00-5.25	2006	2031	38,710,000	6,775,000
Total lease revenue bonds					<u>\$ 14,125,000</u>
Capital Leases					
Capital One-Energy Conservation Measures					
County	2.65%	2012	2029	\$ 650,042	\$ 635,822
Schools	2.65	2012	2029	7,349,958	7,189,178
Total capital leases					<u>\$ 7,825,000</u>
Business-Type Activities:					
Capital Leases					
Caterpillar-Solid Waste equipment	3.50	2010	2015	584,550	176,119
Total business-type activities					<u>\$ 176,119</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 7. Long-Term Liabilities (Continued)

<u>Purpose</u>		<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
COMPONENT UNIT						
School Board						
First Citizens Bank	18 buses and a wrecker	3.35	2008	2014	\$ 1,533,155	\$ 233,435
First Citizens Bank	9 buses	3.35	2009	2015	711,945	214,417
Daimler Chrysler Truck Financial	9 buses	3.20	2010	2016	782,073	345,470
SunTrust	13 buses	1.94	2013	2019	1,095,679	929,988
Total capital leases-School Board						<u>\$ 1,723,310</u>

The County leases equipment to aid in the operation of its solid waste fund under a capital lease expiring in 2015. The Schools lease buses under various capital leases expiring at various dates through 2016.

The assets acquired through capital leases are as follows:

	<u>Primary Government Business-Type Activities</u>	<u>Component Unit School Board</u>
Machinery and equipment	\$ 584,550	\$ 4,122,852
Less: accumulated depreciation	209,464	1,094,160
Net	<u>\$ 375,086</u>	<u>\$ 3,028,692</u>

Note 8. Interfund Receivables and Payables and Transfers

The \$121,197 due from the General Fund to the Solid Waste Fund represents revenues collected in the General Fund to finance solid waste programs in accordance with budgetary authorization.

Note 9. Pension Plan

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer 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. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has a different eligibility and benefit structure as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>About VRS Plan 1 VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About VRS Plan 2 VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>Eligible Members Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as VRS Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as VRS Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		<p>Creditable Service (Continued) <u>Defined Contributions</u> <u>Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as VRS Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions</u> <u>Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.</p>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Continued) <u>Defined Contributions</u> <u>Component: (Continued)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under VRS Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1</p> <p><u>Defined Contribution</u> <u>Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier The retirement multiplier is 1%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> Same as VRS Plan 2. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as VRS Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) Eligibility: Same as VRS Plan 1</p> <p>Exceptions to COLA Effective Dates: Same as VRS Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) Eligibility: Same as VRS Plan 1 and VRS Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as VRS Plan 1 and VRS Plan 2.</p>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><u>Exceptions to COLA Effective Dates: (Continued)</u></p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p>

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		Disability Coverage (Continued) Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as VRS Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as VRS Plan 1. <u>Defined Contribution Component:</u> Not applicable.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 9. Pension Plan (Continued)

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2014 was 10.19% of the annual covered payroll. The School Board's contribution rates for fiscal year 2014 were 8.29% for nonprofessional employees and 11.60% for professional employees.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the County's annual pension cost of \$2,615,299 for VRS was equal to the required and actual contributions, and the School Board's non-professional groups annual pension cost of \$763,485 was also equal to the required and actual contribution.

**Three-Year Trend Information
for Bedford County**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County			
June 30, 2014	\$ 2,615,299	100%	\$ -
June 30, 2013	2,620,840	100%	-
June 30, 2012	2,177,910	100%	-
School Board Non-Professional			
June 30, 2014	\$ 763,485	100%	\$ -
June 30, 2013	704,243	100%	-
June 30, 2012	591,327	100%	-

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 9. Pension Plan (Continued)

Annual Pension Cost (Continued)

The actuarial value of the County assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability (UAAL) is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the UAAL was 30 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 81.48% funded. The actuarial accrued liability for benefits was \$55,835,035, and the actuarial value of assets was \$45,495,171 resulting in an UAAL of \$10,339,864. The covered payroll (annual payroll of active employees covered by the plan) was \$17,099,585, and the ratio of the UAAL to the covered payroll was 60.47%.

As of June 30, 2013, the most recent actuarial valuation date for the School's nonprofessional employees, the plan was 89.15% funded. The actuarial accrued liability for benefits was \$18,611,294, and the actuarial value of assets was \$16,592,551, resulting in an UAAL of \$2,018,743. The covered payroll (annual payroll of active employees covered by the plan) was \$5,294,157, and the ratio of the UAAL to the covered payroll was 38.13%.

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

Note 10. Other Post-Employment Benefits (OPEB)

A. Plan Description

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

A retiree, eligible for post-employment medical coverage, is defined as a full-time employee who retires directly from the County or School Board who is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and School Board until the month the retiree turns 65. Retirees are responsible for the full cost of the plan.

The number of participants as of the most recent actuarial valuation date was as follows:

	<u>County</u>	<u>School Board</u>
Retirees currently receiving benefits	4	75
Active employees	378	1,109
Total	<u>382</u>	<u>1,184</u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Other Post-Employment Benefits (OPEB) (Continued)

B. Funding Policy

The County and School Board currently fund post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2014, neither the County nor the School Board designated any funding for the OPEB liability.

C. Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

The following table shows the details of the County and School Board's annual OPEB cost and the changes in the net OPEB obligation for the fiscal year ended June 30.

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 63,000	\$ 547,000
Interest on net OPEB obligation	12,000	42,000
Adjustment to annual required contribution	(13,000)	(46,000)
Annual OPEB cost	62,000	543,000
Contributions made	(95,182)	(447,201)
Increase (decrease) in net OPEB obligation	(33,182)	95,799
Net OPEB obligation-beginning of year	292,362	1,049,810
Net OPEB obligation-end of year	<u>\$ 259,180</u>	<u>\$ 1,145,609</u>

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County			
June 30, 2014	\$ 62,000	153.52%	\$ 259,180
June 30, 2013	57,052	0.00%	292,362
June 30, 2012	82,963	0.00%	235,310
School Board			
June 30, 2014	543,000	82.36%	1,145,609
June 30, 2013	520,000	110.50%	1,049,810
June 30, 2012	515,000	143.00%	1,104,543

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 10. Other Post-Employment Benefits (OPEB) (Continued)

D. Funded Status and Funding Progress

As of July 1, 2013, the County and School Board's most recent actuarial valuation date, the actuarial accrued liability for benefits was \$480,000 and \$5,148,000, all of which was unfunded. The County's covered payroll (annual payroll of active employees covered by the Plan) was \$17,099,585, and the ratio of the UAAL to the covered payroll was 2.81%. The School Board's covered payroll was \$54,490,895, and the ratio of the UAAL to the covered payroll was 9.45%. Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedules of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, the postretirement health costs are assumed to be earned ratably from the date of hire to the participant's assumed retirement age. The actuarial assumptions included a 4.00% discount rate, a 3.20% inflation rate, a 3.50% payroll increase, and an initial annual healthcare cost trend of 5.80% reduced gradually each year to the rate in 2045 of 5.20%. The unfunded actuarial accrued liability is being amortized as a percentage of pay over a closed period. The remaining amortization period at June 30, 2014 was 24 years.

Note 11. Length of Service Award Program

A. Plan Description

On July 1, 2006, the County adopted the Fire and Rescue Length of Service Awards Program for the Bedford County Fire and Rescue Association members to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan which is open to any volunteer over the age of sixteen. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. No separate financial report is issued for the plan.

As of June 30, 2014, the most recent actuarial valuation date, the program membership consisted of the following:

Active Participants	194
Terminated Vested Participants	71
Total	<u>265</u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 11. Length of Service Award Program (Continued)

B. Funding Policy

The plan is available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Benefits accrue at the rate of \$12 per month for each month of active service with a maximum of \$300 per month. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal-Frozen Initial Liability Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 4.75% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

C. Annual Program Cost

For the current year, the annual cost of \$236,878 equaled the required and actual contributions.

<u>Fiscal Year Ended</u>	<u>Annual Program Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Program Obligation</u>
June 30, 2014	\$ 236,878	100%	\$ -
June 30, 2013	232,518	100%	-
June 30, 2012	253,683	100%	-

The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At year end the plan had net assets available for benefits totaling \$1,476,928. Unfunded past service costs total \$270,710 and will be fully amortized in 3 years. The plan additions fund the cost of administering the plan.

D. Funding Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was funded 55.21%. The actuarial accrued liability for benefits was \$2,675,318 resulting in an UAAL of \$1,198,390.

The schedule of funding progress, presented as RSI following the Notes to Financial Statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 12. Landfill Closure and Postclosure Costs

Permit #30

The County stopped accepting waste at its old landfill site, permit #30, on October 8, 1993. In accordance with federal and state laws, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions for ten years after closure. The site was certified as closed by the Virginia Department of Environmental Quality (DEQ) on July 2, 1996. The cumulative amount of estimated postclosure care costs to date for this site, less amounts expended for such costs to date, totals \$1,429,443.

The presence of certain contaminants in the groundwater extends the monitoring period in excess of the initial requirement. The estimated liability is based on the DEQ continuing to accept the current remedy enacted as discussed below and documented in the Corrective Action Permit dated November 21, 2006. If groundwater conditions change significantly prompting DEQ to require a change to the current remedy the actual costs will likely increase. Also, actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances. This amount is included in the long-term liabilities of the primary government.

The County's current plan of remediation consists of existing engineering and institutional controls (closure, capping, and site access restriction) coupled with groundwater remediation by monitored natural attenuation. This remedy consists of conducting groundwater and surface water monitoring at wells and springs on the site. It is the opinion of the County and its external engineer, based upon data observed to date, that during the next ten (10) years, the groundwater contaminants will decrease to an acceptable level and the County will be released from requirements of corrective action, and will petition DEQ to suspend all postclosure care activities including groundwater and gas monitoring.

Permit #560

The County's active landfill site, permit #560, began accepting waste on October 9, 1993. State and federal laws and regulations require the County to place a final cover on this landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions for thirty (30) years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used, as of each balance sheet date. The \$4,604,559 reported as landfill closure and postclosure care liability as of June 30, 2014 represents the cumulative amount reported to date based on the use of approximately 68% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,146,150 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects its disposal area to reach capacity in 2022.

The County uses the financial test method for demonstrating assurance for postclosure care.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 13. Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies governmental fund balances as follows:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that have constraints placed on the use by external sources such as creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority – the Board. Formal Board action includes the annual adoption of the County’s Budget and Appropriation Resolutions, budget amendments appropriating funds and resources, and budget amendments to carry forward appropriations that were unexpended at fiscal year end.
- **Assigned** fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed. Fund balance may be assigned either through the encumbrance process as a result of normal purchasing activity or by the Board or an official delegated that authority.
- **Unassigned** fund balance is the positive fund balance within the General Fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents of contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

The General Fund reserve target is 10% of current year budgeted appropriations. For the purpose of determining if the target has been met, the unassigned fund balance is compared with the annual appropriations budget.

A schedule of the County fund balances is on the following page.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 13. Fund Balances (Continued)

	<u>General Fund</u>	<u>School Board</u>
Nonspendable:		
Inventories	\$ 59,616	\$ 109,795
Prepays	177,610	104,173
Long-term portion of loans/note receivable	380,239	-
Total nonspendable	<u>617,465</u>	<u>213,968</u>
Restricted for:		
Judicial administration	11,291	-
Public safety	271,197	-
Public works	18,030	-
Debt service	3	6
Other purposes	4,517	-
Total restricted	<u>305,038</u>	<u>6</u>
Committed to:		
Public works	259,096	-
Health self insurance	-	202,721
Education-operating	-	37,496
Education-nutrition	-	16,950
Education-textbooks	-	48
Education-maintenance projects	-	572,818
Capital projects	9,740,712	59,872
Total committed	<u>9,999,808</u>	<u>889,905</u>
Assigned to:		
Judicial administration	25,252	-
Public safety	1,713,880	-
Health and welfare	66,151	-
Education	203,696	-
Education-nutrition	-	1,598,175
Education-textbooks	-	1,156,415
Education-maintenance projects	-	191,690
Funding of subsequent year budget	20,182,043	-
Subsequent year appropriation of fund balance	496,048	-
Total assigned	<u>22,687,070</u>	<u>2,946,280</u>
Unassigned	<u>13,274,315</u>	<u>(322,767)</u>
Total fund balances	<u><u>\$ 46,883,696</u></u>	<u><u>\$ 3,727,392</u></u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 14. Risk Management

The risk management programs of the County and School Board are as follows:

Worker's Compensation

Worker's Compensation Insurance is provided through VaCorp for both the County and the School Division. Benefits are those afforded through the Commonwealth of Virginia as outlined in *Code of Virginia* §65.2-100. Premiums are based on covered payroll, job rates and claims experience. Total premiums paid for the current year were \$282,647 and \$323,745 for the County and School Division, respectively.

General Liability and Other

The County provides general liability and other insurance through VaCorp. General liability and business automobile have a \$2,000,000 limit. Boiler and machinery insurance has a \$50,000,000 limit and all other property insurance is covered as per the statement of values. Furthermore, public officials' liability insurance has a \$1,000,000 limit and line of duty coverage is provided pursuant to *Code of Virginia* §9.1-400. Total premiums for the current fiscal year were \$236,159.

The School Division provides general liability and other insurance through the VaCorp. General liability and business automobile have a \$5,000,000 limit. Boiler and machinery insurance has a \$50,000,000 limit and property insurance is covered as per the statement of values. Additional insurance policies for Virginia High School League sports and B-Team sports are provided through the Virginia High School League; insurance for out-of-season interscholastic practices is provided through Gerber Life. Total premiums for the current fiscal year were \$402,676.

Health care

The County carried commercial insurance for employee health insurance plans for the year ended June 30, 2014.

The School Board's professionally administered self-insured health program provides healthcare coverage for employees, retirees and their dependents. Risk management activities are accounted for in the School Operating Fund. Monthly premiums are based upon estimates from the School Board's benefit consultant that should cover administrative expenses, stop loss insurance premiums, and claims. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$250,000 per covered individual per contract year. For the year ended June 30, total claims expense was \$10,032,828. Administrative fees and stop loss premiums for the year ended June 30 totaled \$939,921. Estimated incurred but not reported (IBNR) claims at June 30 based on prior experience totaled \$780,000. Changes in the balance of claims payable liability during the past year is as follows:

	Health Insurance
Unpaid Claims at July 1	\$ 944,097
Incurred claims	
(including IBNR and changes in estimates)	10,032,828
Claim payments	(9,868,188)
Unpaid claims at June 30	\$ 1,108,737

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 15. Related Organizations, Jointly Governed Organizations, and Joint Ventures

The following organizations are excluded from the accompanying financial statements:

Related Organizations:

Bedford Regional Water Authority (BRWA):

The BRWA (formerly the Bedford County Public Service Authority) was created pursuant to the Water and Sewer Authorities Act Chapter 28, Title 15.1 *Code of Virginia* of 1950, as amended, and in accordance with the Reversion Agreement executed in August, 2012 between the Bedford County Board of Supervisors and the Bedford City Council. The BRWA operates on a Board-Administrator form of government. Its Board consists of a chairman and six other board members.

The BRWA serves the water and sewer needs of the Smith Mountain Lake, Forest, New London, and Boonsboro areas of the County as well as the Town of Bedford. The County contributes funding annually to the BRWA to assist in the payment of debt service for water and sewer lines and plant expansion.

Jointly Governed Organizations:

Horizon Behavioral Health (HBH)

The County, in conjunction with the Counties of Amherst, Appomattox, and Campbell, and the City of Lynchburg, participates in HBH, whose board is composed of two members from each of the participating localities. The County contributed \$111,211 for operations to HBH for 2014.

Blue Ridge Regional Jail Authority (BRRJA)

The County, in conjunction with the Counties of Amherst, Appomattox, Campbell, and Halifax, and the City of Lynchburg, participates in the BRRJA. Each member jurisdiction pays a per diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per diem charge into an operating and debt service components. The per diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year.

Joint Ventures:

Bedford Joint Economic Development Authority (BJEDA)

The County, in conjunction with the City of Bedford (now “Town”), created BJEDA, which was composed of a seven-member board of directors appointed by the participating localities. The City previously contributed a percentage of enterprise fund revenues to the BJEDA each year to fund expenses. The City and County shared equally any additional amounts necessary to cover the BJEDA costs. As a result of reversion, BJEDA was dissolved as of June 30, 2014. Complete financial statements of the BJEDA can be obtained from the Director of Finance and Administration, Town of Bedford, Virginia.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 15. Related Organizations, Jointly Governed Organizations, and Joint Ventures (Continued)

Joint Ventures: (Continued)

Region 2000 Radio Communications Board

The County, along with the County of Amherst and City of Lynchburg, is a participant in the development and operation of a regional radio communication system, the Region 2000 Radio Communications Board (the "Board"). Each participant agreed to contribute its pro rata share for annual capital and operational costs, as well as any annual deficit. The Board issued debt of \$13.1 million in May 2012 for the upgrade and replacement of the existing system. Each participant agreed to contribute its pro rata share towards debt service payments of the Board. The County's share will be 41.90%, and annual contributions for debt service will approximate \$465,000. An asset or obligation is not reflected at June 30 because the system has yet to be constructed.

Tri-County Lake Administrative Commission (TLAC)

The County, in conjunction with the Counties of Franklin and Pittsylvania, created TLAC, which is composed of an eight-member board of directors appointed by the participating localities to carry out lake planning duties as may be assigned by the respective Boards of Supervisors. Such duties may include, but are not limited to, navigation marker issues, debris cleanup, and coordination with American Electric Power on lake-related issues. The County is responsible for annual contributions of 45% to TLAC, which equaled \$113,244 for 2014. Separate financial statements for TLAC are not available.

Note 16. Commitments and Contingencies

Litigation

The County is a potential defendant in litigation involving claims for damages of various types. County officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on the County's financial position.

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required, they will be immaterial.

Note 17. Lease Commitments

The County is leasing from the Town of Bedford its middle school for successive terms of one year for a maximum total period of six years. The remaining annual lease commitments are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 120,000
2016	120,000
2017	450,000
2018	450,000
2019	750,000
	<u>\$ 1,890,000</u>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 18. Subsequent Event

Subsequent to year end, the School Board entered into a master equipment lease-purchase agreement in the amount of \$1,271,888 to fund the purchase of 14 new school buses. The agreement requires annual payments of principal and interest of approximately \$191,456 through November 2020.

Note 19. Other Matters

On July 1, 2013, the City of Bedford, Virginia reverted to Town status. The reversion agreement provided for certain capital assets with a value of \$2,132,737 to be transferred to the County from the Town, including the Library and an elementary school. Due to the reversion, the School Board receives an increase in state education funding for 15 years. In consideration for the assets received from the Town, the County agreed to pay the Town \$500,000 annually for a period of 15 years. For any year in which the additional state education funding exceeds \$4 million, the County will pay the Town an additional \$250,000. For any year in which the additional state education funding is less than \$4 million, the payment to the Town will be reduced by a formula described in the reversion agreement. For the year ended June 30, 2014, the County paid the Town \$750,000, which was the Town's share of additional funding for the year.

Note 20. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* replaces the requirements of *GASB Statements No. 27 and No. 50* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with *GASB Statement No. 34*. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial Statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for the year ending June 30, 2015.

COUNTY OF BEDFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 20. New Accounting Standards (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* was issued to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This Statement will be effective for the year ending June 30, 2015.

Management has not yet evaluated the effects, if any, of adopting these standards.

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REQUIRED SUPPLEMENTAL INFORMATION

COUNTY OF BEDFORD, VIRGINIA

**Schedules of Funding Progress
VRS, LOSAP, and OPEB
June 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll (b-a)/c
Virginia Retirement System						
County						
June 30, 2013	\$ 45,495,171	\$ 55,835,035	\$ 10,339,864	81.48 %	\$ 17,099,585	60.47 %
June 30, 2012	43,037,109	54,541,234	11,504,125	78.91	16,572,730	69.42
June 30, 2011	42,184,384	52,789,743	10,605,359	79.91	16,652,826	63.69
Component unit – School Board – Non-Professional Employees						
June 30, 2013	\$ 16,592,551	\$ 18,611,294	\$ 2,018,743	89.15 %	\$ 5,294,157	38.13 %
June 30, 2012	15,880,831	18,523,172	2,642,341	85.73	5,275,472	50.09
June 30, 2011	15,732,707	18,091,226	2,358,519	86.96	5,381,730	43.82
Fire and Rescue Length of Service Awards Program						
County						
June 30, 2014	\$ 1,476,928	\$ 2,675,318	\$ 1,198,390	55.21 %	NA	NA
June 30, 2013	1,325,567	2,545,175	1,219,608	52.08	NA	NA
June 30, 2012	1,140,966	2,477,705	1,336,739	46.05	NA	NA
Other Post-Employment Benefit Plans						
County						
June 30, 2013	\$ -	\$ 480,000	\$ 480,000	0.00 %	\$ 17,099,585	2.81 %
June 30, 2012	-	457,000	457,000	0.00	16,572,730	2.76
June 30, 2011	-	523,000	523,000	0.00	16,652,826	3.14
Component unit – School Board						
June 30, 2013	\$ -	\$ 5,148,000	\$ 5,148,000	0.00 %	\$ 54,490,895	9.45 %
June 30, 2012	-	5,079,000	5,079,000	0.00	49,493,629	10.26
June 30, 2011	-	5,004,000	5,004,000	0.00	50,360,550	9.94

Analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (see funded ratio) provides an indication of the program's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker.

Historical trend information about the program is presented above as required supplemental information. This information is intended to help users assess the program's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

OTHER SUPPLEMENTAL INFORMATION

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COUNTY OF BEDFORD, VIRGINIA

Agency Funds –
Combining Statement of Fiduciary Net Position
June 30, 2014

	Tri-County Relicensing Committee	Tri-County Lake Administrative Commission	Bedford Community Coalition	Bedford Wine Trail	Special Welfare Fund	Road Escrow Accounts	Land Disturbing Bonds	Sheriff Asset Seizures	Total
Assets									
Cash and cash equivalents	\$ -	\$ 410,708	\$ 1,216	\$ 4,363	\$ 28,398	\$ 62,422	\$ 48,612	\$ 37,766	\$ 593,485
Security deposits	-	900	-	-	-	-	-	-	900
Accounts receivable	1,111	565	-	-	-	-	-	-	1,676
Total assets	<u>\$ 1,111</u>	<u>\$ 412,173</u>	<u>\$ 1,216</u>	<u>\$ 4,363</u>	<u>\$ 28,398</u>	<u>\$ 62,422</u>	<u>\$ 48,612</u>	<u>\$ 37,766</u>	<u>\$ 596,061</u>
Liabilities									
Accounts payable	\$ 1,111	\$ 2,552	\$ -	\$ 357	\$ -	\$ -	\$ -	\$ -	\$ 4,020
Accrued liabilities	-	2,655	-	-	-	-	-	-	2,655
Amounts held for others	-	406,966	1,216	4,006	28,398	62,422	48,612	37,766	589,386
Total liabilities	<u>\$ 1,111</u>	<u>\$ 412,173</u>	<u>\$ 1,216</u>	<u>\$ 4,363</u>	<u>\$ 28,398</u>	<u>\$ 62,422</u>	<u>\$ 48,612</u>	<u>\$ 37,766</u>	<u>\$ 596,061</u>

COUNTY OF BEDFORD, VIRGINIA

Agency Funds –
Combining Statement of Changes in Fiduciary Net Position and Liabilities
For the Year Ended June 30, 2014

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Tri-County Relicensing Committee				
Assets:				
Accounts receivable	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ 2,289</u>	<u>\$ 1,111</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ 2,289</u>	<u>\$ 1,111</u>
Tri-County Lake Administrative Commission				
Assets:				
Cash and cash equivalents	\$ 333,829	\$ 275,442	\$ 198,563	\$ 410,708
Security deposits	900	-		900
Accounts receivable	2,555	273,452	275,442	565
	<u>\$ 337,284</u>	<u>\$ 548,894</u>	<u>\$ 474,005</u>	<u>\$ 412,173</u>
Liabilities:				
Accounts payable	\$ 2,518	\$ 86,905	\$ 86,871	\$ 2,552
Accrued liabilities	1,002	113,345	111,692	2,655
Amounts held for others	333,764	73,202		406,966
	<u>\$ 337,284</u>	<u>\$ 273,452</u>	<u>\$ 198,563</u>	<u>\$ 412,173</u>
Bedford Community Coalition				
Assets:				
Cash and cash equivalents	<u>\$ 1,580</u>	<u>\$ 3</u>	<u>\$ 367</u>	<u>\$ 1,216</u>
Liabilities:				
Amounts held for others	<u>\$ 1,580</u>	<u>\$ 3</u>	<u>\$ 367</u>	<u>\$ 1,216</u>
Bedford Wine Trail				
Assets:				
Cash and cash equivalents	<u>\$ 3,579</u>	<u>\$ 2,400</u>	<u>\$ 1,616</u>	<u>\$ 4,363</u>
Liabilities:				
Accounts payable	-	1,973	1,616	357
Accrued liabilities	-	-	-	-
Amounts held for others	3,579	427	-	4,006
	<u>\$ 3,579</u>	<u>\$ 2,400</u>	<u>\$ 1,616</u>	<u>\$ 4,363</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	<u>\$ 78,518</u>	<u>\$ 197,756</u>	<u>\$ 247,876</u>	<u>\$ 28,398</u>
Liabilities:				
Amounts held for others	<u>\$ 78,518</u>	<u>\$ 197,756</u>	<u>\$ 247,876</u>	<u>\$ 28,398</u>
Road Escrow Accounts				
Assets:				
Cash and cash equivalents	<u>\$ 60,310</u>	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ 62,422</u>
Liabilities:				
Amounts held for others	<u>\$ 60,310</u>	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ 62,422</u>

COUNTY OF BEDFORD, VIRGINIA

Agency Funds –
Combining Statement of Changes in Fiduciary Net Position and Liabilities
For the Year Ended June 30, 2014

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Land Disturbing Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 152,967</u>	<u>\$ 15,208</u>	<u>\$ 119,563</u>	<u>\$ 48,612</u>
Liabilities:				
Amounts held for others	<u>\$ 152,967</u>	<u>\$ 15,208</u>	<u>\$ 119,563</u>	<u>\$ 48,612</u>
Sheriff Asset Seizures				
Assets:				
Cash and cash equivalents	<u>\$ 35,098</u>	<u>\$ 14,404</u>	<u>\$ 11,736</u>	<u>\$ 37,766</u>
Liabilities:				
Amounts held for others	<u>\$ 35,098</u>	<u>\$ 14,404</u>	<u>\$ 11,736</u>	<u>\$ 37,766</u>
Total Fiduciary Funds				
Assets:				
Cash and cash equivalents	\$ 665,881	\$ 507,325	\$ 579,721	\$ 593,485
Security deposits	900	-	-	900
Accounts receivable	2,555	276,852	277,731	1,676
Total assets	<u>\$ 669,336</u>	<u>\$ 784,177</u>	<u>\$ 857,452</u>	<u>\$ 596,061</u>
Liabilities:				
Accounts payable	\$ 2,518	\$ 92,278	\$ 90,776	\$ 4,020
Accrued liabilities	1,002	113,345	111,692	2,655
Amounts held for others	665,816	303,112	379,542	589,386
Total liabilities	<u>\$ 669,336</u>	<u>\$ 508,735</u>	<u>\$ 582,010</u>	<u>\$ 596,061</u>

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DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

SPECIAL REVENUE FUNDS – Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The component unit – School Board has the following special revenue funds.

School Operating Fund – Accounts for the primary operating activities of the public school system.

School Nutrition Fund – Accounts for revenues and expenditures associated with the food services within the school system.

School Textbook Fund – Accounts for the state and local funds provided for the purchase of textbooks.

CAPITAL PROJECTS FUNDS – Capital projects funds are used to account for revenues and expenditures related to major construction and renovation. The component unit – School Board has the following capital projects fund.

School Capital Projects Fund – Accounts for revenues and expenditures related to major construction and renovation projects of the school system.

COUNTY OF BEDFORD, VIRGINIA

Discretely Presented Component Unit – Bedford County School Board
Combining Balance Sheet
Year Ended June 30, 2014

	Special Revenue Funds			Capital	Total
	Operating	Nutrition	Textbooks	Projects	Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,117,390	\$ 1,940,735	\$ 1,186,398	\$ 71,644	\$ 5,316,167
Receivables, net	3,561,219	1,288	-	-	3,562,507
Due from primary government	7,761,530	-	-	-	7,761,530
Due from other funds	34,676	-	-	-	34,676
Prepays	75,300	28,873	-	-	104,173
Inventories	-	109,795	-	-	109,795
Restricted cash and investments	6	-	-	-	6
Total assets	<u>\$ 13,550,121</u>	<u>\$ 2,080,691</u>	<u>\$ 1,186,398</u>	<u>\$ 71,644</u>	<u>\$ 16,888,854</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 1,153,693	\$ 5,285	\$ 29,935	\$ 19,022	\$ 1,207,935
Accrued payroll and related liabilities	9,642,942	286,937	-	-	9,929,879
Due to other funds	-	34,676	-	-	34,676
Self insurance	1,305,872	-	-	-	1,305,872
Deferred revenue	683,100	-	-	-	683,100
Total liabilities	<u>12,785,607</u>	<u>326,898</u>	<u>29,935</u>	<u>19,022</u>	<u>13,161,462</u>
FUND BALANCES					
Fund balances:					
Nonspendable	75,300	138,668	-	-	213,968
Restricted	6	-	-	-	6
Committed	813,035	16,950	48	59,872	889,905
Assigned	191,690	1,598,175	1,156,415	-	2,946,280
Unassigned	(315,517)	-	-	(7,250)	(322,767)
Total fund balances	<u>764,514</u>	<u>1,753,793</u>	<u>1,156,463</u>	<u>52,622</u>	<u>3,727,392</u>
Total liabilities and fund balances	<u>\$ 13,550,121</u>	<u>\$ 2,080,691</u>	<u>\$ 1,186,398</u>	<u>\$ 71,644</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	96,209,927
Long-term liabilities, such as compensated absences (\$1,706,614), other post-employment benefits (\$1,145,609), capital leases (\$1,723,310), and accrued interest (\$38,820) do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(4,614,353)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>2,891,043</u>
Net position of governmental activities	<u>\$ 98,214,009</u>

COUNTY OF BEDFORD, VIRGINIA

Discretely Presented Component Unit – Bedford County School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2014

	Special Revenue Funds				Total Governmental Funds
	Operating	Nutrition	Textbooks	Capital Projects	
REVENUES					
Revenue from use of money and property	\$ 949	\$ 8,219	\$ 2,290	\$ 19	\$ 11,477
Charges for services	611,151	1,866,700	-	-	2,477,851
Other	598,533	-	1,295	-	599,828
Intergovernmental:					
County of Bedford	33,593,756	-	-	877,252	34,471,008
Commonwealth of Virginia	52,854,530	55,227	600,132	-	53,509,889
Federal government	5,081,345	2,127,131	-	-	7,208,476
Total revenues	92,740,264	4,057,277	603,717	877,271	98,278,529
EXPENDITURES					
Current:					
Instructional	67,695,497	-	372,952	1,056,279	69,124,728
Administration, attendance, and health	3,616,048	-	-	-	3,616,048
Pupil transportation services	7,886,469	-	-	-	7,886,469
Operations and maintenance services	9,766,806	-	-	-	9,766,806
Nutrition services	-	4,091,521	-	-	4,091,521
Technology	4,251,721	-	-	-	4,251,721
Debt Service:					
Principal	831,788	-	-	-	831,788
Interest and other fiscal charges	50,839	-	-	-	50,839
Total expenditures	94,099,168	4,091,521	372,952	1,056,279	99,619,920
Excess (deficiency) of revenues over expenditures	(1,358,904)	(34,244)	230,765	(179,008)	(1,341,391)
OTHER FINANCING SOURCES					
Capital lease proceeds	1,095,679	-	-	-	1,095,679
Total other financing sources	1,095,679	-	-	-	1,095,679
Net change in fund balances	(263,225)	(34,244)	230,765	(179,008)	(245,712)
Fund balance, beginning	1,027,739	1,788,037	925,698	231,630	
Fund balance, ending	\$ 764,514	\$ 1,753,793	\$ 1,156,463	\$ 52,622	

Adjustments for the Statement of Activities:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,605,405)
The net effect of various transactions involving capital assets (sales, trade-ins) is to decrease net position.	1,284,007
Debt issuance proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.	(263,891)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	221,586
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.	(155,847)
Change in net position of governmental activities	<u>\$ (1,765,262)</u>

COUNTY OF BEDFORD, VIRGINIA

**Discretely Presented Component Unit – Bedford County School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cash Basis
For the Year Ended June 30, 2014**

	Operating			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 949	\$ 949
Charges for services	460,000	460,000	607,438	147,438
Other	205,000	205,000	656,954	451,954
Intergovernmental:				
County of Bedford	38,041,103	39,219,612	39,015,916	(203,696)
Commonwealth of Virginia	53,997,942	54,073,539	53,397,214	(676,325)
Federal government	4,861,229	4,861,229	4,979,387	118,158
Total revenues	97,565,274	98,819,380	98,657,858	(161,522)
EXPENDITURES				
Current:				
Instructional	66,788,461	66,723,461	66,607,662	115,799
Administration, attendance, and health	3,670,312	3,590,312	3,570,074	20,238
Pupil transportation services	7,460,064	7,605,064	7,587,207	17,857
Operations and maintenance services	9,502,934	10,647,040	9,736,506	910,534
Nutrition services	-	-	-	-
Technology	4,217,417	4,217,417	4,215,641	1,776
Debt service	6,523,499	6,633,499	6,627,106	6,393
Total expenditures	98,162,687	99,416,793	98,344,196	1,072,597
Excess (deficiency) of revenues over expenditures	(597,413)	(597,413)	313,662	911,075
Net change in fund balances	\$ (597,413)	\$ (597,413)	\$ 313,662	\$ 911,075

(Continued)

Nutrition				Textbooks			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 9,700	\$ 9,700	\$ 8,219	\$ (1,481)	\$ -	\$ -	\$ 3,585	\$ 3,585
2,254,450	2,254,450	1,865,413	(389,037)	-	-	-	-
30,000	30,000	-	(30,000)	-	-	-	-
-	-	-	-	-	-	-	-
78,624	78,624	55,227	(23,397)	624,524	624,524	614,645	(9,879)
2,148,502	2,148,502	2,159,606	11,104	-	-	-	-
4,521,276	4,521,276	4,088,465	(432,811)	624,524	624,524	618,230	(6,294)
-	-	-	-	1,693,028	1,693,028	500,336	1,192,692
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,521,276	4,521,276	4,066,974	454,302	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,521,276	4,521,276	4,066,974	454,302	1,693,028	1,693,028	500,336	1,192,692
-	-	21,491	21,491	(1,068,504)	(1,068,504)	117,894	1,186,398
\$ -	\$ -	\$ 21,491	\$ 21,491	\$ (1,068,504)	\$ (1,068,504)	\$ 117,894	\$ 1,186,398

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SUPPORTING SCHEDULES

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 41,598,000	\$ 41,598,000	\$ 41,094,625	\$ (503,375)
Real and personal public service corporation property taxes	1,325,000	1,325,000	1,336,052	11,052
Personal property taxes (local remittance)	10,835,000	10,835,000	11,133,644	298,644
Machinery and tools taxes	2,451,000	2,451,000	2,425,806	(25,194)
Merchant's capital taxes	-	-	426	426
Mobile home taxes	130,000	130,000	132,844	2,844
Penalties and interest	650,000	650,000	740,846	90,846
Total general property taxes	<u>56,989,000</u>	<u>56,989,000</u>	<u>56,864,243</u>	<u>(124,757)</u>
Other local taxes:				
Local sales and use taxes	4,713,631	4,713,631	4,668,003	(45,628)
Consumer utility taxes	1,178,300	1,178,300	1,226,182	47,882
Business licenses taxes	501	501	-	(501)
Utility license tax	80,000	80,000	94,725	14,725
Bank stock taxes	215,000	215,000	262,252	47,252
Taxes on recordations and wills	890,000	890,000	780,345	(109,655)
Transient occupancy tax	350,000	350,000	392,370	42,370
Meals tax	1,350,000	1,350,000	1,377,927	27,927
Communications sales tax	1,950,000	1,950,000	1,911,648	(38,352)
Total other local taxes	<u>10,727,432</u>	<u>10,727,432</u>	<u>10,713,452</u>	<u>(13,980)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	50,000	50,000	51,667	1,667
Building permits	250,000	250,000	309,051	59,051
Other permits and licenses	25,800	25,800	35,147	9,347
Planning permits and fees	100,000	100,000	139,254	39,254
Total permits, privilege fees, and regulatory license:	<u>425,800</u>	<u>425,800</u>	<u>535,119</u>	<u>109,319</u>
Fines and forfeitures	<u>151,000</u>	<u>151,000</u>	<u>144,398</u>	<u>(6,602)</u>
Revenue from use of money and property:				
Revenue from use of money	214,045	214,208	239,696	25,488
Revenue from use of property	32,041	32,041	40,042	8,001
Total revenue from use of money and property	<u>246,086</u>	<u>246,249</u>	<u>279,738</u>	<u>33,489</u>

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Charges for services:				
Court costs	\$ 171,304	\$ 171,304	\$ 156,895	\$ (14,409)
Commonwealth attorney	3,000	3,000	4,156	1,156
Law enforcement and traffic control	64,500	96,373	81,299	(15,074)
County attorney	-	-	1,829	1,829
Welfare and social services	19,100	19,100	51,916	32,816
Comprehensive services	89,500	89,500	102,419	12,919
Recreation fees	-	-	7,367	7,367
EMS cost recoveries	1,400,000	1,400,000	1,495,361	95,361
Other	5,000	5,000	5,454	454
Total charges for services	1,752,404	1,784,277	1,906,696	122,419
Miscellaneous	269,690	339,863	600,707	260,844
Recovered costs:				
City of Bedford – shared services	74,000	74,000	(17,554)	(91,554)
Bedford Public Library	35,000	35,000	35,000	-
Tri-County Lake Administrative Commission	6,000	6,000	6,000	-
Central Garage	115,000	115,000	149,307	34,307
Prisoner Extradition	-	-	13,272	13,272
Nursing Home	200,000	200,000	227,152	27,152
Other	-	-	2,100	2,100
Total recovered costs	430,000	430,000	415,277	(14,723)
Total revenue from local sources	70,991,412	71,093,621	71,459,630	366,009
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Personal property taxes (state remittance)	6,086,051	6,086,051	6,086,051	-
Rental taxes	30,000	30,000	8,437	(21,563)
Mobile home titling taxes	60,000	60,000	85,168	25,168
Recordation taxes	230,000	230,000	268,693	38,693
Railroad rolling stock taxes	150,000	150,000	186,651	36,651
Total non-categorical aid	6,556,051	6,556,051	6,635,000	78,949
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	524,050	524,050	533,476	9,426
Sheriff	2,320,526	2,320,526	2,285,764	(34,762)
Commissioner of the Revenue	191,745	228,849	229,930	1,081
Treasurer	154,281	205,551	209,369	3,818
Registrar and Electoral board	45,060	45,060	46,080	1,020
Clerk of the Circuit Court	396,012	446,407	447,502	1,095
Communications	138,409	138,409	138,125	(284)
Total shared expenses	3,770,083	3,908,852	3,890,246	(18,606)

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other:				
Social services	\$ 2,125,880	\$ 2,125,880	\$ 2,014,812	\$ (111,068)
Comprehensive services	1,593,051	1,593,051	767,838	(825,213)
Forfeited asset seizure proceeds	-	2,391	2,391	-
State internet crimes	-	1,370,644	745,807	(624,837)
EMS Four for Life	30,000	30,000	76,396	46,396
Fire funds	80,000	195,869	369,513	173,644
Public safety grants	-	88,398	194,868	106,470
Victim witness coordinator	16,276	16,276	28,510	12,234
Domestic violence grants	128,212	173,940	177,763	3,823
VJCCCA	64,475	70,751	70,751	-
Wireless E-911 grant	92,400	92,400	88,171	(4,229)
PSAP grants	-	2,000	1,924	(76)
Record preservation grant	-	19,225	19,225	-
VA Commission of Arts	5,000	5,000	-	(5,000)
Juror and witness reimbursement	25,000	25,000	19,447	(5,553)
Virginia Tobacco Commission grants	-	20,000	-	(20,000)
VDOT Revenue Sharing	-	325,626	325,626	-
Other	34,289	34,289	46,888	12,599
Total other categorical aid	4,194,583	6,190,740	4,949,930	(1,240,810)
Total categorical aid	7,964,666	10,099,592	8,840,176	(1,259,416)
Total revenue from the Commonwealth	14,520,717	16,655,643	15,475,176	(1,180,467)
Revenue from the federal government:				
Payments in lieu of taxes	40,000	40,000	54,475	14,475
Categorical aid:				
Social services	2,525,471	2,525,471	2,744,273	218,802
Sheriff – DMV grants	-	37,316	27,150	(10,166)
Justice assistance grants	-	19,891	18,960	(931)
DEA overtime reimbursement	-	35,775	31,365	(4,410)
Internet crimes grant	-	769,619	352,036	(417,583)
Bulletproof vest grant	-	8,773	844	(7,929)
Other law enforcement grants	-	115,977	89,760	(26,217)
Emergency management grants	-	345,946	-	(345,946)
Forfeited asset seizure proceeds	-	397,386	519,886	122,500
Victim witness coordinator	48,828	48,828	36,701	(12,127)
Domestic violence grants	6,296	13,660	12,143	(1,517)
Other	98,313	98,313	113,641	15,328
Total categorical aid	2,678,908	4,416,955	3,946,759	(470,196)
Total revenue from the federal government	2,718,908	4,456,955	4,001,234	(455,721)
Total intergovernmental revenues	17,239,625	21,112,598	19,476,410	(1,636,188)
Total general fund	\$ 88,231,037	\$ 92,206,219	\$ 90,936,040	\$ (1,270,179)

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
General government administration:				
Legislative:				
Board of Supervisors	\$ 129,333	\$ 150,475	\$ 149,082	\$ 1,393
General and financial administration:				
County Administration	481,416	481,416	439,546	41,870
County Attorney	260,342	260,342	249,561	10,781
Independent auditor	58,000	58,000	54,541	3,459
Commissioner of the Revenue	523,743	560,847	537,881	22,966
Assessor	988,291	988,291	225,806	762,485
Treasurer	571,777	623,047	609,893	13,154
Fiscal management	514,780	514,780	506,120	8,660
Information technology	464,780	477,986	459,646	18,340
Management services	340,109	340,109	234,474	105,635
Electoral board	139,811	139,811	83,001	56,810
Registrar	173,994	178,994	161,125	17,869
Total general and financial administration	4,517,043	4,623,623	3,561,594	1,062,029
Total general government administration	4,646,376	4,774,098	3,710,676	1,063,422
Judicial administration:				
Courts:				
Circuit Court	86,212	86,212	76,236	9,976
District Court	14,525	14,525	11,885	2,640
Magistrates	2,325	2,325	2,043	282
Juvenile and Domestic Relations District Court	16,300	16,300	15,754	546
Clerk of the Circuit Court	850,210	924,605	914,486	10,119
Circuit Court Records Preservation	-	37,950	26,659	11,291
Victim Witness Coordinator	120,130	121,630	121,290	340
Law Library	9,963	9,963	9,634	329
Other court services	11,234	11,234	11,234	-
Total courts	1,110,899	1,224,744	1,189,221	35,523
Commonwealth's Attorney	868,625	925,217	894,066	31,151
Total judicial administration	1,979,524	2,149,961	2,083,287	66,674
Public safety:				
Law enforcement and traffic control:				
Sheriff	5,833,637	6,604,047	6,603,031	1,016
Internet Crimes Grant	-	2,294,882	1,315,281	979,601
Law enforcement grants	-	190,730	146,541	44,189
Total law enforcement and traffic control	5,833,637	9,089,659	8,064,853	1,024,806
Fire and rescue services:				
Volunteer fire companies	1,118,739	1,260,550	1,241,993	18,557
Volunteer rescue squads	1,119,359	1,166,109	1,119,155	46,954
Other fire and rescue services	100,522	117,022	89,130	27,892
Total fire and rescue services	2,338,620	2,543,681	2,450,278	93,403

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual
Correction and detention:			
Blue Ridge Regional Jail	\$ 1,600,000	\$ 1,763,000	\$ 1,762,580
VJCCCA	81,665	236,941	236,427
Juvenile secure detention	650,000	365,000	364,630
Total correction and detention	2,331,665	2,364,941	2,363,637
Building Inspections	470,333	489,792	475,860
Other protection:			
Animal shelter	202,764	202,764	167,777
Animal control	244,073	244,073	233,803
Emergency services	2,458,875	2,537,789	2,240,477
Emergency management grants	-	2,000	909
Communications center	2,628,694	2,936,229	2,796,789
Transportation Safety Committee	-	1,000	845
Total other protection	5,534,406	5,923,855	5,440,600
Total public safety	16,508,661	20,411,928	18,795,228
Public works:			
Sanitation and waste removal:			
Refuse collection	3,053,411	3,053,411	2,715,690
Total sanitation and waste removal	3,053,411	3,053,411	2,715,690
Maintenance – buildings and grounds:			
Housekeeping	382,620	382,620	360,880
General properties	971,927	971,927	736,664
Central garage	1,016,192	421,732	293,662
Total maintenance – buildings and grounds	2,370,739	1,776,279	1,391,206
Total public works	5,424,150	4,829,690	4,106,896
Health and welfare:			
Health:			
Supplement to local health department	514,699	514,699	480,531
Welfare:			
Social services	6,997,220	6,997,220	6,977,745
Youth and family services	428,339	433,066	411,213
Comprehensive services	2,596,182	2,596,182	1,383,424
Domestic violence	314,695	330,467	330,307
Other health and welfare	209,711	209,711	209,333
Total welfare	10,546,147	10,566,646	9,312,022
Total health and welfare	11,060,846	11,081,345	9,792,553
Education:			
Community college	1,900	1,900	1,733

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Parks, recreation, and cultural:				
Recreation department	\$ 1,296,802	\$ 1,350,201	\$ 1,168,874	\$ 181,327
Cultural enrichment	122,200	189,200	178,435	10,765
Contribution to Regional Library	1,517,987	1,517,987	1,517,987	-
Total parks, recreation, and cultural	2,936,989	3,057,388	2,865,296	192,092
Community development:				
Planning and community development:				
Planning commission	68,870	68,870	59,037	9,833
Community development	857,384	877,740	844,161	33,579
GIS	250,636	250,636	236,764	13,872
Board of appeals	5,288	5,288	1,326	3,962
Economic development	480,583	487,157	472,844	14,313
Joint City/County Economic development	950,000	950,000	858,167	91,833
Economic development grants	-	20,000	-	20,000
Chamber of Commerce	4,750	4,750	4,750	-
Tourism	489,126	501,126	435,632	65,494
Total planning and community development	3,106,637	3,165,567	2,912,681	252,886
Environmental management:				
Erosion and sediment control	145,946	149,195	148,032	1,163
Storm Water Management	13,000	63,700	439	63,261
Soil and Water Conservation District	14,250	14,250	14,250	-
Tri-County Lake Administrative Commission	113,244	113,244	113,244	-
Total environmental management	286,440	340,389	275,965	64,424
Cooperative Extension Program:				
VPI & SU Extension Office	66,350	66,350	63,942	2,408
Cannery	32,935	37,435	37,032	403
Total cooperative extension program	99,285	103,785	100,974	2,811
Total community development	3,492,362	3,609,741	3,289,620	320,121
Debt Service:				
Principal retirement	1,744,220	1,744,220	1,744,220	-
Interest and other fiscal charges	300,515	345,557	339,987	5,570
Total debt service	2,044,735	2,089,777	2,084,207	5,570
Capital projects:				
General governmental	605,384	605,384	85,293	520,091
Judicial administration	131,372	131,372	-	131,372
Public safety	1,133,911	3,666,755	870,764	2,795,991
Public works	2,490,745	2,839,913	1,000,754	1,839,159
Health and welfare	-	287,848	287,848	-
Education	2,692,674	2,692,674	1,591,405	1,101,269
Parks, recreation. and cultural	515,853	647,749	216,746	431,003
Community and economic development	3,323,596	5,723,596	2,748,117	2,975,479
Total capital projects	10,893,535	16,595,291	6,800,927	9,794,364
Total expenditures	58,989,078	68,601,119	53,530,423	15,070,696
Excess of Revenues over Expenditures	29,241,959	23,605,100	37,405,617	13,800,517

COUNTY OF BEDFORD, VIRGINIA

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual – Cash Basis –
Governmental Fund
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses):				
Transfers to:				
Component units	<u>(38,041,103)</u>	<u>(39,219,612)</u>	<u>(39,015,916)</u>	<u>203,696</u>
Total other financing sources and uses	<u>(38,041,103)</u>	<u>(39,219,612)</u>	<u>(39,015,916)</u>	<u>203,696</u>
Net change in fund balance	<u>\$ (8,799,144)</u>	<u>\$ (15,614,512)</u>	<u>\$ (1,610,299)</u>	<u>\$ 14,004,213</u>

COUNTY OF BEDFORD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture:</u>		
<u>Pass-Through Payments:</u>		
<u>Department of Social Services:</u>		
Supplemental Nutrition Assistance Program	10.561	\$ 632,808
<u>Department of the Agriculture and Consumer Services:</u>		
Child Nutrition Cluster – National School Lunch Program (Commodities)	10.555	296,619
Child Nutrition Cluster – Summer Food Service Program for Children	10.559	217
<u>Department of Education:</u>		
Child Nutrition Cluster – National School Breakfast Program	10.553	531,579
Child Nutrition Cluster – National School Lunch Program	10.555	1,595,552
Schools and Roads – Grants to States	10.665	16,229
<u>Department of Defense:</u>		
<u>Direct Payments:</u>		
<u>Department of the Army:</u>		
Payments to States in Lieu of Real Estate Taxes	12.112	170
<u>Department Of Justice:</u>		
<u>Direct Payments:</u>		
Missing Children's Task Force	16.543	270,081
Federal Surplus Property Transfer Program	16.578	6,500
Bulletproof Vest Partnership Program	16.607	3,529
Public Safety Partnership and Community Policing Grants	16.710	90,313
JAG Program Cluster – Edward Byrne Memorial Justice Assistance Grant	16.738	19,891
ARRA – Internet Crimes Against Children Task Force Program	16.800	101,505
<u>Pass-Through Payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Crime Victim Assistance	16.575	32,552
Violence Against Women Formula Grants	16.588	11,739
<u>Pass-Through Payments:</u>		
<u>Department of Social Services:</u>		
Crime Victim Assistance	16.575	53,054
<u>Pass-Through Payments:</u>		
<u>Office of the Attorney General:</u>		
Treasury Forfeiture Fund Program	21.000	302,975
<u>Department of Transportation:</u>		
<u>Pass-Through Payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety (Section 402)	20.600	8,695
Occupant Protection	20.602	3,950
Alcohol Open Container Requirements	20.607	15,884

COUNTY OF BEDFORD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Education:</u>		
Twenty-First Century Community Learning Centers	84.287	\$ 731,889
<u>Department of Education:</u>		
Title I, Part A Cluster – Title I: Grants to Local Educational Agencies	84.010	1,361,855
Special Education Cluster – Special Education – Grants to States	84.027	2,511,862
Vocational Education – Basic Grants to States	84.048	129,677
Special Education Cluster – Special Education – Preschool Grants	84.173	43,084
English Language Acquisition Grants	84.365	14,973
Advanced Placement Program	84.330	6,795
No Child Left Behind Act	84.367	260,395
<u>Department of Health and Human Services:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	28,163
TANF Block Grant	93.558	418,030
Refugee and Entrant Assistance – State Administered Program	93.566	4,593
Low Income Home Energy Assistance	93.568	29,186
CCDF Cluster – Payments to States for Child Care Assistance	93.575	(4,119)
CCDF Cluster – Child Care Development Fund	93.596	55,133
Chafee Education & Training Vouchers Program	93.599	3,706
Child Welfare Services – State Grants	93.645	2,686
Foster Care – Title IV-E	93.658	313,311
Adoption Assistance	93.659	566,481
Social Service Block Grant	93.667	290,767
Family Violence Prevention and Services/Grants for Battered Women's Shelters	93.671	35,548
Independent Living	93.674	9,942
Virginia Children's Medical Insurance Plan	93.767	20,052
Medical Assistance Program (Medicaid; Title XIX)	93.778	566,721
<u>Department of Homeland Security:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Emergency Management Services:</u>		
Emergency Management Performance Grants	97.042	13,305
Total Expenditures of Federal Awards		<u>\$ 11,407,877</u>

Note 1. Basis of Accounting

This schedule was prepared on the budgetary (cash) basis.

Note 2. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the food commodities or food stamps disbursed. At year end, the County had food commodity inventory totaling \$217 and the School Board had commodity inventory of \$296,619.

STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

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

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

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

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

Operating Information – These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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

Table 1

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 15,401,751	\$ 16,915,012	\$ 19,769,906	\$ 21,352,975	\$ 21,945,190	\$ 22,587,976	\$ 23,428,803	\$ 23,524,890	\$ 24,869,124	\$ 26,704,166
Restricted	18,817	989,905	7,516	5,342	57	20	3	648,562	127,265	18,033
Unrestricted	(18,605,404)	(17,629,741)	(30,928,461)	(39,372,692)	(38,605,383)	(29,263,886)	(20,875,025)	(12,143,308)	(15,860,897)	(13,795,499)
Total governmental activities net position	\$ (3,184,836)	\$ 275,176	\$ (11,151,039)	\$ (18,014,375)	\$ (16,660,136)	\$ (6,675,890)	\$ 2,553,781	\$ 12,030,144	\$ 9,135,492	\$ 12,926,700
Business-type activities										
Net investment in capital assets	\$ 6,175,620	\$ 12,580,147	\$ 11,467,746	\$ 11,329,513	\$ 16,346,809	\$ 16,206,826	\$ 15,617,382	\$ 14,816,621	\$ 13,012,464	\$ 12,464,508
Restricted	-	-	-	-	48	19	4	3	-	-
Unrestricted	10,489,870	4,726,144	5,282,464	5,762,678	2,148,113	2,557,009	3,152,150	2,792,561	3,078,850	2,819,835
Total business-type activities net position	\$ 16,665,490	\$ 17,306,291	\$ 16,750,210	\$ 17,092,191	\$ 18,494,970	\$ 18,763,854	\$ 18,769,536	\$ 17,609,185	\$ 16,091,314	\$ 15,284,343
Primary government										
Net investment in capital assets	\$ 21,577,371	\$ 29,495,159	\$ 31,237,652	\$ 32,682,488	\$ 38,291,999	\$ 38,794,802	\$ 39,046,185	\$ 38,341,511	\$ 37,881,588	\$ 39,168,674
Restricted	18,817	989,905	7,516	5,342	105	39	7	648,565	127,265	18,033
Unrestricted	(8,115,534)	(12,903,597)	(25,645,997)	(33,610,014)	(36,457,270)	(26,706,877)	(17,722,875)	(9,350,747)	(12,782,047)	(10,975,664)
Total primary government net position	\$ 13,480,654	\$ 17,581,467	\$ 5,599,171	\$ (922,184)	\$ 1,834,834	\$ 12,087,964	\$ 21,323,317	\$ 29,639,329	\$ 25,226,806	\$ 28,211,043
Component Unit-School Board (1)										
Net investment in capital assets	\$ 69,738,099	\$ 69,230,835	\$ 86,529,453	\$ 103,265,540	\$ 105,979,076	\$ 103,254,031	\$ 101,059,369	\$ 97,278,860	\$ 96,063,553	\$ 94,486,617
Restricted	58,221	-	3,069	2,176	331	20	4	763,216	4	6
Unrestricted	3,456,795	3,310,400	4,156,055	3,268,571	4,923,623	5,407,005	5,346,181	3,962,736	3,915,714	3,727,386
Total component unit-School Board net position	\$ 73,253,115	\$ 72,541,235	\$ 90,688,577	\$ 106,536,287	\$ 110,903,030	\$ 108,661,056	\$ 106,405,554	\$ 102,004,812	\$ 99,979,271	\$ 98,214,009

(1) School Board component unit, net position components are included in this table due to Public Schools being a significant portion of the County. In Virginia, the county issues debt to finance the construction of school facilities for the Public Schools because Public Schools do not have borrowing or taxing authority.

Table 2

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government:										
Expenses										
Governmental activities:										
General government	\$ 2,788,055	\$ 2,924,255	\$ 3,824,050	\$ 3,380,053	\$ 3,571,372	\$ 3,735,551	\$ 4,084,722	\$ 3,623,380	\$ 3,691,404	\$ 4,032,123
Judicial administration	1,811,883	1,947,871	2,056,926	2,284,198	2,537,675	2,365,312	2,323,836	2,236,346	2,328,645	2,434,093
Public safety	10,927,145	11,626,173	12,666,867	13,833,606	14,777,921	14,860,554	14,908,199	16,052,649	17,641,751	19,756,848
Public works	4,453,992	5,453,172	5,370,581	5,502,498	4,712,842	4,665,741	4,085,930	3,966,475	4,688,457	4,963,878
Health and welfare	13,458,791	11,638,152	12,074,123	13,059,878	10,911,164	10,445,685	10,441,003	9,782,800	9,706,770	9,868,303
Education	24,721,347	29,242,511	47,347,095	47,741,253	37,412,680	27,959,531	28,843,332	27,870,369	40,154,179	34,743,918
Parks, recreational, and cultural	2,503,139	2,571,247	2,700,063	3,236,708	3,071,792	3,011,340	2,870,815	2,763,383	2,838,982	3,312,492
Community development	5,737,018	6,720,905	6,773,411	6,204,133	5,393,145	5,032,293	5,255,719	5,220,060	5,703,012	6,341,152
Interest on long-term debt	3,354,821	3,039,416	4,506,633	4,577,074	4,780,219	4,002,134	3,849,961	3,473,234	3,674,625	2,709,301
Total governmental activities expenses	69,756,191	75,163,702	97,319,749	99,819,401	87,168,810	76,078,141	76,663,517	74,988,696	90,427,825	88,162,108
Business-type activities:										
Group homes	-	-	-	-	2,025,932	1,929,560	1,993,131	2,023,174	1,452,772	-
Nursing home	2,264,728	2,427,190	3,604,364	4,342,769	5,059,249	5,082,479	5,538,976	5,383,423	5,226,464	5,491,294
Solid waste	1,982,096	2,278,683	2,486,645	2,806,450	1,663,395	2,325,292	2,279,669	3,208,084	3,700,318	3,456,334
Total business-type activities expenses	4,246,824	4,705,873	6,091,009	7,149,219	8,748,576	9,337,331	9,811,776	10,614,681	10,379,554	8,947,628
Total primary government expenses	\$ 74,003,015	\$ 79,869,575	\$ 103,410,758	\$ 106,968,620	\$ 95,917,386	\$ 85,415,472	\$ 86,475,293	\$ 85,603,377	\$ 100,807,379	\$ 97,109,736
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 1,177,471	\$ 1,288,243	\$ 1,265,036	\$ 2,163,510	\$ 2,443,376	\$ 2,262,367	\$ 2,339,436	\$ 2,287,544	\$ 2,780,427	\$ 2,229,697
Health and welfare	1,956,513	2,237,056	2,274,424	2,921,589	1,058,391	1,044,637	814,513	822,149	846,663	324,979
Community development	491,279	647,038	571,151	535,270	438,539	394,042	326,217	262,608	190,748	243,713
Other activities	833,180	973,939	1,063,298	963,336	1,028,522	926,581	908,164	794,555	854,456	605,163
Operating grants and contributions	13,458,742	11,669,652	11,728,169	13,585,678	12,833,423	12,213,856	11,616,928	10,956,576	11,475,946	12,958,689
Capital grants and contributions	92,999	362,228	583,838	1,377,486	333,475	125,180	572,784	53,965	218,081	278,842
Total governmental activities program revenues	18,010,184	17,178,156	17,485,916	21,546,869	18,135,726	16,966,663	16,578,042	15,177,397	16,366,321	16,641,083
Business-type activities:										
Charges for services:										
Group Homes	-	-	-	-	2,323,904	1,959,366	2,049,762	1,765,617	1,067,380	-
Nursing Home	2,194,365	2,496,310	2,730,766	4,487,317	5,013,390	5,280,011	5,223,478	5,130,089	5,543,359	5,645,133
Solid Waste	2,634,072	2,673,304	2,603,368	2,145,939	1,959,824	1,940,554	1,966,176	1,995,213	1,973,378	2,084,227
Operating grants and contributions	69,937	104,642	235,702	360,639	324,405	401,302	540,807	538,281	397,699	397,947
Capital grants and contributions	-	3,086	-	-	-	-	-	-	-	-
Total business-type activities program revenues	4,898,374	5,277,342	5,569,836	6,993,895	9,621,523	9,581,233	9,780,223	9,429,200	8,981,816	8,127,307
Total primary government program revenues	22,908,558	22,455,498	23,055,752	28,540,764	27,757,249	26,547,896	26,358,265	24,606,597	25,348,137	24,768,390
Net (expense) revenue (1)										
Governmental activities	(51,746,007)	(57,985,546)	(79,833,833)	(78,272,532)	(69,033,084)	(59,111,478)	(60,085,475)	(59,811,299)	(74,061,504)	(71,521,025)
Business-type activities	651,550	571,469	(521,173)	(155,324)	872,947	243,902	(31,553)	(1,185,481)	(1,397,738)	(820,321)
Total primary government net expense	(51,094,457)	(57,414,077)	(80,355,006)	(78,427,856)	(68,160,137)	(58,867,576)	(60,117,028)	(60,996,780)	(75,459,242)	(72,341,346)

(Continued)

Table 2

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 39,697,006	\$ 41,735,306	\$ 45,592,782	\$ 50,206,992	\$ 53,448,639	\$ 52,390,092	\$ 52,096,954	\$ 51,879,533	\$ 52,749,509	\$ 56,345,681
Other local taxes	9,539,914	11,243,214	11,481,043	12,420,350	9,932,722	10,026,312	10,271,067	10,215,999	10,435,809	10,955,993
Noncategorical state aid	6,327,009	6,577,321	6,972,228	6,745,218	6,537,665	6,271,093	6,337,356	6,598,813	6,611,332	6,685,461
Investment earnings-unrestricted	643,319	1,159,965	1,419,147	1,134,312	507,834	174,192	292,420	248,974	246,068	241,059
Investment earnings-restricted for capital projects and debt service	-	-	1,925,215	738,678	187,973	6,818	3,023	7,070	14,986	1,925
Miscellaneous	128,540	229,752	378,575	162,905	107,511	227,217	314,326	337,273	946,856	229,025
Transfers	(5,723,697)	500,000	638,628	741	(335,021)	-	-	-	162,292	35,205
Special Item - contribution of capital assets	-	-	-	-	-	-	-	-	-	817,884
Total governmental activities	50,612,091	61,445,558	68,407,618	71,409,196	70,387,323	69,095,724	69,315,146	69,287,662	71,166,852	75,312,233
Business-type activities:										
Investment earnings-unrestricted and restricted	218,146	569,332	603,720	498,046	190,527	25,056	23,637	21,315	38,382	42,071
Miscellaneous	5,313	-	-	-	4,284	26	13,498	13	3,777	6,484
Transfers	5,723,697	(500,000)	(638,628)	(741)	335,021	-	-	3,802	(162,292)	(35,205)
Total business-type activities	5,947,156	69,332	(34,908)	497,305	529,832	25,082	37,135	25,130	(120,133)	13,350
Total primary government	\$ 56,559,247	\$ 61,514,890	\$ 68,372,710	\$ 71,906,501	\$ 70,917,155	\$ 69,120,806	\$ 69,352,281	\$ 69,312,792	\$ 71,046,719	\$ 75,325,583
Change in Net Position										
Governmental activities	\$ (1,133,916)	\$ 3,460,012	\$ (11,426,215)	\$ (6,863,336)	\$ 1,354,239	\$ 9,984,246	\$ 9,229,671	\$ 9,476,363	\$ (2,894,652)	\$ 3,791,208
Business-type activities	6,598,706	640,801	(556,081)	341,981	1,402,779	268,984	5,582	(1,160,351)	(1,517,871)	(806,971)
Total Primary Government	\$ 5,464,790	\$ 4,100,813	\$ (11,982,296)	\$ (6,521,355)	\$ 2,757,018	\$ 10,253,230	\$ 9,235,253	\$ 8,316,012	\$ (4,412,523)	\$ 2,984,237
Component Unit-School Board: (2)										
Expenses										
Education	\$ 83,292,902	\$ 88,838,635	\$ 95,021,813	\$ 99,029,507	\$ 103,365,329	\$ 98,735,253	\$ 92,148,786	\$ 93,926,813	\$ 102,516,696	\$ 101,586,480
Program Revenues										
Charges for services	8,152,270	8,414,045	8,888,476	8,883,190	9,137,849	9,603,258	6,386,146	7,848,217	8,405,921	2,518,530
Operating grants and contributions	16,425,570	17,788,003	19,418,681	21,392,617	20,330,558	23,965,199	20,959,960	20,643,938	19,374,378	22,127,815
Capital grants and contributions	200,829	71,016	15,128	500,990	10,000	-	-	-	-	-
Total component unit program revenues	24,778,669	26,273,064	28,322,285	30,776,797	29,478,407	33,568,457	27,346,106	28,492,155	27,780,299	24,646,345
Net (expense)/revenue	(58,514,233)	(62,565,571)	(66,699,528)	(68,252,710)	(73,886,922)	(65,166,796)	(64,802,680)	(65,434,658)	(74,736,397)	(76,940,135)
General Revenues and Other Changes in Net Position										
Contribution from primary government	24,644,950	29,213,615	47,318,197	47,739,518	37,410,945	27,911,539	28,791,675	27,868,624	40,152,454	34,718,131
State aid	31,598,089	32,487,146	36,864,684	36,088,770	40,803,551	34,945,640	33,698,695	32,987,401	32,282,549	38,663,168
Investment earnings-unrestricted	-	-	-	5	-	-	2,427	-	-	-
Investment earnings-restricted for capital projects and debt service	-	-	-	6,983	1,466	141	62	37	1,101	968
Miscellaneous	131,888	152,930	663,989	265,144	37,703	67,502	54,319	177,854	274,752	471,503
Special Item - contribution of capital assets	-	-	-	-	-	-	-	-	-	1,321,103
Total general revenues and other changes in net assets	56,374,927	61,853,691	84,846,870	84,100,420	78,253,665	62,924,822	62,547,178	61,033,916	72,710,856	75,174,873
Total Component Unit-School Board Change in Net Position	\$ (2,139,306)	\$ (711,880)	\$ 18,147,342	\$ 15,847,710	\$ 4,366,743	\$ (2,241,974)	\$ (2,255,502)	\$ (4,400,742)	\$ (2,025,541)	\$ (1,765,262)

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses are net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Component unit change in net position is included in this table due to the School Board being a significant portion of the County.

Table 3

COUNTY OF BEDFORD, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Funds										
General Fund										
Nonspendable	\$ 498,749	\$ 513,288	\$ 527,075	\$ 527,941	\$ 535,613	\$ 572,710	\$ 591,378	\$ 609,118	\$ 617,553	\$ 617,465
Restricted	671,586	41,569,441	21,033,575	9,748,039	2,753,499	248,090	246,949	8,064,388	770,552	305,038
Committed	5,970,480	5,962,792	3,523,951	3,589,869	5,333,247	5,845,833	4,471,108	4,847,144	7,710,886	9,999,808
Assigned	18,451,456	18,266,861	20,369,879	20,450,272	21,095,931	22,045,371	21,344,121	26,773,987	22,154,070	22,687,070
Unassigned	-	447,950	1,945,297	5,029,081	7,078,298	11,780,390	18,035,007	16,186,173	18,055,021	13,274,315
Total governmental funds	\$ 25,592,271	\$ 66,760,332	\$ 47,399,777	\$ 39,345,202	\$ 36,796,588	\$ 40,492,394	\$ 44,688,563	\$ 56,480,810	\$ 49,308,082	\$ 46,883,696

Table 4

COUNTY OF BEDFORD, VIRGINIA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 39,752,665	\$ 41,752,060	\$ 46,534,525	\$ 50,435,680	\$ 53,224,141	\$ 51,970,906	\$ 51,542,750	\$ 51,962,404	\$ 52,987,699	\$ 56,556,779
Other local taxes	9,538,475	11,233,025	11,538,775	12,429,090	9,931,350	10,023,749	10,212,720	10,224,275	10,491,533	10,943,326
Permits, privilege fees, and regulatory licenses	846,390	966,639	911,748	752,110	502,972	469,212	520,504	403,614	491,867	535,127
Fines and forfeitures	195,903	165,256	156,098	125,643	149,258	206,289	175,543	155,453	159,438	144,501
Revenue from use of money and property	749,511	1,252,371	3,455,870	1,983,920	783,989	227,479	323,446	286,553	296,329	279,244
Charges for services	1,466,650	1,708,253	2,019,517	3,297,142	1,945,017	1,736,611	1,612,856	1,651,322	2,038,596	1,825,779
Other	265,707	439,845	815,087	975,822	504,790	586,216	836,223	551,202	881,022	615,778
Recovered costs	1,627,975	1,886,865	1,756,255	1,893,579	2,091,841	1,858,219	1,785,592	1,709,688	1,759,014	520,202
Intergovernmental	18,303,707	18,226,520	19,305,784	20,221,553	20,549,462	18,633,912	18,508,921	17,662,423	18,393,111	19,765,553
Total revenues	72,746,983	77,630,834	86,493,659	92,114,539	89,682,820	85,712,593	85,518,555	84,606,934	87,498,609	91,186,289
Expenditures										
General government administration	3,094,329	2,723,253	3,692,154	3,012,437	3,167,848	3,368,948	3,804,248	3,380,525	3,501,138	3,815,479
Judicial administration	1,377,361	1,520,552	1,633,882	1,889,969	2,116,953	1,968,828	1,945,473	1,854,452	1,945,807	2,075,807
Public safety	10,492,596	11,013,979	11,895,295	13,082,577	14,098,374	14,135,048	13,974,585	15,319,034	16,754,396	18,666,873
Public works	4,376,124	4,704,841	4,691,966	4,317,006	4,199,905	4,124,046	4,128,287	4,103,729	4,061,034	4,118,593
Health and welfare	11,428,047	11,769,995	11,910,543	12,592,205	10,706,610	10,293,539	10,293,677	9,426,911	9,548,473	9,769,392
Education	23,590,933	27,523,126	28,189,811	29,281,512	29,893,180	27,758,039	27,926,157	28,889,100	32,546,495	33,595,489
Parks, recreation, and cultural	2,218,636	2,265,495	2,523,411	2,568,142	2,766,085	2,729,488	2,524,712	2,556,162	2,583,097	2,883,655
Community development	2,459,735	2,666,576	4,631,435	3,151,955	3,269,112	2,942,518	2,911,920	3,017,817	3,101,816	3,189,462
Debt service										
Principal	5,136,513	5,408,595	5,551,341	6,327,234	6,203,703	6,138,043	5,988,946	5,928,101	5,788,415	6,067,408
Interest and other fiscal charges	3,427,841	3,753,315	4,510,107	4,597,358	4,779,182	4,089,104	3,794,573	3,526,435	3,619,767	2,599,921
Capital projects	6,254,783	6,985,756	26,644,484	25,163,154	11,292,405	4,469,186	4,029,808	2,812,421	10,563,835	6,828,596
Total expenditures	73,856,898	80,335,483	105,874,429	105,983,549	92,493,357	82,016,787	81,322,386	80,814,687	94,014,273	93,610,675
Excess of revenues over (under) expenditures	(1,109,915)	(2,704,649)	(19,380,770)	(13,869,010)	(2,810,537)	3,695,806	4,196,169	3,792,247	(6,515,664)	(2,424,386)
Other Financing Sources (Uses)										
Transfers in	1,000,000	500,000	20,215	-	261,923	-	-	-	-	-
Transfers out	(6,723,697)	-	-	-	-	-	-	-	(813,133)	-
Issuance of debt	2,700,000	42,145,000	-	5,420,000	-	-	-	-	-	-
Refunding bonds issued	1,938,650	14,115,000	-	-	-	-	-	-	23,788,000	-
Premiums on issuance of debt	-	1,133,073	-	394,435	-	-	-	-	4,395,064	-
Payment to refunded bond escrow agent	(2,303,766)	(14,023,715)	-	-	-	-	-	-	(28,026,995)	-
Capital lease proceeds	439,181	3,352	-	-	-	-	-	8,000,000	-	-
Total other financing sources and uses	(2,949,632)	43,872,710	20,215	5,814,435	261,923	-	-	8,000,000	(657,064)	-
Net change in fund balances	\$ (4,059,547)	\$ 41,168,061	\$ (19,360,555)	\$ (8,054,575)	\$ (2,548,614)	\$ 3,695,806	\$ 4,196,169	\$ 11,792,247	\$ (7,172,728)	\$ (2,424,386)

(Continued)

Table 4

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Service as a Percentage of Noncapital Expenditures:										
Primary Government:										
Total debt service	\$ 8,564,354	\$ 9,161,910	\$ 10,061,448	\$ 10,924,592	\$ 10,982,885	\$ 10,227,147	\$ 9,783,519	\$ 9,454,536	\$ 9,408,182	\$ 8,667,329
Total expenditures	73,856,898	80,335,483	105,874,429	105,983,549	92,493,357	82,016,787	81,322,386	80,814,687	94,014,273	93,610,675
Capital outlay primary government only	3,912,007	1,783,156	5,619,913	2,310,305	2,061,660	1,543,981	1,806,521	1,113,164	1,221,496	2,178,092
Noncapital expenditures	69,944,891	78,552,327	100,254,516	103,673,244	90,431,697	80,472,806	79,515,865	79,701,523	92,792,777	91,432,583
Debt service as a percentage of noncapital expenditures	12.24%	11.66%	10.04%	10.54%	12.14%	12.71%	12.30%	11.86%	10.14%	9.48%
Component Unit-School Board:										
Total debt service	976,162	1,023,670	1,110,537	1,220,437	1,312,395	1,279,589	1,253,283	1,094,691	923,386	882,627
School expenditures excluding County contribution	58,624,404	60,656,202	66,200,598	69,451,815	70,190,000	67,843,266	62,835,578	61,441,387	61,962,350	65,148,912
Capital outlay Component Unit - School Board	2,231,564	3,369,261	21,360,629	21,329,683	7,990,979	2,199,985	2,870,303	657,301	3,330,385	3,044,830
Noncapital expenditures	56,392,840	57,286,941	44,839,969	48,122,132	62,199,021	65,643,281	59,965,275	60,784,086	58,631,965	62,104,082
Primary Government and Component Unit-Schools										
Total Debt Service	9,540,516	10,185,580	11,171,985	12,145,029	12,295,280	11,506,736	11,036,802	10,549,227	10,331,568	9,549,956
Total Noncapital Expenditure	\$ 126,337,731	\$ 135,839,268	\$ 145,094,485	\$ 151,795,376	\$ 152,630,718	\$ 146,116,087	\$ 139,481,140	\$ 140,485,609	\$ 151,424,742	\$ 153,536,665
Debt Service as a percentage of noncapital expenditures	7.55%	7.50%	7.70%	8.00%	8.06%	7.88%	7.91%	7.51%	6.82%	6.22%

- (1) In Virginia, the County issues debt to finance the construction of school facilities for the Public Schools because Public Schools do not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the component unit. Debt service as a percentage of noncapital expenditures for the Primary Government and School Board more appropriately reflects the unique Virginia school debt requirements. Only School Board capital lease debt service is selected in the Component Unit-School Board.

Table 5

COUNTY OF BEDFORD, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

Calendar Year	Real Property				Less: Tax Deferred Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Agricultural Property	Public Service			
2004	\$ 3,560,745,194	\$ 206,542,600	\$ 827,586,511	\$ 210,873,333	\$ 395,596,411	\$ 4,410,151,227	\$ 0.65
2005	3,728,060,857	208,868,800	833,212,811	189,128,993	389,201,911	4,570,069,550	0.65
2006	3,943,680,332	215,050,200	839,390,200	161,543,522	389,244,300	4,770,419,954	0.65
2007	6,416,922,632	316,676,800	1,789,627,000	240,590,375	1,151,428,300	7,612,388,507	0.50
2008	6,607,003,403	323,909,200	1,797,799,400	226,978,152	1,173,745,100	7,781,945,055	0.50
2009	6,745,894,103	328,639,600	1,800,619,100	247,559,296	1,177,476,400	7,945,235,699	0.50
2010	6,717,623,265	433,072,300	1,792,334,000	255,469,933	1,191,870,500	8,006,628,998	0.50
2011	6,392,278,090	499,300,600	1,780,976,300	259,649,263	1,199,227,400	7,732,976,853	0.50
2012	6,453,481,865	520,095,300	1,780,679,000	259,179,258	1,173,245,800	7,840,189,623	0.50
2013	6,817,604,111	642,022,000	1,780,412,600	266,427,161	1,206,268,100	8,300,197,772	0.50

- (1) Property in Bedford County is reassessed once every four years at actual market value.
Property is assessed at 100 percent of estimated actual value. Tax rates are per \$100 of assessed value.

Source: Bedford County Commissioner of the Revenue

Table 6

COUNTY OF BEDFORD, VIRGINIA

Direct Property Tax Rates
Last Ten Calendar Years
(rate per \$100 of assessed value)

Type of Tax	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real Estate:										
General Fund	\$ 0.65	\$ 0.65	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.52

Source: Bedford County Commissioner of the Revenue

Table 7

COUNTY OF BEDFORD, VIRGINIA

Principal Real Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2013 Calendar Year			2004 Calendar Year		
	Assessed Valuation	Rank	% of Total Taxable Assessed Valuation	Assessed Valuation	Rank	% of Total Taxable Assessed Valuation
Appalachian Power Co	\$ 137,564,819	1	1.66%	\$ 100,265,610	1	2.27%
Teva Pharmaceuticals Industries Ltd	44,992,300	2	0.54%	26,300,600	3	0.60%
Norfolk & Western Railway Co	36,334,261	3	0.44%	18,289,809	4	0.41%
Verizon Virginia Inc	31,672,021	4	0.38%	50,422,448	2	1.14%
Southside Electric Corporation	27,052,140	5	0.33%	15,628,250	5	0.35%
GP (Georgia Pacific) Big Island LLC	18,789,300	6	0.23%	11,996,000	6	0.27%
Wal-Mart	9,945,300	7	0.12%	9,857,200	7	0.22%
Boonsboro Country Club	9,649,600	8	0.12%	-		-
Center for Advanced Engineering & Research	9,156,700	9	0.11%	-		-
Crystal Shores Marina Resort	8,743,900	10	0.11%	-		-
Sentry Equipment Erectors	-		-	7,154,400	8	0.16%
Coleman Co LLC	-		-	7,061,100	9	0.16%
Forest Square Corp	-		-	6,369,900	10	0.14%
Total	<u>\$ 333,900,341</u>		<u>4.04%</u>	<u>\$ 253,345,317</u>		<u>5.72%</u>

Source: Bedford County Commissioner of the Revenue

Table 8

COUNTY OF BEDFORD, VIRGINIA

Real Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collection within the Tax Year of Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2004	\$ 28,657,083	\$ 365,367	\$ 29,022,450	\$ 27,320,457	95.34%	\$ 1,694,895	\$ 29,015,352	99.98%
2005	29,651,153	356,135	30,007,288	28,215,897	95.16%	1,780,465	29,996,362	99.96%
2006	30,956,215	281,195	31,237,410	29,620,209	95.68%	1,596,367	31,216,576	99.93%
2007	37,875,560	238,867	38,114,427	36,284,648	95.80%	1,784,339	38,068,987	99.88%
2008	38,711,970	167,839	38,879,809	37,040,942	95.68%	1,775,332	38,816,274	99.84%
2009	39,442,413	85,252	39,527,665	37,530,764	95.15%	1,886,378	39,417,142	99.72%
2010	39,794,973	89,384	39,884,357	37,517,045	94.28%	2,175,791	39,692,836	99.52%
2011	38,373,116	107,061	38,480,177	36,479,693	95.07%	1,719,533	38,199,226	99.27%
2012	38,826,705	66,277	38,892,982	37,047,971	95.42%	1,424,929	38,472,900	98.92%
2013	40,110,895	95,484	40,206,379	38,498,853	95.98%	956,715	39,455,568	98.13%

Table 9

COUNTY OF BEDFORD, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

The County has no overlapping debt

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	State Literary Fund Loans	Virginia Public School Authority Bonds	Lease Revenue Bonds	Capital Leases	Lease Revenue Bonds	Capital Leases			
2005	\$ 5,125,000	\$ 988,949	\$ 40,241,929	\$ 16,541,893	\$ 418,025	\$ -	\$ 46,017	\$ 63,361,813	2.75%	\$ 983
2006	4,880,000	733,509	36,849,963	57,839,114	337,967	-	322,107	100,962,660	4.17%	1,515
2007	4,460,000	478,069	33,462,654	56,437,830	250,661	-	241,800	95,331,014	3.64%	1,429
2008	4,040,000	222,629	35,730,154	54,027,709	161,488	-	178,610	94,360,590	3.31%	1,396
2009	3,620,000	-	32,548,964	48,583,557	70,756	2,970,000	112,189	87,905,466	3.17%	1,293
2010	3,200,000	-	29,245,342	46,239,890	-	2,775,000	42,369	81,502,601	2.87%	1,183
2011	2,785,000	-	26,084,759	43,826,527	-	2,575,000	521,497	75,792,783	2.60%	1,092
2012	2,370,000	-	22,893,185	41,505,000	8,000,000	2,365,000	410,371	77,543,556	2.52%	1,114
2013	1,960,000	-	43,704,770	16,640,000	8,000,000	-	295,291	70,600,061	*	*
2014	1,555,000	-	40,732,362	14,125,000	7,825,000	-	176,119	64,413,481	*	*

(1) Bureau of Economic Analysis, includes Bedford Town and County

* Unavailable

Table 10

COUNTY OF BEDFORD, VIRGINIA

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Real Property (1)	Per Capita (2)
	County General Obligation	School General Obligation	Total Primary Government		
2005	\$ 5,125,000	\$ 41,230,878	\$ 46,355,878	1.01%	\$ 719
2006	4,880,000	37,583,472	42,463,472	0.89%	637
2007	4,460,000	33,940,723	38,400,723	0.50%	576
2008	4,040,000	35,952,783	39,992,783	0.51%	591
2009	3,620,000	32,548,964	36,168,964	0.46%	532
2010	3,200,000	29,245,342	32,445,342	0.41%	471
2011	2,785,000	26,084,759	28,869,759	0.37%	416
2012	2,370,000	22,893,185	25,263,185	0.32%	363
2013	1,960,000	43,704,770	45,664,770	0.55%	598
2014	1,742,000	40,545,362	42,287,362	0.50%	*

(1) Source - Taxable Value of Assessed Real Property obtained from the Commissioner of Revenue.

(2) Source - Schedule of Demographic and Economic Statistics Table 12 for personal income and population data.

* Unavailable

COUNTY OF BEDFORD, VIRGINIA

County Debt Policy (1)
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net debt applicable to parameter	\$ 63,315,796	\$ 100,640,553	\$ 95,089,214	\$ 94,181,980	\$ 84,823,277	\$ 78,685,232	\$ 72,696,286	\$ 74,768,185	\$ 70,304,770	\$ 64,237,362
Net debt as a percentage of assessed value (not to exceed 3.5%)	1.39%	2.11%	1.25%	1.21%	1.07%	0.98%	0.94%	0.95%	0.85%	0.77%
Net debt per capita (not to exceed \$1,750)	\$ 982	\$ 1,510	\$ 1,425	\$ 1,393	\$ 1,247	\$ 1,142	\$ 1,048	\$ 1,074	\$ 1,010	*
Debt service as a percentage of General Governmental Expenditures (not to exceed 15%)	7.57%	7.61%	7.69%	8.14%	8.12%	7.92%	7.88%	7.57%	7.11%	6.33%

- (1) The Code of Virginia has no legal debt margin limit set on the Counties. However, Bedford County has established a policy with the following three parameters:
- Net Debt as a percentage of Assessed Value will not exceed 3.5%. (Net Debt is General Obligation debt and Capital Lease Obligation exclusive of debt or leases payable from Proprietary Funds)
 - Net Debt per Capita will not exceed \$1,750 per capita.
 - General Obligation Debt Service and Capital Lease payments as a percentage of General Governmental Expenditures will not exceed 15%.

* Unavailable

Table 12

COUNTY OF BEDFORD, VIRGINIA

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (2) (5) (thousands of dollars)	Per Capita Personal Income (2) (6)	School Enrollment (3)	Unemployment Rate (4)
2005	64,489	\$ 2,304,368	\$ 32,333	10,801	3.4%
2006	66,645	2,421,037	33,674	10,851	2.9%
2007	66,715	2,618,524	35,934	10,951	2.9%
2008	67,616	2,846,751	39,114	10,774	3.6%
2009	68,003	2,772,227	37,715	10,646	6.7%
2010	68,880	2,836,787	37,827	10,590	6.8%
2011	69,379	2,911,097	38,595	10,363	6.2%
2012	69,637	3,075,785	40,710	10,299	5.8%
2013	76,309	*	*	10,302	5.6%
2014	*	*	*	10,023	5.4%

Sources: (1) Weldon Cooper Center for Public Service, University of Virginia, intercensal estimates for FY 2005 through FY 2010 and estimates for FY 2011 through FY 2013.

(2) Bureau of Economic Analysis, includes Bedford Town and County

(3) March 31 ADM

(4) Virginia Employment Commission calendar year data for 2005-2013. Data for 2014 is average for January 1, 2014 through June 30, 2014.

(5) Personal income is the income received by all persons from all sources.

(6) Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area.

* Unavailable

Table 13

COUNTY OF BEDFORD, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Taxpayer	2014		2005	
	Employees	Rank	Employees	Rank
Bedford County School Board	1,000+	1	1,000+	1
County of Bedford	500-999	2	250-499	2
** Teva Pharmaceuticals Industries Ltd	500-999	3	250-499	4
Mail America Communications	250-499	4	250-499	6
* Staffmark Investment LLC	250-499	5	-	
*** GP (Georgia Pacific) Big Island LLC	250-499	6	250-499	3
Walmart	250-499	7	-	
Sentry Equipment Erectors	100-249	8	100-249	9
* Elwood Staffing Services Inc	100-249	9	-	
* Workforce Solutions	100-249	10	-	
Inservice America	-		250-499	5
* Alpha Omega Resources	-		250-499	7
Food Lion	-		100-249	8
Jordan Air Express	-		100-249	10

Source: Virginia Employment Commission

* Staffing agencies that provided temporary workers for Bedford County and surrounding locality businesses.

** Nine years ago the taxpayer was known as Barr Laboratories.

*** Nine years ago the taxpayer was known as Nekoosa Packaging Corporation.

Table 14

COUNTY OF BEDFORD, VIRGINIA

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government administration	43.5	43.5	44.3	44.8	47.0	45.9	46.2	46.8	45.0	46.8
Judicial administration	26.8	27.5	27.8	29.3	28.3	28.3	28.3	28.0	28.8	29.0
Public safety	107.5	114.0	120.3	131.8	138.0	146.0	141.8	151.6	154.3	159.3
Public works	41.8	47.8	51.3	52.3	52.3	53.0	50.9	51.8	49.0	49.0
Health & welfare	73.8	80.8	82.8	85.3	84.3	82.2	82.6	81.8	83.8	87.0
Parks, recreation, and cultural	13.8	13.8	14.3	12.8	14.0	13.0	12.8	13.0	12.5	11.5
Community development	25.3	27.5	27.8	29.5	30.0	26.8	25.3	25.5	25.5	25.0
Other funds										
Group homes	20.8	22.5	26.0	31.5	34.3	32.0	33.8	35.3	23.0	-
Nursing home	52.5	51.0	63.8	83.8	93.8	94.5	99.8	98.8	96.8	96.8
Solid waste	14.3	15.0	15.0	15.5	16.0	16.3	15.6	17.3	18.0	16.8
Other funds	87.6	88.5	104.8	130.8	144.1	142.8	149.2	151.4	137.8	113.6
Total primary government	420.1	443.4	473.4	516.6	538.0	538.0	537.1	549.9	536.7	521.2
Education	1,751.0	1,832.0	1,836.0	1,819.0	1,750.0	1,744.0	1,683.0	1,619.0	1,615.0	1,648.0
Total	2,171.1	2,275.4	2,309.4	2,335.6	2,288.0	2,282.0	2,220.1	2,168.9	2,151.7	2,169.2

Source: Bedford County Department of Fiscal Management and Bedford County School Board

* Unavailable

Table 15

COUNTY OF BEDFORD, VIRGINIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Sheriff										
Number of calls	28,804	30,329	30,130	32,442	33,477	32,951	36,934	36,297	35,686	38,370
Criminal warrants served	2,619	2,678	3,612	3,964	3,174	3,156	3,359	1,584	1,197	1,694
Other warrants/protective orders served	3,245	3,230	798	982	1,566	1,561	1,464	1,201	1,052	1,155
Civil papers handled	18,393	21,459	23,912	23,353	24,271	23,181	21,209	20,743	20,090	19,749
Building inspections										
Number of permits	2,092	2,045	2,144	1,935	1,471	1,439	1,402	1,260	1,417	1,509
Value of permits	\$ 181,582,198	\$ 243,905,223	\$ 241,579,114	\$ 170,770,127	\$ 90,784,891	\$ 91,434,427	\$ 94,222,524	\$ 72,847,955	\$ 90,876,889	\$ 103,159,994
Fire and rescue										
Number of Volunteers	770	752	737	698	661	619	600	606	600	571
Number of EMS calls	9,486	10,758	12,530	14,238	13,864	15,399	15,727	15,054	15,951	15,380
Number of fire calls	3,082	3,424	3,781	3,847	4,042	3,463	3,522	3,380	3,051	2,995
Public Works										
Refuse collection										
Incoming waste tonnage										
Industrial	434	76	32	29	31	46	25	26	25	30
Commercial	13,735	15,990	15,956	15,530	12,904	12,147	13,772	14,164	14,315	17,218
County collection system	27,679	26,790	27,933	25,929	24,117	24,550	24,176	23,908	23,698	23,403
Commercial hauled residential	2,176	1,662	1,309	1,437	1,507	1,536	1,560	1,561	1,538	1,555
Residential hauled	1,924	2,006	2,038	2,027	1,824	1,768	1,890	1,977	2,095	2,018
Total	45,948	46,524	47,268	44,952	40,383	40,047	41,423	41,636	41,671	44,224
Recyclable tonnage collected	914	1,308	1,598	1,701	1,731	1,905	1,949	2,019	1,977	1,974
Parks, recreation, and cultural										
(1) Parks and recreation										
Number of child participants	5,584	5,015	5,924	5,328	5,506	5,674	5,264	5,776	5,822	5,667
Number of adult participants	114	508	1,012	740	985	837	859	913	945	575
Number of senior participants	2,614	2,606	3,912	4,351	4,025	3,993	3,585	4,150	3,987	2,684
Scheduled events	8	9	12	10	12	11	8	8	8	8
Number of event participants	1,410	1,237	1,933	1,705	1,986	1,623	1,180	1,031	1,001	765
Trips/tours	33	53	45	40	46	66	29	26	24	22
Number of trip participants	1,084	2,326	1,249	1,188	1,177	1,419	554	364	355	396

Source: Various County Departments

(1) Participant data for Parks & Recreation is for the calendar year for 2004 through 2009.

Table 16

COUNTY OF BEDFORD, VIRGINIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Sheriff										
Stations	6	6	9	7	9	5	5	5	5	4
Patrol units	88	88	91	94	99	99	102	109	107	113
Fire & rescue										
Rescue squads	11	11	11	11	11	11	11	11	11	11
Satellite rescue squads	4	5	5	5	5	5	5	5	5	5
Fire companies	10	10	10	10	10	10	10	10	10	11
Marine based fire company	1	1	1	1	1	1	1	1	1	1
Satellite fire companies	8	9	9	9	9	9	9	9	9	9
Public works										
Refuse collection										
County convenience centers										
Unstaffed	1	1	1	1	1	1	1	1	1	1
Partially staffed	6	6	5	5	5	4	4	4	4	4
Fully staffed	7	8	9	9	9	10	10	10	10	10
Total county convenience centers	14	15	15	15	15	15	15	15	15	15
Leased convenience centers										
Unstaffed	2	2	2	1	0	0	0	0	0	0
Partially staffed	10	9	9	9	10	10	10	10	10	10
Total leased convenience centers	12	11	11	10	10	10	10	10	10	10
Recycling centers	10	12	12	12	12	13	13	13	13	13
Parks, recreation, and cultural										
Parks & recreation										
Acreage	625	625	625	625	625	625	625	625	625	625
County parks	4	4	4	4	4	4	4	4	4	4
Leased parks	8	8	8	8	8	8	8	8	8	8
Skate Park	0	0	0	0	0	0	1	1	1	1
Walking/biking trails - miles developed	5	5	7	16	18	18	18	21	23	23
County baseball/softball diamonds	1	1	3	3	4	4	4	4	4	4
Leased baseball/softball diamonds	38	38	38	38	39	39	39	39	39	44
Football fields	3	4	4	4	4	4	4	4	4	4
County soccer fields	3	3	3	3	3	3	3	3	3	3
Leased soccer fields	37	37	37	37	37	37	37	37	37	37
Community centers	1	1	1	1	1	1	1	2	2	2
County gymnasium	0	0	0	0	0	0	0	0	0	1

Sources: Various county departments

Table 17

COUNTY OF BEDFORD, VIRGINIA

Bedford County School Board
March 31st Average Daily Membership
Last Ten Fiscal Years

Grade	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
K	760	760	807	739	782	767	714	776	733	689
1	778	761	753	786	763	792	750	728	769	728
2	823	808	750	746	772	755	771	744	718	759
3	842	833	832	778	775	791	747	784	750	704
4	788	828	841	839	784	766	786	739	784	739
5	808	830	859	855	848	793	759	797	756	798
6	834	850	848	851	832	855	772	763	796	734
7	843	880	856	843	851	870	868	781	782	793
8	951	870	888	865	860	867	865	881	804	782
9	914	920	905	911	859	865	887	874	934	833
10	884	874	937	855	868	821	831	834	837	877
11	849	833	843	889	817	825	783	814	809	787
12	727	804	832	817	876	823	830	784	830	800
Total	<u>10,801</u>	<u>10,851</u>	<u>10,951</u>	<u>10,774</u>	<u>10,687</u>	<u>10,590</u>	<u>10,363</u>	<u>10,299</u>	<u>10,302</u>	<u>10,023</u>
Elementary school membership	5,050	5,041	5,082	4,988	4,946	4,908	4,527	4,568	4,510	4,417
Secondary school membership	<u>5,751</u>	<u>5,810</u>	<u>5,869</u>	<u>5,786</u>	<u>5,741</u>	<u>5,682</u>	<u>5,836</u>	<u>5,731</u>	<u>5,792</u>	<u>5,606</u>
Total	<u>10,801</u>	<u>10,851</u>	<u>10,951</u>	<u>10,774</u>	<u>10,687</u>	<u>10,590</u>	<u>10,363</u>	<u>10,299</u>	<u>10,302</u>	<u>10,023</u>

Source: Bedford County School Board

Table 18

COUNTY OF BEDFORD, VIRGINIA

Bedford County School Board
Full-Time Equivalent Employees by Type
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Supervisory										
Instructional administrators	9	10	10	10	10	9	9	8	6	8
Noninstructional administrators	16	14	14	14	14	14	13	14	14	16
Consultants/supervisors of instruction	17	18	25	22	24	23	18	26	31	29
Principals	22	22	22	22	22	22	22	22	22	22
Assistant principals	18	18	17	18	16	15	14	14	15	15
Total supervisory	82	82	88	86	86	83	76	84	88	90
Instruction										
Elementary classroom teachers	403	420	419	410	381	386	355	343	350	451
Secondary classroom teachers	418	407	396	400	396	406	396	398	398	315
ESE teachers	3	3	3	3	3	3	3	3	-	3
Other teachers (adult)	4	5	5	5	5	5	5	5	-	-
Other professionals (instructional)	79	122	125	130	125	135	143	122	119	115
Aides	165	181	183	175	163	161	156	154	157	160
Total instruction	1,072	1,138	1,131	1,123	1,073	1,096	1,058	1,025	1,024	1,044
Student Services										
Guidance counselors	33	35	34	34	36	36	34	32	33	33
Visiting teachers/social workers	3	3	4	4	4	3	3	3	3	3
Psychologists	7	7	7	7	7	7	7	7	7	8
Librarians	30	36	39	37	36	30	28	26	26	23
Other professionals (noninstructional)	27	27	25	27	28	28	30	29	29	29
Technicians	12	12	12	12	11	10	11	12	13	14
Total student services	112	120	121	121	122	114	113	109	111	110
Support and Administration										
Clerical/secretarial	75	77	77	74	68	70	67	67	66	68
Service workers	383	382	385	381	369	346	336	301	290	296
Skilled crafts	18	23	23	23	23	24	22	22	24	26
Unskilled laborers	10	12	11	11	9	11	11	11	12	14
Total support and administration	486	494	496	489	469	451	436	401	392	404
Total employees	1,752	1,834	1,835	1,819	1,750	1,744	1,683	1,619	1,615	1,648
Teachers and administrators	910	916	912	904	871	883	835	833	836	859
Other employees	842	916	925	915	879	861	848	786	779	789
Total employees	1,752	1,832	1,837	1,819	1,750	1,744	1,683	1,619	1,615	1,648

Source: Bedford County School Board

Table 19

COUNTY OF BEDFORD, VIRGINIA

Bedford County School Board
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Debt Service Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2005	10,801	\$ 81,062,404	\$ 7,505	11.83%	\$ 7,033,239	\$ 651	-2.28%	821	13.16	29%
2006	10,851	86,954,245	8,013	6.77%	6,881,657	634	-2.61%	827	13.12	27%
2007	10,951	93,183,363	8,509	6.19%	8,315,551	759	19.73%	815	13.44	28%
2008	10,774	94,564,754	8,777	3.15%	9,229,609	857	12.82%	810	13.30	29%
2009	10,687	97,030,914	9,079	3.44%	9,306,432	871	1.65%	777	13.75	30%
2010	10,590	93,233,802	8,804	-3.03%	9,062,726	856	-1.73%	812	13.04	33%
2011	10,363	89,458,628	8,633	-1.95%	8,713,795	841	-1.74%	759	13.65	35%
2012	10,299	89,234,061	8,664	0.37%	8,416,409	817	-2.81%	749	13.75	35%
2013	10,302	92,976,273	9,025	4.16%	8,240,434	800	-2.12%	748	13.77	35%
2014	10,023	95,992,543	9,577	6.12%	7,509,732	749	-6.33%	766	13.08	35%

Source: Bedford County School Board

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, Virginia (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 2, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Bedford, Virginia's (the "County") 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's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 2, 2014

COUNTY OF BEDFORD, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2014

As more fully described in the Independent Auditor's 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*, we performed tests of the County's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Comprehensive Services Act

Sheriff Internal Controls

State Agency Requirements

Education

Social Services

FEDERAL COMPLIANCE MATTERS

U.S. Office of Management and Budget (OMB A-133) Compliance Supplement:

Provisions and conditions of agreements related to federal programs selected for testing.

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's 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*.
3. **There were no instances of noncompliance** material to the financial statements disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program:</u>	<u>CFDA #</u>
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561
Title I Grants to Local Education Agencies	84.010
Twenty-First Century Community Learning Centers	84.287
Temporary Assistance for Needy Families	93.558
Medical Assistance Program	93.778

8. The **threshold for** distinguishing Type A and B programs was **\$342,236**.
9. The County of Bedford was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

D. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

14-1: Commonwealth of Virginia Disclosure Statements

Condition:

One individual filed the required annual disclosure statements after the January 15, 2014 deadline.

Recommendation:

Steps should be taken to ensure that all statements are filed and filed timely.

Management's Response:

The auditee concurs with the recommendation.

14-2: Social Services VDSS System Access

Condition:

The two employees terminated during fiscal year 2014 were noted as not having their access privileges to all VDSS systems removed within three working days of termination as set forth by the *Code of Virginia*.

Recommendation:

Steps should be taken to ensure that access to all VDSS systems is removed within three working days of an employee's termination.

Management's Response:

The auditee concurs with this recommendation and will take steps to ensure future terminated employees have their access removed timely.